



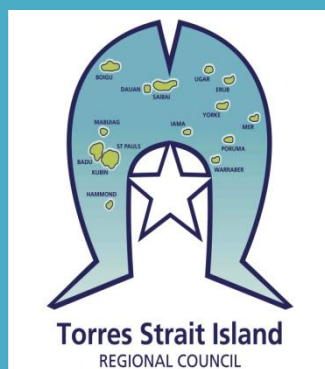
2010

2011

Torres Strait Island Regional Council Annual Report

ANNUAL REPORT

2010-2011



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The Torres Strait Island Regional Council

This year, the Torres Strait Island Regional Council (TSIRC) celebrated its third birthday.

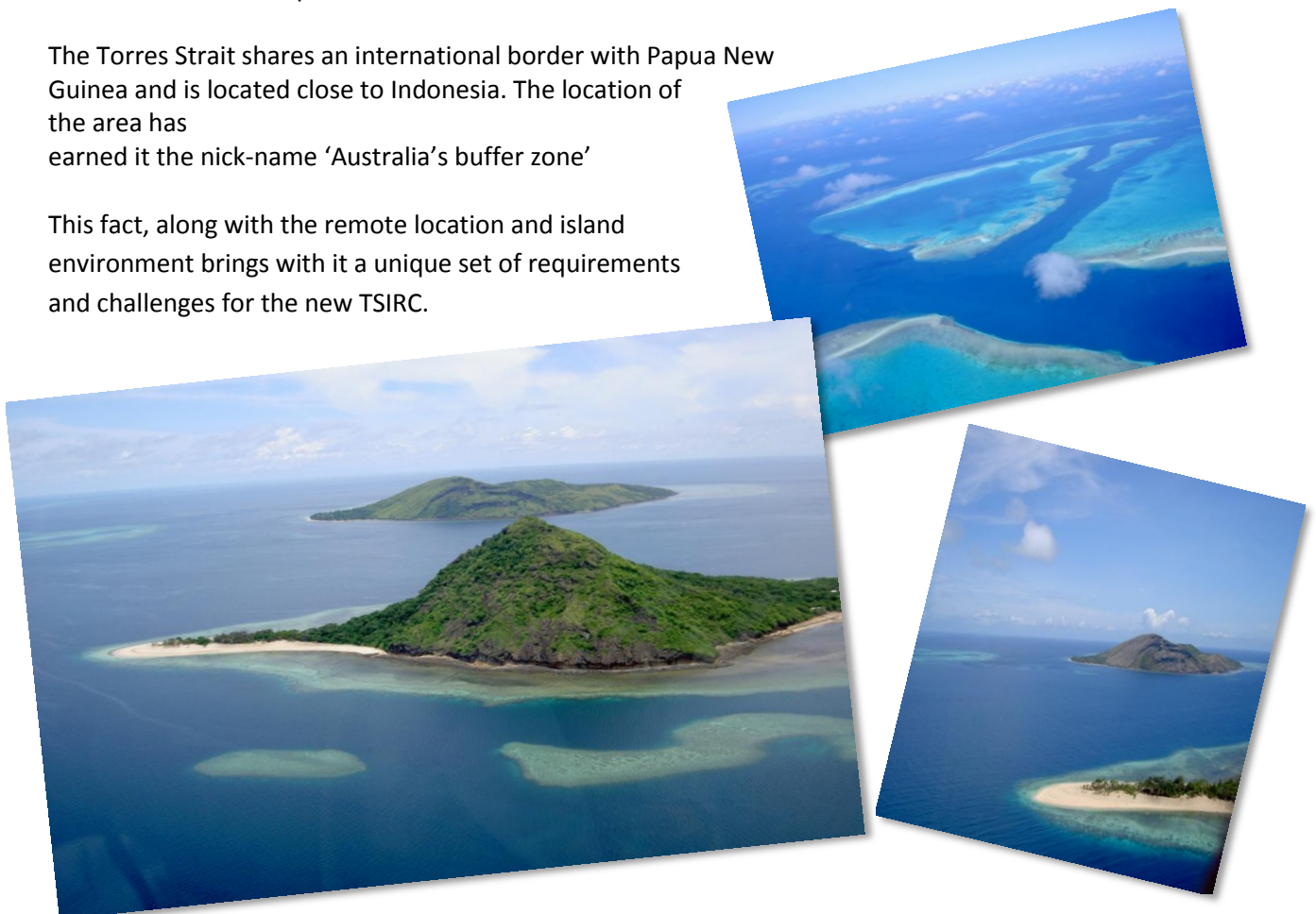
Formed in 2008 as part of the Queensland Government's local council amalgamation policy, the TSIRC is an entirely new local council governed under the *Local Government Act 1993*.

Prior to this, communities within the TSIRC area came under the jurisdiction of the *Community Services (Torres Strait) Act 1984* and each had their own independent Island Council.

The Torres Strait Islands are located in Far North Queensland, scattered between the tip of the Cape York Peninsula and Papua New Guinea.

The Torres Strait shares an international border with Papua New Guinea and is located close to Indonesia. The location of the area has earned it the nick-name 'Australia's buffer zone'

This fact, along with the remote location and island environment brings with it a unique set of requirements and challenges for the new TSIRC.



TSIRC Services

The role of a council, like the TSIRC, is to decide on facilities and services for communities and to make local laws. Traditionally councils have provided services such as road maintenance, water and waste but now more and more local councils like the TSIRC are involved in social, economic and cultural development and improving the livability and sustainability of the region.

Unlike most local councils, the TSIRC is in charge of fifteen separate communities; each with its own facilities and service requirements. This unique situation, coupled with the remote location and island environments adds further dimension to the complexity of providing services to the area.

Some examples of the services TSIRC provide are:

- *Water & sewerage*
- *Waste*
- *Child care*
- *Planning*
- *Environmental health*
- *Maintaining parks & gardens*
- *Libraries*
- *Roads*



Mayor's Report



As the last year of the first term, of our newly amalgamated Council draws to a close, I would like to highlight the privilege it has been to serve you as the Mayor of the Torres Strait Island Regional Council (TSIRC).

I want to acknowledge traditional owners, elders and youth of the Torres Strait because without you, our function as a local government organisation would be insignificant.

I would also like to acknowledge God for his many blessings that he has bestowed upon us.

This year we have faced considerable challenges while achieving and working towards great results for our region.

Council's strategic direction is aligned with the needs and desires of residents outlined in our Corporate Plan. We focus on service delivery that addresses a wide range of issues such as environmental protection, culture and arts, public health and economic development.

We have seen the completion of an array projects on-ground this year and I am happy to announce that there will be many more to come.

Our Corporate Plan addresses the area of housing and pinpoints the need to find a solution to over-crowding. Since our formation, Council have been pressing the issue with government and this year has seen the fruition of this acquisition in funds, and development is underway to relieve some of our most affected families. Plans are also underway to establish a Local Government owned Building Corporation to enable more houses to be constructed. The new organisation will be able to employ more people and provide more job opportunities for the region.

The Heavy Equipment Management and Training (HEMPT) Program has also been a highlight this year and has boosted the training and development of TSIRC employees while enhancing Council's civil engineering capacity. It is a cost effective provision of heavy plant and equipment and has contributed to capacity building skills and management training through participation in civil works projects such as new roads and drainage.

Key issues of the region and accomplishments this year also include taking significant steps forward in our request for autonomy. We received support from State Government and a promise from the Prime Minister to look into the request thoroughly.

Another victory this year was the states commitment to support the issue of climate change and tidal inundation in the Torres Strait when full support of Federal Government and the Independents was given to restore, rebuild and construct our damaged sea walls. The

Federal Government has now accepted that work needs to be done and a commitment has been made and Council are eager to commence work on the construction of Seawalls once the funds have been officially allocated.

Council also received news this year that its community police service would stay afloat for a further 12 months and during this time Council will work closely with the Government and QPS to establish an appropriate model of long-term policing for our communities.

Also achieving great things are our Environmental Health Officers, Animal Management Workers and Healthy Lifestyle Officers running regular programs in our communities aligned with Councils new Local Laws which were also adopted this year.

I would like to thank our communities for working with us to achieve such results and I look forward to the year ahead. A year that will build on foundations already laid. A year of development.

Mayor Fred Gela

CEO's Report



Council's third year of establishment has seen many great accomplishments for the region and I am pleased to be a part of this organisation; responsible for service delivery within the Torres Strait.

Our region-wide approach has called upon all communities for input and feedback into what our constituent's ultimately desire for their region and these priorities are outlined in our Corporate Plan.

This year Council has taken a fervent approach to lobbying for issues that have long been on the agenda such as Regional Autonomy; securing Coastal Mitigation funds and maintaining its Community Police Service.

In the area of Environmental Health and Communities, team building, training and development has underpinned activities and while capacity building is ongoing, some important achievements have already been made.

A Waste Management Plan has been adopted and solutions to remove waste from communities will be implemented as soon as next year.

Local Laws have also been adopted and enforced this year after extensive community consultation and information sessions. Council combined 50+ Island Council by-laws to make five new Local Laws and five new Subordinate Local Laws meaning that the same laws throughout region.

Council's no cash policy which was adopted last year has been rolled out in all communities, which has ultimately improved the tracking and security of Council finances.

This year has also seen Council's Asset Management Plan adopted, which will help forecast and manage the future of councils assets and we are proud to have been the third Council in Queensland to implement the Plan and Policy. It ensures that adequate provision is made for long-term replacement of major assets by ensuring Councils services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.

An Operational Plan has also been adopted this year which states the specific works to be undertaken and services to be provided in order to progress councils goals and objectives. It deals with such aspects as major project specifications and is tightly integrated with the budget.

Lastly, a Corporate Plan Working Group has been elected by Council and will be meeting and consulting with communities to devise a Corporate Plan based on the needs and wants of our constituents to ensure that the priorities of the people are heard and acted upon.

I firmly believe that a strong team, thorough planning and clear procedures build a solid foundation for a large organisation such as the TSIRC. I look forward to building further momentum over the year ahead.

John Scarce

Equal Opportunity Policy and Plan

Council is committed to providing a safe and healthy working environment for all employees. Council practices Equal Employment Opportunities (EEO) and in this financial year adopted its formal EEO policy and Plan.

Council is now preparing to implement the policy and plan in accordance with its identified timeframes.

TSIRC actively promotes this notion through our recruitment process. All recruitment is conducted in transparent manner. The process involves the provision of detailed position descriptions, internal and external advertising, short listing by the vacancy manager, panel interviews and reports. To ensure the transparency of this process the interview panel must contain the vacancy manager, a member of the Human Resources team and an independent officer.

Council also promotes the employment of Torres Strait Islanders to positions where appropriate and offers a range of cadet, apprentice and trainee positions to assist young or unskilled people to get into the workforce. The Torres Strait Island Regional Council is now one of the largest employers of Torres Strait Islanders in the region.

During this financial year Council has endeavored to negotiate an Enterprise Bargaining Agreement (EBA). This process has involved extensive consultation with stakeholders, including trade unions. The EBA will contain flexibility provisions for training and development leave and the recognition of leave for cultural activities or caring for families.

Implementing Community & Corporate Plan's

Local Government (Finance, Plans and Reporting) Regulation 2010 s.119 (1): ... The annual report for a financial year must contain— (a) an assessment of the local government's performance in implementing its long-term community plan, 5-year corporate plan and annual operational plan

Council's service delivery objectives align with the aspirations of constituents obtained via community consultation and incorporated into Council's Community Plan 2009- 2029 Corporate Plan 2009 – 2014 and its operational plans and budgets.

Plan Objectives		Outcomes
The Development of Art & Culture	◆	Sponsorship of sport and dance group tours
	◆	Sponsorship of Music reproduction
	◆	Indigenous Knowledge Centre support and collaboration
	◆	Organisation and fund contribution to significant Community celebrations
	◆	Community awards and recognition
Disaster Management	◆	Disaster Management Plan
	◆	Greater community awareness of tidal inundation concerns in our communities
Economic Development	◆	Council Business Enterprises Divested;
	◆	10 Year Financial Plan
	◆	Asset Management Plans
	◆	Risk Management Plan
	◆	Balanced Budget 2011/12
	◆	Public benefit assessment of the building function
	◆	Cashless Council
	◆	Badu DOGIT transfer near complete
Environmental Management	◆	Waste Plan
	◆	Removal of Asbestos
	◆	Environmental Health Annual Work Plan
Provision, maintenance, restoration or replacement of infrastructure	◆	Poruma Island Council Office;
	◆	Masig Island Community Hall;
	◆	Mabuiag Island Airport Waiting Rooms;
	◆	Badu Island Sewerage extensions;

	<ul style="list-style-type: none"> ◆ Lagoon covers at Mabuiag Island, Warraber Island, Poruma Island; ◆ 4 new portable desalination plants; ◆ Resealing of Council's airports; ◆ Roadworks at Darnley Island, St Pauls Community, Mabuiag Island, Kubin Community, Saibai Island, Boigu Island; ◆ New water facilities under construction for Hammond Island, Mabuiag Island, Saibai Island, Mer Island Ugar Island, Masig Island, Warraber Island, Iama Island, Poruma Island; ◆ Dauan Island water main replacement; ◆ New airport fencing at Badu Island, Kubin community, Mabuiag Island and Saibai Island and programmed construction at Poruma Island, Darnley Island and Mer Island; ◆ New Helipad at Poruma Island; ◆ Regular Road Maintenance; ◆ Water and Sewerage system operation; ◆ Warraber Island Sewerage; ◆ St Pauls Community Sewerage; ◆ Kubin Community Sewerage; ◆ Masig Island Sewerage; ◆ Mabuiag Island Sewerage; ◆ Establishment of an operating "plant pool"
Public Health	<ul style="list-style-type: none"> ◆ Established Torres Strait Round table ◆ Funding committed for Asbestos and Fire Safety on all islands; ◆ Environment and Health Annual Work Plan ◆ Health Lifestyle Officer program
Community Development	<ul style="list-style-type: none"> ◆ 20 Year Community Plan (2009 – 2029) ◆ 5 Year Corporate Plan (2009 – 2014) ◆ Established Torres Strait Round table ◆ Remote Indigenous Radio Operators/programs
Human Services	<ul style="list-style-type: none"> ◆ Home based care through Home and Community Care program ◆ Child care services delivered at Badu Island, Kubin Community, Warraber Island, Poruma Island, Masig Island ◆ After school and vacation care program delivered at Hammond

Housing for people living in its area	<ul style="list-style-type: none"> ◆ National Partnership on Remote Indigenous Housing - \$400M over 10 years for new and upgrade of social housing; ◆ Social Housing Indigenous Land Use Agreements progressed by Prescribed Body Corporates, Torres Strait Regional Authority and Council; ◆ Petitioning Department of Environment Resource Management to assess pending Katter Leases ◆ Home Ownership Team introduced 2011; ◆ Formal recognition of Native Title by Council in its tenure policies
Population Change	<ul style="list-style-type: none"> ◆ Sustainable Land Use Management Plans for all communities; ◆ Planning Scheme development commenced; ◆ Regional Indigenous Land Use Agreements progressed by Prescribed Body Corporates, Torres Strait Regional Authority and Council
Governance	<ul style="list-style-type: none"> ◆ Complex amalgamation transition; ◆ Local Laws adopted; ◆ Appointment and training of Authorised Persons; ◆ New Policing model ◆ Progress the desire to Territory Government ◆ Influenced the development of the new LG Act 2009 ◆ Memorandum Of Agreement with Torres Strait Regional Authority; ◆ Realignment of employment structure across organisation; ◆ Implementation of SAFEPLAN; ◆ Implementation of administrative policies; ◆ Implementation of Complaints Management and Handling procedures ◆ Continue to work on alternative transport feasibility ◆ Lobbied for schedules and subsidised flights ◆ Deliver evidence to Parliamentary committees to influence reforms

Introducing the Councillor's



Front Row: Florianna Bero (Ugar), Deputy Mayor Kenny Bedford (Erub), Mayor Fred Gela, Wayne Guivarra (Badu), Donald Banu (Boigu), Nancy Pearson (Hammond). **Back Row:** John Mosby (Masig), Ron Day (Mer), Torenzo Elisala (Dauan), Walter Mackie (Iama), Willie Lui (Warraber), Keith Fell (Mabuiag), Toshi Kris (St Pauls), Phillemon Mosby (Poruma). *Absent: Ron Enosa (Saibai), David Bosun (Kubin).*

Division	Community	Councillor
	Hammond	Mayor Fred Gela
Division one	Boigu	Cr Donald Banu
Division two	Dauan	Cr Torenzo Elisala
Division three	Saibai	Cr Ron Enosa
Division four	Mabuiag	Cr Keith Fell
Division five	Badu	Cr Wayne Guivarra
Division six	Kubin	Cr David Bosun
Division seven	St Pauls	Cr Toshie Kris
Division eight	Hammond	Cr Nancy Pearson
Division nine	Iama	Cr Walter Mackie
Division ten	Warraber	Cr Willie Lui
Division eleven	Poruma	Cr Phillemon Mosby
Division twelve	Yorke	Cr John Mosby
Division thirteen	Ugar	Cr Florianna Bero
Division fourteen	Erub	Deputy Mayor Kenny Bedford
Division fifteen	Mer	Cr Ron Day

Remuneration

Councillor*	Annual Gross Remuneration	Travel Allowance
Fred Gela	\$116540.00	\$13428.70
Kenny Bedford	\$58475.00	\$14617.15
Toshie Kris	\$47840.00	\$7370.65
Torenzo Elisala	\$32200.51	\$5298.05
Ron Enosa	\$47840.00	\$7670.95
Ron Day	\$47840.00	\$4535.55
Keith Fell	\$47840.00	\$8594.55
Walter Mackie	\$47840.00	\$8507.40
Nancy Pearson	\$47840.00	\$4440.55
Willie Lui	\$47840.00	\$6586.05
Florianna Bero	\$47840.00	\$9916.20
Wayne Guivarra	\$47840.00	\$7673.60
Phillemon Mosby	\$47840.00	\$3439.90
John Mosby	\$47840.00	\$9828.40
Donald Banu	\$47480.00	\$6160.95
David Bosun	\$47840.00	\$5923.55

Superannuation:

The total superannuation contributions paid during the year for each councillor's is Nil.

Resolutions relating to Councillor Remuneration:

Moved Cr. Kris, *Seconded* Cr. Bedford that Council authorise Councillor Allowance's to be paid fortnightly, however, if a Councillor misses a meeting and no apology is recorded or accepted when tabled for discussion - then an amount will be subtracted from the Councillor's next allowance.

Senior contract employee remuneration:

There are eight (8) senior contract employees in the total remuneration range of \$89,000-\$300,000

Council Meetings Attended:

Councillor Name	Ordinary Meetings Attended	Total Ordinary Meetings Held
Mayor Fred Gela	9	9
Deputy Mayor Kenny Bedford	9	9
Cr Donald Banu	4	9
Cr Torenzo Elisala	6	9
Cr Ron Enosa	1	9
Cr Keith Fell	9	9
Cr Wayne Guivarra	7	9
Cr David Bosun	6	9
Cr Toshie Kris	6	9
Cr Nancy Pearson	7	9
Cr Walter Mackie	4	9
Cr Willie Lui	6	9
Cr Philemon Mosby	8	9
Cr John Mosby	5	9
Cr Florianna Bero	8	9
Cr Ron Day	8	9

Complaints, Orders & Investigations

TSIRC have a Complaints Management Policy which is abided by to ensure that all administrative action complaints are dealt with fairly.

The Policy was developed by Council and is followed in the investigation and resolution of Complaints relating to Administrative Action of the Council; Official Misconduct; Competitive Neutrality; or Conduct or performance of Councillors.

The Policy applies to all staff, contractors, agents or Councillors of TSIRC and is aligned with Councils Corporate plan in relation to Governance.

Council's Complaints Management Policy process incorporates the following steps:

1. Notification of complaint to Council
2. Threshold assessment by Council
3. Confirmation of receipt of complaint to complainant
4. Investigation of complaint
5. Reporting to Complaint Officer(s)
6. Reporting of outcome to complainant
7. Appeal phase
8. Complaints received are noted on a database which tracks through the various procedural steps to achieve a timely response to the complainant

TSIRC 2010-11 complaints, orders & investigations:

Orders and recommendations under Section 180(2) or (4) of the Act:	Nil
Orders made under section 181 of the Act:	Three
Councillor(s) in relation for whom an order or recommendation was made under section 180 or 181 of the Act or an order was made under 181 of the Act:	Councillor Willie Lui for alleged drink driving and conduct unbecoming a Councillor. Councillor Lui received a written reprimand from Council.
Complaints about the conduct or performance of Councillors assessed as frivolous or vexatious under section 177(4) of the Act:	Nil
Complaints referred to the department's Chief Executive under section 177(5)(a) of the Act:	Two
Complaints referred to the mayor under section 177(5)(b) of the Act:	Four (4)
Complaints referred to the department's Chief Executive under section 177(6) of the Act:	Nil

Complaints assessed by the Chief Executive officer as being about official misconduct:	Four (4)
Complaints heard by a conduct review panel, the Tribunal, or dealt with by the Chief Executive Officer under section 177(8) of the Act:	Nil
Administrative action complaints made to the local government; resolved by the local government under the complaints management process; not resolved by the local government under the complaints management process; and that were made in a previous financial year:	<i>Nil</i>
Investigation notices given in the year under section 137 of the Business Activities Regulation for competitive neutrality complaints:	Nil
The local government's decisions in the year on the referee's recommendations on any complaints under section 145(3) of the Business Activities Regulation; and (ii) the Queensland Competition Authority's recommendations under section 158(5) of the Business Activities Regulation:	Nil
Competitive neutrality application:	N/A

Disclosure of cross subsidies:

The Council did not levy water and sewerage rates for the period ending 30 June 2011.

Length of roads controlled by Council:

Island Name	Total Road Length (m)	Total Road Length (km)
Ugar	2815	2.8
Dauan	3762	3.8
Poruma	4402	4.4
iama	4812	4.8
Boigu	6392	6.4
Saibai	7596	7.6
masig	8468	8.5
Warraber	11060	11.1
Mabuiag	11505	11.5
Mer	12762	12.8
Erub	15710	15.7
Hammond	23846	23.8
Badu	82017	82.0
Moa	86716	86.7
281863	281.863	

Reserve Land (under the Land Act) Controlled by Council:

Lot	Plan		Trustee	Purpose
8	CP	TS314	TSIRC	Airport - Warraber
2	CP	TS327	TSIRC	Airport - Saibai
37	CP	TS201	TSIRC	Airport - Poruma
56	CP	TS346	TSIRC	Airport - Mabuiag
56	CP	TS255	TSIRC	Airport - Masig
9	CP	894532	TSIRC	Airport - Kubin
6	CP	894534	TSIRC	Airport - Boigu
7	CP	899009	TSIRC	Airport - Erub
1	CP	TS362	TSIRC	Airport - Yam
9	CP	894533	TSIRC	Airport - Badu

Names of shareholders delegates of TSIRC for its LGOCs:

For the period ending 30 June 2011, the Council controlled no LGOC's.

List of all business activities (National Competition Policy):

The Council had no identified business activities for the period ending 30 June 2011.

Overseas Travel:

Nil

Special Rates and Charges:

The Council levied no special rates or charges on land for the period ending 30 June 2010.

Rates Rebates and Concessions:

The Council did not levy general rates – therefore, no rebates or concessions were applied.

Registers:

The Council keeps the following registers open to public inspection:

- Register of Councillor Interests
- Register of Disclosure of Election Gifts
- Register of Delegations of Authority by Council
- Leases Register
- Licences Register
- Authorised Persons Register
- Enforcement Database
- Register of Councillors
- Delegation Register
- Complaints Database
- Debt Recovery
- Land Record
- Local Laws Register
- Lost and Stolen Property

- Cat and Dog Register
- Roads Map and Register
- Cost-recovery Fees Register
- Register of Electoral Gifts
- Road Map and Register
- Right to Information Database

Invitations to Change Tenders:

Nil

Council's Borrowing Policy:

The following principles are accepted financial management principles associated with non-current liability management.

Borrowings will not be utilised to fund re-current operations;

Borrowings will be “matched” with the profile of the asset;

Borrowings for new assets should be linked with income producing assets that create wealth;

Before Borrowings are undertaken a risk evaluation on the asset or works is required to be undertaken to enable Council make a fully informed decision;

The ratio of Interest and Redemption to Grant Income should remain less than ten (10) percent;

Borrowings will only be for assets identified in Council planning including Strategic Plans, Management Plans, Five and Ten Year Capital Works Plans or other documentation of a Strategic Nature e.g. State / Federal Government Planning; and

Where transactions are considered “off-balance sheet” a full financial analysis including a risk assessment is undertaken in accordance with State Government Guidelines to ensure the Council is receiving “value for money”.

Councillor Discretionary Fund:

TSIRC do not allocate a Councillor Discretionary Fund as such. All requests for community funds by Councillor's are allocated through Council's Community Grants.

Joint Activity:

TSIRC has not conducted any joint government activity for which Council levied special rates or charges.

A summary of all concessions for rates and charges granted by the local government:

TSIRC does not charge its constituents rate fees.

Summary of Expenditure, Hospitality, Advertising and Grants:

Type of Expenditure	\$ Spent
Entertainment and Hospitality	\$321.89
Advertising	\$ 5,574.12
Community Grants, Donations & Sponsorship	\$113,351.14
TOTAL	\$119,247.15

Summary of Expenditure on consultants:

<u>Accounting and Management</u>		
	Firm Name	\$ Spent
	ABC Training Pty Ltd	\$297,183.67
	AEC Group	\$24,728.00
	AON Risk Services	\$53,907.50
	Beacon Consulting	\$6,380.00
	Jeff Roorda Associates	\$7,083.18
	Jessup and Partners	\$47,101.19
	KPMG	\$2,750.00
	MacDonnells Law	\$1,045.51
	MGF Consultants (NQ) Pty Ltd	\$20,652.50
	NBC Consultants	\$30,056.04
	Queensland Audit Office	\$492,195.00
	Ventnor Park Pty Ltd	\$103,273.59
	WHK Greenwoods	\$500,993.63
	TOTAL	\$1,587,349.81
<u>Engineering</u>		

	Black & More	\$65,565.02
	PDR Engineers Pty Ltd	\$2,090.00
	Remote Project Management	\$252,793.20
	TOTAL	\$320,448.22

Expense Reimbursement Policy

Commencement

The Torres Strait Island Regional Council expenses reimbursement policy will take affect and repeals any previous policy on this issue from the date Council formally adopts it, this date will appear on the last page of the policy under the heading certification.

Background

In developing an expense reimbursement policy the Council must comply with guidelines issued by the Chief Executive Officer of the Department of Local Government, and sections 236B, 250AR, 250AS, 250AT and 250AU of the *Local Government Act 1993*.

Purpose

The purpose of the policy is to ensure that councillors (including mayors) can receive reimbursement of reasonable expenses and be provided with necessary facilities in performance of their role.

Statement of Principles

The policy complies with the Statement of Principles, set out in the guidelines:

- Reasonable expenses reimbursement to councillors
- Public accountability and transparency
- Public perceptions and community expectations
- No private benefit to be derived
- Equity and participation

Payment of Expenses

Expenses will be paid to a councillor through administrative processes approved by a council's Chief Executive Officer subject to:

- The limits outlined in this policy and

- Council endorsement by resolution.

Expense Categories

Representing Council

Where Council resolves or the Mayor & CEO consider relevant that Councillors are required to attend conferences or workshops to either deliver a paper or as a delegate of Council; Council will reimburse expenses identified by resolution, associated with attending the event since participation is part of the business of Council. Council must formally pass a resolution for any international events.

Council, Mayor & CEO must consider the attendance of an individual Councillor at Council ordinary meetings before authorising the attendance of the Councillor.

Each Councillor who attends an event on behalf of Council must provide a verbal and written report to the whole Council at the second ordinary meeting after the event.

The CEO to keep a register of Mayor & CEO authorisations of attendance to be viewed by Council or the public at any time.

Professional development

A local government will reimburse expenses incurred for:

- Mandatory professional development

Where Council resolves or the Mayor and CEO consider that all Councillors are to attend training courses or workshops for skills development related to a Councillors role, the Council will reimburse expenses identified by resolution, that being the total cost of the course plus associated expenses

- Discretionary professional development

Where a Councillor identifies a need to attend a conference, workshop or training to improve skills relevant to their role as a Councillor, other than Mandatory training, Council will reimburse expenses identified by resolution to a maximum of \$5,000 for the current term of their office.

The CEO to keep a register of Mayor & CEO authorisations for mandatory training to be viewed by Council and the general public at any time.

Travel as required to represent council

A local government may reimburse local and in some cases interstate and overseas travel expenses (e.g. flights, car, accommodation, meals and associated registration fees) deemed necessary to achieve the business of council where:

- A councillor is an official representative of council and
 - The activity/event and travel have been endorsed by resolution of council or
 - The mayor & CEO consider necessary to incur the travel on behalf of council
- Councillors are to travel via the most direct route, using the most economical and efficient mode of transport.

Council will pay for reasonable expenses incurred for overnight accommodation or apply the Australian Taxation Office guidelines for travel expenses. All travel expenses will be paid in advance of travel with exception reporting completed and any unused allowance recovered from future claims.

NOTE: Any fines incurred while travelling in council-owned vehicles or privately owned vehicles when attending to council business, will be the responsibility of the councillor incurring the fine.

If a Councillor travels using their private vehicle, a log is to be kept of the mileage travelled and the reimbursement will be in accordance with the Australian Taxation Office rulings for the engine capacity of the vehicle used.

The CEO will keep a register of Mayor & CEO authorised travel to be viewed by the Council or general public at anytime.

Travel bookings

All councillor travel approved by Council will be booked and paid for by Council.

Economy class is to be used, however for journeys of two (2) hours or more and it being the fourth (4) time of travel in the current term of office for Council business, paid directly by Council (that is not recovered from a second party as a result of a meeting, training or workshop requested by them), Business class is to be used where available.

Airline tickets are not transferable and can only be procured for the councillor's travel on council business. They cannot be used to offset other unapproved expenses. (e.g. cost of partner or spouse accompanying the councillor.)

Travel transfer costs

Any travel transfer expenses associated with councillors travelling for council approved business will be reimbursed.

Example: Trains, taxis, buses and ferry fares

Cab charge vouchers may also be used if approved by Council or by the Mayor & CEO where Councillors are required to undertake duties relating to the business of council.

Private vehicle usage

Councillor's private vehicle usage may be reimbursed by council if the:

- Travel has been endorsed by council resolution or
- The Mayor & CEO consider it appropriate
- Claim for mileage is substantiated with log book details and
- Total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

Reimbursement will be in accordance with the Australian Taxation Office rulings for the engine capacity of the vehicle used.

Accommodation

At Councillor Request accommodation for Council business can be booked and paid for by Council or the Australian Taxation Office ruling for travel allowance will be paid to Councillors. Council will pay for the most economical deal available. Where possible, the minimum standards for councillors' accommodation will be four (4) star rating.

Where particular accommodation is recommended by conference organisers, council will take advantage of the package deal that is the most economical and convenient to the event.

Meals

A local government will reimburse costs of meals in accordance with the Australian Taxation Office ruling on travel expenses TD 2007/21 or later for a councillor when:

- The meal was not provided:
 - Within the registration costs of the approved activity/event
 - During an approved flight
 - Any time Councillor is on Council Business

No alcohol will be paid for by council.

If the Councillor is away from home or commences their travel before 8 am or concludes after 9 am a breakfast entitlement is provided. If the Councillor is away from home or commences travel before 12 noon or concludes after 1 pm a lunch entitlement is provided.

If the Councillor is away from home or commences travel before 6 pm or concludes after 7 pm a dinner entitlement is provided.

- **Incidental allowance**

Australian Taxation Office ruling on travel expenses TD 2007/21 or later is to be applied. Payment will be made for any overnight travel only; the calculation is to pay on the first day of travel, on the last day of travel and for any day in between. In effect the minimum payment will be two days entitlement

Hospitality

Council provides a \$500 per annum Hospitality Expenditure for all Councillors.

Council provides a \$2,000 per annum Hospitality Expenditure for the Mayor.

The Mayor and the Councillors will provide evidence of the expenditure to the Standing Committee for Finance and Corporate who will recommend to Council the amount to be reimbursed. Upon Council resolution the Hospitality Expenditure will be reimbursed to the Mayor or Councillor.

Provision of Facilities

All facilities provided to councillors remain the property of council and must be returned to council when a councillor's term expires.

Private use of Council owned facilities

Based on the principle that *no private benefit is to be gained* the facilities provided to Councillors by Local Governments are to be used only for Council business unless prior approval has been granted by resolution of Council and are in accordance with the charges for private use as set out in this policy.

Facilities Categories

Administrative tools

Administrative tools are to be provided to Councillors as required to assist Councillors in their role.

Administrative tools include:

- Office space and meeting rooms
- Computers
- Stationery

- Access to photocopiers
- Printers
- Facsimile machines
- Publications
- Use of council landline telephones and internet access in council offices.

Secretarial support may also be provided for Mayors and Councillors under a directive given by the Chief Executive Officer to staff concerned.

Council may via a separate resolution provide a Councillor with home office equipment including computer, internet access if necessary.

Maintenance costs of council owned equipment

Council will be responsible for the ongoing maintenance and reasonable wear and tear costs of council-owned equipment that is supplied to councillors for official business use.

This includes the replacement of any facilities which fall under council's asset replacement program.

Name Badge and uniform

The Council will provide Councillors with a name badge

The Council may by separate resolution authorise personal protective equipment and/or a uniform of the Council.

Use of council vehicles on council business

Councillors will have access to a council vehicle for official business.

Private use of vehicles

Councillors do not have the ability to full private use of Council owned vehicles, they can utilise vehicles in the Car Pool for official Council business use and private use, however the vehicle must be made available for all Council personnel to utilise as a priority over any private use.

Private use of Council owned vehicles is to be recorded in a log book with the date of use and mileage travelled, each month the log book will be expected by Council staff to calculate the mileage travelled, the Councillor will reimburse Council the mileage travelled in accordance with the Australian Taxation Office rulings for the engine capacity of the vehicle used.

Telecommunication needs – mobile devices

Council owned mobile telecommunication devices may be used by Councillors for official Council business use, any personal calls must be reimbursed to Council, a copy of the phone bill will be provided to the Councillor for identification of personal calls, and payment is to be made immediately.

Alternately if a mobile telecommunication device is not made available to a Councillor a listed telephone can be placed at a Councillors residence with a reimbursement of all charges and local call costs, any STD or International calls associated with Council business will also be reimbursed if a receipt and certification is provided.

Home internet access will be reimbursed 100% of the package cost to a maximum of \$60 per month.

Insurance cover

Council will indemnify or insure Councillors in the event of injury sustained while discharging their civic duties.

Council will pay the excess for injury claims made by a Councillor resulting from conducting official Council business.

Fuel costs

Fuel for a council-owned vehicle used for official council business, will be provided or paid for by council.

Certification

This and the preceding five (5) pages bearing my initials has been adopted by Council at its meeting held on the 30 June 2009

John Scarce

CHIEF EXECUTIVE OFFICER

Community Financial Report

1 July 2010 to 30 June 2011

This community financial report shows a summary of the financial statements with the aim of providing easily understood information to the members of our community. Through the use of graphs it also assists readers to evaluate Council's financial performance and financial position.

There are four financial statements which provide different information. These are:

The Income Statement

This statement shows the income (or revenue) and the operational expenditure for the year. This then creates a profit (where income exceeds expenses) or loss (where expenses exceed income) for Council. This profit or loss is known as the net result attributable to Council.

The Balance Sheet

This statement shows all of the assets (what is owned and owing to Council) and liabilities (what Council owes). This statement also shows the total community equity, being total assets minus total liabilities. Total community equity can help to show how healthy the position of Council is at a given point in time. The more that assets are greater than liabilities, the better the position of Council.

The Statement of Changes in Equity

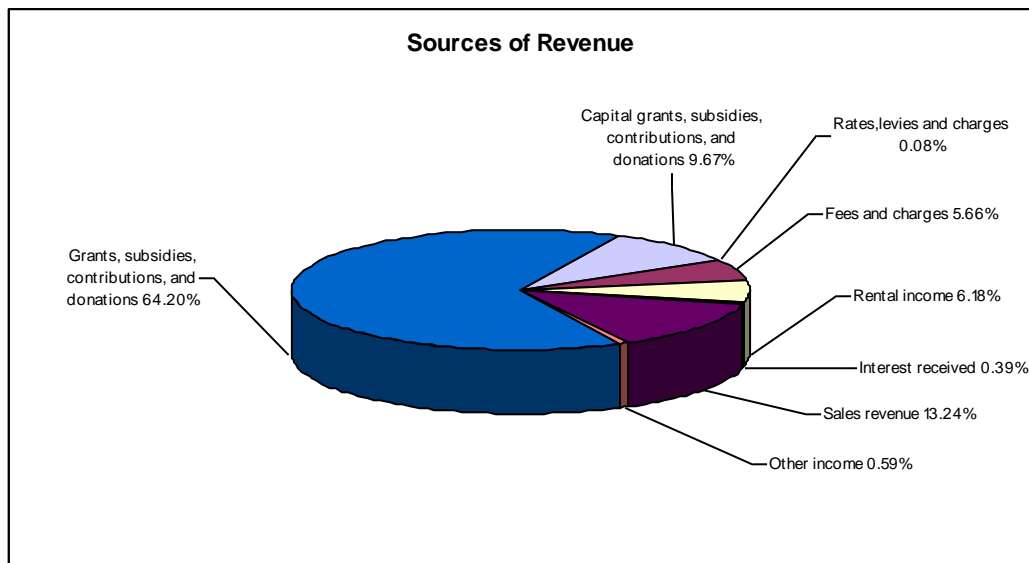
This statement shows the movements between elements of Community Equity shown in the Balance Sheet.

The Statement of Cash flows

This statement shows the nature and amount of cash inflows/outflows of council activities.

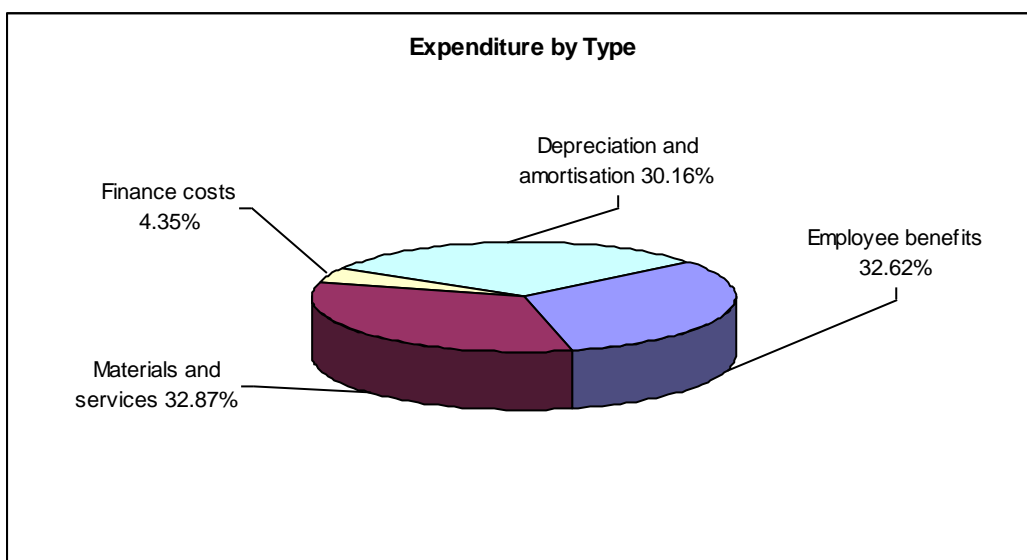
THE INCOME STATEMENT

Revenue – where did the dollars come from?



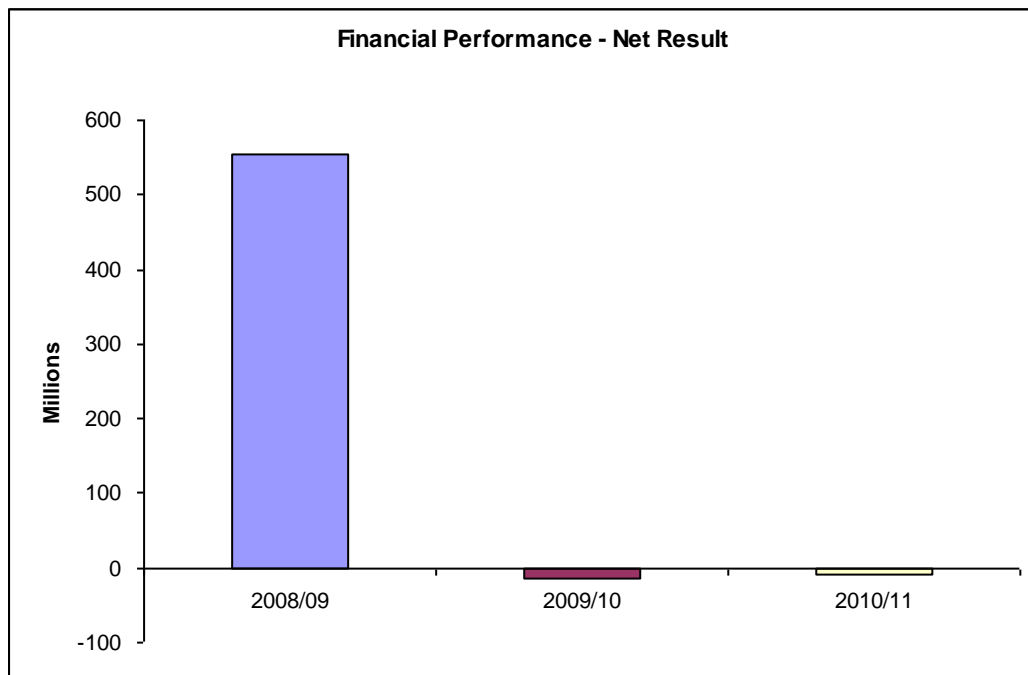
Council received \$60 million in revenue during 2010/2011. This was primarily from Grants, Subsidies, Contributions and Donations of \$38 million which accounted for 64% of total revenue. Capital grants made up 10% of revenue. The remaining revenue is sourced from interest revenue, rental income, fees and sales revenue.

Expenses – where the dollars were spent?



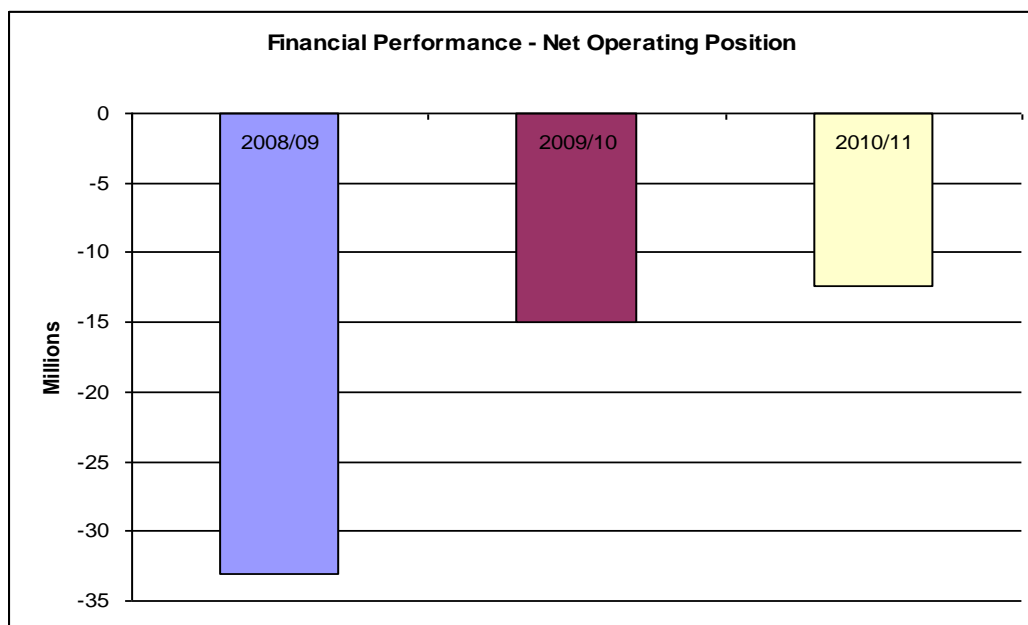
Total expenses of \$71 million were incurred during July 2010 and June 2011, which were primarily for employee costs of \$23 million and materials and services of \$23 million which together made up 65% of total expenditure. The remaining expenditure is made up of depreciation and amortisation and finance costs.

Net Result attributable to Council



The net result is the difference between revenue received and the operating expenses incurred by Council throughout the year on an accrual basis. The 2010/2011 net result is \$-8.7 million which indicates that revenue is \$8.7 million less than expenses.

Operating Position



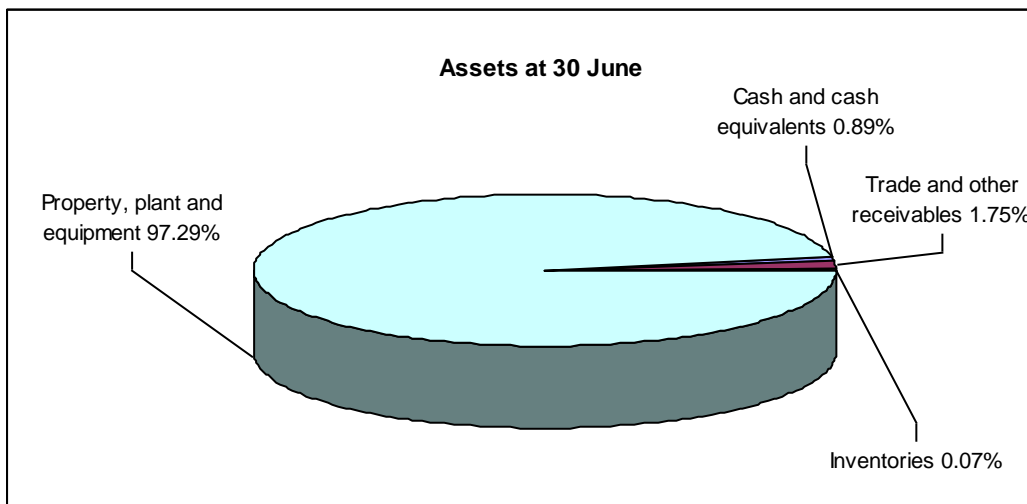
The operating position is calculated by taking total operating expenditure from the total operating revenue. Operating revenue in this calculation does not include any revenue for capital projects.

In many ways the operating position is the best measure of Council's financial performance in a given year. The operating position gives an indication of Council's ability to continue operating at sustainable levels, as well as Council's ability to fund the future acquisition and replacement of assets.

The Council is showing a loss level in terms of operating position, principally due to recognition of depreciation (or consumption of assets) (21M).

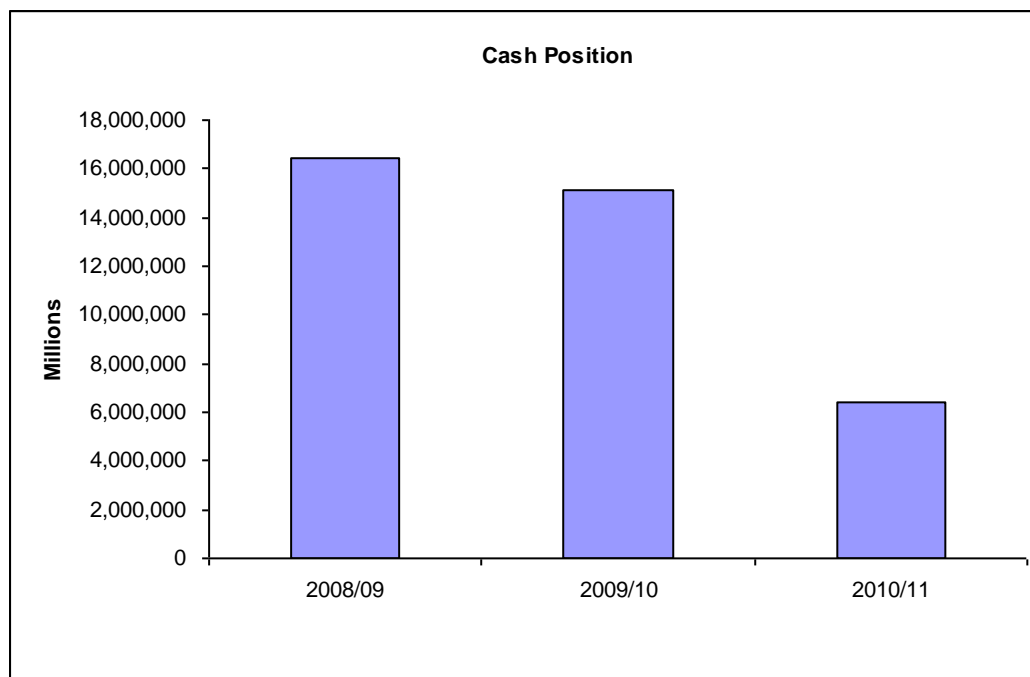
THE BALANCE SHEET

Assets – what we own and what is owing to us



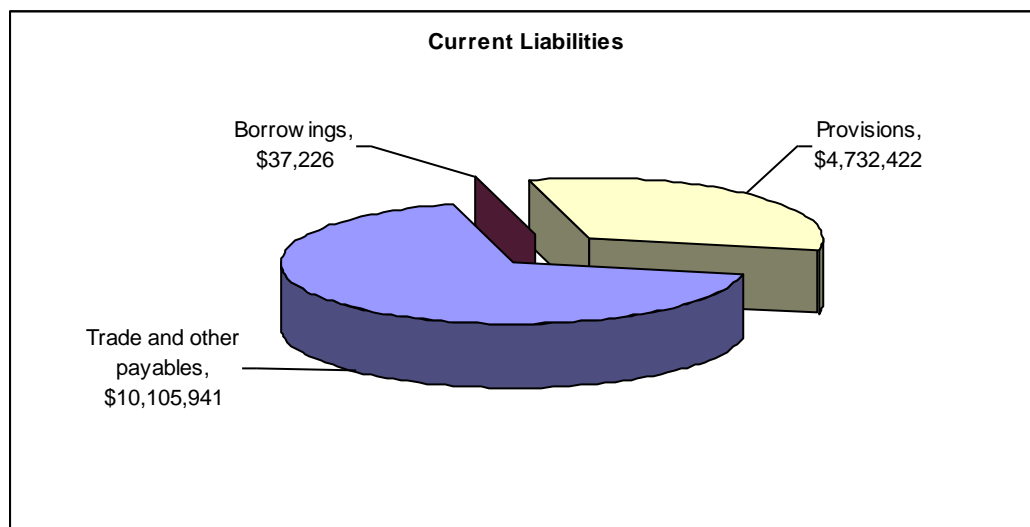
The major components of assets include property, plant and equipment, land, roads, water and sewerage, housing and cash assets. These assets represent 98% of all assets.

Cash



The cash position at 30 June 2011 was \$6.4 million.

Liabilities – what we owe



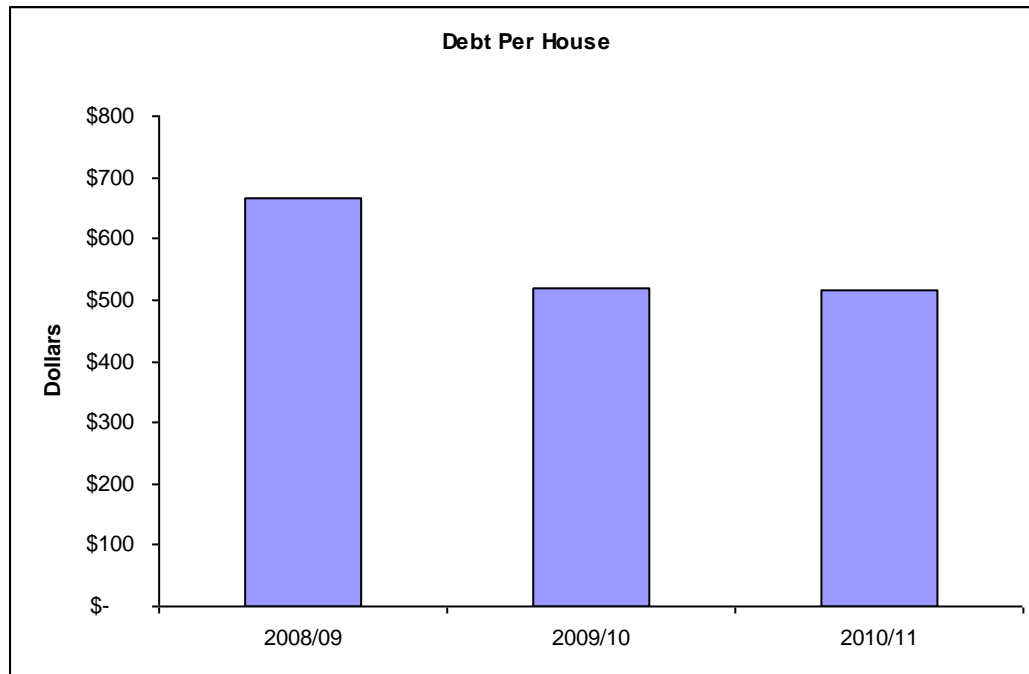
Council's liabilities include loans, amounts owing to suppliers, and amounts owing to employees for leave entitlements. Total liabilities at 30 June 2011 were \$14.9 million.

QUEENSLAND TREASURY DEBT

Council's current borrowing policy requires:

- No use of long term debt to finance operating activities or recurrent expenditure;
- Priority will be given in any borrowing program to income producing assets;

These borrowings are repaid on a monthly basis in accordance with the terms and conditions set by the Queensland Treasury Corporation. The repayment terms are reviewed on a regular basis in order to ensure that the expected loan term aligns with market movements.



The debt per community house is \$517 at 30 June 2011.

CONCLUSION

At 30 June 2011, Torres Strait Island Regional Council recorded a substantial operating deficit. This deficit was principally driven by the recognition of depreciation in the accounts. At present, the revenue streams of Council are not adequate to cover the operational costs (including depreciation) of Council.

FINANCIAL MANAGEMENT SUSTAINABILITY

The Queensland Department of Infrastructure and Planning has published a Financial Management (Sustainability) Guideline. The Department has defined sustainability in the Queensland Local Government sector as:

A local council is sustainable if its infrastructure capital and financial capital is able to be maintained over the long term.

The Department has published a number of Financial Ratios as measures of sustainability. Financial ratios provide a useful snapshot of Council's status. These ratios are calculated by dividing a dollar amount of one item reported in the financials statements by the dollar amount of another. The result is a relationship between two related items that is easy to interpret and is also useful in comparing Torres Strait Island Regional Council to other Councils.

Sustainability Indicators

Ratio	Calculation	Information	Target	Actual
Working Capital Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	This is an indicator of the management of working capital. Measures the extent to which a council has liquid assets available to meet short term financial obligations.	Greater than 1:1	1.31
Operating Surplus Ratio	$\frac{\text{Net Operating Surplus}}{\text{Total Operating Revenue}}$	This is an indicator of the extent to which revenues raised covers operational expenses or are available for capital funding.	Between 0% and 15%	-33.99%
Net Financial Liabilities Ratio	$\frac{\text{Total Liabilities} - \text{Current Assets}}{\text{Total Operating Revenue}}$	This is an indicator of the extent to which the net financial liabilities of council can be serviced by its operating revenues.	Not Greater than 60%	-1.94%
Interest Coverage Ratio	$\frac{\text{Net Interest Expense on Debt}}{\text{Total Operating Revenue}}$	This ratio indicates the extent to which council's operating revenues are committed to interest expense.	Between 0% and 10%	0.16%

Sustainability Indicators

Ratio	Calculation	Information	Target	Actual
Asset Sustainability Ratio	$\frac{\text{Capital Expenditure on Replacement Assets}}{\text{Depreciation Expense}}$	This is an approximation of the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives.	Greater than 90%	26.49%
Asset Renewal Funding Ratio	$\frac{\text{Net Present Value of Planned Capital Expenditure on Renewals over 10 years}}{\text{Net Present Value of Required Capital Expenditure on Renewals}}$	This represents the extent to which the required capital expenditures on renewals have been incorporated into the 10 Year Financial Model of Council.	Greater than 90%	Due to Grant Funding uncertainty it is not possible to calculate this indicator.

Relevant Measures of Financial Sustainability

	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20
Working Capital Ratio	1.31	1.73	1.69	1.65	1.61	1.56	1.51	1.46	1.40	1.34
Operating Surplus Ratio	-34%	-60%	-57%	-55%	-54%	-53%	-51%	-50%	-49%	-47%
Net Financial Liabilities Ratio	-2%	-31%	-29%	-27%	-24%	-22%	-20%	-18%	-15%	-13%
Interest Coverage Ratio	0.16%	0.10%	0.09%	0.09%	0.09%	0.08%	0.08%	0.07%	0.07%	0.07%
Asset Sustainability Ratio	26.49%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%	9.86%

Listed above are the relevant measures of financial sustainability for the Council for the current year and future nine (9) years.

This Community Financial Report and Financial Sustainability Indicator Report has been compiled in accordance with:

Local Government (Finance Plans and Reporting) Regulation 2010 s103;

103 Preparation of community financial report

- (1) A local government must prepare a community financial report for each financial year.
- (2) The community financial report for a financial year must—
 - (a) contain a summary and an analysis of the local government's financial performance and position for the financial year; and
 - (b) be consistent with the general purpose financial statement for the financial year; and
 - (c) include the relevant measures of financial sustainability for the financial year; and
 - (d) be in a form that can be easily understood by the community.

Financial Management Strategy

Council has undertaken a number of long term financial planning initiatives since the time of amalgamation. These have included:

- Development of a Long Term Financial Model;
- Divestment of non-core Local Government Services to the Community;
- Implementation of a rigorous Debt Management Policy;
- Identification and valuation of all Council above and below ground assets;
- Development of Asset Management Plans for all asset classes;
- Implementation of a cash-free local office; and generally
- Maintenance of services at pre-amalgamation levels.

The Council has made further long term financial management decisions. The Long Term Financial Plan and subsequent strategy for the Council is to:

1. Maintain Council's revenue neutral budget position;
2. Implement an investment management strategy;
3. Concentrate further on own source revenue initiatives including strengthening the Debt Recovery process;
4. Bring the budget to a balanced position with regard to service delivery on the ground;

5. Deliver on Asset Management Plan strategies and goals where funding allows the Council to do so; and
6. Continue to lobby Federal and State Governments to free up funds for further asset management plan initiatives.

The relevant measures of financial sustainability identified above have been calculated in accordance with Councils long term financial management plan.