

**Torres Strait Island Regional Council (TSIRC)
Special Meeting
Held at the TSIRC Conference Room, 111-115 Grafton Street, Cairns
Friday 15th July 2011**

FRIDAY 15TH JULY 2011

Present:

- Cr. Fred Gela, Mayor
- Cr. Kenny Bedford, Deputy Mayor, Division 14 - Erub
- Cr. Donald Banu, Division 1 – Boigu Island
- Cr. Torenzo Elisala, Division 2 – Dauan
- Cr. Ron Enosa, Division 3 – Saibai Island
- Cr. Keith Fell, Division 4 – Mabuiag Island
- Cr. Wayne Guivarra, Division 5 – Badu Island
- Cr. David Bosun, Division 6 – Kubin
- Cr. Toshie Kris, Division 7 – St. Pauls
- Cr. Nancy Pearson, Division 8- Hammond
- Cr. Walter Mackie, Division 9 - Iama
- Cr. Willie Lui, Division 10 - Warraber
- Cr. Phillemon Mosby, Division 11 – Poruma Island
- Cr. John Mosby, Division 12 – Yorke
- Cr. Florianna Bero, Division 13 – Ugar
- Cr. Ron Day – Division 15 – Mer Island
- Mr. John Scarce, Chief Executive Officer
- Mr. Patrick McGuire, Executive Manager Engineering Services
- Mr. Lloyd Sunderland, Executive Manager
- Mr. Noel Peters, Executive Manager, Human Resources
- Mr. Anthony Bird, Executive Manager Corporate & Finance
- Mr. Chris McLaughlin, Chief Legal Officer
- Mrs Tania Sailor, Executive Secretary.

Observers: Nil

Apologies: Nil

2.50pm: Meeting commenced following the Special Meeting

REVENUE STATEMENT

RESOLUTION

Moved Cr. Fell, Seconded Cr. Mackie that Council adopt:

- The 2011/2012 Revenue Statement developed in accordance with s104 of the Local Government Act 2009, as presented; and that the
- Revenue Statement has accompanied and is being 'read' with the Budget.

Motion Carried

ANNUAL OPERATIONAL PLAN

RESOLUTION

Moved Cr. Fell, Seconded Cr. Enosa that Council:

- Adopt the 2011/2012 Annual Operational Plan developed in accordance with s104 of the Local Government Act 2009 and s122 of the Local Government (Finance, Plans and Reporting) Regulation 2010, as presented.

Motion Carried

REGISTER OF FEES AND CHARGES

RESOLUTION

Moved Cr. Fell, Seconded Cr. Day that Council adopt the 2011/2012 Register of Cost Recovery Fees and Charges.

Motion Carried

2011/2012 BUDGET AND FINANCIAL PLAN

During this session it was noted that:

- *Cr. Fell left the room, returned at 3.10pm – 3.20pm*
- *Cr. Mackie left the room at 3.15pm – 3.18pm*
- *Cr. Lui left the room at 3.25pm, returned 3.30pm*

- ✓ Executive Manager Corporate & Finance
 - Brand new report – legislation changed quite significantly around the budget framing and adoption. This particular document includes new reports such as:
 - (1) the Investment Policy and (2) the Debt Policy
 - Financial Ratios
 - Capital Works Summary
 - Statement of Estimated Financial Position
 - Looked at Divestment Process what is considered non-core Local Government services – Council has undertaken the Divestment Process to assist in getting those services out into the Community.
 - Identified and valued all our above and below ground Council's Assets - Council is currently undertaking a revaluation of that initial valuation.
 - Have developed Asset Management Plans for all of Council's assets.
 - At a local level Council has now implement a cash free local office.
 - Generally over the last three (3) years Council has maintained services at pre amalgamation levels.
 - Moving forward into the future Council will look at:
 - Maintaining Council's neutral budget position
 - Concentrate further on Council's own source revenue initiatives - continue with strengthening that debt recovery process.
 - Matching the budget to the service delivery on the ground (still maintaining those services but just delivering them with resources that we have in the most efficient manner that we can)

- Continue to deliver on our Asset Management Plan Strategies and Goals where funding allows Council to do that – Council has a structural deficit and without additional funding that structural deficit will continue to be there.
- Main point is Council will continue to lobby State and Federal Government to free up funds to further our Asset Management Goals and Strategies to ensure that we are in a position where we can replace asset when required and basically maintaining our capital stock.
- Investment Policy
 - It was noted that investing a property by Council is a high risk, and is not something for Council to do.
- Debt Policy
 - Use to be Borrowings Policy.
- Procurement Policy
 - Executive Managers - \$50,000
 - Other delegation is under the discretion of the CEO.
 - CEO has a delegation of \$100,000
 - the amount greater than that requires Council's approval.
 - Need to change CEO's delegation to that equivalent to the Local Government Act of \$150,000 because with NDRRA signing of purchase orders for gravel etc, it may go over \$100,000, plus if it will include GST as well it will bring it up \$110,000.
 - It was recommended and agreed by Council to change the CEO's delegation from \$100,000 to \$150,000 for procurement.
- Striking of Rates and Changes
 - Exactly the same as identified in previous years
 - The only change compared to previous years is the commercial water charges which after being reviewed showed that the number was quite low, so have now increased the commercial water charges to \$1 per kilolitre.
 - This is essentially what most of the Commercial Operators on the Mainland are paying.
- Executive Manager Corporate & Finance advised that after going through some of those Enterprises as discussed today, the outcome was that an additional \$600,000 was required to be added to the budget and that would be maintaining the status quo of the operations as they are now.
- CEO advised, If currently the kiosk is not operating in your community, that's what the \$600,000 is based on, if you going to operate those enterprises, then those cash loss would be in excess of that \$600,000.
- However, Council could mitigate some of those \$600,000 by starting to put in management practices to reduce that \$600,000 such as:
 - Tightening their purchasing, wages, payouts etc. - this would mean possible jobs losses in those enterprises.
 - Look at mitigating those costs in areas of places that aren't operating at this point of time such as St. Pauls Plant Block by:
 - Disconnecting everything that's running
 - Minimize electricity outlays by switching of things that are running etc.
 - The enterprises that are associated with resorts, the Council will apply the same technique that is applied to those resorts that are staying with Council. The Divisional Manager is responsible for:
 - The operation of the enterprise;

- The cleaners doing the rooms as well as the Council office and other buildings;
- Administration/Multiskilled Officers do bookings, handover keys etc;
- These would be applied across the board and would reduce the cost of that \$600,000
- CEO advised could not immediately provide a number on how much that would reduce the \$600,000 for, but for the purpose of the Budget if Council was to continue with the enterprise management a conservative figure was \$600,000.
- Mayor advised:
 - that all enterprises to be extended until April 2012.
 - Maintain as status quo – adopt as \$600,000 in deficit.
 - In relation to additional staff Cr. Bedford requested an additional staff member for Erub, to help deliver on the freezer proposal for only a period of 6 months up till April. The staff member could be skilled up and will be providing that initial management approach when that freezer is divested across.
- CEO advised that the budget is structured:
 - For every single position that's currently in Council to be funded till 30th September.
 - For every single Housing Officer an additional 3 months till the 31st December. There could be a case with the Housing Officer, since they are going in December that they do become a multiskilled Administrative person kept on by Council for the whole budget year.
 - That all of the positions in the structure (over 300 positions) are funded till 30th June 2012. however, the positions are dependent on future budgets .
- Cr. Bedford withdrew his request for additional support for the multiskilled worker as a comprise given support Erub's received for the freezer
- Mayor advised:
 - Council have pretty much exhausted what we can basically do and achieve as a result of scaling back and multiskilling to the extent where they are effective and still have the ability to deliver those same service and make things happen.
 - Reiterating Cr. Banu comments and the CEO's response we are \$600,000 in deficit due to the fact that Councilors want to look at maintaining their enterprises status quo.
 - There are still things that can be done there to try and reduce that \$600,000 whether it be multiskilling or using staff in terms of providing that necessary administrative support.
 - Just want Councillors to be mindful of that in the first instance, we need to be conservative, conscious about that and adopt something that is within our ability because it all boils down to a business decision and availability of cash.
 - Discussions are to further occur with those Community Associations looking at Divestment. Councillors sit at the table on those discussions so that there is no communication breakdown and Councillors
 - can be provided with the information and if the Community Association cannot quite understand the information then the Councillor can provide a clear understanding
 - Be reassured that we will not leave enterprises standing there and forget about it, even though we don't have the ability to operate enterprises in the community. Council will still try to pursue and

engage with the relevant bodies and this is something to discuss with Cr. Kris and look at the support from TSRA. Question whether TSRA deals directly with the Associations for that assistance to be provided so that the Council can hand the enterprise across to the Associations. The Council can provide some assistance with the limited human resources we have and the ability we have in-house.

- CEO advised
 - we could manage our way through if we put further effort in and put some transition plans in September rather than April next year.
 - we can minimize costs, work hard in the next couple of months to transition enterprises across and we can turn that \$600,00 into a \$200,000 or \$150,000 etc
 - We make it a standing item on all of our ordinary meetings where the CLO reports back on the progress of every single meeting of those enterprises to go across. Points to look at will be where the process is stalling or where we not going anywhere and Council can make a decision at any time to cease it there and then
- It was noted that Council:
 - Moves to adopt a cash deficit budget of \$600,000 or thereabouts so that Council will capture the Enterprise for Erub and other Enterprises in the communities.
 - Draft a letter to Cr. Kris as TSRA Chair to look at engaging in discussions on how we can look at working towards shifting the Enterprise across to those Community Association.
- Mayor advised:
 - Council may not have money to operate the Enterprises but would like to see them moved across and the Associations running them. Initial support would be required from TSRA and whether or not that engagement is directly between TSRA with the Association. Council can help facilitate the discussion and move it to that table.
 - Council will support and continue with financing of Enterprises until April 2012.
 - In the meantime this will allow sufficient time for the Mayor, TSIRC administration staff, along with the TSRA Chair and TSRA Admin to work closely in achieving a positive outcome.
 - Council may even execute it well before that timeframe.
- It was noted that Council needs to look at this right across the board when the discussion occurs to look at all the other things and consider also those who have missed out in divesting their Enterprises. eg Poruma Resort.

RESOLUTION

Moved Cr. Guivarra Seconded Cr. Bero that Council adopt the 2011/2012 Budget and Financial Plan as presented including:

- Budgeted Financial Statements for 2011/2012 and the following two(2) financial years, pursuant to s99 of the Local Government (Finance, Plans and Reporting) Regulation 2010 which requires statements of:
 - Financial position;
 - Cash flow;
 - Income and expenditure;
 - Changes in equity;
- Financial Plan incorporating:
 - 2011/2012 Revenue Policy
 - 201/2012 Investment Policy
 - 2011/2012 Debt Policy

- 2011/2012 Procurement Policy
- Long Term Financial Model including the:
 - Asset Consumption Ratio
 - Asset Sustainability Ratio
 - Interest Coverage Ratio
 - Net Financial Liabilities Ratio
 - Operating surplus Ratio
 - Working Capital Ratio
- Capital Works Summary
- Statement of Estimated Financial Position
- 2011/2012 Striking of Rates and Charges as developed in accordance with Chapter 4, Part 3 of the Local Government Act 2009 and Chapter 3, Part 2 of the Local Government (Finance, Plans and Reporting) Regulation 2010.
- That Council adopts to maintain the current level of financing of Enterprises at Warraber, Poruma, Kubin, St. Pauls, Saibai, Dauan, Iama, Erub and Mer until 30th April 2012.

Motion Carried

Against: Cr. Banu, Cr. Bosun, Cr. Fell.

ENTERTAINMENT POLICY

- No changes as to how the Entertainment Policy is used.
- Only update is to reflect the new Legislation that it comes in under.
- It was noted that if you haven't used it 3 years ago, cannot claim it as you may have lost it.

RESOLUTION

Moved Cr. Bedford, *Seconded* Cr. P. Mosby that Council adopt the Entertainment and Hospitality Policy for 2011/2012 Budget year in accordance with s139 of the Local Government (Finance, Plans and Reporting) Regulation 2010, as presented.

Motion Carried

COMMUNITY GRANTS

- The reports been based on Community based approach
- Spoke about Regional based approach – option for Council to discuss
- Eg. Badu – Island of Origin allocated \$50,000. \$30,000 to Island of Origin and claim as significant Regional event to Council and get the funding - that would then either release the \$20,000 to the Regional approach.
- Council may have separately identified in that \$168,000, \$50,000-\$60,000 worth of things that are going to get funded no matter what, and then \$100,000 goes into that Regional bucket for Council to decide on as and when applications come in eg Poruma Dance Team, Erub Dance Team etc. that was the approach that can happen if Councils identify those significant events as significance.

- Island of Origin has been considered to be of a significant event and we sponsor it so whether its got to be taken out of that \$30,000 or \$50,000 to do that to put it into that table and then have that Regional approach for the rest of it for everybody else.
- Cr. Guivarra:
 - does not support that proposal about anything Regional
 - Don't want to be telling other communities what to do in their community particular if its not roads, rates and rubbish, and don't want any other community telling me what to do about the buckets of money that are coming out other communities
 - We might have different priorities to other communities where we have different church events
 - We determine what we want to spend that on, that reason we set aside \$50,000 there.
 - If communities aren't spending the money that can be put towards the Regional funding
 - Badu Island has community support for that \$50,000 as allocated for Community Grants for Badu – Badu community determines what we want to spend that on, that's the reason we have set aside \$50,000, and when it runs out in our community, it runs out.
 - Don't want anybody telling me how its run in my community but if there are issues due to special circumstances then we look at what we can try to do.
- It was noted that Council cannot increase the individual Community Grants bucket as it has been accounted for already in the deficit as status quo, if we increase the budget in Community Grants for individual community bucket the more the deficit will increase.
- CEO:
 - This regional approach was brought up because we get calls at the 11th hour for money greater than what the individual Community bucket has, then it would come down to conscious decision of the Council.
 - Regional approaches make sure Council won't have an 11th hour decision, the money and resources should be utilised on events of regional significance or ensuring that the region is represented as opposed to the community.
 - The Regional bucket gives the Council the opportunity to determine what's best regionally then the individual community.
- Cr. Fell's advised the best option is to allocate a specific fund to community and the rest to the Regional bucket.
- Cr. Kris:
 - Only other option is to put a total value across to each individual community. Regardless of what you put towards your community you still have to be accountable for that money
 - If you misappropriate the money the whole Council gets the blame, not that individual community, because you are part of the Regional Council.
 - Look at putting a cap on the amount of Community Grants for Individual Communities rather than having different figures. Different figures may cause a community member to complain of the amount that each Community is allocated – put a cap and say that's it, this is what you get every year, and if you don't use it, you lose it.
- Cr. Bedford advised happy to stay with status quo for the time being and maybe look at options in the future.
- It was noted that Council:
 - Maintain status quo (as per the resolution)
 - Look at options available and look at working some different options and provide discussion papers for next council meeting.

- Parameters around what it is used for and cap it.

Noted Cr. Banu (returned 4.20pm), Cr. Mackie (returned 4.20pm), Cr. Elisala left the room 4.18pm (returned 4.22pm)

Cr. Lui left the room 4.20pm, returned 4.24pm

Cr. Bedford left the room at 4.22pm, returned 4.25pm

Cr. Pearson left the room 4.28pm, returned 4.30pm

RESOLUTION

Moved Cr. Kris , Seconded Cr. Pearson that Council adopt the Torres Strait Island Regional Council Community Grants Policy as per status quo.(maintain status quo) and look at different options at next Council meeting for discussions.

Motion Carried

Cr. Bero left the room at 4.25pm, returned 4.35pm

ADVERTISING POLICY

- As per previously adopted.
- Updated for legislation purpose
- Restrictions on Expenditure – expenditure on advertising and promotion, is disallowed when the expenditure is to occur during the 3 months period immediately before an election.

RESOLUTION

Moved Cr. Pearson, Seconded Cr. Elisala that Council adopt the Advertising Policy for the 2011/2012 Budget Year in accordance with s 141 of the Local Government (Finance, Plans and Reporting) Regulation 2010, as presented.

Motion Carried

Cr. Elisala left the room at 4.36pm, returned 4.38pm

MEDIA RELEASE

- Discussions/amendments on medial release on the 2011/2012 Council's Budget.
 - The press release will trigger all the different media outlets to contact and that's when all the interview occur.
- Discussions around Territory Style Government
 - Torres Shire has not completed their consultation yet.
 - Mayor looking at meeting with Mayor Stephen and TSRA Chairperson to discuss this issue further.

MAYOR'S CLOSING REMARKS

- Mayor expressed his thanks and gave credit to Councillors because this has been a hard process to go through - there will be social impacts but we will try as hard as possible to minimise those impacts.
- A team will be established and this is something that I will be discussing with the CEO on how we go about breaking that news in the community.
- Emphasised that:
 - as the team goes into the community to break the news, it is requested Councillors assist in supporting the team
 - its not a favorable position that we all wanted to be in, its something that we have to work with.
- Commended Councillors for their leadership that they have shown because it hasn't been an easy task and for obvious reasons why.
- Advised Councillors that they have come along way in terms of coming through the same process and to even develop that understanding and apart from that they have acknowledged that they had to scale back and had parameters to work within as well.
- Thanked Councillors once again for their Leadership and acknowledged that they are definitely working for their people, it is possible to see why people have vested their trust and interest with Councillors in their community for they have certainly displayed their leadership through the budget process.
- It was noted that there are no restrictions what on what Councillors can say on the Budget when they give feedback to their community as the Budget has been passed. The only restriction is that Councillors do not mention individuals names.

4.55pm BUDGET MEETING CLOSED

4.55pm Meeting opened for discussions on Information Reports

- Social Housing Capital Works Plan 2012
- CDEP Report
- Enterprise Bargaining Agreement (EBA)
- Lengthy discussions on the TSRA Review:
 - Cr. Guivarra:
 - raised concerns as to the connection of what might be the implication in regards to roles of TSIRC Councillors and TSRA Board Members.
 - His view was that the review was misleading in the way it was set up and the way questions were asked.
 - The way the information was delivered and can see a lot of confusion there as to what was said and the outcome would be that come March 2012 there will be two elections with two representatives - will be difficult for roles as TSIRC.
 - Cr. Kris:
 - The Review was called for by TSRA members because we had a lot of conflict making decisions on one hand we had the TSRA and the other TSIRC
 - So the Board endorsed the recommendation for Government and Leadership to look at the options if there was to be any conflict within the representation and how can we get our head around it.

- But at the same time rather than focusing on that when amalgamation happened, there was a clear line of State and Commonwealth Legislation to look at how Commonwealth actually change their position in actually delivering programs and services to communities would actually happen in our region.
- But the same time they were doing their consultation of the representation of people on the board, they were also looking at how effective the program services are being delivered to the community.
- The process TSRA undertook is that we put out that application and engaged with the successful tender on how to do that process and they will bring that to the Board,
- Under the current Legislation it allows us to have no less than 20 and not more than 23 members
- If the review states that yes there is a clear conflict of interest in representation and that we need to change the whole system on how the board works then the Act then allows us to have 7 members on the Board.
- We then said if we have 7 members on the Board and you for some reasons don't function because of the ATSIC Act then the Minister can then scrap the Board and replace it with ICC or just a Program running organization.
- We said to the Minister if that's the case we want 10 members if we need to drop the numbers down then we better off having 10, so the minister has to do a consultation process before declaring that the Board be dismissed.
- The review of the Legislation started as the Mayor mentioned earlier was when we got together to talk to Minister for Justice and Attorney-General to change the Legislation and that what's happening now through the Council that they going to do a Review of the ATSIC Act.
- It comes back to where we sit now as TSIRC Members, anybody around this table here can relinquish their membership from TSRA.
- Because what the Minister did to the local Election is they did a piggyback ride on the Election process to appoint members from the Community up to the TSRA.
- So for example if Hammond wants to relinquish their membership from TSRA, there is nothing stopping them.
- However once Cr. Pearson notifies me as the Chair, I then write to the Minister to say that we then turn Hammond into a Ward to run an Election so that we can get a position from them.
- This is the same as NPA now - we had to make Bamaga and Seisia become a Ward.
- If non-indigenous gets in we will have to run an election to get and Indigenous person up to the Board.
- Those are some of the thing we looking at, once that consultation is completed, it comes back to the Board to look at where we go from there.
- But in all fairness to the Mayor, all members of the Board called for it, that's why we did the review.

Torres Strait Island Regional Council Budget Meeting July 2011

5.00pm With no further discussions Mayor thanked Councillors for attending and the meeting was closed in prayer by Cr. Enosa.


.....
Cr Fred Gela
Mayor


.....
Mr John Scarce
Chief Executive Officer