



SHIRE OF CHRISTMAS ISLAND



ANNUAL REPORT 2016

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ELECTED MEMBERS

2016



Front row – Cr Nora Koh, Cr Gordon Thomson (Shire President) Cr Foo Kee Heng (Deputy President) and Cr Rosnah Pal
Back row – Cr Hafiz Masli, Cr Vincent Saw, Cr Philip Woo, Cr Azmi Yon and Cr Kelvin Lee

Gordon THOMSON	Shire President	Retiring 2017
FOO Kee Heng	Deputy President	Retiring 2017
Hafiz MASLI	Councillor	Retiring 2017
Vincent SAW	Councillor	Retiring 2017
Philip WOO	Councillor	Retiring 2017
Nora KOH	Councillor	Retiring 2019
Rosnah PAL	Councillor	Retiring 2019
Kelvin LEE	Councillor	Retiring 2019
Azmi YON	Councillor	Retiring 2019



PRESIDENT'S REPORT – 2015/16

On behalf of the Council of the Shire of Christmas Island, I present the Shire of Christmas Island Annual Report 2015/2016.

This Annual Report has been prepared by the section managers of the Shire, with the oversight of the Chief Executive Officer. I thank our staff for their excellent work in preparing this report for our Council and our community.

The Auditor has given us a clean bill of health. Again I congratulate our Shire staff on their achievement in compliance and management of our resources. I thank our Shire managers and staff for the support that they have given the Councillors throughout the year.

I thank the Shire's employees working in Roads, parks and gardens development and maintenance for their work in completing the programme of works determined by Council; the staff of the Finance and Administration, Planning, Building and Health sections for timely and efficient completion of their duties and programmes; the Community Services section which continues to perform well with another great Seniors Week celebration this year, School holiday programmes and an extension of programmes for young people through links with other organisations such as the Christmas Island Neighbourhood Centre, CLA and the Christmas Island Women's Association.

For the past four years the Shire has provided practical support to the MINTOPE (Mining to Plant Enterprises) Project. The MINTOPE project was formed on the initiative of CIP and Murdoch University and funded by CIP and the Department of Infrastructure and Regional Development. World renowned plant scientists, farmers and academics have been brought together to research best options for agricultural industry for Christmas Island. They have planted trial crops of plants and trees. They have produced some stunningly good results so far which bode well for our future agriculturalists.

We continue our advocacy for a say in the government of the Island that is consistent with the democratic institutions and rights applying to mainland Australian citizens. We are requesting proper consultation with the community and decision-making powers in the making of the SDAs (Service Delivery Arrangements) that provide state type services on the Island.

Councillors have been heavily engaged in advocacy with the Commonwealth, particularly Ministers, about the economic future of the Island: including our most recent meeting here on Christmas Island with Senator the Honourable Fiona Nash, Minister for Regional Development, Local Government and Territories and Regional Communications. Many of the issues arising from discussions in Council and Community Consultative Committee meetings become the subject of our submissions to government about services and facilities for our community.

Our meeting with Minister Nash in November dealt with several matters raised by the Council including:

- Navigation Aids for Christmas Island Airport to permit all weather landing capacity

- 2012 and 2015 JSCNCET Governance Inquiry Report – awaiting government responses
- Indian Ocean Territory Community Development Grants
- Crown Land Disposal Ordinance – to regulate unsolicited development proposals
- Hospital Board for Indian Ocean Territories Health Service
- Commonwealth Grants Commission
- Immigration Detention Centre
- Water Mapping
- An Agreed Indian Ocean Territories Master Plan
- Christmas Island Casino license
- Public Housing – Right to Buy
- Aged Care Provision
- Breast Screen Mammogram Machine

We continue to provide progress reports to our community about submissions to the Minister and the Department.

Our submissions to the Joint Standing Committee on the National Capital and External Territories (JSCNCET) in 2015, which emphasized the mapping of our water resource and the release of Commonwealth land as essential elements of the project of development of economic infrastructure, have yielded mixed results. The Department of Infrastructure and Regional Development engaged Geo-Science Australia to complete the scoping study for mapping of our water resource. But the Department has not yielded to the argument that a Crown Land Disposal Ordinance is required if we are to see investors bring their tourism hotel projects to life on the Island.

Last year the Shire hosted a meeting between the Consul –General of the People’s Republic of China and members of the WA Chinese Chamber of Commerce. Our presentations were well received with the visitors encouraged that investors in tourism development will be welcomed by our community. But the key instruments of development are controlled by the Commonwealth. We have strongly urged the Minister to give further consideration to our proposal for the Government to promulgate a Crown Land Disposal Ordinance.

The Seniors Centre at the Community Hall was officially opened in September; and the Cemeteries Management Plan and the Waste Management Plan have all been actioned with all planned work under the Cemeteries Management Plan completed. The Waste Management Plan provides for a recycling regime to serve our long term objectives. Unfortunately the key recycling infrastructure has not been completed due to lack of funds.

Renewal of existing playground equipment is subject of discussions between the Shire and the Commonwealth. Community consultations about a new skate park have progressed to design and the decision to locate the skate park at the foreshore adjacent to the CLA.

The Shire acknowledges the support and assistance of many partners in service provision on the Island, particularly the Department of Infrastructure and Regional Development. We also enjoy good support from our parliamentary representatives in Canberra. Local businesses and organisations continue to make financial contributions to community services and events like Cove Day and the Marathon and the many cultural activities that make our Island a great place to live.

I congratulate all of the Shire staff on their achievements and continuing commitment to fulfilling our programmes. I commend this report to the community of Christmas Island.

Gordon Thomson
President Shire of Christmas Island



ACTING CHIEF EXECUTIVE OFFICER'S REPORT

Ratepayers and residents of the Shire of Christmas Island. It is with pleasure that in my capacity as the Acting Chief Executive Officer, I present this report for 15/16.

The Senior Citizens Centre as reported in the previous Annual Report was scheduled for completion by the end of 2015. I am pleased to report the new Senior Citizens Centre has now been completed and officially opened on 26th August 2016.

A community's conscience can be measured on how it respects and honours its Senior Citizens and the new Senior Citizens Centre is such a measure of the Christmas Island's community's respect for its senior citizens. I would offer my congratulations to all who participated to this project.

Finance and Administration

Members of Council and Management staff were involved in the preparation of Council's annual budget for 15/16 which was adopted at the Ordinary Meeting held 28th July 2018.

Throughout the year, monthly reports were prepared to enable members and management staff to review Council finances and ensure that expenditure spent within the budget.

Further information can be found under the Finance and Administration section of the Council operations of the Annual Report.

Planning Building and Health

The Planning, Building & Health Section provides a number of services to the CI community:

Planning & Building Control - Council or its consultants where necessary for more complex planning matters provides an information and assessment role to SOCI customers whom include both the private sector and government agencies.

Environmental Health - Council environmental health personnel carry out periodic inspections of food premises / eating houses, food recall and disposal as per WA Health Department instructions.

Ranger Services/Animal Control - Ranger Services enforce relevant Shire of Christmas Island Local Laws and WA State legislation.

Waste Management Services – Core waste management services provide to the community through this section.

Property Maintenance & Management - Facilities owned by Council, others under its control and Commonwealth owned public amenities which are cleaned and maintained regularly under arrangement.

Further information can be found under the Planning Building and Health section of the Council operations of the Annual Report.

Governance and Policy

Shire's commitment to good governance has consistently been demonstrated by positive auditor reports from our third party auditors Moore Stephens WA. The 2015/2016 report showed no major concerns. Council's commitment to achieving the Community Strategic Plan "CI 2021" has shown a series of achievements in the Health and Wellbeing, Infrastructure and Land Use Planning. Of note is the Ministerial adoption of the Town Planning Scheme 2 and Local Planning Strategy in late 2015. The TPS2 and LPS will underpin development in the local government area and along with the upcoming anticipated Commonwealth Crown Land Disposal Strategy, will form the necessary foundation documents for land use planning and development.

Further information can be found under the Government and Policy section of the Council operations of the Annual Report.

Community and Recreation Services

Community Services - The annual Seniors Week held in July 2015 organized by the Community Services Section was another great success. The Senior Citizens Centre project at the Poon Saan Community Hall has completed and the Official Opening date of the Seniors Centre is being scheduled for Friday 26 August 2016. The Community Services section has responsibility in coordinating meetings with the Senior Citizens Centre Advisory Committee for the management of the Senior Citizens Centre when it becomes operational. The Community Services section continues with responsibility for the ongoing implementation of the Council Community Strategic Plan that was formally the CI 2018 Our Future Community Plan. The Youth section continues with the excellent work in coordinating the annual local government Banners in the Terrace project as well as various school holidays programs. Further information can be found under the Community Services section of the Council operations of the Annual Report.

Recreation Services - Recreation Services continues to promote and improve Sports and Recreation facilities and spaces within the Shire, identifying Community Sports and Recreation opportunities, liaising with Sports and Recreation Clubs and Associations, and implementing the recommendations made in the Christmas Island Sports and Recreation Strategic Plan 2013 – 2018 (updated 2014). Recreation Services during the 2016 period have been looking at the development and maintenance of Sports and Recreation services and infrastructure as well as engaging with Sports and Recreation organisations and Community events.

This has included:

- Skate Park Reallocation and Design.
- Reinvigoration of Poon Saan Basketball Courts
- Kampong Sports Field Safety Fence
- Vagabond Road Sports Precinct Development
- CI Trails /Mountain Bike Trails Strategy
- Ongoing engagement of Coach in Residence Program
- Reinvigoration of Public Parks
- Christmas Island Marathon
- Organising sports competitions (Christmas Island 7s Soccer Cup)
- Off Island sporting trips (Soccer)
- Territory Week (Cocos Sporting visit – Cove Swim – Raft Regatta)

The Manager of Recreation Services still provides the Community Bus Service to the:

- Christmas Island District High School
- Celebrations occasions such as ANZAC DAY
- Community Charity organisations and appeals such as the C.I Ball

- For hire services in conjunction to the Shires Community Bus Fees and Charges.

Further information can be found under the Recreation Services section of the Council operations of the Annual Report.

Works & Services

The Civil Works, Special Projects and Parks and Gardens crews have continued during 15/16 to carry our planned and emergency work, which had included but not limited to:

1. Remedial grading on North west Point Road, Murray Road, South Point Road and E/W Baseline road.
2. Emergency maintenance on Dolly/Greta access Road.
3. Emergency maintenance on Blowholes road.
4. Construct new Seniors Building car park.
5. Replace roofing on Lily beach gazebos.
6. Completely replace Lily Beach Boardwalk including stanchions.
7. Construct Disabled access at Poon Saan Community Hall.
8. Re-define Phosphate Hill Chinese Cemetery access and lookout track.
9. Routine maintenance to all cemeteries.

Further information can be found under the Works and Services section of the Council operations of the Annual Report.

David Price
Acting Chief Executive Officer

FINANCE & ADMINISTRATION



**Front row – Gan So Hon, Darren Marsh
Back row – Nurashikin Mohd Hasinudin
Ho Chia Vee, Zuraishah Ismail, Ng
Cheau Ling, Susan De Cruz, Rostyna
Oh**

Financial Reporting

The Financial Reports (Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Rate Setting Statement) have been presented in accordance with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996. Notes to, and forming part of the Financial Reports have been provided to assist in the interpretation.

Council performed a range of Local Government type of functions throughout the Island.

Finance

Grants from Western Australia Local Government Grants Commission, Department of Regional Australia Regional Development Local Government (DRARDLG), Commonwealth and Roads to Recovery were Council's main source of revenue and accounted for 59.31 % of revenue for the year 2015/16:

Grants	2015/16	2014/15
	\$	\$
WA Local Government Grants Commission	4,084,455	4,074,078
Commonwealth (Special Grants)	192,256	288,000
Central Road Authority Grants	660,000	0
Roads to Recovery	404,064	131,000
Total	5,340,775	4,493,078

Rates revenue represented 14.12% of Council's total revenue. Garbage charges and other revenues accounted for 26.57%.

Assets

Council's plant, equipment, buildings and infrastructure were provided principally from General-Purpose Grant, Department of Regional Australia Regional Development and Local Government (DRARDLG) Grants, Commonwealth Grants and Roads to Recovery Grants. Reserve funds have been established to assist with the purchase of major or unexpected plant, equipment and buildings requirements.

Council has implemented fair value for roads, infrastructure drainage and other (Phase 3) in accordance with Local Government (Financial Management) Regulations 1996.

At 30 June 2016 grand total balance was \$34,476,056.

Budget

Council adopted the Annual Budget for the year ended 30 June 2016 at an Ordinary Meeting of Council held on 28 July 2015.

Members of Council and Management staff were involved in the preparation of Council's annual budget. Throughout the year, monthly reports were prepared to enable members and management staff to review Council finances and ensure that expenditure spent within the budget.

Computer System

Council continued to use SenergySoft for Financial Reports and Records Management Systems and Microsoft Windows 2010 for other reports.

Creditors

At 30 June 2016 grand total outstanding balance was \$126,951.

Debtors

At 30 June 2016 grand total outstanding balance was \$100,096.

Council continued to pursue debtors in accordance with accepted debt recovery policy.

Payroll

Payments of salaries and wages were made fortnightly. Payments were made by direct deposit into employees' accounts at a bank on the Island or in Mainland. Total payroll for the year was \$5,739,722.

Rates

The general rate on residential property based on its Gross Rental Value had been set at 8.5313 cents in the dollar and unimproved property at 18.6981 cents in the dollar of unimproved value.

There were 631 rateable properties for the year. Total analysis of property was summarised as follows:

• Residential single	250
• Residential flat	208
• Residential Multiple	1
• ADIMIA Site	21
• Casino	2
• Unallocated	41
• Commercial/shops	83
• Industrial - GRV	15
• Industrial – UV	2
• Mining tenement-GRV	1
• Rural	2
• Private club	5

Total	631
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At 30 June 2016 grand total outstanding balance was \$8,489.

Records Management

Council's records management system is computerised. The System is managed by a part-time officer.

Website

A range of information is available about the Council such as functional areas, Council policies, confirmed minutes of Council meetings and contact details. Council's website address is www.shire.gov.cx.

Compliance

The Finance Section provided an efficient service with a high level of accountability and separation of duties to ensure compliance with local government accounting and financial regulations

WORKS & SERVICES

2015/16 Achievements

- Re-sealing/Sealing works were completed on Lily Beach Road:
- Installation of solar lighting at Lily Beach picnic area.
- Re-Seals were completed on Murray Road, Phosphate Hill Road, Gaze Road, Upper Poon Saan (Murray Road) to Drumsite, Irvine Hill Road, Triadic Crescent, Rocky Point Crescent and Tampa View, (outside the Golden Bosun Tavern).
- **Private works:** Sealing of Smith Point Road, Cove Car Park, Parks Aust. Parking area, rear access to wharf and ship-loading area.
- Construction and sealing of remaining un-sealed section of Irvine Hill Road.
- Construction and sealing completed on section of NWP Point Road.
- Sealing of main Shire Depot area.
- Re-sheeting works completed on Murray Road and NPW Point Road.
- Site works on Light Industrial Area (LIA) Stage One completed.
- Drumsite drainage improvements.
- Car parks, upgrade line marking works, ongoing.
- Completion of construction of the store at the Shire Depot.
- Shire housing upgrades- ongoing.
- Completion of painting works at George Fam Centre, Poon Saan Community Hall and shire housing.
- Construction of The Senior Citizens Centre, including a disabled access facility.
- Construction of new bus shelter at Poon Saan Community Hall completed.
- Plant and equipment upgrades and modernisation.
- Pad-foot Roller purchased and delivered and operational.
- Mini Cement Agitator Truck received.
- Bitumen Emulsion storage tank purchased and delivered, now operational.

- New Truck Mounted Crane purchased and fitted, now operational.
- New 18.5 Tonne Workshop Hoist purchased and delivered, and operational.
- New Crew Cab Truck (Special Projects) purchased and delivered, and operational.
- New Gen Set 12.5 KVA (Special Projects) purchased and delivered, and operational.
- New Line Marking machine purchased and delivered, and operational.

The Works and Services Department consists of the following operational areas:

Civil Works – Responsible for the maintenance and construction of the Shires road and stormwater network. The Island has approximately 131 kilometres of roads almost 70% of which are unsealed.



Standing L to R - Kassim Ibrahim, Yusri Amat, Hoe Kit Ngan, Anwar Ramlan, Lim Liong, Tan Eng Chai.
Seated L to R – Shahrhan Salleh, Johari Hassan, Salih Abu, Robert Yeap, Darren Yeap, Norezefizi Melan and Foreman Seet (not in picture).

Parks and Gardens - maintains and improves community parks, reserves and recreational facilities.



L to R – Tee Kok Seong, Foreman Chen Weng Aun, Su Ha Chai and Tony Ho (missing Nazreen Nasaruddin)

Plant Operations - provides whole of organisation support through maintenance of the plant and vehicle fleet and vehicle inspection services for the Motor Vehicle Registry.



L to R: Chris Wong, Fadal Maswari, Richard Foo, Ibrahim Hussain.

This crew led by Richard Foo, carries out all major repair work and servicing of Council's plant and vehicle fleet. Ibrahim, Fadal and Chris are all qualified motor and heavy plant mechanics.

Motor Vehicle Inspections: The Shire has continued to carry out vehicle inspections on an appointment basis, and is now carried out over five weekdays instead of one day per week.

Management and Operations Support - Responsible for the overall management, planning and general administration of the department. In early 2014 Council implemented the MEX asset maintenance system and appointed a permanent part time position of MEX & RAMM Technical Officer.



L to R - Operations Support Officer, Iris Lim Manager of Works & Services, Terry Clarke and MEX/RAMM Development Officer, Yvonne McKenzie



Stores Officer Anwar Afan

Special Projects Team
The Special Projects Team consists of Team leader, Peter tan, plant operators Rashidi Abd Rahman and Khairul Razaqin.

This team carries out some very important work on: structural projects, footpaths, fencing, boardwalk re-furbishing, and many other facets of required community requirements, such as building and beautification projects.

role to SOCI customers whom include both the private sector and government agencies regards:

PLANNING/BUILDING & HEALTH



Section Manager
Colin Wheadon



Shire Ranger
Sho Yit Meng



Maintenance
Othman Dardak



Health/Waste
Ron De Cruz



Landfill
Alex Goh



Driver
Koh Tiang Kok



Driver
Rashid Saptu

Gatekeeper
Bahari Yussof

Cleaner
Madame Eng

Plant Operator
Sujangi Buang

SECTION ACTIVITIES

The Planning, Building & Health Section provides the following services to the CI community:

- local town planning service;
- building permit assessment and approvals service;
- an environmental health service;
- a ranger service;
- waste collection and management service;
- cleaning & hygiene service of community buildings under SOCI control; and
- property and building maintenance of council owned or council controlled buildings.

Planning & Building Control

Council or its consultants where necessary for more complex planning matters provides an information and assessment

- new developments including subdivision of land and any related matters such as heritage or the environment;
- the building function is responsible for issuing Building Permits and associated certifications assessing new applications submitted in ensuring plans and specifications are in order, that structural conditions have been satisfactorily addressed by practising structural engineers and certifiers which forms a standard part of the approval process;
- Approval / assessment of new developments which include new private residences, residential buildings for accommodation, change of use applications where needed and a range of community related works involving public places. Some recent examples of such works include the LIA, Senior Citizen's Centre, upgrades and refurbishment projects at CITA, the Malay Club and Le CLA etc. have been undertaken to varying degrees;
- The new SOCI Town Planning Scheme No: 2 has been adopted and is now in operation.

Environmental Health

Council environmental health personnel undertake:

- periodic inspections of food premises / eating houses;
- action food recall notices issued by the WA Health Department where products have been identified as posing some form of risk to the public health, products are removed from the shelves and disposed of as per WA Health Department instructions; and
- checks re accommodation premises including the issue of annual renewal notices for lodging houses and short-stay accommodation licences are conducted.

Ranger Services/Animal Control

Ranger Services enforce relevant Shire of Christmas Island Local Laws and WA State legislation re issues concerning:

- feral poultry, cats, burning and/or smoke nuisances;
- the policing and follow up of complaints inclusive of littering;
- loose loads regards both safety and littering when same are observed upon vehicles;
- overgrown vegetation matters to ensure fire safety and that road sides are maintained clear;
- vehicle surveillance with regards to illegal parking;
- traffic management and assistance to the AFP when requested;
- the regular monitoring and testing of the island cyclone warning lights, any such lights found to be defective are reported and the required repair or replacement is quickly actioned/ completed.

Waste Management Services

Waste management services provide the following core services to our community:

- pickup and disposal of all residential and commercial waste in an efficient and timely manner;
- acceptance and subsequent burial of quarantine waste from aircraft and ships;
- acceptance and subsequent burial of the hazardous waste materials - asbestos; and
- acceptance and subsequent burial of bio-solids from the WA Water Corporation.

Waste management services duties further include:

- the current rehabilitation, remediation and re-development of the landfill site which continues to be progressed in meeting the Department of Environment and Regulation Licensing Conditions, SOCI has purchased new plant and equipment from grant funding applied for which is now contributing much in having a positive impact upon the site with a readily visible difference;

- SOCI's new CAT D6 Bulldozer and 24T Komatsu Excavator are well used in reaching and accomplishing new milestones regards the ongoing improvement of the landfill site;
- a dedicated Bobcat and a small tipper truck assist in the current remediation and upgrade of the landfill site and are being productively used in the overall remediation process; and
- SOCI provides an efficient grease trap cleaning service and disposal of same for all Island customers requiring same.

The overall plan for the landfill site remains to reduce its overall environmental footprint and to create a landfill site which can be continually improved regarding efficiencies and safe disposal of wastes.

Recent improvements undertaken at the landfill site also include:

- the connection of a single and 3-phase electricity supply via a new transformer installed;
- mains water supply has also not been connected which has allowed for a small (25mm) bore water supply service on site currently for the more domestic type applications such as a safety eye wash and shower, taps, etc. with a larger bore (100mm) water supply service to be installed for water truck filling, dust suppression, cleaning waste services vehicles and supplementing / refilling local fire brigade tenders regards potential fire-fighting needs on the site if and when required;

Property Maintenance & Management

Facilities owned by Council include the George Fam Centre and the Council Depot, others under its control include Poon Saan Community Hall, Sports Hall, CI Cinema toilets, Lily Beach toilet and Commonwealth owned public amenities which are being cleaned and maintained regularly under arrangement.

COMMUNITY SERVICES



(L to R) Ron Foo (Community Development Officer), Arfah Omar (Community Services Officer), Suzane Chan (Community Development Officer), Susan De Cruz (Librarian) and Chew Boon Beng (Manager Community Services)

The Community Services Section

The Community Services Section continued to provide services in regard to community consultation and service delivery information, library, seniors and youth services, community newsletter, immigration information and assistance, community facilities, and the promotion of community events and functions. In July 2015, the Community Services Officer (Media and Immigration Information & Assistance) Chong Ming Gean retired from his employment with the Shire. The role is being filled by a redeployed staff from the Recreation Centre.

Local Government Elections

The Community Services Section assisted with the coordination of the local government elections for the Shire of Christmas Island. An Ordinary Election will be held on 17 October 2015. Preparatory works for the 17 October 2015 Ordinary Elections is well underway at the time this report was prepared.

Community Information & Consultation and the Community Consultative Committee

The Commonwealth Funding to the Shire of Christmas Island for Provision of Community Information and Consultation Services (formerly Law Reform Services) on Christmas Island since the introduction of New Legal Regime to Christmas Island in July 1992 was withdrawn by the Commonwealth from 1 July 2013. The

Community Consultative Committee (CCC), a management committee of the Shire established in 1992 as part of the Law Reform Process, is the primary forum for community consultation regarding the impact of WA laws and Service Delivery Arrangements (SDAs) services that affect the wider community. The CCC continues to serve as a management committee of the Shire in coordinating community information and referral services relating to new legislation and Services Delivery Arrangements (SDAs).

Community Welfare Fund

The Community Welfare Fund (formerly the Retired Employees, Widows and Orphans Fund) was re-established in 2001 to provide financial support and services to people in need. Cr Azmi Yon and Cr Nora Koh represent the Council on the Community Welfare Committee along with the Manager Community Services. At 31 June 2016, the Community Welfare Fund provided a total of \$32,396.00 in financial support to 32 applicants since 2001.

Interpretation and Translation Services

The Community Services Section provides interpretation services to the Shire's organisational meetings and translates Shire Public Notices and other information. On a fee for service basis, interpretation services are provided to other on-Island organisations in accordance with the Shire's approved Fees and Charges rate.

Seniors Week 2015

The 17th Anniversary of Seniors Week in July 2015 was another success. Cash contributions and in-kind support from community organisations, businesses and individuals facilitated a full week program of events for senior residents including visitors over the age of 65. Preparatory work for the 18th Anniversary of Seniors Week to be held in mid July 2016 commenced from April in 2016. Sponsorship of cash contributions and in-kind support from individuals and various organisations at the time this report was prepared is well underway for yet another successful program. The overall support from our community towards this annual event has continued to improve each year since 1999. Thanks to all the generous sponsors!

Seniors Activities and Programs

The Shire continues to support the senior's fitness program – "*The Christmas Island Stay on Your Feet*", jointly

organised between the Shire of Christmas Island and the Christmas Island Health Service with Line Dancing Session for seniors jointly organised with the Christmas Island Dance Troupe. These weekly program is popular with over 15 regular senior members of our community attending. This section is looking into other activities in the near future.

Senior Citizens Centre and Building Fund

The Shire of Christmas Island initiated the establishment of a Senior Citizens Centre Building Fund in 2002 and has continued to work towards the development of a Senior Citizens Centre. The Community Services Section continued to fund raise for this community project with donations and surplus sponsorship from the annual Seniors Week, including a donation by the CI Charities Association in early 2003.

Following consultation with seniors on the Island in November 2011, the Shire of Christmas Island recommenced planning and re-established a Senior Citizens Centre at the Poon Saan Community Hall. The Commonwealth has approved a funding of \$450k for a Senior Citizens Centre under the Community Development Grants Programme. The Shire was also required to contribute \$50k plus additional project on costs. A Preliminary Opening of the new Seniors Citizens Centre was held in conjunction with the 17th Seniors Week in mid July 2015. The Official Opening of the Senior Citizens Centre is to be organised in conjunction with the Annual Seniors Week in July 2016.

Library

The Community Services Section continues to improve our service to library users. Under the current Service Delivery Arrangement with the Commonwealth, the State Library of Western Australia continued to provide a large range of reading materials on loan to the Shire. The Shire also funds the purchase of books, magazines and newspapers. Library users have access to free use of computers in the library with an Internet service fee being applicable. The Library has entered into a partnership agreement with the State Library of WA for the Better Beginnings program which commenced from July 2009.

Community Newsletter – *The Islander*

The Community Services Section continues to publish and distribute the fortnightly non-profit local community newsletter *The Islander*. Local programs and activities formed an integral part of this publication. Relevant general and regional news items were also included when appropriate.

Community Facilities

The Community Services Section continued to be responsible for bookings of community facilities under the care and control of the Shire including Poon Saan Community Hall and the Conference and Training Room at George Fam Centre. This Section continues to provide free use of plastic chairs, folding tables, indoor stage equipment and other facilities to not-for-profit activities and community events.

School Holiday and Youth Activities

The Community Services Section continued to provide School Holiday Program during 2015/2016. Activities funded by the Shire included water slides, children games, crafts and movies that were well attended by children during school holiday period.

Community Events - Australia Day, Harmony Day and ANZAC Day

The Community Services Section continued to assist with the organisation of a number of annual community events including Australia Day Breakfast, Australia Day Active Citizenship Awards and Harmony Day. The ANZAC Day Ceremony is now organized by a specific ANZAC Day Service Committee. However, the Shire of Christmas continues to extend its support in providing a range of required items and facilities to assist the ANZAC Day Dawn Service and Remembrance Day.

Immigration Information and Citizenship

The Community Services Section continued to assist residents of Christmas Island in the area of Australian Resident visa, visitor sponsorship and visa extension applications. The Section also assisted residents in the application for and conducting of Australian Citizenship Ceremonies on behalf of the Commonwealth of Australia. These are arranged throughout the year as needed.

HUMAN RESOURCES

As reported in previous Annual Reports, the most significant advancement in the human resources management area was the development and subsequent adoption of Councils Workforce Development Strategic Plan, completed by the CEO and adopted by Council in June 2013. The Workforce Development Strategic Plan is a legislative requirement by Council as part of the overall 'Integrated Planning Framework' that all Councils in Western Australia were required to comply with for implementation in the 2013/14 year. Through our Workforce Development Strategic Plan, Council is focused on attracting and retaining quality people, including trainees, further investing in developing our leaders and recognising and rewarding our high performers and remains an active document for the development of Councils workforce. Council needs to take our people with us to create the 'fit for the future' that we need to deliver our communities' priorities. We need to continue to involve our staff and support them in learning new ways of working.

In 15/16 there were 4 employees with a salary over \$100k.

The Shire has continued to commit investment in employee's training and skills development to improve efficiency and performance of the Council. During the 2015/16 financial year, approximately 50% of the Shire's workforce attended various training courses ranging from skills development, vocational education, formal education, work experience to conferences to improve their skills, knowledge and abilities required to perform their work efficiently and effectively.

Moving forward, the Shire will build upon the policies, practices and procedures implemented in the current and previous financial periods that will further strengthen the Human Resources section of the Shire of Christmas Island.

GOVERNANCE, RESEARCH, POLICY AND GRANTS



**Chris Su (Governance, Research,
Policy and Grants Officer)**

The Governance, Research, Policy and Grants Officer has fielded a wide range of extra-organisational research and field work for Council in 2015/2016. This has included assisting Council in Cemeteries Law gazettal, Grant acquittal for the Seniors Citizens Centre and the UWA Heritage student visit. The GRPG officer has minuted several key committees for Council as well as Ordinary Council Meetings for the year. He has undergone specialised training at WALGA for Governance, Strategy, Risk Management and Policy Development and will be able to utilise these new skills in coming years. The GRPGO continues to be Shire's representative on the Indian Ocean Group Training Association committee as the Chairperson and notably has made a foray into Shire's contribution to the street beautification goals in the Community Plan For The Future 2021 by completing a joint CIP-SOCI funded effort which led to the world famous 'Forklift Boy' mural in Drumsite.

Tan Ngiap Choo has joined the section as a Research Officer in 2016 and is assisting the GRPG Officer with reviewing the local laws and policy manual for Council.

RECREATION SERVICES AND TRAINING



Oliver Lines (Manager Recreation Services/Training Officer)

Recreation Services:

Recreation Services continues to promote and improve Sports and Recreation facilities and spaces within the Shire, identifying Community Sports and Recreation opportunities, liaising with Sports and Recreation Clubs and Associations, and implementing the recommendations made in the Christmas Island Sports and Recreation Strategic Plan 2013 – 2018 (updated 2014).

Skate Park Reallocation and Design Process

The deterioration of Skate equipment and damage caused by Cyclone Gillian rendered the Skate Park facility in the Gaze Road Sports Hall unsafe.

On closing of the facility, comment and feedback was received by the Community regarding the lack of facilities on Christmas Island for youth, in particular teenagers, as well as the support for the reinstalment of a Skate facility at an alternate site

Poon Saan Basketball Courts Reinvigoration

The Poon Saan Basketball Courts in need of maintenance and uplift, are planned to have the court surface resealed resurfaced with bright base colours and lines to incorporate Basketball, Futsal and Volleyball as well as Four Square to be completed in 2016.

Kampong Sports Field Safety Fence Facility Upgrade

The Kampong Sports Field Safety Fence was successful in its submission to the Commonwealths, *Indian Ocean Territories Community Developments Grant Program* in 2015 by Recreation Services.

The Fence was completed within the acquittal time requirements on 22nd June 2016. The fence borders the Kampong Padang Sports Field and shopping /residential carpark, providing park users a safer sports and recreational space.

Vagabond Road Sports Precinct Development

On appointment of a consultant a lighting plan was developed for the Cricket and Sports Field at Vagabond Road. A submission to the Commonwealths *Indian Ocean Territories Community Developments Grant Program* in 2015 was successful for the purchase of four fixed lighting towers. Towers will be installed after the end of the rain season.

CI Trails Walking and Mountain Bike Strategy

Meeting with Department Sports and Recreation, CITA, Parks and Recreation Shire Services held on 19th May 2016.

- The Shire maintains the Lily Beach area.
- The Shire does not at this point maintain any trails.
- Investigating the erection of a sign for the old Coolie Cemetery at Phosphate Hill.

Mountain Bike Trails

A Mountain Bike forum was held in May to look into the development of Mountain Bike Trails on Christmas Island. The forum was held with interested members of the Community including representation from Christmas Island Phosphates, Department of Sports and Recreation, Christmas Island Parks, Shire of Christmas Island, Christmas Island Cricket and Sporting Club, Christmas Island District High School and the Christmas Island Tourism Association.

Recreation Services will put forward a plan and proposal to Council for use of part of Drumsite Park to be used as a Skills Track when a design concept has been put together.

Coach in Residence Program

The Coach in Residence Program is funded by the Department of Sports and Recreation which allows funding for four sports coaches to visit both Cocos and Christmas Island, (financial year) to enhance coaching practises as well as promote and develop specific sports agreed to and requested by the Islands.

Recreation Services will soon be focusing on public parks to address implementations as recommended within the Sports and Recreation Strategic Plan concerning shade issues as well as incorporating a wider scope to include children's play equipment and exercise stations as well as landscaping and reticulation.

Projects and Community Activities

Recreation Services continue to coordinate:

1. Territory Week

- Friday Pasar Malam – Night Market at Tai Jin House
- Saturday Charity Auction Rumah Tinggi
- Sunday Sports Day
- Cove Day

2. Christmas Island Marathon 15th October

Jakarta Soccer Trip Sept 2016

Following on from the success of the November 2015 Swiss visit Recreation Services have organised in partnership with the Christmas Island Soccer Federation matches against teams from the Santa Fe Jakarta International Football League.

The team from Christmas Island is due to leave on the 3rd of September until the 10th. The Manager of Sports and Recreation will be following the team to organise and coordinate with the J League administration as well as to meet football (soccer) and other sporting interests in Jakarta.

Community Bus Service

The Manager of Recreation Services still provides the Community Bus Service to:

- Christmas Island District High School
- ANZAC DAY
- C.I Ball
- Hire of services

Future Goals

Future goals are to, following on from last year, continue to improve and develop Community Leisure, Sports and Recreation spaces such as upgrading and

broadening the potential of the Poon Saan Basketball Courts and Playgrounds for youth and families, promote and help develop Sports through liaising with sporting groups and associations as well as to continue actioning recommendations made within the Christmas Island Sports & Recreation Strategic Plan.

Training Officer Role

The Training Officer in 2016 has sought to identify along with Shire Managers and Supervisors, required training for staff, maintained licences and qualifications, adhered to and followed Commonwealth and legislative requirements and regulations and overseen the implementation and tracking of Shire training and policy.

These have included:

- Allocation of Staff USI numbers. (Unique Student Identification)
- White Card – Construction Site Permit Card application and online / course testing.
- Renewing of Work Safe Cards
- Yearly CPR refresher courses in maintaining currency for Shires CPR entitlement Policies.
- 1st Aid Courses (3year).
- Audiometric Testing (2year)

Shire staff have undertaken following training in 2015/16:

- Microsoft Word – Excel-Project / Admin Finance
- Aluminium Welding – Depot Mechanics
- Diploma Front Line Management – Ranger
- Compliance Training – Ranger
- Cert 4 Local Government – Ranger
- 2 x Cert 4 Horticulture – Parks and Gardens
- Chemicals Certification – Parks and Gardens
- Fire Extinguisher – Planning Building Health

Remaining Training schedule 2015/16:

- Traffic Management – Parks – Civil Works – Special Projects
- Construction Cert 2 & 3 Civil Works – Special Projects
- Cert 3 Business – Finance and Admin
- CPR

- Ist Aid.
- Audiometric Testing

The Training Department will continue to identify training requirements, assist staff reach personal achievement goals and implement and oversee the Shires training policies.

PLAN FOR THE FUTURE - OVERVIEW

Following is a summary of major initiatives proposed in the plan to commence or continue in the 2015/16 financial year.

GOVERNANCE & CORPORATE DEVELOPMENT

- Implement comprehensive policy review.
- Develop and implement community research / feedback model.
- Establish an asset replacement program.
- Conduct Council elections

WELFARE

- Develop and implement Disability Services plan
- Develop Youth Services policies and procedures
- Development of implementation plan for Cemeteries Heritage management.

WASTE MANAGEMENT

- Development and implementation of a comprehensive waste management strategy.
- Establishment of a waste transfer facility for the processing of domestic and recyclable waste.
- Establish community recycling station.
- Develop and implement an education campaign relating to recycling programs.
- Develop a new tip site.
- Rehabilitation of Phosphate Hill tip site.

TOWN PLANNING & DEVELOPMENT

- Adoption of the Local Planning Strategy.
- Development of LIA Stage 2

RECREATION & CULTURE

- Continue implementation of streetscape beautification plan
- Skate Park relocation

TRANSPORT

- Jalan Pantai Roundabout
- Resealing works Golf Course Casino Road
- Resealing works Irvine Hill Road
- Resealing works Murray Road
- Resealing works Lily Beach Road
- Resealing works Phosphate Hill Road
- Re-sheet Murray Road-EW Baseline Intersection/Upgrade signage
- Reseal/Repair Flying Fish Cove parking area
- EW Baseline Road resheet/drainage humps/signage
- Drumsite Commercial Area-widening and parking construction
- Smith Point Road construct/two coat seal, lights to fuel depot
- North West Point Road-construct two coats seal

PUBLIC HEALTH

- Upgrade pound
- Food surveillance program and promotion of public health policy and programs
- Review Dog/Health Local Laws.

1. COMPETITIVE NEUTRALITY

All Local Governments with business activities with an annual user pays income of more than \$200,000 must assess these activities and, if considered necessary, introduce measures to eliminate any net advantages that arise out of public sector ownership.

The Shire of Christmas Island has no significant business activities and therefore has no requirement for assessment.

2. DISABILITY SERVICE PLAN 2015/16

Section 29 of the Disability Services Act 1993 requires all public authorities to report on the implementation of their Disability Service Plans. Amendments to the Act in 1999 require that any Local Government that has a Disability Service Plan must include in its Annual Report.

This report covers the five Disability Service Plan key outcomes.

Outcome 1

Existing services are adapted to ensure they meet the needs of people with disabilities.

The Shire has in all instances taken into consideration the needs of people with disabilities whenever practical.

Outcome 2

Access to buildings and facilities is improved.

The Shire continues to install wheelchair access where possible throughout the town.

The Shire is attempting to resolve wheelchair access to the George Fam Centre.

Outcome 3

Information about services is provided in formats, which meet the communication requirements of people with disabilities.

The Shire is fortunate in having very few residents with disabilities. Information supplied by organisations is available at the George Fam centre.

Outcome 4

Advice and services are delivered by staff that are aware of and understand the needs of people with disabilities.

Those that do seek advice or services are treated with respect by staff that understand the need for additional assistance in some instances.

Outcome 5

Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and the decision-making processes.

If made aware of anyone with a disability every attempt would be taken by the Shire to assist the person concerned.

3. STATE RECORDS ACT 2000

State Records Commission Standard 2 (Recordkeeping Plans), Principle 6 (Compliance), states that 'Government Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan'

The Shire of Christmas Island Recordkeeping Plan has not been endorsed by the Commission as there is no Service Delivery Arrangement between the Commonwealth and State Records Commission.

REGISTER OF COMPLAINTS**Governance Issues**

No complaints received by the Shire of Christmas Island as at 30 June 2016.

Community Relations and Customers Services:

1. Halal BBQ on Christmas Island.
2. Taman Sweetland Park Improvements.
3. Restaurant - loud music and singing.
4. Seniors - end of year Christmas Celebration.
5. UGLY tree plotted along the path in Drumsite.

SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
Shire of Christmas Island
2 Murray Road
Christmas Island 6798

**SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the *1ST* day of *NOVEMBER* 2016



David Price
Acting Chief Executive Officer

SHIRE OF CHRISTMAS ISLAND
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	1,271,172	1,178,671	1,244,807
Operating grants, subsidies and contributions	30	5,257,435	5,698,610	5,007,300
Fees and charges	29	432,210	341,900	634,322
Service charges	26	1,118,325	834,500	1,408,334
Interest earnings	2(a)	232,278	203,797	211,657
Other revenue	2(a)	108,761	1,221,800	446,427
		<u>8,420,181</u>	<u>9,479,278</u>	<u>8,952,847</u>
Expenses				
Employee costs		(5,739,722)	(6,997,081)	(5,812,350)
Materials and contracts		(758,917)	(1,300,000)	(911,636)
Utility charges		(82,163)	(250,000)	(120,271)
Depreciation on non-current assets	2(a)	(1,796,342)	(1,955,100)	(1,650,503)
Insurance expenses		(159,379)	(186,300)	(143,302)
Other expenditure		(1,392,791)	(296,113)	(1,634,847)
		<u>(9,929,314)</u>	<u>(10,984,594)</u>	<u>(10,272,909)</u>
		(1,509,133)	(1,505,316)	(1,320,062)
Non-operating grants, subsidies and contributions	30	584,064	2,708,000	401,000
Profit on asset disposals	21	802	5,000	53,767
(Loss) on asset disposals	21	(120,161)	0	(259,424)
Fair value adjustments to financial assets at fair value through profit or loss	4	(3,605)	0	0
(Loss) on revaluation of Infrastructure - other	8(b)	0	0	(411,513)
Net result		<u>(1,048,033)</u>	<u>1,207,684</u>	<u>(1,536,232)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	1,800,809	0	4,859,686
Total other comprehensive income		<u>1,800,809</u>	<u>0</u>	<u>4,859,686</u>
Total comprehensive income		<u><u>752,776</u></u>	<u><u>1,207,684</u></u>	<u><u>3,323,454</u></u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF CHRISTMAS ISLAND
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
	2(a)			
General purpose funding		23,319	5,000	44,875
Governance		6,037,362	6,070,478	5,983,331
Law, order, public safety		2,090	800	1,389
Health		15,311	18,000	21,038
Education and welfare		35,171	41,200	29,346
Housing		56,610	69,500	61,042
Community amenities		1,142,540	906,500	1,419,013
Recreation and culture		120,724	1,487,800	737,311
Transport		931,934	827,000	600,050
Economic services		42,356	42,000	43,423
Other property and services		12,764	11,000	12,029
		<u>8,420,181</u>	<u>9,479,278</u>	<u>8,952,847</u>
Expenses				
	2(a)			
General purpose funding		(141,079)	(175,480)	(148,658)
Governance		(772,994)	(898,793)	(745,006)
Law, order, public safety		(310,946)	(345,131)	(300,039)
Health		(145,128)	(150,719)	(173,318)
Education and welfare		(541,557)	(593,741)	(583,861)
Housing		(166,951)	(194,164)	(169,878)
Community amenities		(1,717,891)	(2,198,441)	(2,031,950)
Recreation and culture		(1,734,338)	(2,261,502)	(1,981,067)
Transport		(3,766,714)	(3,892,254)	(3,570,620)
Economic services		(49,376)	(74,369)	(49,761)
Other property and services		(582,340)	(200,000)	(518,751)
		<u>(9,929,314)</u>	<u>(10,984,594)</u>	<u>(10,272,909)</u>
		(1,509,133)	(1,505,316)	(1,320,062)
Non-operating grants, subsidies and contributions	30	584,064	2,708,000	401,000
Profit on disposal of assets	21	802	5,000	53,767
(Loss) on disposal of assets	21	(120,161)	0	(259,424)
Fair value adjustments to financial assets at fair value through profit or loss	4	(3,605)	0	0
(Loss) on revaluation of Infrastructure - other	8(b)	0	0	(411,513)
Net result		(1,048,033)	1,207,684	(1,536,232)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	1,800,809	0	4,859,686
Total other comprehensive income		1,800,809	0	4,859,686
Total comprehensive income		<u>752,776</u>	<u>1,207,684</u>	<u>3,323,454</u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF CHRISTMAS ISLAND
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,730,936	6,402,162
Investments	4	12,409	16,014
Trade and other receivables	5	189,720	311,130
Inventories	6	469,827	491,460
TOTAL CURRENT ASSETS		<u>7,402,892</u>	<u>7,220,766</u>
NON-CURRENT ASSETS			
Other receivables	5	67,987	67,987
Property, plant and equipment	7	15,480,972	15,179,920
Infrastructure	8	22,527,914	21,897,873
TOTAL NON-CURRENT ASSETS		<u>38,076,873</u>	<u>37,145,780</u>
TOTAL ASSETS		<u>45,479,765</u>	<u>44,366,546</u>
CURRENT LIABILITIES			
Trade and other payables	9	507,893	378,351
Provisions	11	1,558,971	1,360,105
TOTAL CURRENT LIABILITIES		<u>2,066,864</u>	<u>1,738,456</u>
NON-CURRENT LIABILITIES			
Provisions	11	133,104	101,069
TOTAL NON-CURRENT LIABILITIES		<u>133,104</u>	<u>101,069</u>
TOTAL LIABILITIES		<u>2,199,968</u>	<u>1,839,525</u>
NET ASSETS		<u>43,279,797</u>	<u>42,527,021</u>
EQUITY			
Retained surplus		14,559,228	15,686,462
Reserves - cash backed	12	5,806,984	5,727,783
Revaluation surplus	13	22,913,585	21,112,776
TOTAL EQUITY		<u>43,279,797</u>	<u>42,527,021</u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF CHRISTMAS ISLAND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		17,357,580	5,592,897	16,253,090	39,203,567
Comprehensive income					
Net result		(1,536,232)	0	0	(1,536,232)
Changes on revaluation of assets	13	<u>0</u>	<u>0</u>	<u>4,859,686</u>	<u>4,859,686</u>
Total comprehensive income		(1,536,232)	0	4,859,686	3,323,454
Transfers from/(to) reserves		(134,886)	134,886	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2015		15,686,462	5,727,783	21,112,776	42,527,021
Comprehensive income					
Net result		(1,048,033)	0	0	(1,048,033)
Changes on revaluation of assets	13	<u>0</u>	<u>0</u>	<u>1,800,809</u>	<u>1,800,809</u>
Total comprehensive income		(1,048,033)	0	1,800,809	752,776
Transfers from/(to) reserves		(79,201)	79,201	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2016		<u>14,559,228</u>	<u>5,806,984</u>	<u>22,913,585</u>	<u>43,279,797</u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF CHRISTMAS ISLAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,279,834	1,196,429	1,245,584
Operating grants, subsidies and contributions		5,164,432	5,698,610	5,331,316
Fees and charges		659,912	441,900	629,716
Service charges		1,118,325	834,500	1,408,334
Interest earnings		232,278	203,797	211,657
Other revenue		86,810	1,226,800	535,264
		<u>8,541,591</u>	<u>9,602,036</u>	<u>9,361,871</u>
Payments				
Employee costs		(5,462,220)	(6,795,079)	(5,586,933)
Materials and contracts		(654,343)	(1,300,000)	(1,516,847)
Utility charges		(82,163)	(250,000)	(120,271)
Insurance expenses		(159,379)	(186,300)	(143,302)
Other expenditure		(1,392,791)	(163,302)	(1,634,379)
		<u>(7,750,896)</u>	<u>(8,694,681)</u>	<u>(9,001,732)</u>
Net cash provided by (used in) operating activities	14(b)	<u>790,695</u>	<u>907,355</u>	<u>360,139</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		(104,616)	0	(320,244)
Payments for purchase of property, plant & equipment		(705,871)	(1,833,000)	(533,006)
Payments for construction of infrastructure		(238,300)	(2,228,000)	(779,571)
Non-operating grants, subsidies and contributions		584,064	2,708,000	401,000
Proceeds from sale of fixed assets		2,802	5,000	75,000
Net cash provided by (used in) investment activities		<u>(461,921)</u>	<u>(1,348,000)</u>	<u>(1,156,821)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash provided by (used in) financing activities		<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash held		328,774	(440,645)	(796,682)
Cash at beginning of year		6,402,162	6,402,161	7,198,844
Cash and cash equivalents at the end of the year	14(a)	<u><u>6,730,936</u></u>	<u><u>5,961,516</u></u>	<u><u>6,402,162</u></u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF CHRISTMAS ISLAND
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	884,495	801,704	1,834,718
	<u>884,495</u>	<u>801,704</u>	<u>1,834,718</u>
Revenue from operating activities (excluding rates)			
General purpose funding	4,770,150	4,894,807	4,736,264
Governance	23,319	5,000	44,875
Law, order, public safety	2,090	800	1,389
Health	15,311	18,000	21,038
Education and welfare	35,171	41,200	29,346
Housing	56,610	69,500	61,042
Community amenities	1,142,540	906,500	1,419,013
Recreation and culture	120,824	1,487,800	737,311
Transport	932,636	832,000	675,050
Economic services	42,356	42,000	43,423
Other property and services	12,764	11,000	12,029
	<u>7,153,771</u>	<u>8,308,607</u>	<u>7,780,780</u>
Expenditure from operating activities			
Governance	(142,803)	(175,480)	(1,156,519)
General purpose funding	(776,599)	(898,793)	(148,658)
Law, order, public safety	(312,602)	(345,131)	(300,039)
Health	(145,216)	(150,719)	(173,318)
Education and welfare	(547,561)	(593,741)	(315,991)
Housing	(185,462)	(194,164)	(170,232)
Community amenities	(1,741,542)	(2,198,441)	(2,127,402)
Recreation and culture	(1,776,873)	(2,261,502)	(2,142,555)
Transport	(3,787,849)	(3,892,254)	(3,460,853)
Economic services	(49,376)	(74,369)	(49,761)
Other property and services	(587,197)	(200,000)	(518,751)
	<u>(10,053,080)</u>	<u>(10,984,594)</u>	<u>(10,564,079)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	21 (802)	(5,000)	(53,767)
Loss on disposal of assets	21 120,161	0	259,424
Loss on revaluation of fixed assets	0	0	411,513
Movement in employee benefit provisions (non-current)	230,901	100,034	11,043
Depreciation and amortisation on assets	2(a) 1,796,342	1,955,100	1,650,503
Amount attributable to operating activities	<u>131,788</u>	<u>175,851</u>	<u>1,330,135</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	584,064	2,708,000	0
Proceeds from disposal of assets	21 2,802	5,000	75,000
Purchase of property, plant and equipment	7(b) (810,487)	(1,833,000)	(853,250)
Purchase and construction of infrastructure	8(b) (238,300)	(2,228,000)	(779,571)
Amount attributable to investing activities	<u>(461,921)</u>	<u>(1,348,000)</u>	<u>(1,557,821)</u>
FINANCING ACTIVITIES			
Transfers to reserves (restricted assets)	12 (174,031)	(380,521)	(135,586)
Transfers from reserves (restricted assets)	12 94,830	377,000	700
Amount attributable to financing activities	<u>(79,201)</u>	<u>(3,521)</u>	<u>(134,886)</u>
Surplus(deficiency) before general rates	<u>(409,334)</u>	<u>(1,175,671)</u>	<u>(362,572)</u>
Total amount raised from general rates	23 1,267,212	1,175,671	1,247,067
Net current assets at June 30 c/fwd - surplus/(deficit)	24 <u>857,878</u>	<u>0</u>	<u>884,495</u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The local government reporting entity

All Funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

(b) Goods and Services Tax (GST)

Goods and Services Tax (GST) does not apply to Christmas Island

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, and deposits held at bank.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(e) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	20 to 50 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	20 to 50 years
seal	
- bituminous seals	20 to 50 years
- asphalt surfaces	25 to 50 years
Gravel roads	
formation	not depreciated
pavement	20 to 50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	20 to 50 years
Footpaths - slab	10 to 50 years
Other Infrastructure	3 to 50 years
Sotrmwater drainage systems	20 to 80 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(h) Financial Instruments

Initial recognition and measurement

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Borrowing Costs

Council has no borrowing costs in Financial year 2015/16 and will not do so in 2016/17.

(m) Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Leases

Council has no leases of fixed assets in Financial year 2015/16 and will not do so in 2016/17.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

Council has no investment in associates in Financial year 2015/16 and will not do so in 2016/17.

(p) Interests in Joint Arrangements

Council has interests in joint arrangements in Financial year 2015/16 and will not do so in 2016/17.

(q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c) . That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(r) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(t) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(u) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
<p>(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p>	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
<p>(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</p> <p>[AASB 116 & 138]</p>	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
<p>(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p>	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective: to provide leadership, and work in partnership with community and key stakeholders, to achieve the overall strategic direction for Christmas Island; and operate effectively as a Local Government organisation for the benefit of the people of Christmas Island.

Activities: General administration and members costs incurred in performing Council's functions.

GENERAL PURPOSE FUNDING

Objective-to collect revenue to allow for the provision of services.

Activities: Rate revenue, Government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective: to ensure law, order and public safety of the residents of Christmas Island as well as control of dogs and cats of the Island.

Activities: Supervise and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective: to provide facilities on Christmas Island for good community health.

Activities: Health administration and inspection, and other health and preventive services.

EDUCATION AND WELFARE

Objective: to provide services, facilities and resources respond to the community's need.

Activities: Operation of community services, shop-front, immigration, senior, youth and school holiday activities.

HOUSING

Objective: to provide reasonable accommodation for staff employed from mainland .

Activity: Provision and maintenance of staff housing.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective: to provide services required by the community.

Activities: Rubbish collections, tip maintenance, litter control, car removals, administration of town planning scheme, maintenance of cemetery, public conveniences and community assistance scheme.

RECREATION AND CULTURE

Objective-to provide facilities for recreational, cultural and sporting purposes.

Activities: Maintenance of halls and community centres, maintenance of beaches and foreshore amenities, maintenance of parks, gardens and reserves, library services, anniversary celebrations and Island newsletter.

TRANSPORT

Objective-to provide all facilities necessary for the safe and orderly movement of vehicles and pedestrians on Christmas Island.

Activities: Construction and maintenance of roads, footpaths, depots, traffic signs and street signs.

ECONOMIC SERVICES

Objective: to provide services to the community.

Activities: Property leases.

OTHER PROPERTY AND SERVICES

Objective: to monitor and control Shire's overheads and operating accounts.

Activities: Private works operation, plant repair and operation costs , works & services operation costs and salaries & wages.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Grant/Contribution	Function/ Activity							
Central Road Authority	Transport	613,526	0	(438,526)	175,000	0	(81,990)	93,010
Roads to Recovery	Transport	0	131,000	(131,000)	0	404,064	(151,049)	253,015
Total		<u>613,526</u>	<u>131,000</u>	<u>(569,526)</u>	<u>175,000</u>	<u>404,064</u>	<u>(233,039)</u>	<u>346,025</u>

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		577,927	499,379
Restricted		<u>6,153,009</u>	<u>5,902,783</u>
		<u><u>6,730,936</u></u>	<u><u>6,402,162</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employees Benefits Reserve	12	1,417,217	1,375,370
Plant & Machinery Reserve	12	1,552,344	1,544,677
Furniture & Equipment Reserve	12	772,862	750,009
Building Reserve	12	956,115	980,117
Community Welfare Fund Reserve	12	85,657	85,064
Recreation Services Reserve	12	435,602	422,722
Waste Management Reserve	12	494,261	479,646
Road Works and Materials Reserve	12	92,926	90,178
Unspent grants	2(c)	<u>346,025</u>	<u>175,000</u>
		<u><u>6,153,009</u></u>	<u><u>5,902,783</u></u>
4. INVESTMENTS			
Financial assets at fair value through profit and loss		<u><u>12,409</u></u>	<u><u>16,014</u></u>
Financial assets at fair value through profit and loss			
At the beginning of the year		16,014	16,014
Revaluation to income statement			
Governance		<u>(3,605)</u>	<u>0</u>
		<u>(3,605)</u>	<u>0</u>
At the end of the year		<u><u>12,409</u></u>	<u><u>16,014</u></u>

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	8,489	17,151
Sundry debtors	32,109	259,811
Prepayments	40,200	18,249
Accrued Income	108,922	15,919
	<u>189,720</u>	<u>311,130</u>
Non-current		
Sundry Debtors	67,987	67,987
	<u>67,987</u>	<u>67,987</u>
6. INVENTORIES		
Current		
Fuel and materials	469,827	491,460
	<u>469,827</u>	<u>491,460</u>

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	2,439,000	2,439,000
- Additions after valuation - cost	<u>424,860</u>	<u>320,244</u>
	2,863,860	2,759,244
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	<u>808,000</u>	<u>808,000</u>
	808,000	808,000
	<u>3,671,860</u>	<u>3,567,244</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	1,045,000	1,045,000
- Additions after valuation - cost	66,226	11,560
Less: accumulated depreciation	<u>(73,165)</u>	<u>(23,123)</u>
	1,038,061	1,033,437
Buildings - specialised at:		
- Independent valuation 2014 - level 3	6,765,000	6,765,000
- Additions after valuation - cost	684,794	304,092
Less: accumulated depreciation	<u>(304,243)</u>	<u>(155,601)</u>
	7,145,551	6,913,491
	<u>8,183,612</u>	<u>7,946,928</u>
Total land and buildings	<u>11,855,472</u>	<u>11,514,172</u>
Furniture and equipment at:		
- Independent valuation 2016 - level 2	2,200	0
- Independent valuation 2016 - level 3	318,500	0
- Management valuation 2013 - level 3	0	522,090
- Additions after valuation - cost	0	255,714
Less accumulated depreciation	<u>0</u>	<u>(352,100)</u>
	320,700	425,704
Plant and equipment at:		
- Independent valuation 2016 - level 2	3,229,300	0
- Independent valuation 2016 - level 3	75,500	0
- Management valuation 2013 - level 2	0	3,123,928
- Additions after valuation - cost	0	1,125,692
Less accumulated depreciation	<u>0</u>	<u>(1,009,576)</u>
	3,304,800	3,240,044
	<u>15,480,972</u>	<u>15,179,920</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	2,759,244	104,616	0	0	0	0	0	0	2,863,860
Land - vested in and under the control of Council	808,000	0	0	0	0	0	0	0	808,000
Total land	<u>3,567,244</u>	<u>104,616</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,671,860</u>
Buildings - non-specialised	1,033,437	54,666		0		0	(50,042)	0	1,038,061
Buildings - specialised	6,913,491	380,702		0		0	(148,642)	0	7,145,551
Total buildings	<u>7,946,928</u>	<u>435,368</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(198,684)</u>	<u>0</u>	<u>8,183,612</u>
Total land and buildings	<u>11,514,172</u>	<u>539,984</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(198,684)</u>	<u>0</u>	<u>11,855,472</u>
Furniture and equipment	425,704	46,997	(119,161)	89,134	0	0	(121,974)	0	320,700
Plant and equipment	3,240,044	223,506	(3,000)	443,698	0	0	(599,448)	0	3,304,800
Total property, plant and equipment	<u>15,179,920</u>	<u>810,487</u>	<u>(122,161)</u>	<u>532,832</u>	<u>0</u>	<u>0</u>	<u>(920,106)</u>	<u>0</u>	<u>15,480,972</u>

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	2	Market approach using recent observable market data for similar properties/Income approach using discounted cashflow methodology	Independent registered valuers	June 2014	Price per hectare/market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement costs	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residue values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	3	Improvements to land valued using cost approach using depreciated replacement costs	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residue values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2014	Price per hectare
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	2	Market approach using recent observable market data for similar assets.	Independent registered valuers	June 2016	Market price per item
Plant and equipment	2	Market approach using recent observable market data for similar assets.	Independent registered valuers	June 2016	Market price per item
Plant and equipment	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Management valuation 2016 - level 3	25,760,576	0
- Management valuation 2015 - level 3	0	24,259,560
Less accumulated depreciation	<u>(9,891,603)</u>	<u>(9,244,687)</u>
	15,868,973	15,014,873
Infrastructure - drainage		
- Management valuation 2015 - level 3	5,494,700	5,494,700
Less accumulated depreciation	<u>(148,445)</u>	<u>0</u>
	5,346,255	5,494,700
Infrastructure - other		
- Management valuation 2015 - level 3	1,388,300	1,388,300
- Additions after valuation - cost	5,261	0
Less accumulated depreciation	<u>(80,875)</u>	<u>0</u>
	1,312,686	1,388,300
	<u>22,527,914</u>	<u>21,897,873</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (*Financial Management*) Regulation 17A (2) which requires infrastructure to be shown at fair value.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	15,014,873	233,039	0	1,267,977	0	0	(646,916)	0	15,868,973
Infrastructure - drainage	5,494,700	0	0	0	0	0	(148,445)	0	5,346,255
Infrastructure - other	1,388,300	5,261	0	0	0	0	(80,875)	0	1,312,686
Total infrastructure	<u>21,897,873</u>	<u>238,300</u>	<u>0</u>	<u>1,267,977</u>	<u>0</u>	<u>0</u>	<u>(876,236)</u>	<u>0</u>	<u>22,527,914</u>

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	126,951	130,452
Accrued Salaries & wages	209,951	152,813
Sick Leave Bonus	84,549	95,086
Others	86,442	0
	507,893	378,351

10 LONG-TERM BORROWINGS

The Shire did not have any long term borrowings at the reporting date.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	654,841	705,264	1,360,105
Non-current provisions	0	101,069	101,069
	654,841	806,333	1,461,174
Additional provision	138,070	124,866	262,936
Amounts used	0	(32,035)	(32,035)
Balance at 30 June 2016	792,911	899,164	1,692,075
Comprises			
Current	792,911	766,060	1,558,971
Non-current	0	133,104	133,104
	792,911	899,164	1,692,075

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Interest/ Bank Charges	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Interest/ Bank Charges	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Interest/ Bank Charges \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Employees Benefits Reserve	1,375,370	41,847	0	1,417,217	1,375,370	34,843	50,000	0	1,460,213	1,342,934	32,436	0	1,375,370
Plant & Machinery Reserve	1,544,677	47,066	(39,399)	1,552,344	1,544,677	39,199	50,000	0	1,633,876	1,508,183	36,494	0	1,544,677
Furniture & Equipment Reserve	750,009	22,853	0	772,862	750,009	19,033	0	0	769,042	732,289	17,720	0	750,009
Building Reserve	980,117	29,864	(53,866)	956,115	980,117	24,872	0	(100,000)	904,989	956,961	23,156	0	980,117
Community Welfare Fund Reserve	85,064	2,158	(1,565)	85,657	85,064	2,662	0	(2,000)	85,726	83,433	2,331	(700)	85,064
Recreation Services Reserve	422,722	12,880	0	435,602	422,722	10,727	0	0	433,449	412,735	9,987	0	422,722
Waste Management Reserve	479,646	14,615	0	494,261	479,646	12,172	84,725	(275,000)	301,543	468,314	11,332	0	479,646
Road Works and Materials Reserve	90,178	2,748	0	92,926	90,178	2,288	50,000	0	142,466	88,048	2,130	0	90,178
	5,727,783	174,031	(94,830)	5,806,984	5,727,783	145,796	234,725	(377,000)	5,731,304	5,592,897	135,586	(700)	5,727,783

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Employees Benefits Reserve	Ongoing	- to be used to fund annual and long service leave requirements.
Plant & Machinery Reserve	Ongoing	- to be used for the purchase of new major plant.
Furniture & Equipment Reserve	Ongoing	- to be used for the purchase of new furniture & equipment.
Building Reserve	Ongoing	- to be used for construction of a new house or upgrade staff housing.
Community Welfare Fund Reserve	Ongoing	- to be used for specific community purposes.
Recreation Services Reserve	Ongoing	- to be used for the upgrade of recreation services and purchase of new plant, furniture & equipment.
Waste Management Reserve	Ongoing	- to be used for the upgrade of tipsite and purchase new plant & equipment.
Road Works and Materials Reserve	Ongoing	- to be used for the purpose of road works and purchase of materials.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

13. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement or Revaluation \$	2015 Closing Balance \$
Land and buildings	6,933,044	0	0	0	6,933,044	6,933,044	0	0	0	6,933,044
Furniture and equipment	38,223	89,134	0	89,134	127,357	38,223	0	0	0	38,223
Plant and equipment	126,130	443,698	0	443,698	569,828	126,130	0	0	0	126,130
Infrastructure - roads	8,658,460	1,267,977	0	1,267,977	9,926,437	9,155,693	(497,233)	0	(497,233)	8,658,460
Infrastructure - drainage	5,356,919	0	0	0	5,356,919	5,356,919	0	0	5,356,919	5,356,919
	21,112,776	1,800,809	0	1,800,809	22,913,585	16,253,090	4,859,686	0	4,859,686	21,112,776

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>6,730,936</u>	<u>5,961,516</u>	<u>6,402,162</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(1,048,033)	1,207,684	(1,536,232)
Non-cash flows in Net result:			
Depreciation	1,796,342	1,955,100	1,650,503
(Profit)/Loss on sale of asset	119,359	(5,000)	205,657
Fair value adjustments to fixed assets at fair value through profit or loss	3,605	0	469
Loss on revaluation of fixed assets	0	0	411,513
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	121,410	144,704	409,023
(Increase)/Decrease in inventories	21,633	47,257	(223,414)
Increase/(Decrease) in payables	129,542	165,576	(358,382)
Increase/(Decrease) in provisions	230,901	100,034	202,002
Grants contributions for the development of assets	<u>(584,064)</u>	<u>(2,708,000)</u>	<u>(401,000)</u>
Net cash from operating activities	<u>790,695</u>	<u>907,355</u>	<u>360,139</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements	\$		\$
Credit card limit	40,000		40,000
Credit card balance at balance date	<u>(15,091)</u>		<u>0</u>
Total amount of credit unused	<u>24,909</u>		<u>40,000</u>

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

15. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities at the reporting date.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

17. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	110,600	274,788
Law, order, public safety	66,000	43,641
Health	73,000	33,664
Education and welfare	685,519	306,905
Housing	1,900,184	2,112,733
Community amenities	1,319,420	2,621,233
Recreation and culture	7,374,439	8,723,548
Transport	26,382,850	22,851,688
Economic services	106,461	104,261
Other property and services	58,400	5,330
Unallocated	7,402,892	7,288,755
	<u>45,479,765</u>	<u>44,366,546</u>

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

19. FINANCIAL RATIOS	2016	2015	2014
Current ratio	1.92	3.63	3.19
Asset sustainability ratio	0.49	0.99	1.14
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	(0.52)	(0.48)	(0.17)
Own source revenue coverage ratio	0.32	0.38	0.35

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 58 of this document.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

20. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Motor Vehicle Registration/Others	69,413	0	(49,014)	20,399
Liswa Library Book	8	0	0	8
5 Jalan Ketam Merah/23 Seaview Drive Bond	2,000	0	0	2,000
Excavation Permit	810	0	(414)	396
Senior Citizen Building Fund	37,749	568	(28,458)	9,859
Phosphate Hill Open Space	57,212	1,757	0	58,969
Taman Sweetland Reserve	0	50,952	0	50,952
	<u>167,192</u>			<u>142,583</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<u>Plant and Equipment</u>								
Governance	1,724	0	0	(1,724)	0	0	0	0
Law, order, public safety	1,656	0	0	(1,656)	0	0	0	0
Health	88	0	0	(88)	0	0	0	0
Education and welfare	6,004	0	0	(6,004)	0	0	0	0
Housing	18,511	0	0	(18,511)	0	0	0	0
Community amenities	25,651	2,000	0	(23,651)	0	0	0	0
Recreation and culture	42,535	100	100	(42,535)	0	0	0	0
Transport	21,135	702	702	(21,135)	0	5,000	5,000	0
Other property and services	4,857		0	(4,857)	0	0	0	0
	122,161	2,802	802	(120,161)	0	5,000	5,000	0

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire did not have any debenture repayments as at 30 June 2016.

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Shire did not have any overdraft facility at 30 June 2016.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

	Rate in \$ (cent)	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
<u>Differential general rate / general rate</u>	\$										
Gross rental value valuations											
GRV - Residential	8.5313	451	8,779,676	744,096	2,081	54,089	800,266	744,112	0	0	744,112
GRV - Commercial	8.5313	74	1,854,072	136,848	21,328	10,373	168,549	136,852	0	0	136,852
GRV - DIAC	0.0000	21	1,211,820	0	0	0	0	0	0	0	0
GRV - Unallocated	8.5313	4	50,000	4,266	0	0	4,266	4,266	0	0	4,266
GRV - Rural	8.5313	1	8,500	725	0	0	725	725	0	0	725
GRV - Industrial	8.5313	9	193,410	16,500	0	0	16,500	16,501	0	0	16,501
GRV - Exempt	0.0000	150	0	0	0	0	0	0	0	0	0
Unimproved value valuations											
UV - Industrial	18.6981	2	1,225,000	229,052	0	0	229,052	229,052	0	0	229,052
UV - Mining	18.6981	5	526,462	124,169	0	0	124,169	122,973	0	0	122,973
Sub-Total		717	13,848,940	1,255,656	23,409	64,462	1,343,527	1,254,481	0	0	1,254,481
Minimum payment	Minimum										
	\$										
Gross rental value valuations											
GRV - Residential	517	8	15,825	4,136	0	0	4,136	3,102	0	0	3,102
GRV - Commercial	517	16	56,625	8,272	0	0	8,272	8,272	0	0	8,272
GRV - Unallocated	517	37	106,780	19,129	0	0	19,129	20,680	0	0	20,680
GRV - Rural	517	1	3,380	517	0	0	517	517	0	0	517
GRV - Mining Tenement	517	1	0	517	0	0	517	517	0	0	517
GRV - Industrial	517	6	19,240	3,102	0	0	3,102	3,102	0	0	3,102
Sub-Total		69	201,850	35,673	0	0	35,673	36,190	0	0	36,190
		786	14,050,790	1,291,329	23,409	64,462	1,379,200	1,290,671	0	0	1,290,671
Discounts/concessions (refer note 27)							(111,988)				(115,000)
Total amount raised from general rate							1,267,212				1,175,671
Write off							(881)				(1,000)
Excess rates							2,712				1,000
Instalment admin fees							1,332				2,000
Legal fees/Refund							797				1,000
Totals							1,271,172				1,178,671

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016) Carried Forward) \$	2016 (1 July 2015) Brought Forward) \$	2015 (30 June 2015) Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>857,878</u>	<u>884,495</u>	<u>884,495</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	577,927	499,379	499,379
Restricted	6,153,009	5,902,783	5,902,783
Investments			
Financial assets at fair value through profit and loss	12,409	16,014	16,014
Receivables			
Rates outstanding	8,489	17,151	17,151
Sundry debtors	32,109	259,811	259,811
Prepayments	40,200	18,249	18,249
Accrued Income	108,922	15,919	15,919
Inventories			
Fuel and materials	469,827	491,460	491,460
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(126,951)	(130,452)	(130,452)
Accrued Salaries & wages	(209,951)	(152,813)	(152,813)
Sick Leave Bonus	(84,549)	(95,086)	(95,086)
Others	(86,442)	0	0
Provisions			
Provision for annual leave	(792,911)	(654,841)	(654,841)
Provision for long service leave	(766,060)	(705,264)	(705,264)
Unadjusted net current assets	<u>5,336,028</u>	<u>5,482,310</u>	<u>5,482,310</u>
Adjustments			
Less: Reserves - restricted cash	(5,806,984)	(5,727,783)	(5,727,783)
Add:			
Component of Leave Liability not required to be funded	1,437,756	1,129,968	1,129,968
Adjusted net current assets - surplus/(deficit)	<u>857,878</u>	<u>884,495</u>	<u>884,495</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Charges Applied to Costs \$	Charges Set Aside to Reserve \$	Reserve Applied to Costs \$	Budget Charges Applied to Costs \$	Budget Charges Set Aside to Reserve \$	Budget Reserve Applied to Costs \$
Service Charges									
Domestic waste collection	292 p/a	248,568	220,500	248,568	0	0	355,456	12,172	0
Enterprise waste collection	68 p/unit	784,141	498,000	784,141	0	0	802,799	84,725	0
Waste disposal	458 p/cm	85,616	116,000	85,616	0	0	186,997	0	0
		1,118,325	834,500	1,118,325	0	0	1,345,252	96,897	0

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
Domestic waste collection	Provision of waste	Costs of maintenance and	All owners and occupiers
Enterprise waste collection	disposal services	operation of facility	a designated area
Waste disposal			

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR

Rates Discounts

Rate or Fee Discount Granted	Type	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Rates	General	10.00%	111,988	115,000	Rates paid within 35 days of the date of issue noted on the rate notice
			111,988	115,000	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Write Off % or \$	Actual \$	Budget \$
Minimum rates	Write Off	\$	517	1,000
Emergency Service Levy	Write Off		360	0
General rates	Write Off		4	0
			881	1,000

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Unpaid Rates Interest Rate %
Option One			
Single full payment	10/09/2015	0	10.00%
Option Two			
First Instalment	10/09/2015	0	10.00%
Second Instalment	10/11/2015	12	10.00%
Third Instalment	11/01/2016	12	10.00%
Fourth Instalment	10/03/2016	12	10.00%

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	4,244	3,000
Charges on instalment plan	1,332	2,000
	5,576	5,000

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

29. FEES & CHARGES	2016	2015
	\$	\$
General purpose funding	4,426	10,577
Law, order, public safety	1,250	0
Health	14,035	19,136
Housing	56,610	61,042
Community amenities	24,215	10,679
Recreation and culture	64,134	229,398
Transport	6,864	11,570
Economic services	42,356	43,423
Other property and services	218,320	248,497
	<u>432,210</u>	<u>634,322</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

30. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
Governance	1,290	858
General purpose funding	4,529,406	4,526,298
Law, order, public safety	700	605
Health	1,276	1,902
Education and welfare	0	7,804
Community amenities	3,701	0
Recreation and culture	54,306	445,233
Transport	660,000	18,000
Other property and services	6,756	6,600
	<u>5,257,435</u>	<u>5,007,300</u>
Non-operating grants, subsidies and contributions		
Education and welfare	180,000	270,000
Transport	404,064	131,000
	<u>584,064</u>	<u>401,000</u>
	<u>5,841,499</u>	<u>5,408,300</u>

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	<u>58</u>	<u>59</u>
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32. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2016	2016 Budget	2015
	\$	\$	\$
Councillors allowance	49,000	49,000	49,000
President's allowance	26,000	26,000	26,000
Deputy President's allowance	48,908	10,000	10,000
20% SAT allowance	0	17,000	0
	<u>123,908</u>	<u>102,000</u>	<u>85,000</u>

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

33. MAJOR LAND TRANSACTIONS

Light Industrial Area (Lot 555)

(a) Details

Council purchased Lot 555 located at Quarry Road from Commonwealth in 2006 for \$100,000 as one land lot entity. Total development costs of \$749,074 had been incurred as at 30 June 2016. Additional costs are to be incurred in developing the 12 lots in 3 stages of subdivision and providing services such as sewerage, power and roads.

The development of services for 12 subdivision lots does not realise a profit margin to the lots.

The sale value of stage 1 (3 lots) will be utilised to progress the development of stage 2 and/or stage 3.

(b) Current year transactions	2016 \$	2016 Budget \$	2015 \$
Capital income			
- Sale proceeds	0	1,200,000	0
	0	1,200,000	0
Capital expenditure			
- Development costs	(104,616)	(100,000)	(320,244)
	(104,616)	(100,000)	(320,244)

The above capital expenditure is included in land held for resale.

(c) Expected Future Cash Flows

	2017 \$	2018 \$	2019 \$	2020 \$	Total \$
Cash outflows					
- Development costs	(100,000)	(300,000)	(300,000)	0	(700,000)
- Loan repayments					0
	(100,000)	(300,000)	(300,000)	0	(700,000)
Cash inflows					
- Loan proceeds	0	0	0	0	0
- Sale proceeds	1,200,000	1,200,000	1,200,000	0	3,600,000
	1,200,000	1,200,000	1,200,000	0	3,600,000
Net cash flows	1,100,000	900,000	900,000	0	2,900,000

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,730,936	6,402,162	6,730,936	6,402,162
Investments	12,409	16,014	12,409	16,014
Receivables	<u>257,707</u>	<u>379,117</u>	<u>257,707</u>	<u>379,117</u>
	<u><u>7,001,052</u></u>	<u><u>6,797,293</u></u>	<u><u>7,001,052</u></u>	<u><u>6,797,293</u></u>
Financial liabilities				
Payables	<u>507,893</u>	<u>378,351</u>	<u>507,893</u>	<u>378,351</u>
	<u><u>507,893</u></u>	<u><u>378,351</u></u>	<u><u>507,893</u></u>	<u><u>378,351</u></u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

	2016	2015
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	1,241	1,601
- Statement of Comprehensive Income	1,241	1,601
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	67,309	64,022
- Statement of Comprehensive Income	67,309	64,022

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council quarterly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	100%	100%
- Overdue	0%	0%

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Payables are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

The contractual undiscounted cash flows of the Shire’s Payables are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	507,893	0	0	507,893	507,893
	<u>507,893</u>	<u>0</u>	<u>0</u>	<u>507,893</u>	<u>507,893</u>
<u>2015</u>					
Payables	378,351	0	0	378,351	378,351
	<u>378,351</u>	<u>0</u>	<u>0</u>	<u>378,351</u>	<u>378,351</u>

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF CHRISTMAS ISLAND

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Christmas Island, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act (C.I.) 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report of the Shire of Christmas Island is in accordance with the Local Government Act (C.I.) 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF CHRISTMAS ISLAND (CONTINUED)**

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act (C.I.) 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 58 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 1 November 2016
PERTH, WA

**SHIRE OF CHRISTMAS ISLAND
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2016	2015	2014
Asset consumption ratio	0.77	0.78	0.57
Asset renewal funding ratio	1.10	1.01	1.05

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$