



ANNUAL REPORT 2013 - 2014



**Torres Strait Island**  
REGIONAL COUNCIL

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## Mayor's foreword

I would firstly like to thank God for his many blessings, I acknowledge the Traditional Owners, Elders past and present, spiritual leaders and all our constituents across Zenadth Kes.



This second year of the new term has once again brought about many changes to the organisational structure of Council, which ensures that we are efficient in our operations and is one step towards Council's long term sustainability. I would like to thank and recognise all of the work done by our previous Chief Executive Officer, John Scarce, and commend Council for the successful delivery of our management succession plan from John into the trustworthy hands of our new CEO, Dania Ahwang. I take this opportunity to welcome Dania into this new appointment. We are proud to have a Torres Strait Islander woman with strong leadership and vision to lead our Executive Team. We look forward to this new chapter.

Now in the seventh year since the amalgamation of our 15 Island Councils, Council is in a stable and strong position to move towards the next phase to further empower and build capacity in our communities. We have had a huge year in terms of major project delivery, most of which we undertook as a result of a very successful joint partnership arrangement that we forged with the Torres Strait Regional Authority, which involves both organisation contributing equally in 2013 - 2014 injecting \$1.5 million in capital works in our communities. This is an initiative that receives overwhelming support and is what we are striving to achieve every financial year, which addresses the many aspirations identified locally in our Community Development Plans and building blocks that are identified in the Torres Strait Regional Development Plan.

Capital works included installing a new sail shade over the basketball court on Kirirri (Hammond Island) to provide a more suitable sports environment for our children, providing some form of protection from the natural elements. We also refurbished and renovated our community halls (completed in October 2014) to improve our community facilities for our constituents in Saibai and Badu. These are just some of the projects we delivered during this financial year.

Several Major Infrastructure Projects were completed this financial year, including our Desalination Upgrade Project. This will provide clean drinking water for Boigu, Masig, Mer, Poruma and Warraber. We were honoured to receive an Excellence Award for this project through the Institute of Public Works Engineering Australasia Water Projects Awards.

Our second Major Infrastructure Project was the completion of the Poruma Sewer Scheme, which will reduce health risks and improve environmental outcomes for the people of Poruma. Our

Disaster Management Plans also continue to advance and we were honoured to receive a 100% compliance rate from the Inspector-General Emergency Management.

Our drive to improve our operations and governance at every level requires us to implement new organisational systems, including how our data and public records are managed. We now have a fully operating records management system which is in line with the *Public Records Act 2002*, which will ensure we can continue our accountability and transparency across all of our operations.

Our Council's Financial Services Department continues to provide the highest level of financial services to achieve the needs of our communities within the regulatory requirements that govern us. Our Finance Team has improved its grants reporting and review processes and team members are now completing Certificate IV in Business to ensure we continue to strengthen our financial operations. Due to our strong fiscal management we are now in a more robust financial position than ever, as evidenced by both of our recent unqualified audits (2012–13 and 2013–14). We will further maximise our cost efficiencies so that we continue to best respond to changing State and Federal funding conditions.

In addition to our strong organisational and financial position, I was deeply honoured and blessed to witness the celebrations of the Badu Land Transfer. Ownership was transferred in the form of communal freehold to the Mura Badulgal (Torres Strait Islander) Corporation Registered Native Title Body Corporate, to be held for and on behalf of the Badulgal People. Council is now working to progress transfer to communal freehold in other communities, and has also considered and made submissions to Parliament in relation to proposed freehold option land in Torres Strait. Land ownership brings about prosperity, and we, as the new generation of Torres Strait Islanders, must be open to new possibilities which will further our region whilst maintaining, preserving and protecting our long-held heritage and Ailan Kastom (Island Custom).

Council has commenced the process of divesting selected enterprises to community-based organisations and has formalised leasing and licensing with various government and non-government entities. We also introduced signage and visitor books across our communities, enhancing awareness and monitoring under Council's local law visitor protocol.

I am pleased to announce that we will be building six new homes and additional extensions of existing houses in Iama, St Pauls and Saibai, to address the high demand levels. We will be working in partnership with State and other key stakeholders in the Rural and Remote program (formerly known as CBRC or Cabinet Budget Review Committee) to address the critical housing needs in our region. In addition, Council's Legal Services Division has actively engaged with stakeholders at community, State and Commonwealth level on the National Partnership Agreement on Remote Indigenous Housing to build houses in the region, paving the way for construction of a further 27 houses at Kubin, Mabuiag, Saibai and Boigu. Furthermore, long-running negotiations for a Regional



Indigenous Land Use Agreement reached in-principle consent by all parties. The finalisation of this Agreement will streamline compliance for land dealings so that parties can respond more efficiently to community needs.

Our Council's Building Services Unit has continued to address and exceed Council's objectives directed towards improving the living standards of its constituents by maintaining and upgrading Council's stock of social housing. I am pleased to share that our Building Services Unit has successfully achieved these objectives within both budget and nominated timeframes.

Utilising our 33 Island-based employees (supplemented by both Island-based and external contractors), the Building Unit responded to some 6,117 repairs and maintenance requests, 94 major housing upgrades and internal and external house re-paints. I am thankful that the numerous disability modifications to our housing portfolio continue to support our residents to return to their homes and families.

Further to this, the Building Unit carried out repairs, maintenance and upgrades to Council's corporate buildings. We continue to fine-tune and expand our operations and knowledge base, and confidently look forward to exceeding these achievements during the next financial year.

Council's Community Services Department continues to expand with our Health and Wellbeing program providing regular activities and increasing participation to improve our constituents' quality of life. Our Healthy Lifestyle Officers have completed training to provide fitness programs across our communities. We are also providing after-school and holiday programs for our young people, facilitating Elders gatherings and a broad range of activities such as drum making and health education. Our strategy is to deliver culturally appropriate health and wellbeing services, which will increase knowledge of communicable diseases and risk factors that are associated with chronic disease. We as a Council are proactive in closing the life expectancy gap by increasing access to health and wellbeing services and we will continue to promote safer, healthier and more active communities.

We have also been honoured to move the Badu Childcare operations into a brand new centre, which will be officially open in the new financial year. We will also be re-establishing the Kirirri (Hammond Island) Childcare Centres operations in the new financial year. The childcare centres, funded through the Commonwealth Government, will provide a flexible and affordable childcare service that is responsive to the needs of families. Educational programs offered at the childcare centres will align with the National Learning Framework and will prepare our children for their transition to school.

We have now secured funding and commenced our Torres Strait Seawalls Project, which will take place over the next four years in six of our most at-risk Island communities. It is a \$26.2 million project with \$12 million from the Commonwealth Government, \$12 million from the Queensland

Government and \$2.2 million from the Torres Strait Regional Authority. This major project will provide jobs for our local workforce and ensure the long-term protection of our people and infrastructure.

In the coming year I look forward to working towards our own Cultural Festival. This will be held in the later half of 2015 where we will celebrate, preserve and share our cultures and Ailan Kastom across the region.

I am proud that we are now in a position that we can begin transitioning our Council staff back to the Torres Strait and hope that by 2017 the majority of these positions will be based in the 15 communities we serve. We also continue to work with our stakeholders to progress our 'One Boat' vision of a single governance system across the Torres Strait to improve cost and decision making efficiencies.

I look forward to another prosperous year ahead while we continue to improve and empower the lives of all Torres Strait Islander people.

God Bless



Cr Fred Gela

## Deputy Mayor's foreword

I would like to take this opportunity to commend our Council on the growth and progression seen in this financial year; I encourage our future young leaders and our Councillors to look towards the future as we continue towards improving and strengthening our Council, for our Torres Strait Island communities and our constituents.

God Bless

Cr Keith Fell



## CEO's foreword

It has been another big year for Council with continuing delivery of new infrastructure and strengthening and revaluation of its existing asset base. I have taken on this role in the last quarter of 2013/14 having attained an extensive working knowledge of Council, its operations, its people and, of most significance, the regional benefits that we can deliver. I am very keen to continue the significant work of my predecessors in achieving the region's aspirations.



As we complete our sixth year since amalgamation, I briefly reflect on just how far we have come in Council's time. Now well into the second term of Council, I firmly believe we are ready to advance into our next stage of progress, having consolidated our position after many years of transformational change. This growth is and will only be attained through collaboration and engagement of all.

With the planned simultaneous re-examining of regional governance and Council's vision of repositioning its operations within its electorate, we have our experience to assist us through this significant evolutionary change. One of our key goals is to continue to support and assist local community based entities to sustainably operate Council's divested enterprises.

We have faced some interesting challenges with increasing fiscal constraints affecting all sectors of society. For us as local government, this means that we have had to both strengthen our already limited revenue streams and at the same time soundly regulate our expenditure by underpinning our fiscal governance and management with ongoing staff development and enhancement of our established financial and record management systems.

Having recently undertaken revaluation of our existing asset base, we have and will continue to develop our assets, most significantly in the coming years with the major seawalls project providing coastal protection in many of our worst affected communities, new housing to address our substantial overcrowding issues and replace ageing housing assets, refurbishment of tired sporting infrastructure to support our health and wellbeing program and already completed redevelopment of various community halls and facilities in addition to the proposed construction of a new multi-function community facility at Ugar. Council continues to align its investment and efforts on delivering its adopted asset management plans in line with budgetary constraints.

In closing, I consider Councillors and staff as vital to achieving success and therefore strongly encourage both theoretical and practical development of Council's fundamental skills base.

Dania Ahwang

Chief Executive Officer



## About the Torres Strait Island Regional Council

The Torres Strait Island Regional Council is one of two local councils found in the Torres Strait. The Torres Strait Islands are scattered between the tip of Queensland's Cape York Peninsula and Papua New Guinea.

Council represents the 15 outer island communities of Badu, Boigu, Dauan, Erub (Darnley Island), Kirirri (Hammond Island), Iama (Yam Island), Kubin Community at Moa (Banks Island), Mabuiag, Masig (Yorke Island), Mer (Murray Island), Poruma (Coconut Island), Saibai, St Pauls Community at Moa (Banks Island), Ugar (Stephen Island) and Warraber (Sue Island).



Council was formed in 2008, as part of the State Government's amalgamation policy, as an entirely new local council governed under the *Local Government Act (Qld)*. Prior to this, the area was under the jurisdiction of the *Community Services (Torres Strait) Act 1984 (Qld)* and each community had its own independent Island Council.

Council is made up of a Mayor, 15 Councillors, a Chief Executive Officer and employees. The Mayor is elected 'at large' or by the whole council region. The Mayor presides over Council meetings and represents the organisation at formal occasions. The Deputy Mayor also makes sure the Chief Executive Officer carries out Council decisions.

Our Councillors are democratically elected, with one for each of our 15 electorate communities. Councillors make decisions on facilities, services and local laws and work to continually understand and fulfil community aspirations.

The Council administration arm has offices throughout its region, as well as at Waiben (Thursday Island) and in Cairns. The administration is made up of a Chief Executive Officer and staff with experience in areas such as engineering, human resources, finance, environmental health, construction, law, communications, administration and much more. It is the job of the administration arm to implement Council policies and decisions and to keep councillors informed. Council is one of the major employers in the Torres Strait.

*Empowering our people, in our decision, in our culture, for our future.*



### Trusteeship of Deeds of Grant in Trust

In addition to acting in its capacity as local government under the *Local Government Act 2009* (Qld), Council also acts as Trustee of 13 Deeds of Grant in Trust (“DOGIT”) under the *Land Act 1994* (Qld) and the *Aboriginal Land Act 1991* (Qld) (for Hammond Island) and the *Torres Strait Islander Land Act 1991* (Qld) (for all other islands in Council’s jurisdiction except Badu and Mer).

Council takes very seriously its responsibilities as Trustee of the respective DOGITs, held for and on behalf of the Indigenous inhabitants particularly concerned with the areas.

Up until 1 February 2014, land ownership on Badu was complex. The Badulgal People held native title rights and interests under a 2004 native title determination, and the land tenure was held by Council under the 1985 DOGIT for and on behalf of the residents of Badu Island. On 1 February 2014, the State Government delivered a formal land title deed to the Badulgal People at a ceremony held on Badu Island. Through this process, the DOGIT was revoked (cancelled) and Torres Strait Islander land in communal freehold was granted by the State of Queensland to

the Mura Badulgal (Torres Strait Islander) Corporation Registered Native Title Body Corporate (RNTBC), to be held by the RNTBC for and on behalf of the Badulgal People. Therefore, from 1 February 2014, the Badulgal People hold both the native title and land tenure for Badu Island.

The Mer (Murray Island) State Reserve (which was never held by Council under a DOGIT) was transferred on 14 December 2012 to the community Prescribed Body Corporate, the Mer Gedkem Le (Torres Strait Islander) Corporation RNTBC. As such, the islands of Mer, Dauar and Waier are now held in the trust by the Mer Gedkem Le on behalf of the Meriam People under the *Torres Strait Islander Land Act 1991* (Qld).

In order to protect its interests and ensure continuity of essential services, Council has obtained leases or licences from the Mura Badulgal and the Mer Gedkem Le over each of Council's core local government facilities at Badu and Mer respectively.

In the context of the differing land tenure arrangements, Council remains committed to thorough consultation with affected constituents pertaining to proposals concerning land in accordance with all statutory requirements and Ailan Kastom (island custom).



## Ordinary freehold title

On 8 May 2014, Queensland's Minister for Natural Resources and Mines, the Hon Andrew Cripps MP, introduced into Parliament the *Aboriginal and Torres Strait Islander Land (Providing Freehold) and Other Legislation Amendment Bill 2014*.

The Bill's policy objectives include:

- I. Introducing the option of ordinary freehold title into Aboriginal and Torres Strait Islander communities;



2. Simplifying the leasing framework that applies to Indigenous land to reduce the regulatory burden on trustees and lessees; and
3. Amending the *Land Valuation Act 2010* to enable Indigenous Local Government Areas to be subject to statutory valuations.

Council made written submissions on the discussion paper, the consultation draft bill and the Bill itself.

The land owner (DOGIT trustee, or RNTBC in the case of Mer and Badu) plays a key role in the optional freehold process. The Trustee is responsible for undertaking community consultation and, prior to making a Freehold Schedule and a Freehold Policy, must be reasonably satisfied that it is appropriate for the freehold option land to be granted in freehold. A Freehold Instrument must be approved by the Minister and must be included in the local government's planning scheme in order to have effect. The Trustee is also responsible for administering the freehold allocation process.

An initial freehold grant can only be made to an Aboriginal person or Torres Strait Islander, or the spouse or former spouse of an Aboriginal person or Torres Strait Islander; subsequent transfers are unrestricted.

Council looks forward to working with its constituents to determine whether ordinary freehold title is appropriate for our communities.



## Councillor meeting attendance

| Councillor Name          | Jul '13 | Aug '13 | Oct '13 | Nov '13 | Dec '13 | Feb '14 | Mar '14 | Apr. '14 | May '14 | Jun. '14 | Total attended meetings |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|----------|---------|----------|-------------------------|
| Mayor Fred Gela          | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1        | 1       | 1        | 10                      |
| Dep. Mayor Cr Keith Fell | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1        | 1       | 1        | 10                      |
| Cr Dimas Toby            | 1       | 1       | 1       | 1       | 1       | 1       | 1       | -        | -       | -        | 7                       |
| Cr Joel Gaidan           | -       | 1       | 1       | 1       | 1       | 1       | 1       | -        | 1       | 1        | 8                       |
| Cr Ron Enosa             | 1       | 1       | 1       | -       | -       | -       | 1       | 1        | 1       | -        | 6                       |
| Cr Horace Baira          | 1       | 1       | 1       | 1       | -       | 1       | 1       | -        | 1       | 1        | 8                       |
| Cr David Bosun           | 1       | -       | 1       | 1       | 1       | -       | -       | 1        | 1       | 1        | 7                       |
| Cr Toshie Kris           | 1       | 1       | 1       | -       | -       | 1       | 1       | 1        | 1       | 1        | 8                       |
| Cr Mario Sabatino        | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1        | 1       | 1        | 10                      |
| Cr Getano Lui Jnr        | -       | 1       | 1       | 1       | 1       | 1       | 1       | 1        | 1       | 1        | 9                       |
| Cr Ted Billy*            | -       | 1       | 1       | 1       | -       | *       | *       | *        | *       | *        | 3                       |
| Cr Willie Lui*           | *       | *       | *       | *       | *       | *       | 1       | 1        | 1       | 1        | 4                       |
| Cr Phillemon Mosby       | -       | 1       | 1       | 1       | 1       | -       | -       | 1        | 1       | 1        | 7                       |
| Cr Ted Nai               | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1        | 1       | 1        | 10                      |
| Cr Rocky Stephen         | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1        | -       | 1        | 9                       |
| Cr Jimmy Gela            | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1        | 1       | 1        | 10                      |
| Cr William Akee          | 1       | 1       | 1       | 1       | -       | 1       | 1       | 1        | 1       | 1        | 9                       |

\* Not standing as councillor

## Our Councillors



Mayor - Cr Fred Gela



Boigu - Division 1  
Cr Dimas Toby



Dauan - Division 2  
Cr Joel Gaidan



Saibai - Division 3  
Cr Ron Enosa



Mabuag - Division 4  
Cr Keith Fell (Dep. Mayor)



Badu - Division 5  
Cr Horace Baira



Kubin Community at  
Moa - Division 6  
Cr David Bosun



St Pauls Community  
at Moa - Division 7  
Cr Toshie Kris



Kirirri (Hammond  
Island) - Division 8  
Cr Mario Sabatino



Iama - Division 9  
Cr Getano Lui



Warraber - Division 10  
Cr Ted Billy (Oct. 11 - Dec. '13)



Warraber - Division 10  
Cr Willie Lui (March '14)



Poruma - Division 11  
Cr Phillemon Mosby



Masig - Division 12  
Cr Ted Nai



Ugar - Division 13  
Cr Rocky Stephen



Erub - Division 14  
Cr Jimmy Gela



Mer - Division 15  
Cr William Akee



## Councillor remuneration

| Councillor             | Division                 | Travel Allowance | Councillor Allowance |
|------------------------|--------------------------|------------------|----------------------|
| Fred Gela (Mayor)      |                          | \$10,057.60      | \$91,375.96          |
| Keith Fell (Dep Mayor) | Mabuiag                  | \$10,585.90      | \$52,717.08          |
| Dimas Toby             | Boigu                    | \$6,061.35       | \$45,687.98          |
| Joel Gaidan            | Dauan                    | \$7,487.55       | \$45,687.98          |
| Ron Enosa              | Saibai                   | \$5,622.20       | \$45,687.98          |
| Horace Baira           | Badu                     | \$7,096.15       | \$45,687.98          |
| David Bosun            | Kubin                    | \$6,454.15       | \$45,687.98          |
| Toshie Kris            | St Pauls                 | \$4,354.35       | \$45,687.98          |
| Mario Sabatino         | Kirirri (Hammond Island) | \$3,006.10       | \$45,687.98          |
| Getano Lui Jnr         | Iama                     | \$7,698.65       | \$45,687.98          |
| Ted Billy              | Warraber                 | \$3,146.10       | \$23,371.16          |
| Willie Lui             | Warraber                 | \$2,817.55       | \$13,003.50          |
| Phillemon Mosby        | Poruma                   | \$6,069.60       | \$45,687.98          |
| Ted Nai                | Masig                    | \$8,897.25       | \$45,687.98          |
| Rocky Stephen          | Ugar                     | \$7,027.25       | \$45,687.98          |
| Jimmy Gela             | Erub                     | \$7,578.40       | \$45,687.98          |
| William Akee           | Mer                      | \$7,578.40       | \$45,687.98          |
| TOTAL                  |                          | \$111,538.55     | \$774,411.44         |

## Councillor complaints and recommendations

| Local Government Act 2009 (Qld)   | Completed | Refers to   |
|---|-----------|---|
| The total number of orders and recommendations made under section 180(2) or (4) of the Act  | Nil       | Taking disciplinary action [Review Panel]   |
| The total number of orders made under section 181 of the Act  | Nil       | Inappropriate Conduct   |
| The name of each councillor in relation for whom an order or recommendation was made under section 180 of the Act or an order was made under section 181 of the Act | Nil       | Inappropriate Conduct   |
| A description of the misconduct or inappropriate conduct engaged in by each of the councillors  | Nil       | Further action taken  |
| A summary of the order or recommendation made for each councillor   | Nil       | Orders/Recommendations  |
| The total number of complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act               | Nil       | Further action [frivolous, vexation or lacking in substance]                            |
| The number of complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act  | Nil       | Referral to Department's CEO - complaint about conduct of Mayor/Deputy Mayor            |
| The number of complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act  | 1         | Referral to Mayor - complaint about conduct of Councillor other than Mayor/Deputy Mayor |
| The number of complaints assessed by the Chief Executive Officer under section 176C(4)(a) of the Act  | 1         | Misconduct - referred by CEO to Department's CEO  |
| The number of complaints assessed by the Chief Executive Officer as being about official misconduct   | Nil       | Official Misconduct   |
| The number of complaints heard by a regional conduct review panel   | Nil       | Heard by regional conduct review panel  |
| The number of complaints heard by the tribunal  | Nil       | Heard by tribunal   |
| The number of complaints to which section 176C(6) of the Act applied  | Nil       | Other matters - dealt with in another way   |

## Discretionary fund allocation

| Councillor             | Division                 | TOTAL       |
|------------------------|--------------------------|-------------|
| Fred Gela (Mayor)      |                          | \$26,959.38 |
| Keith Fell (Dep Mayor) | Mabuiag                  | \$24,671.89 |
| Dimas Toby             | Boigu                    | \$29,236.99 |
| Joel Gaidan            | Dauan                    | \$20,396.65 |
| Ron Enosa              | Saibai                   | \$22,212.32 |
| Horace Baira           | Badu                     | \$29,779.99 |
| David Bosun            | Kubin                    | \$20,956.51 |
| Toshie Kris            | St Pauls                 | \$20,437.88 |
| Mario Sabatino         | Kirirri (Hammond Island) | \$22,510.16 |
| Getano Lui Jnr         | Iama                     | \$20,438.62 |
| Ted Billy              | Warraber                 | \$10,293.46 |
| Willie Lui             | Warraber                 | \$14,240.00 |
| Phillemon Mosby        | Poruma                   | \$39,991.09 |
| Ted Nai                | Masig                    | \$17,001.41 |
| Rocky Stephen          | Ugar                     | \$15,266.65 |
| Jimmy Gela             | Erub                     | \$31,184.29 |
| William Akee           | Mer                      | \$22,474.80 |

Detailed report of discretionary fund included in financial section of this report.

## Particular resolutions

### Expense reimbursement policy

Section 250 of the *Local Government Regulation 2012* (Qld)

The expenses reimbursement policy is a policy providing for the following:

- payment of reasonable expenses incurred, or to be incurred, by councillors for discharging their duties and responsibilities as councillors;
- provision of facilities to councillors for that purpose.



Council adopted its Councillors Expense Reimbursement Policy 2013–2014 in May 2013, as follows:

**Item 12.1**      **COUNCILLORS EXPENSE REIMBURSEMENT POLICY**

**RESOLUTIONS**

*Moved Cr. Mosby, Seconded Cr. J. Gela that Council adopt the revised Expense Reimbursement Policy. (Attachment C)*

**Motion Carried**

*Extract from Minutes of Ordinary Council Meeting held on 21 and 22 May 2013.*

### Valuation of non-current physical assets

Section 206(2) of the *Local Government Regulation 2012 (Qld)*

There were no resolutions that were associated with altering Council's expense threshold for asset accounting purposes.

### Senior Manager remuneration

Senior Management remuneration is reported in accordance with section 201 of the *Local Government Act 2009 (Qld)*.

| Band Number of Senior Managers | In band |
|--------------------------------|---------|
| \$100,000 - \$200,000          | 7       |
| \$200,001 - \$300,000          | 0       |
| *\$500,000 - \$600,000         | 1       |

TOTAL REMUNERATION OF ALL SENIOR MANAGEMENT: \$ 1,624,408.50

\*Includes payment for employee entitlements on termination.

## Expenditure on grants to community organisations

| Division                 | Expense      |
|--------------------------|--------------|
| Regional                 | \$49,950.00  |
| Mayor                    | \$26,959.38  |
| Mabuiag                  | \$24,671.89  |
| Boigu                    | \$29,236.99  |
| Dauan                    | \$20,396.65  |
| Saibai                   | \$22,212.32  |
| Badu                     | \$29,779.99  |
| Kubin                    | \$20,956.51  |
| St Pauls                 | \$20,437.88  |
| Kirirri (Hammond Island) | \$22,510.16  |
| Iama                     | \$20,438.62  |
| Warraber                 | \$24,533.46  |
| Poruma                   | \$39,991.09  |
| Masig                    | \$17,001.41  |
| Ugar                     | \$15,266.65  |
| Erub                     | \$31,184.29  |
| Mer (Murray)             | \$22,474.80  |
| TOTAL                    | \$438,002.09 |

## Overseas travel

There was no overseas travel made by a councillor or local government employee in an official capacity during the financial year.

## Administrative Action Complaints

| Administrative Action Complaints under section 187 of the <i>Local Government Regulation 2012 (Qld)</i>   | Completed  | Refers to  |
|---|--|--|
| A statement about the local government's commitment to dealing fairly with administrative action complaints   | Refer to Council's General Complaints Process Procedure                                      | Council's General Complaints Process Procedure               |
| A statement about how the local government has implemented its complaints management process, including an assessment of the local government's performance in resolving complaints under the process | Timeframes for each step are specified within Council's General Complaints Process Procedure | Council's General Complaints Process Procedure               |
| The number of administrative action complaints made to the local government   | 4  | Administrative action complaints made                        |
| The number of administrative action complaints resolved by the local government under the complaints management process   | 4  | Administrative action complaints resolved                    |
| The number of administrative action complaints not resolved by the local government under the complaints management process   | Nil  | Administrative action complaints unresolved                  |
| The number of administrative action complaints under paragraph (a)(iii) that were made in a previous financial year   | Nil  | Administrative action complaints unresolved in previous year |

## Investigation Notices

Council did not receive any Investigation Notices from Queensland Competition Authority.

## Implementation of Five Year Corporate Plan and Annual Operational Plan

The Council in 2008 undertook an extensive consultation exercise with its constituents and stakeholders. The output of this consultation exercise was the development of a five year corporate plan. The Corporate Plan of the Council addresses:

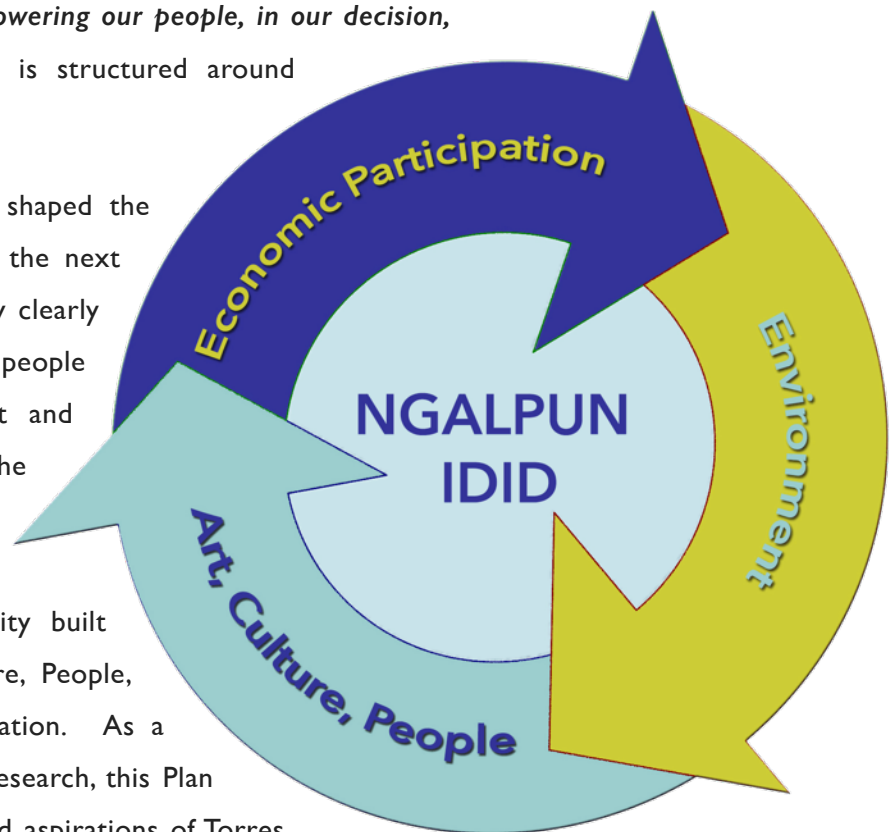
- Strategic direction
- Long term direction and resources to fulfil stakeholder expectations
- Local and regional issues

Specifically the Council in its 2009–2014 Corporate Plan sought to address:

- Development of art and culture
- Disaster management
- Economic development
- Environmental management
- Management of infrastructure
- Public health management
- Community services including community development, human services and housing (enabling the community to improve wellbeing generally)

The Plan contains the vision of *Empowering our people, in our decision, in our culture, for our future* and is structured around outcomes, strategies and actions.




This very significant document has shaped the direction and future of Council for the next five years and it also articulates very clearly our collective move as a nation of people towards achieving a more efficient and streamlined model of governance. The Council has developed new Themes including an overarching theme of Ngalpun Idid or Cycle of Prosperity built upon the foundation of Art, Culture, People, Environment and Economic Participation. As a result of years of consultation and research, this Plan is a direct reflection of the views and aspirations of Torres Strait Islanders.



For the purposes of providing an assessment against progress of delivery of the Plan, an assessment has been conducted on the actions / deliverables in the Plan by outcome type. This assessment has been conducted using 'traffic lights', where green indicates significant progress or completion, amber is 'in action' and red indicates no progress.








## Traffic Light Grid

|  |   |
|--|---|
| Completed or substantially completed (81%–100%)                      |  |
| Project / Works / Program has started (11%–85%)                      |  |
| Project / Works / Program substantially not complete (less than 10%) |  |

## The Development of Art and Culture





**Outcome:** Protect and promote Torres Strait Islander traditions, art and cultural heritage.

| <i>ACTION</i>   | <i>INDICATOR</i>  |
|---|---|
| Work closely with Prescribed Body Corporate (PBC), acknowledging the role of the PBC and Traditional Owners.  |   |
| Capture the history (stories) of the Torres Strait from the Elders and the community.                         |  |
| Preserve sacred sites through identification, repair and maintenance.   |  |
| Review and facilitate studies into economic opportunities associated with an arts and craft industry cluster. |  |
| Coordinate efforts to establish a language song and dance school of excellence.                               |  |

Council has been working progressively on this outcome from both a planning and operational works perspective. At present Council has been unable to secure funding to facilitate an economic study into the arts and craft industry cluster.

## Disaster Management






**Outcome:** A resilient community with facilities and awareness to manage unexpected disastrous events.

| <i>ACTION</i>   | <i>INDICATOR</i>  |
|---|---|
| Develop a Torres Strait disaster management plan and implement actions. |  |
| Develop a business continuity plan.                                     |  |
| Undertake and implement risk management initiatives in operations.      |  |
| Advocate for more effective coverage of telecommunications.             |  |

All items associated with disaster management in the Plan have been completed.

### Economic Development





Outcome: Act upon our region's resources and facilitate employment opportunities for our people.

| <i>ACTION</i>   | <i>INDICATOR</i>  |
|---|---|
| Development of an economic development charter.                         |  |
| Development of an economic development initiative policy.               |  |
| Develop an understanding of our cost base (high cost of living).        |  |
| Actively pursue public-private partnerships to aid in service delivery. |  |
| Review appropriateness of sister city relationships.                    |  |

At the time the Plan was developed, Council was seeking resources from the State Government to help fund an economic development arm of Council. Unfortunately, these funds were not forthcoming and given the “tight” budget constraints under which Council operates, Council was not in a position to complete the charter, policy and sister city components of the actions associated with economic development.

## Environmental Management





**Outcome:** Managing the needs of today whilst sustaining the natural environment for future generations to meet their own needs.

| <i>ACTION</i>  | <i>INDICATOR</i>  |
|--|---|
| Coordinated waste management through landfill, transfer station and recycling and waste water facilities across the Torres Strait.                       |  |
| Investigate alternative/renewable energy facilities that reduce impacts on the environment.  |  |
| Continued water metering and billing.  |  |
| Implement a ranger program to protect the natural environment.<br><br>Note: Ranger Program transferred to Torres Strait Regional Authority in July 2012. |  |

All actions associated with environmental management are essentially complete. Environmental practices have been streamlined and consolidated with the multi-skilling of Engineering Officers leading to uniform practices across all divisions. A pilot project associated with diversion from landfill has also been completed for Warraber (Sue Island).

## Provision, Maintenance, Restoration, or Replacement of Infrastructure

**Outcome:** Managing the built environment to ensure sustainable management of community infrastructure.

| <i>ACTION</i>   | <i>INDICATOR</i>  |
|---|---|
| Development and implementation of strategic asset management plans for all infrastructure classes: water, waste water, roads, solid waste, parks and gardens. |  |
| Survey community to ascertain appropriateness of service levels and performance and develop Customer Service Standards.                                       |  |
| Further develop and implement asset monitoring technologies (i.e. SCADA) to enable remote management of key infrastructure.                                   |  |
| Utilisation of depreciation (funding) to maintain service capacity by asset class (replace or renew assets that fail).  |  |

Asset Management plans for all classes of assets have been completed. Further work is required to be undertaken on defining community service levels and priorities. Council is currently not in position to fund depreciation, however it is maintaining its capital stock through infrastructure grants received from State and Federal Governments.

## Public Health





Outcome: Healthy communities accomplished by protection and promotion of environment and public health through prevention of illness or injury.

| <i>ACTION</i>   | <i>INDICATOR</i>  |
|---|---|
| Regular round table meeting with State and Federal Governments to deliver coordinated services to the community.                                  |    |
| Advocacy for research into education, health and wellbeing programs targeting life threatening illness.   |    |
| Develop coordinated warning systems to advise residents of possible disease outbreak in a timely manner (e.g. "boil water" notices).              |  |
| Health checks on domestic animals.  |  |
| Education about the risk associated with grey water re-use.   |  |
| Development and implementation of pest management plans.  |  |
| Development of public open spaces for community market gardens for the growing of fruit and vegetables to address health and high cost of living. |  |

Council over the past five years has worked to improve public health outcomes particularly associated with healthy lifestyles, animal management and airborne diseases. A number of community market gardens are currently in operation.

## Community Development






Outcome: Development of community in a unified manner through togetherness, spirit and understanding of traditional values.

| <i>ACTION</i>  | <i>INDICATOR</i>  |
|--|---|
| Promote and further utilise technology to communicate information to the community (e.g. RIBS – Remote Indigenous Broadcasting Service). |  |
| Provision of an information service that promotes and supports learning.   |  |
| Improve health and wellbeing through wider choices of recreational activities.   |  |
| Community compliance with the law.   |  |

Council has invested heavily in its communications technology to make available such facilities as video conferencing and e-learning. In addition to this a number of training sessions have occurred for Healthy Lifestyle Officers and the Community Police (note: the Community Police transferred to the State Government in October 2013).

## Human Services

Output: Community wellbeing achieved through improving and maintaining social and economic services.

| <i>ACTION</i>   | <i>INDICATOR</i>  |
|---|---|
| Development of a Social Policy including demographic trends, consultation and recommendation on paths forward.        |  |
| Documented cemetery plan which includes identification of new sites and maintenance and restoration of current sites. |  |
| Development and documentation of a bereavement process.   |  |
| Respectful home based care for residents.   |  |
| Childcare support which is delivered in partnership with the community.   |  |




Council has continued to deliver on its home and community care initiatives over the last five years. Additionally, levels of service associated with child care services have improved with the Council having one registered provider at Badu and other sites nearing registration. The



Sustainable Land Use Plan work that was completed highlighted significant cultural sites including cemeteries.

### Community Housing



Outcome: Improvement of health, wellbeing and living standards by providing affordable appropriate housing.

| <i>ACTION</i>  | <i>INDICATOR</i>  |
|--|---|
| Maintenance of existing accommodation.   |  |
| Development of processes and procedures to provide mechanisms for home ownership.  |  |
| Review procurement processes including analysis of economic order quantities, internal supplies, resources and sustainable technology. |  |

In 2009, Council completed an asset register which identified community housing abodes. This register has been progressively worked on since that time, which has enabled Council to understand better the value of its housing stock and the maintenance required. Council has also streamlined purchasing and increased controls leading to a more effective, value for money service.

### Population Change







Outcome: Infrastructure and social services that meet current and future community needs and aspirations.

| <i>ACTION</i>   | <i>INDICATOR</i>  |
|---|---|
| Development of a Town Plan.                                     |  |
| Development of Indigenous Land Use Agreements with each island. |  |

Council has completed the aforementioned Sustainable Land Use Plans for all divisions. Indigenous Land Use Agreements are being progressively worked through with the divisions.

## Governance

Outcome: Transparent, efficient operations that provide valued local government services to Torres Strait communities.

| <i>ACTION</i>   | <i>INDICATOR</i>  |
|---|---|
| Development of a communications plan to engage stakeholders.  |    |
| Development of an advocacy plan that provides guidelines for funding to third parties that meet Torres Strait Island development needs. |    |
| Development and implementation of a risk management plan including review of the plan.  |    |
| Development of a long term financial plan.  |    |
| Establish a complaints management and handling process.   |    |
| Review model local laws for appropriateness to the community.   |  |

The Council has delivered on a number of high level strategic planning documents, including the Corporate Plan. The Plan has provided strategic allocation of resources and is linked with Council's Operational Plan, which in turn drives its budget process.

It is highlighted that of 49 actions required to be completed Council has substantially delivered on the majority. At present only seven actions are considered outstanding. The majority of these seven actions do not affect Council service delivery and in some instances are beyond the ability of the Council to deliver on given current budget and resource levels.

## Operational Plan

The Council has adopted an Operational Plan that specifically addresses the core functional components of its structure. The Operational Plan as adopted identifies outputs, activities and performance measures.

The hierarchy of planning documentation requires that the Operational Plan specifically address the Corporate Plan. Council's Operational Plan links with outcomes in the Corporate Plan and delivers on specific strategies mentioned in the Corporate Plan. Due to the fact that the

Operational Plan is both qualitative and quantitative in nature, it is difficult to assess the Operational Plan in number terms. Many of the outputs in the Operational Plan are ongoing in nature, e.g. provision of potable water services. Reviews of the Operational Plan are provided to Council. The 2013–2014 Operational Plan was adopted by Council in June 2013 (as amended):

#### **OPERATIONAL PLAN**

- Lengthy discussions on the Operational Plan.
- Agreed to distribute Workplace Relations Services deliverables between Corporate and Legal.
- Adopt the Plan with amendments of key actions under Workplace Relations Services going under Legal or Corporate.
- Chief Legal Officer to look at the issues raised as per discussions and report back to Council to make a decision on this.
- Note that when going into Closed Business that the matter has been discussed on the amendments.

#### **RESOLUTION**

*Moved* Cr. Kris, *Seconded* Cr. Bosun that Council adopt the 2013/2014 Annual Operational Plan developed in accordance with s104 of the Local Government Act 2009 and s175 of the Local Government Regulation 2012, as amended.

**Motion Carried**

## **Internal Audit Report**

This section details Council's internal audit activities for the year.

### **Audit Committee**

In line with the requirements of the *Local Government Act 2009* (Qld) and its supporting regulations, Council's Audit Committee consists of two Councillors and two external members, one of whom is the committee Chair.

The two Councillor positions on the committee were held by the Mayor, Cr Fred Gela, and Cr Ted Nai. The external members of the committee were Eric Muir (also Committee Chair) and David Edgerton.

## Evaluating activities and controls

During 2013–14, Council's internal audit department was staffed by one full time employee. The internal audit department provides an independent and professional review and appraisal service, established to examine and evaluate the risks and controls associated with Council's activities, operations, processes and systems. By reviewing Council's risks, internal controls, efficiency, effectiveness, governance, performance and compliance, internal audit aims to provide assurance that Council and its management are discharging their responsibilities effectively and efficiently.

The general direction of Council's internal audit activities is documented in Internal Audit Plan 2013–2016 (Audit Committee approval in October 2013), while the specific internal audit activities performed during the year were outlined in the Annual Internal Audit Plan 2013–14 (Audit Committee approval in June 2013).

The number of days internal audit spent on each area of activity during the period 1 July 2013 to 30 June 2014 is as follows:

| Activity   | Days |
|------------|------|
| Assurance  | 176  |
| Consulting | 6    |

Based on the above, internal audit issued three reports to the Audit Committee in:

- September 2013;
- February 2014; and
- June 2014.

## Invitations to change tender (changed tender specifications)

There were no invitations to change tenders under section 228(7) of the *Local Government Regulations 2012* (Qld) during the financial year.

## Commercial business units (beneficial enterprises)

### Section 41 of the *Local Government Act 2009* (Qld)

Council does not currently have any adopted commercial business units. Therefore, Council has no Annual Operations Report on Commercial Business Units (beneficial enterprises).

## Significant business activities

### Section 45 of the *Local Government Act 2009* (Qld)

Council did not have any significant business activities in this financial year.

## Rates and charges

Council did not levy any special rates or charges in this financial year.

## Registers kept by the Torres Strait Island Regional Council

Registers kept by Council (subsection 190(1)(f) of the *Local Government Regulation 2012* (Qld):

- Register of Councillors
- Delegations Registers
- General Complaints Database
- Land Record
- Local Laws Register
- Lost and Stolen Property
- Cat and Dog Register
- Cost-recovery Fees Register
- Register of Electoral Gifts



- Register of Gifts
- Road Map and Register
- Right to Information Database
- Beneficial Enterprises
- Interests Register
- Assets Register
- Pre-qualified Suppliers
- Preferred Suppliers

## Community financial report

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**

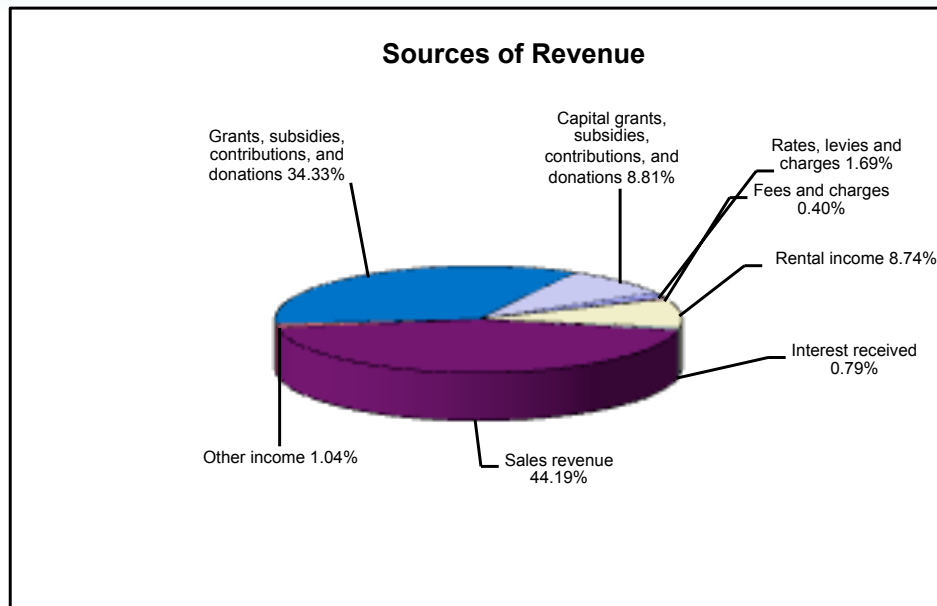
This statement shows the movements between elements of Community Equity shown in the Balance Sheet.

### **The Statement of Cash flows**

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

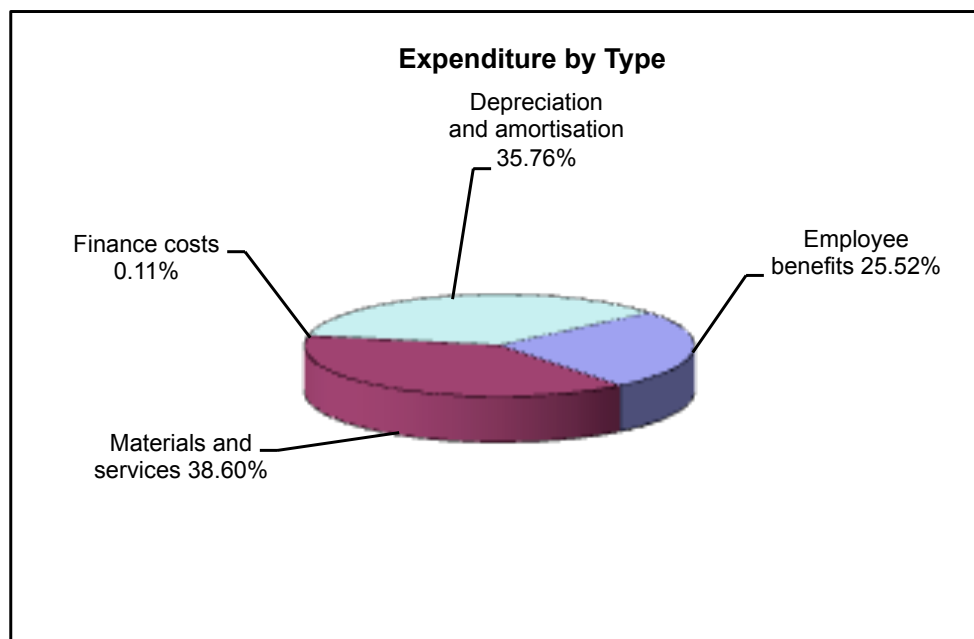
## Income Statement

### Revenue – where did the dollars come from?



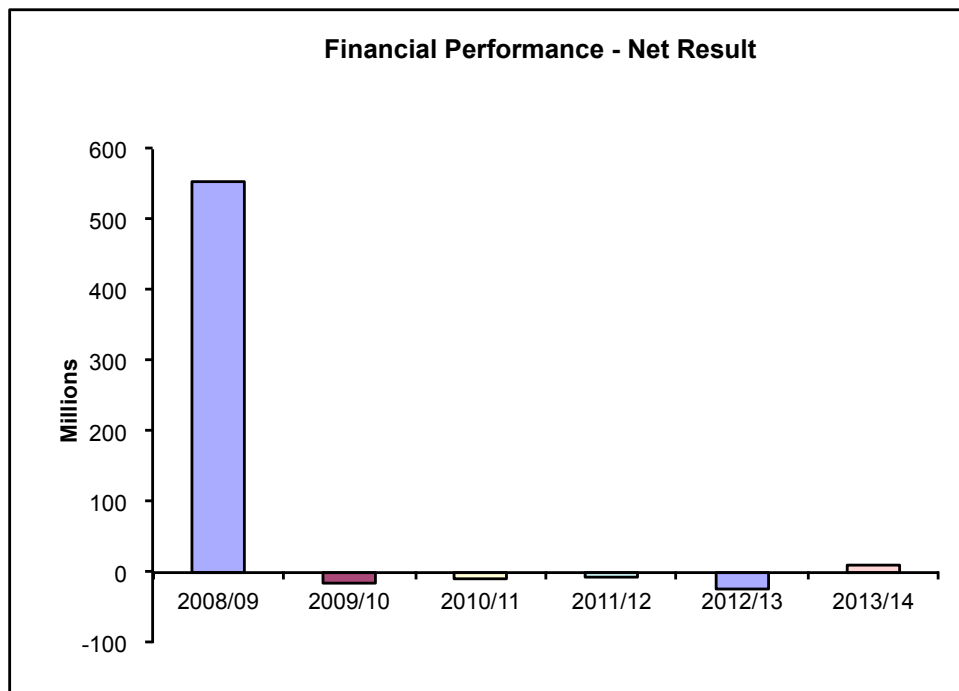
Council received \$55.7 million in revenue during 2013/2014. This was primarily from sales revenue of \$24.6 million which accounted for 44.2% of total revenue and grants, subsidies, contributions and donations of \$19.1 million which accounted for 34.3% of total revenue. Capital grants made up 8.8% of revenue. The remaining revenue is sourced from interest revenue, rental income and fees.

### Expenses – where were the dollars spent?



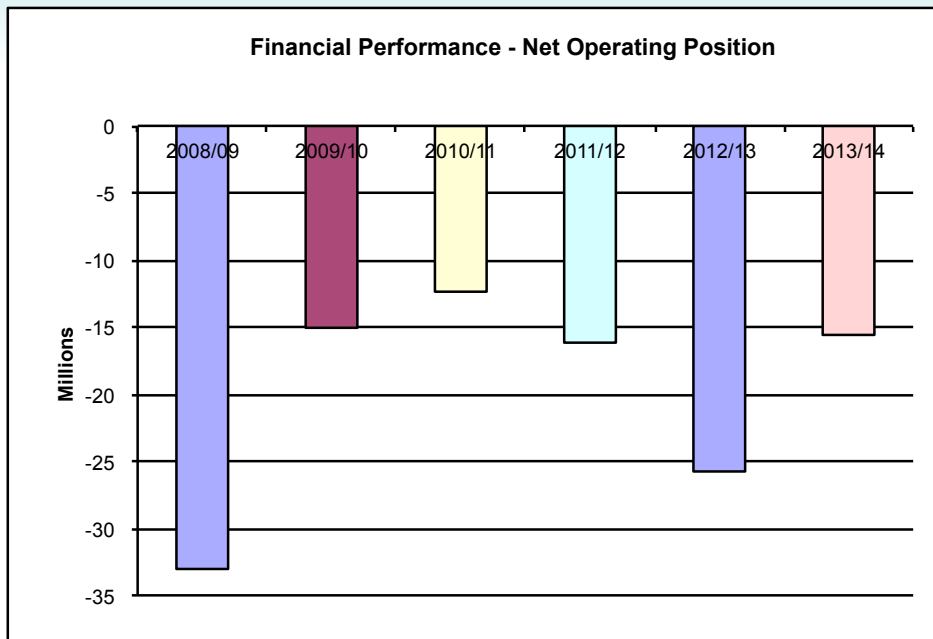
Total expenses of \$71.2 million were incurred from July 2013 to June 2014, which were primarily for employee costs of \$18.2 million and materials and services of \$27.5 million which together made up 64.1% of total expenditure. The remaining expenditure is made up of depreciation and amortisation and 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 2013/2014 net result is \$10.6 million which indicates that revenue is \$10.6 million more than expenses. It should be noted that Council is carrying depreciation expense in this figure to the tune of \$25.5 million.

## 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.

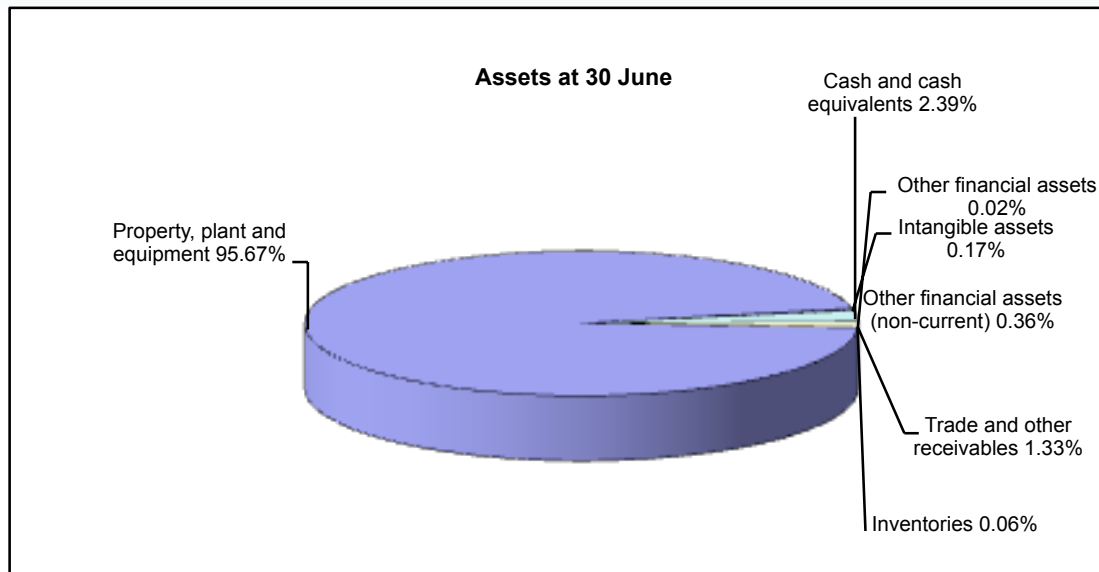
In many ways the operating position is the best measure of Council's financial performance in a given year. The operating position gives an indication of Council's ability to continue operating at sustainable levels, as well as Council's ability to fund the future acquisition and replacement of assets.

The Council is showing a loss level in terms of operating position, principally due to recognition of depreciation (or consumption of assets) (\$25.5 million).



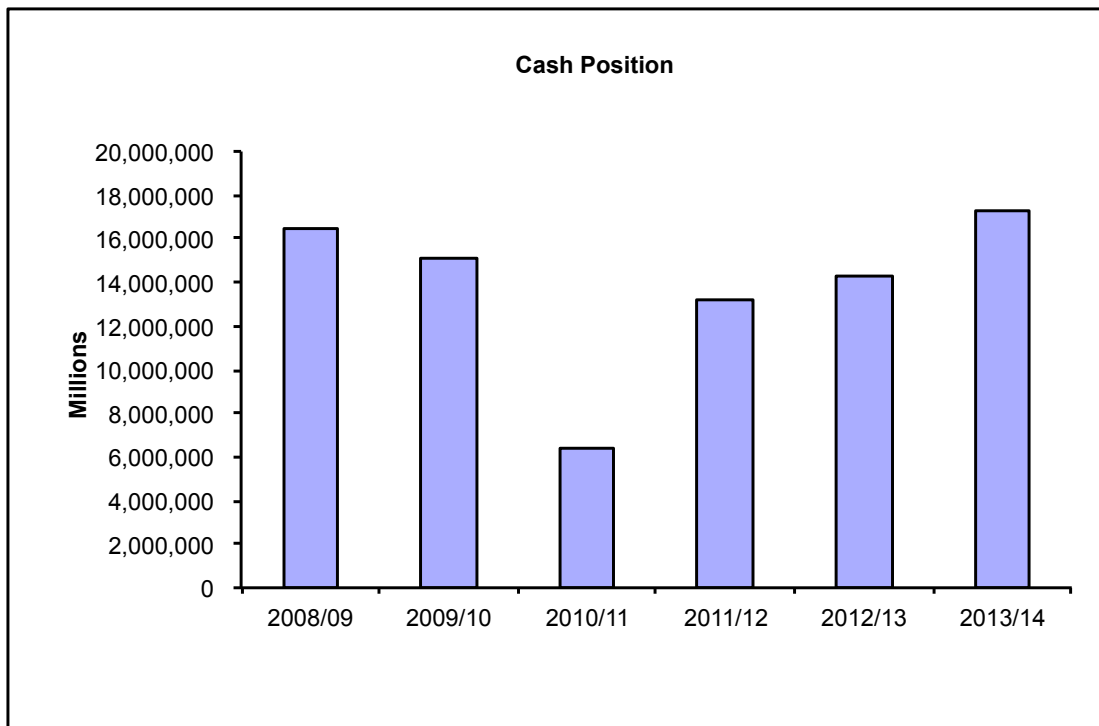
## Balance sheet

### Assets – what we own and what is owing to us



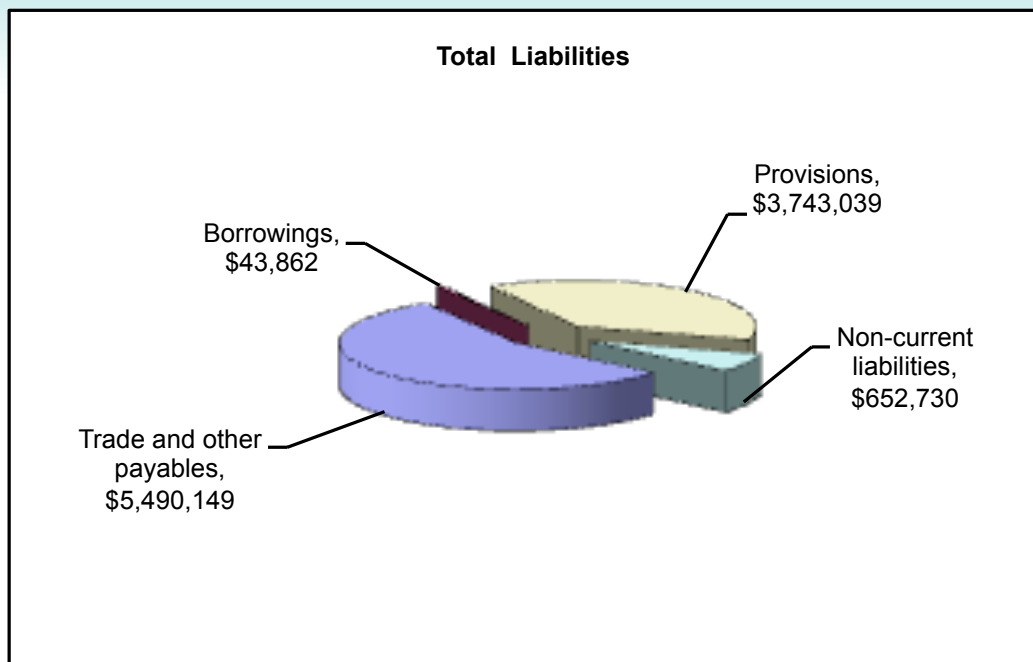
The major components of assets include property, plant and equipment, land, roads, water and sewerage, housing and cash assets. These assets represent 98.1% of all assets.

### Cash



The cash position at 30 June 2014 was \$17.3 million.

## Liabilities – what we owe



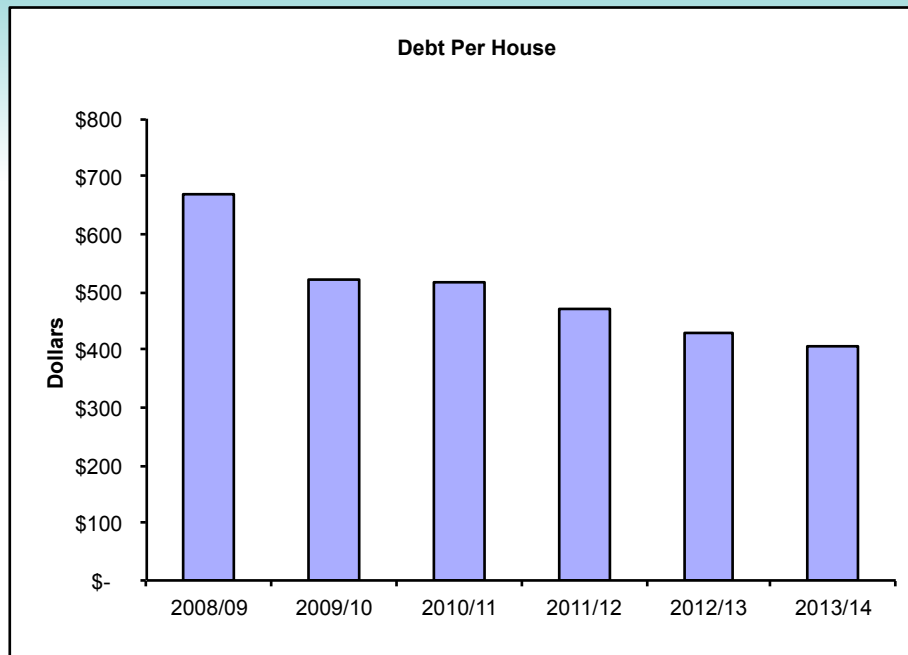
Council's liabilities include loans, amounts owing to suppliers, and amounts owing to employees for leave entitlements. Total liabilities at 30 June 2014 were \$9.9 million.

## 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 \$405 at 30 June 2014.

## Conclusion

At 30 June 2014, 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 Department of Local Government, Community Recovery and Resilience has published a Financial Management (Sustainability) Guideline, 2013 Version 1. The Department has defined sustainability in the Queensland Local Government sector as:

*A local government is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital 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           | Current Assets   | 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        | 2.96  |
|                                 | Current Liabilities  |   |                         |   |
| Operating Surplus Ratio         | Net Operating Surplus  | This is an indicator of the extent to which revenues raised cover operational expenses or are available for capital funding.  | Between 0% and 15%      | -40%  |
|                                 | Total Operating Revenue  |   |                         |   |
| Net Financial Liabilities Ratio | Total Liabilities - Current Assets   | 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%    | -35%  |
|                                 | Total Operating Revenue  |   |                         |   |
| Interest Coverage Ratio         | Net Interest Expense on Debt   | This ratio indicates the extent to which council's operating revenues are committed to interest expense.  | Between Target 0% - 10% | 0.06%   |
|                                 | Total Operating Revenue  |   |                         |   |
| Asset Sustainability Ratio      | Capital Expenditure on Replacement Assets                                  | 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%        | 133%  |
|                                 | Depreciation Expense   |   |                         |   |
| Asset Renewal Funding Ratio     | Net Present Value of Planned Capital Expenditure on Renewals over 10 years | This represents the extent to which the 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 |
|                                 | Net Present Value of Required Capital Expenditure on Renewals              |   |                         |   |

## Relevant measures of financial sustainability

|                                 | 30 Jun<br>'11 | 30 Jun<br>'12 | 30 Jun<br>'13 | 30 Jun<br>'14 | 30 Jun<br>'15 | 30 Jun<br>'16 | 30 Jun<br>'17 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Working Capital Ratio           | 1.31          | 1.97          | 5.05          | 2.96          | 3.52          | 3.44          | 3.32          |
| Operating Surplus Ratio         | -34%          | -35%          | -47%          | -40%          | -42%          | -34%          | -33%          |
| Net Financial Liabilities Ratio | -2%           | -9%           | -25%          | -35%          | -8%           | -13%          | -12%          |
| Interest Coverage Ratio         | 0.16%         | 0.12%         | 0.05%         | -0.06%        | -0.05%        | 0.04%         | 0.03%         |
| Asset Sustainability Ratio      | 26.49%        | 21%           | 18%           | 133%          | 48.00%        | 19.00%        | 19.00%        |
|                                 | 30 Jun<br>'18 | 30 Jun<br>'19 | 30 Jun<br>'20 | 30 Jun<br>'21 | 30 Jun<br>'22 | 30 Jun<br>'23 |               |
| Working Capital Ratio           | 3.19          | 3.06          | 3.08          | 3.21          | 3.29          | 3.37          |               |
| Operating Surplus Ratio         | -31%          | -31%          | -27%          | -26%          | -26%          | -25%          |               |
| Net Financial Liabilities Ratio | -12%          | -11%          | -11%          | -13%          | -14%          | -15%          |               |
| Interest Coverage Ratio         | -0.03%        | -0.02%        | -0.02%        | -0.01%        | 0.00%         | 0.00%         |               |
| Asset Sustainability Ratio      | 19.00%        | 19.00%        | 20.00%        | 20.00%        | 20.00%        | 20.00%        |               |

Listed above are the relevant measures of financial sustainability for the Council for the current year and future ten (10) years.

This Community Financial Report and Financial Sustainability Indicator Report has been compiled in accordance with *Local Government Regulation 2012* s178, 179.

## 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.

## **Attached Financial statements 2013 - 2014**

- TSIRC Financial Statements 2013-14
- Signed Management Certificate
- Auditor Report
- Detailed Discretionary Fund Allocation



RECEIVED

13 NOV 2014



Queensland Audit Office

Your ref:  
Our ref: 2014-4145  
Mr Brendan Macrae – 3149 6118

3 November 2014

Ms D Ahwang  
Chief Executive Officer  
Torres Strait Island Regional Council  
PO Box 7532  
CAIRNS QLD 4875

Dear Ms Ahwang

**General Purpose Financial Statements—2013–14**  
**Current-year Financial Sustainability Statement – 2013-14**

- Torres Strait Island Regional Council

I enclose for your information the certified General Purpose Financial Statements as required by s.40(4) of the *Auditor-General Act 2009* and the certified Current-year Financial Sustainability Statement. Copies of the certified statements have also been forwarded to the Minister for Local Government, Community Recovery and Resilience and the Mayor.

I have issued an unmodified auditor's report. However, consistent with all other councils, I have included an emphasis of matter in the auditor's report on the current year financial sustainability statement to highlight the use of the special purpose basis of accounting.

Yours sincerely

Brendan Macrae  
Director

Enc.

# Torres Strait Island Regional Council

## Financial Statements

For the year ended 30 June 2014

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Independent Auditor's Report on Current Year Financial Sustainability Statement

The following unaudited statement is provided as additional information

Long Term Financial Sustainability Statement

**Torres Strait Island Regional Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2014**

|  | <b>Note</b> | <b>2014</b><br><b>\$</b> | <b>2013</b><br><b>\$</b> |
|--|-------------|--------------------------|--------------------------|
| <b>Income</b>  |             |                          |                          |
| <b>Revenue</b>                                       |             |                          |                          |
| <b>Recurrent revenue</b>                             |             |                          |                          |
| Community levies, rates and charges                  | 3(a)        | 940,600                  | 1,106,690                |
| Fees and charges                                     |             | 221,605                  | 143,536                  |
| Rental income  | 3(b)        | 4,868,525                | 3,598,275                |
| Interest received                                    |             | 440,365                  | 278,349                  |
| Sales revenue  | 3(c)        | 24,606,925               | 22,890,208               |
| Other income   |             | 581,655                  | 117,140                  |
| Grants, subsidies, contributions and donations       | 4(a)        | 19,116,765               | 30,297,292               |
|  |             | <u>50,776,441</u>        | <u>58,431,490</u>        |
| <b>Capital revenue</b>                               |             |                          |                          |
| Grants, subsidies, contributions and donations       | 4(b)        | 4,903,762                | 1,587,665                |
|  |             | <u>4,903,762</u>         | <u>1,587,665</u>         |
| <b>Total Revenue</b>                                 |             | <u>55,680,203</u>        | <u>60,019,155</u>        |
| <b>Capital income</b>                                | 5           | 27,139,142               | 2,531,602                |
| <b>Total Income</b>                                  |             | <u>82,819,346</u>        | <u>62,550,757</u>        |
| <b>Expenses</b>                                      |             |                          |                          |
| <b>Recurrent expenses</b>                            |             |                          |                          |
| Employee benefits                                    | 6           | (18,185,803)             | (17,592,195)             |
| Materials and services                               | 7           | (27,500,862)             | (36,660,271)             |
| Finance costs  | 8           | (81,683)                 | (5,616,744)              |
| Depreciation   | 9           | (25,480,754)             | (25,887,834)             |
|  |             | <u>(71,249,102)</u>      | <u>(85,757,044)</u>      |
| <b>Capital expenses</b>                              | 10          | (942,710)                | (10,547)                 |
| <b>Total Expenses</b>                                |             | <u>(72,191,813)</u>      | <u>(85,767,591)</u>      |
| <b>Net Result</b>                                    |             | 10,627,533               | (23,216,834)             |
| <b>Other comprehensive income</b>                    |             |                          |                          |
| Increase / (decrease) in asset revaluation surplus   | 21          | 21,656,978               | -                        |
| <b>Total other comprehensive income for the year</b> |             | 21,656,978               | -                        |
| <b>Total comprehensive income for the year</b>       |             | <u>32,284,511</u>        | <u>(23,216,834)</u>      |

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies

**Torres Strait Island Regional Council**  
**Statement of Financial Position**  
**For the year ended 30 June 2014**

|                                      | <i>Note</i> | <b>2014</b><br>\$  | <b>* Restated</b><br><b>2013</b><br>\$ |
|--------------------------------------|-------------|--------------------|--|
| <b>Current assets</b>                |             |                    |  |
| Cash and cash equivalents            | 11          | 17,273,347         | 14,226,339                             |
| Trade and other receivables          | 12          | 9,640,768          | 7,791,150                              |
| Inventories                          | 13          | 417,999            | 547,971                                |
| Other financial assets               | 14          | 166,326            | -                                      |
|                                      |             | <u>27,498,441</u>  | <u>22,565,460</u>                      |
| <b>Total current assets</b>          |             | <u>27,498,441</u>  | <u>22,565,460</u>                      |
| <b>Non-current assets</b>            |             |                    |  |
| Property, plant and equipment        | 15          | 691,922,986        | 666,134,766                            |
| Intangible assets                    | 17          | 1,199,003          | 1,129,278                              |
| Other financial assets               | 14          | 2,589,391          | -                                      |
| <b>Total non-current assets</b>      |             | <u>695,711,380</u> | <u>667,264,044</u>                     |
| <b>Total assets</b>                  |             | <u>723,209,821</u> | <u>689,829,504</u>                     |
| <b>Current liabilities</b>           |             |                    |  |
| Trade and other payables             | 18          | 5,490,149          | 3,688,796                              |
| Borrowings                           | 19          | 43,862             | 41,392                                 |
| Provisions                           | 20          | 3,743,039          | 737,216                                |
| <b>Total current liabilities</b>     |             | <u>9,277,050</u>   | <u>4,467,404</u>                       |
| <b>Non-current liabilities</b>       |             |                    |  |
| Borrowings                           | 19          | 378,182            | 422,024                                |
| Provisions                           | 20          | 274,548            | 3,047,861                              |
| <b>Total non-current liabilities</b> |             | <u>652,730</u>     | <u>3,469,885</u>                       |
| <b>Total Liabilities</b>             |             | <u>9,929,780</u>   | <u>7,937,289</u>                       |
| <b>Net community assets</b>          |             | <u>713,280,042</u> | <u>681,892,215</u>                     |
| <b>Community equity</b>              |             |                    |  |
| Asset revaluation surplus            | 21          | 155,407,899        | 150,357,342                            |
| Retained surplus/(deficiency)        |             | 557,872,145        | 531,534,875                            |
| <b>Total community equity</b>        |             | <u>713,280,045</u> | <u>681,892,216</u>                     |

\* Comparative figures have been restated. Refer to Note 27 for details

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies

**Torres Strait Island Regional Council**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2014**

|  | <b>Note</b> | <b>Asset Revaluation<br/>Surplus</b> | <b>Retained Surplus</b> | <b>Total</b>         |
|--|-------------|--------------------------------------|-------------------------|----------------------|
|  |             | <b>\$</b>                            | <b>\$</b>               | <b>\$</b>            |
| <b>Balance as at 1st July 2013 (Restated)</b>          |             | 150,357,342                          | 531,534,875             | 681,892,216          |
| Effect of correction of error                          | 27          | -                                    | ( 896,684)              | ( 896,684)           |
| <b>Restated balances</b>                               |             | <b>150,357,342</b>                   | <b>530,638,191</b>      | <b>680,995,533</b>   |
| <b>Net result</b>                                      |             | -                                    | 10,627,533              | 10,627,533           |
| Increase / (decrease) in asset revaluation surplus     | 21          | 5,050,557                            | -                       | 5,050,557            |
| Transfer Asset Revaluation Surplus to Retained Surplus |             |                                      | 16,606,421              | 16,606,421           |
| <b>Total comprehensive income for the year</b>         |             | <b>5,050,557</b>                     | <b>27,233,954</b>       | <b>32,284,511</b>    |
| <b>Balance as at 30th June 2014</b>                    |             | <b>155,407,899</b>                   | <b>557,872,145</b>      | <b>713,280,045</b>   |
| <b>Balance as at 1st July 2012</b>                     |             | 153,176,979                          | 553,978,569             | 707,155,549          |
| Effect of correction of error                          | 27          | ( 2,819,637)                         | 773,141                 | ( 2,046,496)         |
| <b>Restated balances</b>                               |             | <b>150,357,342</b>                   | <b>554,751,710</b>      | <b>705,109,053</b>   |
| <b>Net Result</b>                                      |             | -                                    | ( 23,216,834)           | ( 23,216,834)        |
| Increase / (decrease) in asset revaluation surplus     | 21          | -                                    | -                       | -                    |
| <b>Total comprehensive income for the year</b>         |             | <b>-</b>                             | <b>( 23,216,834)</b>    | <b>( 23,216,834)</b> |
| <b>Balance as at 30th June 2013</b>                    |             | <b>150,357,342</b>                   | <b>531,534,875</b>      | <b>681,892,216</b>   |

\* Comparative figures have been restated. Refer to Note 27 for details

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies

**Torres Strait Island Regional Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2014**

|   | Note | Council                   |                          |
|---|------|---------------------------|--------------------------|
|   |      | 2014                      | 2013                     |
|   |      | \$                        | \$                       |
| <b>Cash flows from operating activities</b>                             |      |                           |                          |
| Receipts from customers   |      | 29,369,693                | 25,613,645               |
| Payments to suppliers and employees                                     |      | (43,617,187)              | (54,451,100)             |
|   |      | <u>(14,247,495)</u>       | <u>(28,837,455)</u>      |
| Interest received   |      | 440,365                   | 278,349                  |
| Non capital grants and contributions                                    |      | 19,116,765                | 30,297,292               |
| Borrowing costs   |      | (28,697)                  | (31,170)                 |
| <b>Net cash inflow (outflow) from operating activities</b>              |      | <u><b>5,280,938</b></u>   | <u><b>1,707,016</b></u>  |
| <b>Cash flows from investing activities</b>                             |      |                           |                          |
| Payments for property, plant and equipment                              |      | (6,932,105)               | (2,039,899)              |
| Payments for intangible assets  |      | (257,937)                 | (371,969)                |
| Proceeds from sale of property plant and equipment                      |      | 93,723                    | 156,529                  |
| Grants, subsidies, contributions and donations                          |      | 4,903,762                 | 1,587,665                |
| <b>Net cash inflow (outflow) from investing activities</b>              |      | <u><b>(2,192,557)</b></u> | <u><b>(667,674)</b></u>  |
| <b>Cash flows from financing activities</b>                             |      |                           |                          |
| Repayment of borrowings   | 19   | (41,373)                  | (38,900)                 |
| <b>Net cash inflow (outflow) from financing activities</b>              |      | <u><b>(41,373)</b></u>    | <u><b>(38,900)</b></u>   |
| <b>Net increase (decrease) in cash and cash equivalent held</b>         |      | <u><b>3,047,008</b></u>   | <u><b>1,000,442</b></u>  |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |      | <b>14,226,339</b>         | <b>13,225,897</b>        |
| <b>Cash and cash equivalents at end of the financial year</b>           | 11   | <u><b>17,273,347</b></u>  | <u><b>14,226,339</b></u> |

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1 Significant accounting policies**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

**1.B Statement of compliance**

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

**1.C Constitution**

The Torres Strait Island Regional Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

**1.D Date of authorisation**

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

**1.E Currency**

The Council uses the Australian dollar as its functional currency and its presentation currency.

**1.F Adoption of new and revised Accounting Standards**

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies. However the Application of AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 for the first time this year has resulted in greater disclosures.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.



**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

|  | Effective for<br>annual report<br>periods beginning<br>on or after: |
|--|---|
| AASB 9 <i>Financial Instruments</i> (December 2009)  | 1 January 2017  |
| 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)   | 1 January 2015  |
| AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)   | 1 January 2015  |
| AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i>   | 1 January 2014  |
| AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i><br>[AASB 132]   | 1 January 2014  |
| AASB 2013-1 <i>Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements</i>  | 1 July 2014   |
| AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>  | 1 January 2014  |
| AASB 2013-5 <i>Amendments to Australian Accounting Standards – Investment Entities</i> [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]   | 1 January 2014  |
| AASB 2013-6 <i>Amendments to AASB 136 arising from Reduced Disclosure Requirements</i>   | 1 January 2014  |
| AASB 2013-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities</i> [AASB 10, AASB 12 & AASB 1049]   | 1 January 2014  |
| AASB 2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i><br>[Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015] | 1 January 2014  |

**1.G Critical accounting judgements and key sources of estimation uncertainty**

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - Note 1.O and Note 15  
 Impairment of property, plant and equipment - Note 1.Q and Note 10  
 Provisions - Note 1.T and 1.V and Note 20  
 Valuation of finance leases - Note 1.R  
 Contingencies - Note 23

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.H Revenue**

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates and Community Levies

The amount is recognised as revenue in the period in which they are received, otherwise levies are recognised at the commencement of levy period.

Grants and subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

Rental income

Rental revenue from community housing and commercial rentals is recognised as income on a periodic straight line basis over the lease term. Council does not have any investment property.

Interest

Interest received from operating bank, cash management accounts and term deposits is accrued over the term of the investment.

Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.

The Council generates revenues from a number of services including accommodation, fuel, and plant & equipment hire. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date.

Fees and Charges

Fees and charges are recognised upon unconditional entitlement to the funds.

Capital Income from Contributed Assets

Capital income from contributed assets recognises as income those assets that have been transferred to the Council from other Government entities and Departments. The majority of these assets are from infrastructure projects funded by the State and Federal Governments. The assets are recognised upon the practical transfer of the asset to the Council. The assets are recognised at cost as supplied by the Contributor agency/department as the Council believes the provided costs approximate fair value at date of transfer.

The funding and construction of infrastructure assets by State and Federal Government Departments, which are then transferred to the Council is expected to be ongoing process. Refer to Note 25 for Funds held in Trust for this purpose.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.I Financial assets and financial liabilities**

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Torres Strait Island Regional Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (Note 1.J)

Receivables - measured at amortised cost (Note 1.K)

Other financial assets (finance leases) - measured at fair value (Note 1.R)

Financial liabilities

Borrowings - measured at amortised cost (Note 1.U)

Finance lease liabilities - measured at fair value (Note 1. R)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of borrowings, as disclosed in Note 19 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

With the exception of finance lease assets and finance lease liabilities, Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 28.

**1.J Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**1.K Receivables**

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.L Inventories**

Stores, raw materials held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

**1.M Investments**

Term deposits in excess of six months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2014 Council did not have any term deposits in excess of six months.

**1.N Community Housing**

The Council currently holds a social welfare housing portfolio and these buildings are held to meet service delivery objectives, rather than to earn rental or for capital appreciation purposes.

As the buildings held by Council do not meet the definition of Investment Property, these building are accounted for in accordance with Note 1O Property, Plant & Equipment.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.0 Property, plant and equipment**

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets and buildings with a total value of less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:

Buildings (Community) - Includes Leasehold assets held on Mer Island

Buildings (Corporate) - Includes Leasehold assets held on Mer Island

Recreation Facilities

Roads / Transport Network

Stormwater Drainage Network

Flood Mitigation Network

Water Supply Network

Sewerage Network

Bridges

Wharves, Piers, Jetties and Pontoons

Waste Landfill

Land Assets

Plant & Equipment

Work in Progress

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions are recognised as assets and revenues at cost as supplied by the Contributor entity where that value exceeds the recognition thresholds for the respective asset class.

Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant & Equipment* and AASB 13 *Fair Value Measurement*. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus of that asset class.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

Land under roads

Torres Strait Island Regional Council does not control any land under roads. Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

Deed of Grant in Trust Land

The Council is located on land assigned to it under various Deeds of Grant in Trust (DOGIT) pursuant to Section 34I of the Land Act 1994. The land comprises an area of approximately 483.6 square kilometres, across the following Islands:

Boigu Island  
Dauan Island  
Erub Island  
Hammond Island  
Iama Island  
Moa Island (the location of the former St Paul's and Kubin Island Councils)  
Mabuag Island  
Poruma Island  
Saibai Island  
Ugar Island  
Warraber Island  
Masig Island

The land is administered by the Department of Natural Resources & Mines and the Council has restricted use of this land for the benefit of island inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.

The Reserves Land for Mer Island was managed by the Department of Communities, Child Safety and Disabilities Services until the 14th December 2012. On the 14th December 2012 Mer Gedken Le (Torres Strait Islanders) Corporation became the trustee under deed of grant. The Corporation is Trustee for the native Title Holder of the Torres Strait Island Land.

The DOGIT Land for Badu Island was administered by the Department of Natural Resources & Mines until the 1st February, 2014. On the 1st February, 2014, Mura Badulgal (Torres Strait Islanders) Corporation became the trustee under deed of grant. The Corporation is Trustee for the Native Title Holder of the Torres Strait Island Land.

Buildings and Infrastructure on Badu and Mer Islands are leased by council for the terms of 5 years, 30 years and 99 years at agreed values.

The relevant leased assets are still reported as assets of the Council, land is not reported, nominal rental is paid except for the childcare centre and residence on Badu Island, for which future commitments are \$137,893.57 over 5 years. They have not been classified as finance leases as assets were originally constructed by council, and recorded as such prior to the change in land arrangements. No lease liability has been recognised in the financial statements for these leases.

Pursuant to the terms and conditions of the respective leases, it is intended that the council continue to maintain these assets for the benefit of the community, as council possesses the necessary skills and knowledge to best utilise these assets.

**1.P Intangible assets**

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 17.

**1.Q Impairment of non-current assets**

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised as an expense in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.



**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.R Leases**

Leases of property, plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

**Finance leases as lessor**

Council has leased 43 dwellings located on Moa Island (Kubin) as lessor to the Queensland Government for 40 years. The total lease payment per dwelling in the current year was \$2,001, (\$Nil for 2012-13). These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (depreciated replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains on revaluation of finance lease assets are recognised as other income.

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

**Operating leases**

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

**Finance Leases**

The Council has no Finance Leases

**1.S Payables**

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

**1.T Liabilities - employee benefits**

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. Where it is expected that the leave will be paid in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

**Salaries and wages**

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 18 as a payable.

**Annual leave**

A liability for annual leave is recognised. Amounts are expected to be settled within 12 months and are calculated on current wage and salary levels and includes related employee on-cost. This liability represents an accrued expense and is reported in Note 18 as a payable.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
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Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 24.

Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 20 as a provision.

**1.U Borrowings and borrowing costs**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the *Local Government Regulation 2012* council adopts an annual debt policy that sets out council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

**1.V Restoration provision**

A provision is made for the cost of restoration in respect of refuse dumps where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required, discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration.

Refuse dump restoration

The provision represents the present value of the anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the sites will close in 2015.

As refuse dumps are on state reserves / DOGIT land which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

**1.W Asset revaluation surplus**

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount in surplus in respect of that asset in the asset revaluation surplus is transferred to retained surplus.

**1.X Retained surplus**

In reference to the comparative figures for the year ended 30 June 2013, this represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1.Y Rounding and comparatives**

The financial statements have been rounded to the nearest \$1.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

**1.Z Trust funds held for outside parties**

Funds held in the trust account on behalf of outside parties include those funds held for Community Churches, Funeral Funds and Community groups. These have been paid into a separate bank account maintained by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 25.

**1.AA Funds held in trust by outside parties**

Some funds belonging to Council are held in the trust funds of third parties. These include grants for major infrastructure projects. For details see Note 25.

**1.AB Taxation**

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

The Council has identified no activities for which it is liable to pay payroll tax to the Queensland Government.

**1.AC Carbon Pricing**

In 2011 the Australian Government introduced a Clean Energy Legislation package. One aspect of this package, which impacts Council indirectly is the introduction of a pricing mechanism for greenhouse gas emissions in the Australian economy.

The Clean Energy legislation ( Carbon Tax Repeal) Act 2014 abolished the carbon pricing mechanism established by the Clean Energy Act 2011 from July 2014

Council operates 15 landfill facilities that have annual emissions of carbon dioxide equivalent that are below the individual site threshold of 25,000 tonnes. Council modelling indicates that the facilities are unlikely to exceed this threshold in the foreseeable future therefore no direct liability has arisen, or is likely to arise as a result of this legislation.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**2. Analysis of Results by Function**

**2(a) Components of Council functions**

The activities relating to the Council's components reported on in Note 2(b) are as follows :

**Executive**

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements.

Key components of the Executive function include:

- \* Internal Audit
- \* Administration for Councillors
- \* Legal Services
- \* Public Relations
- \* Community Police Services (ceased 30th September 2013)
- \* Building and maintenance

**Corporate**

The support functions of Management of the Council's Human Resources, information technology and administration.

Key components of the Corporate function include:

- \* Procurement and Plant Management
- \* Asset and Risk Management
- \* Human Resources
- \* Risk & Natural Disaster
- \* Administration and Governance Services
- \* Records and Information Technology Management

**Finance**

The support functions of Management of the Council's finance.

- \* Financial Services

**Economic and Community Services**

Community services and facilities including cultural, health, welfare, environmental & recreational services, and community development.

Some of the key infrastructure used by this program to deliver services include Council's network of libraries, public parks and child care centres.

The program's direct intervention in the areas of health protection, community and recreational development and event sponsorship ensures that the Torres Strait Island Community and Culture remains vibrant and strong.

This function includes:

- \* Economic Development
- \* Libraries
- \* Housing
- \* Environmental and Health Services
- \* Senior, Youth, Sport and Recreation Services

**Engineering**

Engineering Services are linked with Council's commitment to public health, transport, water and wastewater infrastructure.

Some of the key infrastructure used by this program to deliver services include Council's networks of water and sewer, roads and streets, natural waterways, kerb and channel and water quality.

Key components of the Engineering Services function include:

- \* Planning services
- \* Water Services
- \* Wastewater Services
- \* Civil Works Services
- \* Engineering Services
- \* Airport and Seaports

The outcomes achieved by Engineering Services are linked with Council's commitment to public health, transport, water and wastewater infrastructure.

Torres Strait Island Regional Council  
Notes to the financial statements  
For the year ended 30 June 2014

2 Analysis of results by function  
(b) Income and expenses defined between recurring and capital are attributed to the following functions:

| Functions                     | Gross program income |            |           |            |           |             |              |             |             |              | Elimination of inter-function transactions | Total income | Gross program expenses |  | Elimination of inter-function transactions | Total expenses | Net result from recurrent operations | Net Result | Assets |
|-------------------------------|----------------------|------------|-----------|------------|-----------|-------------|--------------|-------------|-------------|--------------|--|--------------|------------------------|--|--|----------------|--------------------------------------|------------|--------|
|                               | Recurrent            |            | Capital   |            | Recurrent | Capital     |              |             |             |              |  |              |                        |  |  |                |                                      |            |        |
|                               | Grants               | Other      | Grants    | Other      |           |             |              |             |             |              |  |              |                        |  |  |                |                                      |            |        |
|                               |                      |            |           |            |           |             | 2014         | 2014        | 2014        | 2014         |  |              |                        |  |  |                |                                      |            |        |
|                               |                      |            |           |            |           |             |              |             |             |              |  |              |                        |  |  |                |                                      |            |        |
|                               |                      |            |           |            |           |             |              |             |             |              |  |              |                        |  |  |                |                                      |            |        |
| Executive                     | 1,838,246            | 25,598,245 | 5,000     | -          | 536,893   | 27,866,384  | (39,282,658) | -           | (1,019,021) | (40,311,679) | (37,454,412)                               | (12,345,295) | -                      |  |  |                |                                      |            |        |
| Economic & Community Services | 3,983,270            | 25,219     | -         | -          | -         | 4,008,489   | (3,376,379)  | -           | (1,609)     | (3,377,989)  | 606,890                                    | 630,500      | 304,723,62             |  |  |                |                                      |            |        |
| Finance                       | 8,147,850            | 694,579    | -         | -          | -         | 10,042,228  | (3,079,528)  | -           | -           | (3,079,528)  | 6,068,121                                  | 6,962,700    | 30,087,83              |  |  |                |                                      |            |        |
| Engineering                   | 4,020,844            | 5,044,946  | 2,507,641 | -          | 53,431    | 11,520,001  | (16,878,244) | (1,959,611) | (1,753,611) | (20,591,465) | (12,457,400)                               | (9,071,485)  | 328,708,02             |  |  |                |                                      |            |        |
| Corporate                     | 126,756              | 202,410    | 2,391,120 | -          | 2,290,780 | 52,719,589  | (27,325,794) | (942,710)   | -           | (28,268,504) | (27,199,038)                               | 24,451,094   | 58,690,33              |  |  |                |                                      |            |        |
| Total Council                 | 19,116,765           | 31,753,400 | 4,903,762 | 47,708,532 | 2,774,242 | 108,266,701 | (89,852,504) | (2,982,321) | (2,774,242) | (95,629,165) | (70,535,838)                               | 10,627,534   | 723,208,82             |  |  |                |                                      |            |        |

Year Ending 30 June 2013 - Restated \*

|                               | Gross program income |            |           |           |             |            |  |              |           |              | Gross program expenses |              |  |                |                                      |            |      |  |  |  | Assets |
|-------------------------------|----------------------|------------|-----------|-----------|-------------|------------|--|--------------|-----------|--------------|------------------------|--------------|--|----------------|--------------------------------------|------------|------|--|--|--|--------|
|                               | Recurrent            |            |           |           | Capital     |            | Elimination of inter-function transactions | Total income | Recurrent |              | Capital                |              | Elimination of inter-function transactions | Total expenses | Net result from recurrent operations | Net Result |      |  |  |  |        |
|                               | Grants               | Other      | 2013      | 2013      | Grants      | Other      |  |              | 2013      | 2013         | 2013                   | 2013         |  |                |                                      |            |      |  |  |  |        |
|                               |                      |            |           |           |             |            |  |              |           |              |                        |              |  |                |                                      |            |      |  |  |  |        |
|                               | Grants               | Other      | 2013      | 2013      | Grants      | Other      | 2013                                       | 2013         | 2013      | 2013         | 2013                   | 2013         | 2013                                       | 2013           | 2013                                 | 2013       | 2013 |  |  |  |        |
|                               | \$                   |            | \$        | \$        | \$          |            | \$   | \$           | \$        | \$           | \$                     | \$           | \$   | \$             | \$                                   | \$         | \$   |  |  |  |        |
| Executive                     | 3,687,062            | 6,370,938  | -         | -         | (355,967)   | 9,682,033  | (25,648,539)                               | -            | 677,603   | (24,970,937) | (15,610,539)           | (15,288,904) | -  |                |                                      |            |      |  |  |  |        |
| Economic & Community Services | 4,088,977            | 19,145,146 | -         | -         | (382,323)   | 22,851,798 | (24,358,324)                               | -            | 1,345,402 | (23,012,923) | (11,124,202)           | 312,544,428  | (161,123)                                  |                |                                      |            |      |  |  |  |        |
| Finance                       | 18,403,256           | 4,831,267  | -         | -         | (4,175,974) | 26,127,586 | (14,874,486)                               | (3,448,292)  | (385,915) | (16,708,693) | 5,011,745              | 6,419,203    | 22,565,460                                 |                |                                      |            |      |  |  |  |        |
| Engineering                   | 3,892,000            | 3,114,108  | 1,587,695 | -         | (512,996)   | 7,880,777  | (28,302,955)                               | -            | 3,790,171 | (22,512,784) | (19,486,648)           | (14,632,006) | 297,141,099                                |                |                                      |            |      |  |  |  |        |
| Corporate                     | 445,997              | -          | -         | -         | -           | 445,997    | -  | -            | -         | -            | 445,997                | 445,997      | 57,578,516                                 |                |                                      |            |      |  |  |  |        |
| Total Council                 | 30,287,282           | 33,561,450 | 1,587,695 | 5,869,347 | (5,427,280) | 65,988,502 | (91,164,305)                               | (3,448,292)  | 5,427,280 | (89,205,337) | (30,773,847)           | (23,216,835) | 689,829,503                                |                |                                      |            |      |  |  |  |        |

**Torres Strait Island Regional Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

|            | <b>Note</b>   | <b>2014</b>       | <b>2013</b>       |
|------------|---|-------------------|-------------------|
|            |   | <b>\$</b>         | <b>\$</b>         |
| <b>3</b>   | <b>Revenue analysis</b>   |                   |                   |
| <b>(a)</b> | <b>Community levies, rates and charges</b>  |                   |                   |
|            | Council Rates & Levies are set as per council resolution from the Striking of Rates and Charges as approved by Council.   |                   |                   |
|            | General rates   | 3,000             | 1,598             |
|            | Water consumption, rental and sundries  | 203,784           | 347,347           |
|            | Sewerage  | 518,907           | 534,836           |
|            | Waste management  | 214,909           | 222,909           |
|            |   | <u>940,600</u>    | <u>1,106,691</u>  |
| <b>(b)</b> | <b>Rental Income</b>  |                   |                   |
|            | Housing Rental  | 4,292,760         | 3,072,412         |
|            | Commercial Rentals  | 575,765           | 525,862           |
|            |   | <u>4,868,525</u>  | <u>3,598,274</u>  |
|            | Council reviewed all housing rentals as at 1st February 2014 and this reflects the increase in housing income   |                   |                   |
| <b>(c)</b> | <b>Sales revenue</b>  |                   |                   |
|            | Council provides a range of goods and services to the community & other third parties for a fee based on these goods & services. These fees are set in the Fees & Charges Register adopted by Council |                   |                   |
|            | <b>Sale of services</b>   |                   |                   |
|            | Contract and recoverable works  | 21,552,947        | 19,585,870        |
|            | Plant & Equipment hire  | 54,955            | 574,584           |
|            | Airport/Childcare Fees  | 148,784           | 211,130           |
|            | Accommodation   | 334,572           | 466,521           |
|            | Fuel  | 1,307,553         | 1,069,219         |
|            | Powercards  | 1,208,114         | 982,884           |
|            |   | <u>24,606,925</u> | <u>22,890,208</u> |
| <b>4</b>   | <b>Grants, subsidies, contributions and donations</b>   |                   |                   |
| <b>(a)</b> | <b>Recurrent</b>  |                   |                   |
|            | General purpose grants  | 6,262,528         | 11,577,994        |
|            | State Government Subsidies and grants   | 7,996,311         | 13,469,378        |
|            | Commonwealth government subsidies and grants  | 4,313,393         | 4,902,282         |
|            | Contributions   | 544,533           | 347,638           |
| <b>(b)</b> | <b>Capital</b>  | <u>19,116,765</u> | <u>30,297,292</u> |
|            | Government Subsidies and grants   | <u>4,903,762</u>  | <u>1,587,665</u>  |
|            |   | <u>4,903,762</u>  | <u>1,587,665</u>  |

**Torres Strait Island Regional Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

|   | <b>Note</b> | <b>2014</b>         | <b>2013</b>        |
|---|-------------|---------------------|--------------------|
|   |             | <b>\$</b>           | <b>\$</b>          |
| <b>(c) Conditions over contributions</b>  |             |                     |                    |
| Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date                                |             |                     |                    |
| Non-reciprocal grants for expenditure on services and infrastructure  |             | 8,627,735           | 7,744,937          |
|   |             | <u>8,627,735</u>    | <u>7,744,937</u>   |
| Contributions recognised as income during a previous reporting period that we obtained in respect of the current reporting period   |             | 4,815,144           | 4,211,618          |
| Non-reciprocal grants for expenditure on services   |             | <u>4,815,144</u>    | <u>4,211,618</u>   |
| <b>5 Capital income</b>   |             |                     |                    |
| Contributed Assets  |             | 47,708,532          | 5,812,818          |
| Proceeds from the sale of property, plant & equipment   |             | 93,723              | 156,529            |
| <b>Gain / loss on disposal of non-current assets</b>  |             |                     |                    |
| Loss from the sale of property, plant and equipment   |             | -                   | (3,437,745)        |
| Initial recognition of finance leases   |             | 2,755,718           | -                  |
| Less: Book value of property, plant and equipment   |             | (23,418,831)        | -                  |
|   |             | <u>(20,663,113)</u> | <u>(3,437,745)</u> |
| Total capital income  |             | <u>27,139,142</u>   | <u>2,531,602</u>   |
| (i) During the Financial Year, Council received by way of assets donated totalling \$47,708,532 through the construction of infrastructure by Government bodies and other parties. Majority of the works centred around Water, Sewerage and Buildings |             |                     |                    |
| <b>6 Employee benefits</b>  |             |                     |                    |
| Total staff wages and salaries  |             | 12,915,768          | 12,981,412         |
| Councillors' remuneration   |             | 774,989             | 767,094            |
| Annual, sick and long service leave entitlements  |             | 2,702,231           | 1,882,934          |
| Superannuation  |             | 1,660,898           | 1,491,851          |
|   |             | <u>18,053,886</u>   | <u>17,123,290</u>  |
| Other employee related expenses   |             | 663,832             | 468,905            |
|   |             | <u>18,717,719</u>   | <u>17,592,195</u>  |
| Less: Capitalised employee expenses   |             | - 531,915           | -                  |
|   |             | <u>18,185,803</u>   | <u>17,592,195</u>  |
| Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.   |             |                     |                    |
| Total Council employees at the reporting date:  |             | <b>2014</b>         | <b>2013</b>        |
| Elected members   |             | 16                  | 16                 |
| Administration staff  |             | 319                 | 345                |
| Total full time equivalent employees  |             | <u>335</u>          | <u>361</u>         |



**Torres Strait Island Regional Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

|          | <b>Note</b>  | <b>2014</b>       | <b>2013</b>       |
|----------|--|-------------------|-------------------|
|          |  | <b>\$</b>         | <b>\$</b>         |
| <b>7</b> | <b>Materials and services</b>                                |                   |                   |
|          | Advertising and marketing                                    | 10,136            | 10,388            |
|          | Audit services   | 262,000           | 412,000           |
|          | Communications and IT  | 1,588,826         | 1,633,766         |
|          | Consultants  | 457,391           | 538,600           |
|          | Contractors  | 7,655,136         | 6,917,991         |
|          | Donations paid   | 176,645           | 237,458           |
|          | Insurance  | 2,360,735         | 2,271,635         |
|          | Motor Vehicle Expenses                                       | 417,654           | 1,672,159         |
|          | Power  | 1,199,202         | 1,935,957         |
|          | Repairs and maintenance                                      | 6,937,320         | 13,357,702        |
|          | Rent Paid  | 1,208,104         | 1,129,079         |
|          | Subscriptions and registrations                              | 164,725           | 92,327            |
|          | Travel   | 2,653,897         | 3,070,329         |
|          | Other materials and services                                 | 2,409,092         | 3,380,878         |
|          |  | <b>27,500,862</b> | <b>36,660,271</b> |
| <b>8</b> | <b>Finance costs</b>   |                   |                   |
|          | Finance costs charged by the Queensland Treasury Corporation | 28,697            | 30,615            |
|          | Bank charges   | 40,625            | 41,102            |
|          | Impairment of debts  | (174,246)         | 5,433,542         |
|          | Refuse restoration   | 186,606           | 111,485           |
|          |  | <b>81,683</b>     | <b>5,616,744</b>  |
| <b>9</b> | <b>Depreciation and amortisation</b>                         |                   |                   |
|          | <b>Depreciation of non-current assets</b>                    |                   |                   |
|          | Buildings (Communities)                                      | 8,989,820         | 9,435,410         |
|          | Buildings (Corporate)  | 2,583,163         | 2,690,784         |
|          | Recreational Facilities                                      | 544,275           | 545,307           |
|          | Roads/Transport Network                                      | 4,059,110         | 3,962,091         |
|          | Stormwater Drainage Network                                  | 183,261           | 182,000           |
|          | Flood Mitigation Network                                     | 65,200            | 65,200            |
|          | Water Supply network   | 2,954,147         | 2,928,126         |
|          | Sewerage Network   | 4,220,655         | 3,970,773         |
|          | Bridges  | 4,050             | 4,050             |
|          | Wharves, Piers, Jetties and Pontoons                         | 484,035           | 545,380           |
|          | Waste Landfill   | 40,267            | 40,267            |
|          | Plant and equipment  | 1,164,558         | 1,330,233         |
|          |  | <b>25,292,541</b> | <b>25,699,621</b> |
|          | <b>Amortisation of intangible assets</b>                     |                   |                   |
|          | Software   | 188,213           | 188,213           |
|          | <b>Total depreciation and amortisation</b>                   | <b>25,480,754</b> | <b>25,887,834</b> |

CAO  
certified statements

**Torres Strait Island Regional Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

|           | <b>Note</b>  | <b>2014</b> | <b>2013</b> |
|-----------|--|-------------|-------------|
|           |  | <b>\$</b>   | <b>\$</b>   |
| <b>10</b> | <b>Capital expenses</b>  |             |             |
|           | <b>Loss on impairment</b>  |             |             |
|           | Property, plant and equipment  | -           | 10,547      |
|           | Total impairment losses  | -           | 10,547      |
|           | Impairment loss treated as expense   | -           | 10,547      |
|           | <b>Revaluation decrement</b>   |             |             |
|           | Revaluation down of property, plant and equipment  | 942,710     | -           |
|           |  | 942,710     | -           |
|           | Total capital expenses   | 942,710     | 10,547      |
| <b>11</b> | <b>Cash and cash equivalents</b>   |             |             |
|           | Cash at bank and on hand   | 3,202,088   | 1,415,436   |
|           | Deposits at call   | 14,014,078  | 12,755,633  |
|           | Term deposits  | 57,181      | 55,269      |
|           | Balance per Statement of Cash Flows  | 17,273,347  | 14,226,339  |
|           | Externally imposed expenditure restrictions at the reporting date relate to the following cash assets: |             |             |
|           | Unspent Community Grant Funds  | 57,884      | -           |
|           | Total unspent restricted cash  | 57,884      | -           |

Cash and deposits at call are held in the National Australia Bank in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-. Deposits are held with Queensland Treasury Corporation. One small term Deposit is held National Australia Bank.

**Torres Strait Island Regional Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

|           | <b>Note</b>  | <b>2014</b>       | <b>2013</b>       |
|-----------|--|-------------------|-------------------|
|           |  | <b>\$</b>         | <b>\$</b>         |
| <b>12</b> | <b>Trade and other receivables</b>   |                   |                   |
|           | <b>Current</b>   |                   |                   |
|           | Housing rental   | 7,574,529         | 5,491,115         |
|           | Less impairment  | (6,976,764)       | (5,260,734)       |
|           | Other debtors  | 16,259,891        | 16,402,935        |
|           | Less impairment  | (7,625,725)       | (9,513,666)       |
|           | Sundry Debtors   | (228,164)         | -                 |
|           | GST recoverable  | 525,907           | 295,147           |
|           | Prepayments  | 111,093           | 376,353           |
|           |  | <u>9,640,768</u>  | <u>7,791,150</u>  |
|           | No interest is charged on other debtors. There is a geographical concentration of credit risk for Housing and other debtors. |                   |                   |
|           | <br>Movement in accumulated impairment losses (Housing and Other debtors) is as follows:                                     |                   |                   |
|           | Opening balance  | 14,774,400        | 10,487,306        |
|           | Less Impairment Debts Written Off during Year  | 2,334             | (1,146,448)       |
|           | Additional Impairment Recognised   | (174,246)         | 5,433,542         |
|           | Closing balance  | <u>14,602,488</u> | <u>14,774,400</u> |
| <b>13</b> | <b>Inventories</b>   |                   |                   |
|           | <b>Inventories held for sale</b>   |                   |                   |
|           | Stores & Materials   | 373,267           | 499,581           |
|           |  | <u>373,267</u>    | <u>499,581</u>    |
|           | <b>Inventories held for distribution</b>   |                   |                   |
|           | Stores & Materials   | 44,732            | 48,390            |
|           |  | <u>44,732</u>     | <u>48,390</u>     |
|           | <b>Total inventories</b>   | <u>417,999</u>    | <u>547,971</u>    |

**Torres Strait Island Regional Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2014**

|  | <i>Note</i>                   | <i>2014</i> | <i>2013</i> |
|--|-------------------------------|-------------|-------------|
|  |                               | <i>\$</i>   | <i>\$</i>   |
| <b>14</b>  | <b>Other financial assets</b> |             |             |
| Current  |                               |             | -           |
| Finance Leases   |                               | 166,326     |             |
|  |                               | 166,326     | -           |
| Non-Current  |                               |             |             |
| Finance Leases   |                               | 2,589,391   |             |
|  |                               | 2,589,391   | -           |
| A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows: |                               |             |             |
| Gross minimum lease payments receivable:   |                               |             |             |
| Not later than one year  |                               | 169,405     | -           |
| Later than one year but not later than five years  |                               | 441,499     | -           |
| Later than five years  |                               | 6,266,952   | -           |
|  |                               | 6,877,856   | -           |
| Add: Estimated contingent rent   |                               | 4,082,040   | -           |
| Less: Present value adjustment   |                               | (8,204,179) | -           |
| Fair value of lease payments   |                               | 2,755,717   | -           |
| The fair value of lease payments are receivable as follows:  |                               |             |             |
| Not later than one year  |                               | 166,326     | -           |
| Later than one year but not later than five years  |                               | 381,246     | -           |
| Later than five years  |                               | 2,208,145   | -           |
|  |                               | 2,755,717   | -           |
| Movements in finance leases were as follows:   |                               |             |             |
| Opening balance  |                               | -           | -           |
| Add: Initial recognition of new leases   |                               | 2,755,717   | -           |
| Less: Lease receipts   |                               | -           | -           |
| Add: Gain on revaluation   |                               | -           | -           |
| Closing balance  |                               | 2,755,717   | -           |

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% and a discount rate of 4.75%.

**Torres Strait Island Regional Council  
Notes to the Financial Statements  
For the year ended 30 June 2014**

**15 Property, plant and equipment**

**Council - 30 June 2014**

Basis of measurement  
Asset values  
Opening gross value as at 1 July 2013  
Additions  
Capital Contributions  
Assets capitalised from WIP  
Disposals  
Revaluation adjustment to asset revaluation surplus  
Revaluation adjustment to income  
Transfers to Materials & Services  
Discontinued Projects  
Transfers between classes  
Closing gross value as at 30 June 2014

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2013  
Depreciation provided in period  
Assets previously not recognised  
Depreciation/impairment on disposals  
Revaluation adjustment to asset revaluation surplus  
Impairment adjustment to income  
Transfers between classes  
Accumulated depreciation as at 30 June 2014

**Total written down value as at 30 June 2014**

Residual value  
Range of estimated useful life in years

**Additions comprise:**

Renewals  
Other additions  
Total additions

| Buildings<br>(Communities) | Buildings<br>(Corporate) | Recreational<br>Facilities | Road/Transport<br>Network | Stormwater<br>Drainage<br>Network | Flood<br>Mitigation<br>Network | Water Supply<br>Network | Sewerage<br>Network | Bridges    | Wharves,<br>Piers Jetties &<br>Pontoons | Waste<br>Landfill | Land<br>Assets | Plant &<br>Equipment | Work in<br>Progress | Total         |
|----------------------------|--------------------------|----------------------------|---------------------------|-----------------------------------|--------------------------------|-------------------------|---------------------|------------|---|-------------------|----------------|----------------------|---------------------|---------------|
| Fair Value                 | Fair Value               | Fair Value                 | Fair Value                | Fair Value                        | Fair Value                     | Fair Value              | Fair Value          | Fair Value | Fair Value                              | Fair Value        | Fair Value     | Cost                 | Cost                | \$            |
| 468,950,543                | 91,150,543               | 16,007,936                 | 176,265,249               | 10,575,765                        | 4,050,000                      | 99,726,656              | 103,751,960         | 81,000     | 24,602,000                              | 1,088,000         | 650,000        | 12,875,727           | 2,059,295           | 1,011,664,917 |
| 11,773,460                 | 3,420,000                | 42,923                     | 2,111,832                 | 62,294                            |                                | 18,251,033              | 12,089,913          |            |   |                   |                | 725,215              | 6,089,867           | 47,708,532    |
| (22,054,210)               | 270,477                  | (72,000)                   | 1,185,530                 |                                   |                                | (3,692,000)             |                     |            |   |                   |                | (1,297,847)          | (2,224,146)         | (9)           |
| 57,594,093                 | (15,249,300)             | (72,000)                   | (1,100,000)               |                                   |                                |                         |                     |            |   |                   |                |                      |                     | (43,465,357)  |
|                            | 12,338,281               | 1,538,241                  | 12,868,727                | (1,396,230)                       | (1,776,470)                    | 10,001,667              | 8,676,090           | 10,000     | (1,568,638)                             | (2,825)           | (20,000)       | (1,478,459)          | (25,264)            | 96,782,777    |
|                            |                          |                            |                           |                                   | (206,473)                      |                         |                     |            | (655,312)                               | (925)             |                |                      | (25,264)            | (942,710)     |
|                            |                          |                            |                           |                                   |                                |                         |                     |            |   |                   |                |                      | (64,249)            | (64,249)      |
| (6,627,000)                | 6,627,000                |                            |                           |                                   | 2,865,000                      |                         |                     |            | (2,865,000)                             |                   |                |                      |                     |               |
| 509,646,886                | 98,557,002               | 17,517,100                 | 191,331,338               | 9,239,849                         | 4,852,058                      | 124,287,559             | 124,517,963         | 91,000     | 19,512,850                              | 1,084,250         | 630,000        | 12,303,095           | 4,357,045           | 1,117,928,014 |

|             |             |           |            |           |           |             |            |        |             |         |   |           |   |              |
|-------------|-------------|-----------|------------|-----------|-----------|-------------|------------|--------|-------------|---------|---|-----------|---|--------------|
| 164,834,446 | 42,078,743  | 7,636,778 | 43,970,823 | 2,672,365 | 1,250,220 | 34,184,556  | 30,618,095 | 49,050 | 10,508,438  | 154,676 | - | 7,751,973 | - | 345,710,153  |
| 8,989,820   | 2,583,163   | 544,275   | 4,059,110  | 183,261   | 65,200    | 2,954,147   | 4,220,655  | 4,050  | 484,035     | 40,267  | - | 1,164,558 |   | 25,292,542   |
| (8,781,650) | (6,913,234) | (52,201)  | (892,797)  |           |           | (2,773,160) |            |        |             |         |   | (909,824) |   | (20,122,865) |
| 51,075,860  | 6,404,225   | 1,356,082 | 9,520,561  | (420,608) | (484,572) | 6,711,578   | 1,627,230  | 4,568  | (656,814)   | (2,825) |   |           |   | 75,125,299   |
| (3,130,869) | 3,130,869   |           |            |           | 1,667,239 |             |            |        | (1,687,239) |         |   |           |   | -            |
| 212,987,607 | 47,283,766  | 9,484,644 | 56,857,697 | 2,435,008 | 2,508,087 | 41,077,123  | 36,465,981 | 57,689 | 8,648,420   | 192,118 | - | 8,006,708 | - | 426,005,023  |

|             |            |           |             |           |           |            |            |        |            |         |                          |           |                         |             |
|-------------|------------|-----------|-------------|-----------|-----------|------------|------------|--------|------------|---------|--------------------------|-----------|-------------------------|-------------|
| 286,659,279 | 51,273,236 | 8,032,255 | 134,473,640 | 6,804,841 | 2,343,971 | 83,210,437 | 86,052,003 | 33,331 | 10,864,430 | 892,132 | 630,000                  | 4,296,387 | 4,357,045               | 691,922,986 |
| 6-74        | 3-54       | 8-50      | 58,896,940  | 50        | 50        | 1-80       | 1-50       | 20     | 3,141,170  | 10-50   | Land: Not<br>Depreciated | 1-25      | WIP: Not<br>Depreciated |             |

|            |           |        |           |        |    |            |            |    |    |    |    |         |           |            |
|------------|-----------|--------|-----------|--------|----|------------|------------|----|----|----|----|---------|-----------|------------|
| \$         | \$        | \$     | \$        | \$     | \$ | \$         | \$         | \$ | \$ | \$ | \$ | \$      | \$        | \$         |
| 8,891,780  | 3,634,038 |        | 636,895   |        |    | 18,251,033 | 12,089,913 |    |    |    |    | 420,507 | 1,478,459 | 33,313,112 |
| 2,881,680  | 56,439    | 42,923 | 2,660,467 | 62,294 |    |            |            |    |    |    |    | 304,508 |           | 18,098,024 |
| 11,773,460 | 3,690,477 | 42,923 | 3,287,362 | 62,294 | -  | 18,251,033 | 12,089,913 | -  | -  | -  | -  | 725,215 | 1,478,459 | 51,411,136 |

Torres Strait Island Regional Council  
Notes to the Financial Statements  
For the year ended 30 June 2014

15 Property, plant and equipment

Council - 30 June 2013

Basis of measurement  
Asset values  
Opening gross value as at 1 July 2012  
Adjustment to opening value  
Capital Contributions  
Assets capitalised from WIP  
Assets previously not recognised  
Disposals  
Transfers to Materials & Services \*  
Discontinued Projects  
Closing gross value as at 30 June 2013

| Buildings<br>(Communities) | Buildings<br>(Corporate) | Recreational<br>Facilities | Road/Transport<br>Network | Stormwater<br>Drainage<br>Network | Flood<br>Mitigation<br>Network | Water Supply<br>Network | Sewerage<br>Network | Bridges          | Wharves,<br>Piers Jetties &<br>Pontons | Waste<br>Landfill | Land<br>Assets   | Plant &<br>Equipment | Work in<br>Progress | Total         |
|----------------------------|--------------------------|----------------------------|---------------------------|-----------------------------------|--------------------------------|-------------------------|---------------------|------------------|--|-------------------|------------------|----------------------|---------------------|---------------|
| Fair Value<br>\$           | Fair Value<br>\$         | Fair Value<br>\$           | Fair Value<br>\$          | Fair Value<br>\$                  | Fair Value<br>\$               | Fair Value<br>\$        | Fair Value<br>\$    | Fair Value<br>\$ | Fair Value<br>\$                       | Fair Value<br>\$  | Fair Value<br>\$ | Cost<br>\$           | Cost<br>\$          | \$            |
| 465,160,300                | 92,446,442               | 15,919,600                 | 176,017,080               | 10,375,785                        | 4,050,000                      | 103,059,476             | 104,851,788         | 81,000           | 24,602,000                             | 1,086,000         | 650,000          | 14,026,377           | 8,175,178           | 1,020,703,026 |
| 5,680,243                  | 144,454                  | 88,336                     | 248,169                   |                                   |                                | 78,383                  | 54,192              |                  |  |                   |                  | 284,483              | (765,442)           | 1,893,648     |
| (1,880,000)                | 49,847                   |                            |                           |                                   |                                | (3,411,000)             | (1,154,000)         |                  |  |                   |                  | (1,435,133)          | (6,884,885)         | 5,812,818     |
|                            | (1,490,200)              |                            |                           |                                   |                                |                         |                     |                  |  |                   |                  |                      |                     | 49,847        |
|                            |                          |                            |                           |                                   |                                |                         |                     |                  |  |                   |                  |                      | (599,204)           | (9,370,333)   |
|                            |                          |                            |                           |                                   |                                |                         |                     |                  |  |                   |                  |                      |                     | (6,884,885)   |
|                            |                          |                            |                           |                                   |                                |                         |                     |                  |  |                   |                  |                      |                     | (358,204)     |
| 468,860,543                | 91,150,543               | 16,007,936                 | 176,265,249               | 10,575,785                        | 4,050,000                      | 99,728,859              | 103,751,980         | 81,000           | 24,602,000                             | 1,086,000         | 650,000          | 12,875,727           | 2,089,295           | 1,011,844,917 |

Accumulated depreciation and impairment

Opening balance as at 1 July 2012  
Adjustment to opening value  
Depreciation provided in period  
Assets previously not recognised  
Depreciation/impairment on disposals  
Impairment adjustment to income  
Accumulated depreciation as at 30 June 2013

|             |            |           |            |           |           |             |            |        |            |         |   |             |   |             |
|-------------|------------|-----------|------------|-----------|-----------|-------------|------------|--------|------------|---------|---|-------------|---|-------------|
| 155,924,341 | 40,100,017 | 7,072,471 | 40,008,732 | 2,509,355 | 1,185,020 | 32,877,182  | 28,901,680 | 45,000 | 9,963,058  | 114,408 | - | 7,542,521   | - | 324,243,786 |
| 9,435,410   | 2,690,784  | 545,307   | 3,962,091  | 182,000   | 65,200    | 2,928,126   | 3,970,773  | 4,050  | 545,380    | 40,267  |   | 1,330,233   | - | 25,699,621  |
| (325,305)   | 30,477     |           |            |           |           | (1,620,752) | (254,358)  |        |            |         |   | (1,131,328) | - | 30,477      |
|             | (742,535)  |           |            |           |           |             |            |        |            |         |   | 10,547      |   | (4,274,278) |
| 164,834,446 | 42,078,743 | 7,617,778 | 43,970,823 | 2,691,355 | 1,250,220 | 34,184,556  | 30,618,095 | 49,050 | 10,508,438 | 154,676 | - | 7,751,973   | - | 345,710,153 |

Total written down value as at 30 June 2013

Residual value

Range of estimated useful life in years

|             |            |           |             |           |           |            |            |        |            |         |                         |           |                        |             |
|-------------|------------|-----------|-------------|-----------|-----------|------------|------------|--------|------------|---------|-------------------------|-----------|------------------------|-------------|
| 304,128,097 | 49,071,600 | 8,390,156 | 132,294,426 | 7,884,430 | 2,799,760 | 65,542,303 | 73,133,885 | 31,950 | 14,093,562 | 933,324 | 650,000                 | 5,723,754 | 2,089,295              | 666,134,766 |
| 10-50       | 3-30       | 10-50     | 3-100       | 30        | 50        | 8-50       | 5-50       | 20     | 15-50      | 10-50   | Land Not<br>Depreciated | 3-25      | WIP Not<br>Depreciated |             |

Additions comprise:

Renewals  
Other additions  
Total additions

|           |         |        |         |    |    |        |        |    |    |    |    |         |           |           |
|-----------|---------|--------|---------|----|----|--------|--------|----|----|----|----|---------|-----------|-----------|
| \$        | \$      | \$     | \$      | \$ | \$ | \$     | \$     | \$ | \$ | \$ | \$ | \$      | \$        | \$        |
| 2,628,243 | 144,454 | 88,336 | 248,169 | -  | -  | 78,383 | 54,192 | -  | -  | -  | -  | 284,483 | 2,039,899 | 4,666,142 |
| 3,052,000 | 144,454 | 88,336 | 248,169 | -  | -  | 78,383 | 54,192 | -  | -  | -  | -  | 284,483 | N/A       | 3,950,017 |
| 5,680,243 |         |        |         |    |    |        |        |    |    |    |    |         | 2,039,899 | 8,618,159 |

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**16 Fair Value Measurements**

**(i) Recognised fair value measurements**

Council measures and recognises the following assets at fair value on a recurring basis:

Property, plant and equipment

- Land
- Buildings (Corporate)
- Buildings (Community)
- Recreation Facilities
- Road/Transport Network
- Stormwater Drainage Network
- Flood Mitigation Network
- Water Supply Network
- Sewerage Network
- Bridges
- Wharves, Piers, Jetties, Pontoons
- Waste Landfill

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 19 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

In accordance with AASB 13 fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*

| <b>Council</b>                           |             |                                       |                                   |                    |
|--|-------------|---------------------------------------|-----------------------------------|--------------------|
| <b>At 30 June 2014</b>                   | <b>Note</b> | <b>Level 2</b>                        | <b>Level 3</b>                    | <b>Total</b>       |
|  |             | (Significant other observable inputs) | (Significant unobservable inputs) |                    |
|  |             | \$                                    | \$                                | \$                 |
| <b>Recurring fair value measurements</b> |             |                                       |                                   |                    |
| Land                                     | 15          | 630,000                               |                                   | 630,000            |
| Buildings                                |             |                                       |                                   |                    |
| - Buildings (Communities)                | 15          |                                       | 296,659,278                       | 296,659,278        |
| - Buildings (Corporate)                  | 15          |                                       | 51,273,235                        | 51,273,235         |
| - Recreation Facilities                  | 15          |                                       | 8,032,254                         | 8,032,254          |
| Infrastructure                           |             |                                       |                                   |                    |
| - Road/Transport Network                 | 15          |                                       | 134,473,640                       | 134,473,640        |
| - Stormwater Drainage Network            | 15          |                                       | 6,804,841                         | 6,804,841          |
| - Flood Mitigation Network               | 15          |                                       | 2,343,971                         | 2,343,971          |
| - Water Supply Network                   | 15          |                                       | 83,210,437                        | 83,210,437         |
| - Sewerage Network                       | 15          |                                       | 88,052,003                        | 88,052,003         |
| - Bridges                                | 15          |                                       | 33,331                            | 33,331             |
| - Wharves, Piers, Jetties, Pontoons      | 15          |                                       | 10,864,430                        | 10,864,430         |
| - Waste Landfill                         | 15          |                                       | 892,132                           | 892,132            |
|  |             | <u>630,000</u>                        | <u>682,639,551</u>                | <u>683,269,551</u> |

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Council adopted AASB13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value Council assets comprise:

**Land (level 2)**

Land fair values were determined by independent valuer, AssetVal Pty Ltd effective 30th June 2014. Council's Land Assets consists of two parcels of land on Thursday island. Land Fair Values have been measured by the Market Approach by Direct Comparison. Level 2 valuation inputs were utilised, being sales transactions of other properties within the region, and adjusted for differences between key attributes of the properties. The main input is the price per square metre or price per hectare of land area. The Market Approach is deemed a Level 2 input. All land was inspected by the valuers.

**Buildings and Infrastructure (level 3)**

The fair value of buildings were also were determined by independent valuer, AssetVal Pty Ltd effective 30th June 2014.

Due to the predominantly specialised nature of Local Government Assets, both the infrastructure valuations and buildings valuations have been undertaken on a Cost Approach (Depreciated Replacement Cost).

Under this approach, the following process has been adopted:

Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.

A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.

In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). Residual value is also factored which is the value at the time the asset is considered to be no longer available. The condition assessment is applied on a component basis.

While the replacement cost of the assets could be supported by market supplied evidence (Level 2), other unobservable, or Level 3 inputs, such as estimates of residual value, useful life, and asset condition were also required, meaning that under AASB13 the valuation of buildings and infrastructure is considered to fall under Level 3.

To calculate the appropriate amount of accumulated depreciation, assets were either subject to a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted (i.e. for visible active assets), the assets were allocated a condition assessment, which was used to estimate remaining useful life, as tabled below:

| Condition Rating | Rating Description   | % of life Remaining |
|------------------|--|---------------------|
| 0                | Brand new or rehabilitated to new  | 90 - 100            |
| 0.5              | Near new with no visible deterioration   | 80 - 90             |
| 1                | Excellent overall condition, early stages of deterioration                                       | 70 - 80             |
| 1.5              | Very good overall condition with obvious deterioration evident                                   | 60 - 70             |
| 2                | Good overall condition, obvious deterioration, serviceability impaired very slightly             | 50 - 60             |
| 2.5              | Fair overall condition, obvious deterioration, some serviceability loss                          | 40 - 50             |
| 3                | Fair to poor overall condition, obvious deterioration, some serviceability loss                  | 30 - 40             |
| 3.5              | Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs  | 20 - 30             |
| 4                | Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal | 10 - 20             |
| 4.5              | Extremely poor condition, severe serviceability problems, renewal required immediately           | 5 - 10              |
| 5                | Failed asset, no longer serviceable. Should not remain in service                                | 0 - 5               |

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on asset age and estimated useful life. The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and relies as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

The depreciated replacement cost was determined using methods relevant to the asset class as described under individual asset categories below.



**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**1(a) Buildings - calculation of current replacement cost**

*Current replacement cost*

Construction costs are based on published construction cost guides and discussions with trade contractors living and working on the islands.

Building construction costs take into consideration factors relevant to the location (such as increased shipping and mobilization costs) and include all preliminary and over head costs.

Changes in shipping costs are based on Sea Freight Rates tables effective for each year available on the website of the shipping company SeaSwift.

*Accumulated depreciation*

To calculate the appropriate amount of accumulated depreciation, buildings were subject to a site inspection and/or an assessment to determine remaining useful life. Site inspection and external examination of all building assets has been undertaken. Those buildings which are open to the public such as Council administration buildings and locations where staff are on site such as workshop buildings have been internally inspected. With regards to residential dwellings, due to limits involved with the valuation process, we have internally inspected one to two dwellings on each island and primarily just for the purposes of confirming the appropriateness of relying on the Department of Housing and Public Works reports to estimate condition. We have been provided with condition rating reports prepared by the Department of Housing and Public Works and dated 19th December 2013. For those residential dwellings not internally inspected our assessment of internal condition is based upon the condition rating contained within the reports. None of the dwellings internally inspected were found to be in a condition worse than that indicated by the Department of Housing and Public Works condition report.

**1(b) Buildings – Sensitivity of valuation to unobservable inputs**

As detailed above Council's buildings have been valued using depreciated current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

| Significant unobservable input | Range of inputs                          | Relationship of unobservable inputs to fair value          |
|--------------------------------|--|--|
| Number of Labour Hours         | 5-100 hr/m2                              | The higher the labour hours, higher the Fair Value         |
| Raw material usage quantities  | Varies dependant of type and application | The higher the usage quantities, the higher the Fair Value |
| Condition Rating               | 0-5 As specified                         | The higher the condition rating, the higher the Fair Value |
| Remaining useful Life          | 0-49 years                               | The longer the remaining life, the higher the Fair Value   |
| Residual Value                 | \$0                                      | The higher the residual, the higher the Fair Value         |

**2(a) Roads/Transport Network - calculation of current replacement cost**

*Current replacement cost*

Some of the road network is segmented at a high level (e.g. between intersections) and other parts not segmented. Unit rates are applied to the individual road components formation, pavement, seal and kerb & channel of each road in order to determine the replacement cost.

The unit rates applied are based on greenfield project costs and include all materials, labour and overheads. These unit rates are established by averaging various information sources, including internal council costs of recent projects, sub-contractor and head contractor costs of recent projects. This information is all supplied by council or the contractors. Do to the unique nature of constructing infrastructure in the Torres Strait area, the valuation is forced to rely on information provided by Council. Publically available information such as Rawlinson's Construction Handbook was used to check the council supplied information for order of magnitude appropriateness.

*Accumulated depreciation*

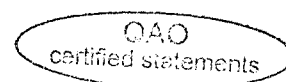
In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

The roads were visually inspected by the valuer. No testing or measurement of defects or condition was undertaken. An assessment of remaining useful life was made by the valuer taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

**2(b) Roads/Transport Network – Sensitivity of valuation to unobservable inputs**

As detailed above Council's road and transport network has been valued using depreciated current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

| Significant unobservable input | Range of inputs                          | Relationship of unobservable inputs to fair value          |
|--------------------------------|--|--|
| Number of Labour Hours         | 5-100 hr/m2                              | The higher the labour hours, higher the Fair Value         |
| Raw material usage quantities  | Varies dependant of type and application | The higher the usage quantities, the higher the Fair Value |
| Condition Rating               | 0-5 As specified                         | The higher the condition rating, the higher the Fair Value |
| Remaining useful Life          | 2-92 years                               | The longer the remaining life, the higher the Fair Value   |
| Residual Value                 | \$0-\$2,790,000                          | The higher the residual, the higher the Fair Value         |



**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
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**3(a) Water & Sewer Network - calculation of current replacement cost**

*Current replacement cost*

The water and sewer assets were segregated into active and passive assets; passive assets were not further componentized and consisted primarily of mains. Unit rates were applied based on council supplied recent project costs, similar recent project costs from other entities, unit rate databases, indices, Rawlinson's Construction rates and quotations.

The remaining active assets consisted of treatment, pumping and storage assets. These assets were componentized and valued independently, with allowances for complexity, size, function and site factors. As a check these components are generally combined into a lump sum item and compared against recent similar projects and in-house databases.

*Accumulated depreciation*

An assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors. Where necessary, further guidance on remaining life was sought from council engineering staff.

Estimated useful lives and residual values are disclosed in note 15.

**3(b) Water and Sewerage Infrastructure – Sensitivity of valuation to unobservable inputs**

The method used to value councils' water and sewerage assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

| Significant unobservable input | Range of inputs                          | Relationship of unobservable inputs to fair value          |
|--------------------------------|--|--|
| Number of Labour Hours         | 5-100 hr/m2                              | The higher the labour hours, higher the Fair Value         |
| Raw material usage quantities  | Varies dependant of type and application | The higher the usage quantities, the higher the Fair Value |
| Condition Rating               | 0-5 As specified                         | The higher the condition rating, the higher the Fair Value |
| Remaining useful Life          | 0-80 years                               | The longer the remaining life, the higher the Fair Value   |
| Residual Value                 | \$0-\$369,950                            | The higher the residual, the higher the Fair Value         |

**4(a) Wharves, Piers, Jetties & Pontoons - calculation of current replacement cost**

*Current replacement cost*

The replacement cost of the water based assets (jetties & dolphins) was estimated by having reference to recently constructed assets. Replacement costs of the other asset including barge ramps and seawalls was estimated through first principles, namely summing together the costs of materials, labour and overheads which were established through contact with suppliers, council and publically available reference material, having regard to the location and conditions.

*Accumulated depreciation*

For assets above the water line, an assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors. For assets below the water line, an assessment of remaining useful life was made by the valuer taking into consideration the construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Estimated useful lives and residual values are disclosed in note 15.

**4(b) Wharves, Piers, Jetties & Pontoons – Sensitivity of valuation to unobservable inputs**

As detailed above Council's marine assets have been valued using depreciated current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

| Significant unobservable input | Range of inputs                          | Relationship of unobservable inputs to fair value          |
|--------------------------------|--|--|
| Number of Labour Hours         | 5-100 hr/m2                              | The higher the labour hours, higher the Fair Value         |
| Raw material usage quantities  | Varies dependant of type and application | The higher the usage quantities, the higher the Fair Value |
| Condition Rating               | 0-5 As specified                         | The higher the condition rating, the higher the Fair Value |
| Remaining useful Life          | 0-42 years                               | The longer the remaining life, the higher the Fair Value   |
| Residual Value                 | \$0-\$675,000                            | The higher the residual, the higher the Fair Value         |

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**5(a) Stormwater Drainage - calculation of current replacement cost**

*Current replacement cost*

The replacement cost of the stormwater drainage assets have been estimated through first principles, namely summing together the costs of materials, labour and overheads which were established through contact with suppliers, council, by having reference to recently constructed project costs and publically available reference material, having regard to the location and conditions. Measurements were taken while on site and supplemented with aerial imagery to create a complete data set for information that was missing from earlier valuations.

*Accumulated depreciation*

An assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

**5(b) Stormwater Drainage – Sensitivity of valuation to unobservable inputs**

As detailed above Council's stormwater drainage network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

| Significant unobservable input | Range of inputs                          | Relationship of unobservable inputs to fair value          |
|--------------------------------|--|--|
| Number of Labour Hours         | 5-100 hr/m2                              | The higher the labour hours, higher the Fair Value         |
| Raw material usage quantities  | Varies dependant of type and application | The higher the usage quantities, the higher the Fair Value |
| Condition Rating               | 0-5 As specified                         | The higher the condition rating, the higher the Fair Value |
| Remaining useful Life          | 29-42 years                              | The longer the remaining life, the higher the Fair Value   |
| Residual Value                 | \$0                                      | The higher the residual, the higher the Fair Value         |

**6(a) Other Infrastructure – Calculation of written down current replacement cost**

Other infrastructure includes the Flood Mitigation Network, Bridges, Waste Landfill and Recreational Facilities, which combined represent around 1.65% of assets measured at fair value.

*Current replacement cost*

The replacement cost of all assets which as a group represent Other Infrastructure have been estimated through first principles, namely summing together the costs of materials, labour and overheads which were established through contact with suppliers, council, by having reference to recently constructed project costs and publically available reference material, having regard to the location and conditions.

*Accumulated depreciation*

An assessment of remaining useful life was made by the valuer after inspection taking into consideration the visual condition, construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

**6(b) Other Infrastructure – Sensitivity of valuation to unobservable inputs**

Any change in unobservable inputs in this group of assets will have an immaterial effect on the total reported Fair Value.

**(iii) Changes in Fair Value Measurements using significant unobservable inputs (level 3)**

The changes in level 3 assets with recurring fair value measurements are detailed in note 15 (property, plant and equipment) and Note 5 (Capital Income). There have been no transfers between level 2 or 3 measurements during the year.

**(iv) Valuation processes**

Council's valuation policies and procedures are set by the executive management team which comprises the Chief Executive Officer and Chief Finance Officer. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property and plant and equipment (recurring fair value measurements) is set out in note 10.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

|    | Note   | 2014<br>\$       | 2013<br>\$       |
|----|--|------------------|------------------|
| 17 | <b>Intangible assets</b>   |                  |                  |
|    | <b>Software</b>  |                  |                  |
|    | Opening gross carrying value   | 1,317,491        | 945,522          |
|    | Work in progress   | 257,937          | 371,969          |
|    | Closing gross carrying value   | <u>1,575,428</u> | <u>1,317,491</u> |
|    | <b>Accumulated amortisation</b>  |                  |                  |
|    | Opening balance  | 188,213          | -                |
|    | Amortisation in the period   | 188,213          | 188,213          |
|    | Closing balance  | <u>376,426</u>   | <u>188,213</u>   |
|    | Net carrying value at end of financial year  | <u>1,199,003</u> | <u>1,129,278</u> |
|    | The software has a finite life estimated at 7 years.<br>Straight line amortisation has been used with no residual value. |                  |                  |
|    | Total  | <u>1,199,003</u> | <u>1,129,278</u> |

The software is a Finance and Administration platform for the whole of Council. Commencement of use date was 1 July 2012.

|    |                                  |                  |                  |
|----|----------------------------------|------------------|------------------|
| 18 | <b>Trade and other payables</b>  |                  |                  |
|    | <b>Current</b>                   |                  |                  |
|    | Creditors and accruals           | 2,620,986        | 1,881,953        |
|    | Employee Benefits - Annual Leave | 1,643,277        | 1,363,745        |
|    | GST Payable                      | 1,225,887        | 443,099          |
|    |                                  | <u>5,490,149</u> | <u>3,688,796</u> |

|    |  |                |                |
|----|--|----------------|----------------|
| 19 | <b>Borrowings</b>                              |                |                |
|    | <b>Current</b>                                 |                |                |
|    | Loans - Queensland Treasury Corporation        | 43,862         | 41,392         |
|    |  | <u>43,862</u>  | <u>41,392</u>  |
|    | <b>Non-current</b>                             |                |                |
|    | Loans - Queensland Treasury Corporation        | 378,182        | 422,024        |
|    |  | <u>378,182</u> | <u>422,024</u> |
|    | <b>Loans - Queensland Treasury Corporation</b> |                |                |
|    | Opening balance at beginning of financial year | 463,416        | 502,316        |
|    | Principal repayments                           | (41,373)       | (38,900)       |
|    | Book value at end of financial year            | <u>422,043</u> | <u>463,416</u> |

The QTC loan market value at the reporting date was \$476,022.87. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

The Council has no bank overdraft facility.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

|   | Note              | 2014<br>\$       | 2013<br>\$       |
|---|-------------------|------------------|------------------|
| <b>20</b>   | <b>Provisions</b> |                  |                  |
| Current   |                   |                  |                  |
| Long service leave  |                   | 766,573          | 621,973          |
| Refuse restoration  |                   | 2,947,233        | -                |
| Employee benefits   |                   | 29,233           | 115,243          |
|   |                   | <u>3,743,039</u> | <u>737,216</u>   |
| Non-current   |                   |                  |                  |
| Refuse restoration  |                   | -                | 2,760,627        |
| Long service leave  |                   | 274,548          | 287,234          |
|   |                   | <u>274,548</u>   | <u>3,047,861</u> |
| Details of movements in provisions:   |                   |                  |                  |
| Increase/(decrease) in provision due to change in discount rate   |                   |                  |                  |
| Refuse restoration  |                   |                  |                  |
| Balance at beginning of financial year  |                   | 2,760,627        | 2,649,142        |
| Increase (decrease) in provision due to change in discount rate   |                   | 186,606          | 111,485          |
| Balance at end of financial year  | (xi)              | <u>2,947,233</u> | <u>2,760,627</u> |
| Note (xi) This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is \$3,005,292 and this cost is expected to be incurred in 2015. |                   |                  |                  |
| Long service leave  |                   |                  |                  |
| Balance at beginning of financial year  |                   | 909,207          | 612,951          |
| Long service leave entitlement arising  |                   | 160,517          | 322,164          |
| Long Service entitlement extinguished   |                   | -                | (3,257)          |
| Long Service entitlement paid   |                   | (28,603)         | (22,651)         |
| Balance at end of financial year  |                   | <u>1,041,121</u> | <u>909,207</u>   |

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

|  | Note                               | 2014<br>\$         | 2013<br>\$         |
|--|------------------------------------|--------------------|--------------------|
| <b>21</b>  | <b>Asset revaluation surplus</b>   |                    |                    |
| <b>Movements in the asset revaluation surplus were as</b>                                      |                                    |                    |                    |
| Balance at beginning of financial year   |                                    | 150,357,342        | 153,176,978        |
| Buildings (Communities)  |                                    | 6,518,232          | -                  |
| Buildings (Corporate)  |                                    | 5,934,057          | -                  |
| Recreational Facilities  |                                    | 182,149            | -                  |
| Roads/Transport Network  |                                    | 1,869,706          | -                  |
| Stormwater Drainage Network  |                                    | (977,622)          | -                  |
| Flood Mitigation Network   |                                    | (1,281,898)        | -                  |
| Water Supply Network   |                                    | 3,278,388          | -                  |
| Sewerage Network   |                                    | 7,060,560          | -                  |
| Bridges  |                                    | 5,431              | -                  |
| Wharves, Piers, Jetties and Pontoons   |                                    | (912,024)          | -                  |
| Waste Landfill   |                                    | -                  | -                  |
| Land assets  |                                    | (20,000)           | -                  |
| Transfer of realised Assets Revaluation reserves to Retained Surplus                           |                                    |                    |                    |
| Buildings (Communities)  |                                    | (9,156,092)        | (527,000)          |
| Buildings (Corporate)  |                                    | (5,572,800)        | (658,246)          |
| Recreational Facilities  |                                    | (32,100)           | -                  |
| Roads/Transport Network  |                                    | (763,429)          | -                  |
| Water Supply Network   |                                    | (1,082,000)        | (1,219,802)        |
| Sewerage Network   |                                    | -                  | (414,589)          |
| Balance at end of financial year   |                                    | <u>155,407,901</u> | <u>150,357,342</u> |
| <b>Asset revaluation surplus analysis</b>  |                                    |                    |                    |
| The closing balance of the asset revaluation surplus comprises the following asset categories: |                                    |                    |                    |
| Buildings (Communities)  |                                    | 42,641,545         | 45,279,405         |
| Buildings (Corporate)  |                                    | 6,773,965          | 6,412,709          |
| Recreational Facilities  |                                    | 2,116,481          | 1,966,432          |
| Roads/Transport Network  |                                    | 85,761,732         | 84,655,455         |
| Stormwater Drainage Network  |                                    | 758,006            | 1,735,628          |
| Flood Mitigation Network   |                                    | -                  | 1,281,898          |
| Water Supply Network   |                                    | 6,308,989          | 4,112,601          |
| Sewerage Network   |                                    | 11,041,750         | 3,981,190          |
| Bridges  |                                    | 5,431              | -                  |
| Wharves, Piers, Jetties and Pontoons   |                                    | -                  | 912,024            |
| Waste Landfill   |                                    | -                  | -                  |
| Land assets  |                                    | -                  | 20,000             |
| Other Infrastructure assets  |                                    | <u>155,407,899</u> | <u>150,357,342</u> |
| <b>22</b>  | <b>Commitments for expenditure</b> |                    |                    |
| <b>Operating leases</b>  |                                    |                    |                    |
| Minimum lease payments in relation to non-cancellable operating leases are as follows:         |                                    |                    |                    |
| Within one year  |                                    | 702,566            | 1,201,490          |
| One to five years  |                                    | 1,718,531          | 2,318,361          |
| More than five years   |                                    | -                  | -                  |
|  |                                    | <u>2,421,097</u>   | <u>3,519,851</u>   |

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

|   | Note | 2014<br>\$       | 2013<br>\$     |
|---|------|------------------|----------------|
| <b>Contractual commitments</b>  |      |                  |                |
| Contractual commitments at end of financial year but not recognised in the financial statements are as follows: |      |                  |                |
| Software contract with Technology One   |      | 267,007          | 236,814        |
| Rental Agreement with Commander   |      | -                | 40,120         |
| J&R Refrigeration   |      | -                | 361,262        |
| Austek  |      | -                | 151,473        |
| Northern Water  |      | -                | 97,143         |
| Rob Roy Contractors   |      | 1,212,460        | -              |
| Torres Strait Island Homes Pty Ltd  |      | 769,100          | -              |
| Weipa Hire  |      | 754,688          | -              |
|   |      | <u>3,003,255</u> | <u>886,812</u> |

**23 Contingent liabilities**

**Local Government Mutual**

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2013 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$345,389

**Maximum Penalties for Failure to Remit Superannuation Contributions on Behalf of Employees to Superannuation Funds**

The Council has not remitted an amount of superannuation monies held on behalf of employees for the 30 June 2010 financial year. This amount of \$225,657 has been recorded as a Trade and Other payable in the 2014 and previous financial statements. The Council has not remitted this superannuation liability to the superannuation funds as the Council has yet to determine if the employees are entitled to the superannuation benefit and if they are entitled to the benefit, which employees are beneficiaries of the superannuation funds held. The Council has recently increased its resources and has agreed to undertake a project of reviewing past Island Council records to determine if the \$225,657 is a payable obligation and is so, which employees are entitled to the funds as beneficiaries. Should the Council find that there is no obligation to remit the funds, the liability will be written back as revenue, however, if there is a obligation to pay the superannuation funds, then the Council could be liable for substantial penalties and interest for late remittance of a superannuation obligation. The Council's estimate of this contingent liability being a maximum additional penalties and interest is \$1,257,795.08.

The individual components of this estimate are:

|  |           |
|--|-----------|
| Superannuation Guarantee Charge (excluding the initial superannuation obligation of \$225,657) and interest at 10% per annum plus a administrative fee of \$20 per employee per quarter: | \$378,486 |
| General interest charge calculated based on the Australian Taxation Office general interest rates for 2010, 2011, 2012, 2013 & 2014:   | \$122,338 |
| Australian Taxation Office administrative penalty for failure to lodge a Superannuation Guarantee Charge Quarterly Statement calculated at 200% of the Charge:                           | \$756,971 |

This estimate is based on the Australian Taxation Office applying the maximum administrative penalties that it can impose; however, the Council believes it has a reasonable argument that the administrative penalty component can be reduced significantly due to the issues of the amalgamation of the previous Island Council's to form the Torres Strait Island Regional Council.

In addition, should the Australian Taxation Office decide to prosecute the Council for failure to comply with the record keeping requirements of the Superannuation Guarantee legislation, the Council could be fined a further \$18,500.

**Torres Strait Island Regional Council**  
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|   | Note | 2014<br>\$ | 2013<br>\$ |
|---|------|------------|------------|
| <b>Guarantee in Respect of Subsidiary Company</b>   |      |            |            |
| The Council in the ordinary course of business has provided a guarantee for borrowings undertaken by a wholly owned subsidiary company. This subsidiary company of the Council was placed into voluntary administration and subsequent creditors voluntary liquidation and is in the process of being wound up. The lender has recourse to the Council in respect of the guarantee provided by Council, however, has yet to exercise this right. In the event that the lender exercises the guarantee, the Council estimates its liability under the guarantee to be \$150,000. |      |            |            |

**24 Superannuation**

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 *Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2013 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

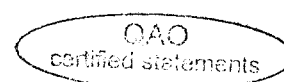
The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the Local Government Act 2009 the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be conducted as at 1 July 2015.

|   | Note | Council    |            |
|---|------|------------|------------|
|   | 6    | 2014<br>\$ | 2013<br>\$ |
| The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was: |      |            |            |
|   |      | 1,660,898  | 1,491,851  |





**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

|    | Note   | 2014<br>\$         | 2013<br>\$        |
|----|--|--------------------|-------------------|
| 25 | <b>Trust funds</b>   |                    |                   |
|    | <b>Trust funds held for outside parties</b>  |                    |                   |
|    | Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities  |                    |                   |
|    | Island Funeral Funds   | 335,920            | 342,951           |
|    | Church Funds   | 81,647             | 63,685            |
|    | Other Community Funds  | 230,920            | 245,897           |
|    |  | <u>648,487</u>     | <u>652,533</u>    |
|    | The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.  |                    |                   |
|    | <b>Funds held in trust by outside parties</b>  |                    |                   |
|    | DFK Kidsons holding funds for Major Infrastructure Program 4   | <u>39,168,702</u>  | <u>37,503,506</u> |
|    |  | <u>39,168,702</u>  | <u>37,503,506</u> |
|    | The Major Infrastructure Program is jointly funded by the Australian and Queensland Governments to deliver and upgrade major infrastructure capital works in the Torres Strait. The funds held in trust disclosed above relate to multiple councils. At 30 June 2014, the estimated forecast cost to complete projects which relate to Torres Strait Island Regional Council was \$24,053,557. Infrastructure assets are not recognised by the Council until they have reached completion. |                    |                   |
| 26 | <b>Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>  |                    |                   |
|    | <b>Net result</b>  | <u>10,627,533</u>  |                   |
|    | <b>Non-cash items:</b>   |                    |                   |
|    | Depreciation and amortisation  | 25,480,754         |                   |
|    | Revaluation adjustments  | -                  |                   |
|    | Asset contributions in Capital Income  | (47,708,532)       |                   |
|    | Book Value of Property Plant & Equipment disposed  | 20,663,113         |                   |
|    |  | <u>(1,564,665)</u> |                   |
|    | <b>Investing and development activities:</b>   |                    |                   |
|    | Revaluation down of property, plant and equipment  | 942,710            |                   |
|    | Proceeds from the sale of Property, plant & Equipment  | (93,723)           |                   |
|    | Capital grants and contributions   | <u>(4,903,762)</u> |                   |
|    |  | <u>(4,054,775)</u> |                   |
|    | <b>Changes in operating assets and liabilities:</b>  |                    |                   |
|    | (Increase)/ decrease in receivables  | (1,849,618)        |                   |
|    | (Increase)/decrease in inventory   | 129,972            |                   |
|    | Increase/(decrease) in payables  | 1,801,353          |                   |
|    | Increase/(decrease) in liabilities   | (41,373)           |                   |
|    | Increase/(decrease) in other provisions  | 232,511            |                   |
|    |  | <u>272,845</u>     |                   |
|    | <b>Net cash inflow from operating activities</b>   | <u>5,280,938</u>   |                   |

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**27 Correction of Error**

|  | As at<br>1 July 2012                 |
|--|--------------------------------------|
| Gross Value of Assets Added  | 7,343,086                            |
| Accumulated Depreciation   | 1,850,944                            |
| Net Value  | <u>5,492,142</u>                     |
|  | <b>Period Ended<br/>30 June 2013</b> |
| Adjustment of Mer Island Assets not disposed at<br>1/12/2012   | (2,065,866)                          |
| Adjustment to Mer Island Asset Revaluation Reserve as<br>amount was transferred to Accumulated Surplus | 2,819,637                            |
| Adjustment to Mer Island Asset Revaluation Reserve as<br>amount was transferred to Accumulated Surplus | (2,819,637)                          |
| Unrecorded Assets - Erub Fisheries   | 19,370                               |
|  | <u>(2,046,496)</u>                   |

During the process of reviewing Council's assets at 30 June 2014, it was discovered that the following assets had not previously been recognised in the council's asset register:

Buildings (Communities) - \$260,700  
Roads/Transport Network - \$182,116  
Stormwater Drainage Network - \$1,187,732  
Wharves, Piers Jetties & Pontoons - \$3,861,593

The errors have been corrected by adjusting the opening balance of the respective asset classes as at 1 July 2012. The adjustment increased the net value of Property Plant and equipment by \$5,492,142.

Council further discovered that some Buildings (Community) and Buildings (Corporate) assets in relation to Mer Island remained in the council's asset register at 30 June 2014, despite these assets not being subject to a licence or lease agreement. As the freeholding of Reserve lands on Mer Island occurred in the 2012/13 year, a prior year adjustment to record the disposal of these assets has been effected. The result of these adjustments is as follows:

Buildings (Community) - \$1,354,695  
Buildings (Corporate) - \$711,171

This error has resulted in a decrease to the net value of Property Plant and Equipment of \$2,065,866.

As a result of the disposal of Mer Island assets as referred to above, council has effected a prior year adjustment to the asset revaluation surplus balances by transferring the following amounts to retained surplus:

Buildings (Communities) - (\$527,000)  
Buildings (Corporate) - (\$658,246)  
Water Supply Network - (\$1,219,802)  
Sewerage Network - (\$414,589)

As these adjustments have been effected between equity accounts, there is no impact on total community equity.

The following prior year errors were also adjusted as explained below:

Unexpended grant funds repayment to TSRA for Stinger Boat (TSRA 11344) - (\$43,854)  
Reversal of TSIJP reversal due to no funding agreement being signed - (\$852,830)  
Unrecorded asset for Erub fisheries - \$19,370

These adjustment have been effected against :The balance of \$43238.96 was held in the balance Sheet (Current Liabilities) as at the 30th June 2013. The amount was repaid to TSRA for the original funding of the Stinger Boat Project for Poruma Island. The TSIJP Funding was revenue receipted and held in the Debtors Ledger in the financial year 2012-2013 for \$853,830 based on a funding agreement from the Department of Health & Aging that was not completed and therefore funding was not received by Council. The amount \$19,370 was recorded in last years financials and relates to the previously unrecorded assets of the Erub Fisheries.

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**28 Financial instruments**

Torres Strait Island Regional Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

**Financial risk management**

Torres Strait Island Regional Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia. The Council does not invest in derivatives or other high risk investments.

**Credit risk**

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or similar financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

No collateral is held as security relating to the financial assets held by Torres Strait Island Regional Council.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

|                               | Note | 2014              | 2013              |
|-------------------------------|------|-------------------|-------------------|
| Financial assets              |      | \$                | \$                |
| Cash and cash equivalents     | 11   | 17,273,347        | 14,226,339        |
| Receivables - Housing         | 12   | 597,765           | 230,381           |
| Receivables - other           | 12   | 8,634,167         | 6,889,269         |
| Other financial assets        | 14   | 2,755,718         | -                 |
| <b>Other credit exposures</b> |      |                   |                   |
| Guarantees                    | 23   | 495,389           | 436,070           |
| <b>Total financial assets</b> |      | <b>29,756,386</b> | <b>21,782,059</b> |

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

*Cash and cash equivalents*

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

*Trade and other receivables*

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area.

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

|                     | 2014             | 2013             |
|---------------------|------------------|------------------|
|                     | \$               | \$               |
| Not past due        | 8,033,285        | 4,330,160        |
| Past due 31-60 days | 1,198,647        | 1,879,268        |
| Past due 61-90 days | 331,877          | 494,639          |
| More than 90 days   | 14,270,612       | 15,189,984       |
| Impaired            | (14,602,488)     | (14,774,400)     |
| Total               | <u>9,231,932</u> | <u>7,119,651</u> |

**Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Torres Strait Island Regional Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

|                          | 0 to 1 year      | 1 to 5 years   | Over 5 years   | Total contractual cash flows | Carrying amount  |
|--------------------------|------------------|----------------|----------------|------------------------------|------------------|
|                          | \$               | \$             | \$             | \$                           | \$               |
| <b>2014</b>              |                  |                |                |                              |                  |
| Trade and other payables | 5,490,149        | -              | -              | -                            | 5,490,149        |
| Loans - QTC              | 70,070           | 280,280        | 193,002        | -                            | 543,352          |
|                          | <u>5,560,219</u> | <u>280,280</u> | <u>193,002</u> | <u>0</u>                     | <u>6,033,501</u> |
| <b>2013</b>              |                  |                |                |                              |                  |
| Trade and other payables | 3,688,796        | -              | -              | -                            | 3,688,796        |
| Loans - QTC              | 70,070           | 280,280        | 255,767        | -                            | 463,416          |
|                          | <u>3,758,866</u> | <u>280,280</u> | <u>255,767</u> | <u>0</u>                     | <u>4,152,212</u> |

The outflows in the above table are not expected to occur significantly earlier or for significantly different amounts than indicated in the table.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

*Interest rate risk*

Torres Strait Island Regional Council is exposed to interest rate risk through investments and borrowings with QTC and other financial institutions.

*Sensitivity*

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

|                   | Net carrying amount | Profit or loss |                  | Equity         |                  |
|-------------------|---------------------|----------------|------------------|----------------|------------------|
|                   | \$                  | 1% increase    | 1% decrease      | 1% increase    | 1% decrease      |
|                   | \$                  | \$             | \$               | \$             | \$               |
| <b>2014</b>       |                     |                |                  |                |                  |
| QTC cash fund     | 14,014,078          | 140,141        | (140,141)        | 140,141        | (140,141)        |
| Other investments | 57,181              | 572            | (572)            | 572            | (572)            |
| Loans - QTC       | (422,043)           | (4,220)        | 4,220            | (4,220)        | 4,220            |
| <b>Net total</b>  | <u>13,649,216</u>   | <u>136,492</u> | <u>(136,492)</u> | <u>136,492</u> | <u>(136,492)</u> |
| <b>2013</b>       |                     |                |                  |                |                  |
| QTC cash fund     | 12,755,633          | 127,556        | (127,556)        | 127,556        | (127,556)        |
| Other investments | 55,269              | 553            | (553)            | 553            | (553)            |
| Loans - QTC       | (463,416)           | (4,634)        | 4,634            | (4,634)        | 4,634            |
| <b>Net total</b>  | <u>12,347,486</u>   | <u>123,475</u> | <u>(123,475)</u> | <u>123,475</u> | <u>(123,475)</u> |

**Torres Strait Island Regional Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2014**

**Fair value**

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

|                              | Note | 2014              |                   | 2013              |                   |
|------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                              |      | Carrying amount   | Fair value        | Carrying amount   | Fair value        |
|                              |      | \$                | \$                | \$                | \$                |
| <b>Financial assets</b>      |      |                   |                   |                   |                   |
| QTC cash fund                | 11   | 14,014,078        | 14,014,078        | 12,755,633        | 12,755,633        |
| Other investments            | 11   | 57,181            | 57,181            | 55,269            | 55,269            |
|                              |      | <u>14,071,259</u> | <u>14,071,259</u> | <u>12,810,902</u> | <u>12,810,902</u> |
| <b>Financial liabilities</b> |      |                   |                   |                   |                   |
| Loans - QTC                  | 19   | (422,043)         | (476,023)         | (463,416)         | (509,850)         |
|                              |      | <u>(422,043)</u>  | <u>(476,023)</u>  | <u>(463,416)</u>  | <u>(509,850)</u>  |

**Fair value - hierarchy**

The recognised fair values of financial assets and liabilities are classified based on the lowest level of input significant to the overall fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical instruments

Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly

Level 3 - valuation techniques for which any significant input is not based on observable market data.

According to the above hierarchy, the fair values of each class of financial instrument carried at fair value are as follows:

|                                    | Level 1           | Level 2  | Level 3  | Total             |
|------------------------------------|-------------------|----------|----------|-------------------|
|                                    | \$                | \$       | \$       | \$                |
| <b>30-Jun-14</b>                   |                   |          |          |                   |
| <b>Financial assets</b>            |                   |          |          |                   |
| QTC cash fund                      | 14,014,078        |          |          | 14,014,078        |
| Other investments                  | 57,181            |          |          | 57,181            |
| <b>Total financial assets</b>      | <u>14,071,259</u> | <u>-</u> | <u>-</u> | <u>14,071,259</u> |
| <b>Financial liabilities</b>       |                   |          |          |                   |
| Loans - QTC                        | 476,023           |          |          | 476,023           |
| <b>Total financial liabilities</b> | <u>476,023</u>    | <u>-</u> | <u>-</u> | <u>476,023</u>    |
|                                    | Level 1           | Level 2  | Level 3  | Total             |
|                                    | \$                | \$       | \$       | \$                |
| <b>30 June 2013</b>                |                   |          |          |                   |
| <b>Financial assets</b>            |                   |          |          |                   |
| QTC cash fund                      | 12,755,633        |          |          | 12,755,633        |
| Other investments                  | 55,269            |          |          | 55,269            |
| <b>Total financial assets</b>      | <u>12,810,902</u> | <u>-</u> | <u>-</u> | <u>12,810,902</u> |
| <b>Financial liabilities</b>       |                   |          |          |                   |
| Loans - QTC                        | 509,850           |          |          | 509,850           |
| <b>Total financial liabilities</b> | <u>509,850</u>    | <u>-</u> | <u>-</u> | <u>509,850</u>    |


**Torres Strait Island Regional Council**  
**Financial Statements**  
**For the year ended 30 June 2014**

**Management Certificate**  
**For the year ended 30 June 2014**


These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

  
\_\_\_\_\_  
Mayor  
Fred Gela

Date: 20 / 10 / 2014

  
\_\_\_\_\_  
Chief Executive Officer  
Dania Ahwang

Date: 20 / 10 / 2014

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Torres Strait Island Regional Council

### Report on the Financial Report

I have audited the accompanying financial report of Torres Strait Island Regional Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Financial Report*

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed 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 entity's preparation 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.



The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

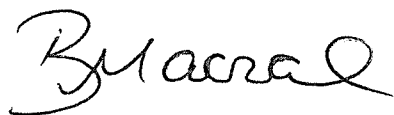
### *Opinion*

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Torres Strait Island Regional Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B MACRAE CPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**Torres Strait Island Regional Council  
Current Year Financial Sustainability Statement  
For the year ended 30 June 2014**

**Current Year Financial Sustainability Statement**

Council's performance at 30 June 2014 against key financial ratios and targets:

|                                 | How the measure is calculated  | Actual - Council | Target               |
|---------------------------------|--|------------------|----------------------|
| Operating surplus ratio         | Net result (excluding capital items) divided by total operating revenue (excluding capital items)  | -40%             | Between 0% and 10%   |
| Asset sustainability ratio      | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.       | 133%             | greater than 90%     |
| Net financial liabilities ratio | Total liabilities less current assets divided by total operating revenue (excluding capital items) | -35%             | not greater than 60% |

**Note 1 - Basis of Preparation**

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2014.



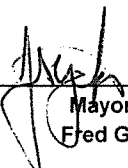
**Torres Strait Island Regional Council**  
**Current Year Financial Sustainability Statement**  
**For the year ended 30 June 2014**

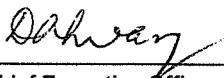
The current-year financial sustainability statement that is given to the auditor-general must be accompanied by a signed certificate in the form below:

**Certificate of Accuracy**  
**For the year ended 30 June 2014**

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.

  
\_\_\_\_\_  
Mayor  
Fred Gela  
Date: 20 / 10 / 2014

  
\_\_\_\_\_  
Chief Executive Officer  
Dania Ahwang  
Date: 20 / 10 / 2014

QAO  
certified statements

## INDEPENDENT AUDITOR'S REPORT

To the Mayor of Torres Strait Island Regional Council

### **Report on the Current-Year Financial Sustainability Statement**

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Torres Strait Island Regional Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

#### *The Council's Responsibility for the Current-Year Financial Sustainability Statement*

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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 Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Independence*

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

### *Opinion*

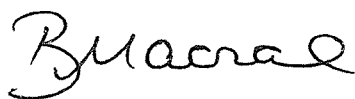
In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Torres Strait Island Regional Council for the year ended 30 June 2014, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

### **Other Matters - Electronic Presentation of the Audited Statement**

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



B MACRAE CPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**Torres Strait Island Regional Council  
Long Term Financial Sustainability Statement  
Prepared as at 30 June 2014**

**Measures of Financial Sustainability**

| Measures of Financial Sustainability | Measure | Target | Actuals at 30 June 2014 | Projected for the years ended |              |              |              |              |              |              |              |              |
|--------------------------------------|---------|--------|-------------------------|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      |         |        |                         | 30 June 2015                  | 30 June 2016 | 30 June 2017 | 30 June 2018 | 30 June 2019 | 30 June 2020 | 30 June 2021 | 30 June 2022 | 30 June 2023 |

**Council**

|                                 |   |                      |      |      |      |      |      |      |      |      |      |      |
|---------------------------------|---|----------------------|------|------|------|------|------|------|------|------|------|------|
| Operating surplus ratio         | Net result divided by total operating revenue   | Between 0% and 10%   | -40% | -42% | -34% | -33% | -31% | -31% | -27% | -28% | -26% | -25% |
| Asset sustainability ratio      | Capital expenditure on the replacement of assets (renewals *) divided by depreciation ** expense. | greater than 90%     | 133% | 48%  | 19%  | 19%  | 19%  | 19%  | 20%  | 20%  | 20%  | 20%  |
| Net financial liabilities ratio | Total liabilities less current assets divided by total operating revenue                          | not greater than 60% | -35% | -8%  | -13% | -12% | -12% | -11% | -11% | -13% | -14% | -15% |

**Council's Financial Management**

\*\* Council as noted above receives a high percentage of its assets via contributed assets and therefore the associated depreciation can distort the ratios

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted seven key financial performance indicators to guide our financial health. In addition to the financial indicators, we have the above three sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

The table below summarises how we performed against set targets for the seven key financial performance indicators established in our financial strategy. In summary, we achieved or bettered six of the financial targets, performing strongly in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure. Our operating result in this period was adversely affected by the impacts of water reform and this issue is outlined in more detail in the coming pages.

| Councillor Name    | Division | Community Organisation                  | Amount Allocated | Purpose of the Allocation  |
|--------------------|----------|---|------------------|--|
| Mayor Fred Gela    | Mayoral  |   |                  |  |
|                    |          | Mabuiag church restoration donation     | \$ 5,000.00      | Mabuiag church restoration donation  |
|                    |          | St Pauls Anglican church                | \$ 2,000.00      | St Pauls Anglican church   |
|                    |          | Helicopter - Fr Pilot - Ugar Church Day | \$ 981.82        | Ugar Church Day  |
|                    |          | BLT - Flight Frank Faud                 | \$ 643.32        | P/O - PTI0002012 Flight Frank Faud to Cairns attending Poruma PBC Meeting for Poruma Resort            |
|                    |          | Rydges Hotels                           | \$ 60.00         | P/O - PTI 0002015 - Accommodation Frank Faud attending Poruma PBC Meeting in Cairns                    |
|                    |          | Urab & Zogo Tudi Dance Team             | \$ 2,200.00      | Additional funding for charter costs.  |
|                    |          | Kaurareg Native Title Group             | \$ 5,000.00      | Administrative Support Budget for KNTAC Matters on Hammond Island                                      |
|                    |          | IBIS                                    | \$ 700.00        | Easter Carnival on Saibai 18-20th April 2014 - P/o PSA0001863 & PSA0001869                             |
|                    |          | IBIS                                    | \$ 500.00        | Sorry Business at Saibai PSA0001964  |
|                    |          | IBIS                                    | \$ 2,000.00      | Mabo Day Celebrations on Mer Island  |
|                    |          | Cape Air Transport                      | \$ 2,500.00      | PGS0003403 - Charter for Funeral lama held in Cairns   |
|                    |          | IBIS                                    | \$ 1,819.34      | PME0001328 - Dauar Celebrations at Mer   |
|                    |          | Hart Sport                              | \$ 3,554.90      | PTI0002615 - Sporting Equipment  |
|                    |          |   |                  |  |
|                    |          | <b>TOTAL</b>                            | <b>26,959.38</b> |  |
| D/Mayor Keith Fell | Mabuiag  |   |                  |  |
|                    |          | Basalaya Kwaya - Cygnet Repu            | \$ 5,709.09      | Charters   |
|                    |          | Mabuiag church restoration donation     | \$ 500.00        | Mabuiag church restoration donation  |
|                    |          | Rebel Sport                             | \$ 118.15        | Purchase beach volley ball set   |
|                    |          | Besi Blazer Basketball Uniforms         | \$ 780.00        | 50% sponsorship  |
|                    |          | Tony Bani                               | \$ 3,000.00      | Foot Ball Team Sponsorship   |
|                    |          | Besi Blazers Sporting Club              | \$ 2,000.00      | to participate in TI basketball carnival   |
|                    |          | Besi Blazers Sporting Club              | \$ 3,000.00      | to participate in TI basketball carnival   |
|                    |          | Besi Blazers Sporting Club              | \$ 400.00        | sporting equipment   |
|                    |          | Goemu Bau Raiders                       | \$ 5,000.00      | auspiced to Besi Blazers Sporting Club for 2013 Zenadth Kes Cup  |
|                    |          | Mr C Repu - Paid to Cape Air Transport  | \$ 2,200.00      | Mr Repu & Choir to attend church rally on Thursday Island  |
|                    |          | MR A Repu - Paid to Cape Air Transport  | \$ 1,100.00      | Charter  |
|                    |          | Besi Balzers Sportr Club                | \$ 706.00        | St Marys Church Day Celebrations   |
|                    |          | IBIS                                    | \$ 158.65        | P/O- PMA0000971 Goods for Good Friday Activity   |
|                    |          |   |                  |  |
|                    |          | <b>TOTAL</b>                            | <b>24,671.89</b> |  |
| Cr Dimas Toby      | Boigu    |   |                  |  |
|                    |          | Saibai Football Team                    | \$ 1,545.45      | Donation   |
|                    |          | Mabuiag church donation                 | \$ 500.00        | Mabuiag church donation  |
|                    |          | Mabo Day Catering                       | \$ 169.63        | PBO0000483 Extra over the top of the \$600 from 12/13  |
|                    |          | Taipan trading                          | \$ 609.40        | Teachers Cultural Exchange Trip  |
|                    |          | IBIS                                    | \$ 499.23        | P/O PBO685 - Teachers Cultural Exchange Trip   |
|                    |          | Jack Gibuma                             | \$ 5,000.00      | Sponsorship  |
|                    |          | Richard Anau                            | \$ 1,400.00      | Malu Kiai Rugby League Torres Strait Cup   |
|                    |          | Taipan Trading                          | \$ 1,500.00      | Gadu BAnau - year 7 graduation dinner  |
|                    |          | BCF                                     | \$ 1,472.69      | Fishing Comp   |
|                    |          | Sea swift                               | \$ 128.25        | freight Supplies for Fishing Comp  |
|                    |          | Fred Anau                               | \$ 1,300.00      | IBIS & Taipan Trading clean up for festive season and preperation for wet season                       |
|                    |          | Fred Anau                               | \$ 324.00        | 6 x drums of 20ltrs ULP - clean up for festive season and preperation for wet season                   |
|                    |          | Smith Banau/ Budia Anau/ Markie Marama  | \$ 1,000.00      | New Ya Kuth - New Years ending celebrations at St Saviour Church. *** quotes and p/o to come from Eric |
|                    |          | Melanie Anau                            | \$ 300.00        | BBQ for local basketball competition Grand Final Night held on 22/1/2014                               |
|                    |          | Malu Kiai Touch Team                    | \$ 648.00        | 12 x 20ltrs unleaded fuel  |

|                        |               |  |                  |  |
|------------------------|---------------|--|------------------|--|
|                        |               | Church of Rock Ministry                  | \$ 1,000.00      | Annual Church Day Celebration  |
|                        |               | Edward Dau                               | \$ 2,000.00      | 2014 Easter Rally - Boigu Community Hall   |
|                        |               | Stephanie Pabai                          | \$ 2,000.00      | Men's and ladies touch team to attend "Battle of the Island touch competition                    |
|                        |               | Cairns Mower City                        | \$ 1,027.00      | P/O PBO0001077 - Community Clean up equipment  |
|                        |               | Taipan trading                           | \$ 620.75        | Catering for Community and Guest Easter Event  |
|                        |               | Jardine Motel                            | \$ 2,000.00      | Accommodation for Boigu Touch Team to attend Battle of the Islands Touch Carnival on TI          |
|                        |               | Boigu Funeral Fund                       | \$ 1,192.59      | Late Mr phillip Matthew Funeral on Boigu island  |
|                        |               | Richard Matthew                          | \$ 3,000.00      | Under 18's footy team attending rugby league carnival at Badu                                    |
|                        |               |  |                  |  |
|                        |               | <b>TOTAL</b>                             | <b>29,236.99</b> |  |
| <b>Cr Joel Gaiden</b>  | <b>Dauan</b>  |  |                  |  |
|                        |               | Football Team - Saibai                   | \$ 4,545.45      | Island of Origin   |
|                        |               | Shirts North                             | \$ 2,876.50      | Western Bears  |
|                        |               | Shirts North                             | \$ 5,524.70      | July Celebrations - Parish of Esention PDU0000442 was coded to task Op 1120                      |
|                        |               | wester bears football rugby league cluch | \$ 2,500.00      | Western Bears  |
|                        |               | Charlie William                          | \$ 4,950.00      | purchase sporting gear for under 18's boys/girls all blacks carnival                             |
|                        |               |  |                  |  |
|                        |               | <b>TOTAL</b>                             | <b>20,396.65</b> |  |
| <b>Cr Ron Enosa</b>    | <b>Saibai</b> |  |                  |  |
|                        |               | Football Team                            | \$ 19,211.15     | Donation   |
|                        |               | Mabuiag church restoration donation      | \$ 500.00        | Mabuiag church restoration donation  |
|                        |               | Fuel                                     | \$ 312.00        | Musicians from Boigu   |
|                        |               | Aragun Warriors                          | \$ 200.00        | Ropeyarn Cup   |
|                        |               | IBIS                                     | \$ 500.00        | Groceries for the New Day Concert Group  |
|                        |               | IBIS                                     | \$ 200.00        | Groceries for the New Day Concert Group  |
|                        |               | IBIS                                     | \$ 1,000.00      | Groceries for 75th Diamond Jubilee of the Holy Trinity Church                                    |
|                        |               | Saibai Internal Charges                  | \$ 289.17        | PSA0001966 - Fuel Donation for Funeral   |
|                        |               |  |                  |  |
|                        |               | <b>TOTAL</b>                             | <b>22,212.32</b> |  |
| <b>Cr Horace Baira</b> | <b>Badu</b>   |  |                  |  |
|                        |               | Mabuiag church restoration donation      | \$ 500.00        | Mabuiag church restoration donation  |
|                        |               | Island of Origin - stadium works         | \$ 13,902.74     | Donation   |
|                        |               | Mulga Tigers Insurance                   | \$ 1,352.25      | Donation   |
|                        |               | Aragun Warriors Football Club            | \$ 1,300.00      | Donation   |
|                        |               | Kulpiyam Rugby League                    | \$ 1,300.00      | Donation   |
|                        |               | Saguci Kekel Football Club               | \$ 1,300.00      | Torres Strait Cup 18-20th October 2013   |
|                        |               | Mulga Football Club                      | \$ 1,300.00      | Torres Strait Cup 18-20th October 2013   |
|                        |               | Kuruwai Warriors Football Club           | \$ 1,300.00      | Torres Strait Cup 18-20th October 2013   |
|                        |               | Aragun Warriors                          | \$ 500.00        | Ropeyarn Cup   |
|                        |               | Educational World travel                 | \$ 1,025.00      | Naianga Nona - G'Day USA Program   |
|                        |               | Badu DOGIT transfer Ceremony             | \$ 1,000.00      | 200ltrs ulp fuel from Dauan  |
|                        |               | Wayne Guivarra Memorial Team             | \$ 2,000.00      | Reconcilitaion Cup Rockhampton   |
|                        |               | Mulga Tigers Football Club               | \$ 1,000.00      | assistance with transport costs, uniforms, and sporting hear for the Thursday Island local comp. |
|                        |               | Aragun Warriors                          | \$ 1,000.00      | Origin Carnival 4-6th July 2014  |
|                        |               | Kulpiyam Rugby League                    | \$ 1,000.00      | Island of Origin july 2014   |
|                        |               |  |                  |  |
|                        |               | <b>TOTAL</b>                             | <b>29,779.99</b> |  |
| <b>Cr David Bosun</b>  | <b>Kubin</b>  |  |                  |  |
|                        |               | Footy - fuel                             | \$ 500.00        | Fuel   |
|                        |               | Mabuiag church restoration donation      | \$ 1,000.00      | Mabuiag church restoration donation  |



|                          |                 |  |                  |   |
|--------------------------|-----------------|--|------------------|---|
|                          |                 | Mua Boars RL insurance                               | \$ 1,750.75      | Insurance   |
|                          |                 | Mua Boars flights                                    | \$ 2,654.55      | 27 - 28 July  |
|                          |                 | Mua Boars Ferry                                      | \$ 440.00        | 27 - 28 July (PO PKU0000658)                                  |
|                          |                 | Mua Boars flights (Warraber)                         | \$ 1,218.18      | 27 - 28 July  |
|                          |                 | Mua Boars Ferry (Warraber x 2)                       | \$ 44.00         | 27 - 28 July  |
|                          |                 | Mua Boars flights - West Wing                        | \$ 1,199.09      | Flight  |
|                          |                 | Mua Boars flights - West Wing                        | \$ 1,199.09      | Flight  |
|                          |                 | Mua Boars Ferry (12 passengers)                      | \$ 421.82        | Flight  |
|                          |                 | Mua Boars flights - Cape Air Transport               | \$ 1,327.27      | Flights   |
|                          |                 | Mua Boars flights - Cape Air Transport               | \$ 663.68        | Flights   |
|                          |                 | Mua Boars Ferry (4 passengers)                       | \$ 70.36         | Ferry Transfer  |
|                          |                 | Mua Boars flights - Cape Air Transport               | \$ 2,654.55      | 9 - 11 Aug  |
|                          |                 | Peddels Ferry  | \$ 335.45        | 10/12 Aug   |
|                          |                 | Mua Boars Ferry (14 passengers)                      | \$ 492.73        | 9 - 11 Aug  |
|                          |                 | Kabay Tamu - Flight home 13/8/13                     | \$ 301.00        | west wing booking number 1732326                              |
|                          |                 | Kabay Tamu - ferry transfer 13/8/13                  | \$ 20.00         | Ferry Transfer  |
|                          |                 | Kabay Tamu - Flight17 & 19/8/13                      | \$ 655.58        | Flight west wing booking number 1739954                       |
|                          |                 | Kabay Tamu - ferry transfer 17 & 19/8/13             | \$ 30.00         | Ferry Transfer  |
|                          |                 | Peddels Ferry  | \$ 112.00        | Ferry Transfer  |
|                          |                 | McDonalds  | \$ 299.20        | 18-19Aug  |
|                          |                 | CAT charters   | \$ 2,654.55      | 18-19Aug  |
|                          |                 | All Blacks Carnival Registration Fees                | \$ 912.67        | Raramai Gammal womens rugby league club                       |
|                          |                 |  |                  |   |
|                          |                 | <b>TOTAL</b>   | <b>20,956.51</b> |   |
| <b>Cr Toshie Kris</b>    | <b>St Pauls</b> |  |                  |   |
|                          |                 | Hammond Ferry  | \$ 7,272.73      | Island of Origin ferry service                                |
|                          |                 | Anglican Church                                      | \$ 2,000.00      | Anglican Church   |
|                          |                 | Mabuiag church restoration donation                  | \$ 500.00        | Mabuiag church restoration donation                           |
|                          |                 | Timothy Saunders - School Science Trip               | \$ 474.00        | Timothy Saunders - School Science Trip                        |
|                          |                 | Deddeyal Gammaz Womens Rugby League                  | \$ 3,351.15      | World rugby league specialists                                |
|                          |                 | Jardine Motel Accommodation                          | \$ 6,240.00      | St Pauls ladies football team                                 |
|                          |                 | Tombstone Opening @ Kubin                            | \$ 260.00        | Diesel fuel for tombstone opening at Kubin of the late FR Joe |
|                          |                 | TI Bulk Meats  | \$ 340.00        | Funeral at Badu   |
|                          |                 |  |                  |   |
|                          |                 | <b>TOTAL</b>   | <b>20,437.88</b> |   |
| <b>Cr Mario Sabatino</b> | <b>Hammond</b>  |  |                  |   |
|                          |                 | Mabuiag church restoration donation                  | \$ 500.00        | Mabuiag church restoration donation                           |
|                          |                 | Regina Turner  | \$ 700.00        | Donation  |
|                          |                 | Kaurareg Native Title Application                    | \$ 16,940.00     | Kaurareg Native Title Application                             |
|                          |                 | Aragun Warriors - paid to richard bowie              | \$ 1,000.00      | Ropeyarn Cup  |
|                          |                 | Weipa Hire   | \$ 770.16        | Repairs to light fixtures Hammond Island Catholic Church      |
|                          |                 | Councillor Support Badu Division                     | \$ 1,000.00      | Badu DOGIT Transfer Ceremony                                  |
|                          |                 | Councillor Support Badu Division                     | \$ 1,000.00      | Badu DOGIT Transfer Ceremony wasn't needed                    |
|                          |                 | AFL Cape York  | \$ 500.00        | Under 12 levy for Jermaine Ahmat state championships in TSV   |
|                          |                 | Our Lady of the Sacred Heart catholic Primary School | \$ 700.00        | Annie Garnier Year 6 & 7 Leadership Camp                      |
|                          |                 | Our Lady of the Sacred Heart catholic Primary School | \$ 700.00        | Harriet Dorante Year 6 & 7 Leadership Camp                    |
|                          |                 | Our Lady of the Sacred Heart catholic Primary School | \$ 700.00        | Orepa Pearson Year 6 & 7 Leadership Camp                      |
|                          |                 |  |                  |   |
|                          |                 | <b>TOTAL</b>   | <b>22,510.16</b> |   |
| <b>Cr Getano Lui Jnr</b> | <b>Iama</b>     |  |                  |   |
|                          |                 | Funeral - transfer costs - Cairns to Horn Island     | \$ 1,342.00      | Funeral Directors   |
|                          |                 | Mauga Larry - escort travel - Cns to Horn            | \$ 312.15        | West Wing   |
|                          |                 | Funeral charter                                      | \$ 1,991.00      | Charter for Mrs Gadie Larry                                   |

|                    |          |   |                  |  |
|--------------------|----------|---|------------------|--|
|                    |          | Funeral Food                            | \$ 259.16        | IBIS lama  |
|                    |          | Funeral charter                         | \$ 2,091.00      | Casket and escort  |
|                    |          | Funeral charter                         | \$ 2,065.00      | Mrs Thamey Matika  |
|                    |          | Dance Team charters - Gab Titui opening | \$ 3,982.00      | Gab tuti Opening   |
|                    |          | Jonah Lui                               | \$ 500.00        | Donation   |
|                    |          | Simeon Baluz                            | \$ 4,000.00      | Tropic City Shirts Footbal Uniforms  |
|                    |          | IBIS                                    | \$ 276.31        | PYA0001140 - food for gathering held on island   |
|                    |          | Cape Air Transport                      | \$ 2,720.00      | PYA0001151 - Charter costs for funeral held in Cairns Nancy Samuel & infant Andrea Filewood  |
|                    |          | Cape Air Transport                      | \$ 900.00        | PGS0003403 - Charter costs for Funeral held in Cairns  |
|                    |          |   |                  |  |
|                    |          |   |                  |  |
|                    |          |   |                  |  |
|                    |          | <b>TOTAL</b>                            | <b>20,438.62</b> |  |
| Cr Ted Billy       | Warraber |   |                  |  |
| Cr Willie Lui      | Warraber | Tshirts                                 | \$ 2,375.45      | Football Carnival  |
|                    |          | Young Billy Travel                      | \$ 570.13        | 12 - Aug Cairns to Warraber  |
|                    |          | Jetstar                                 | \$ 827.28        | Young Billy, Tony Pearson  |
|                    |          | Warraber Sports Association             | \$ 3,700.00      | Donation   |
|                    |          | PS James billy & Mrs Iris Billy         | \$ 2,820.60      | Donation   |
|                    |          | <b>TOTAL</b>                            | <b>10,293.46</b> |  |
|                    |          |   |                  |  |
|                    |          | Cape Air Transport                      | \$ 9,040.00      | Pastor Billy AOG Charter   |
|                    |          | Warraber Sporting Association           | \$ 2,000.00      | Donation   |
|                    |          | Bathu Lagal Saral                       | \$ 3,200.00      | Urab & Zogo Tudi Dance Team  |
|                    |          |   |                  |  |
|                    |          | <b>TOTAL</b>                            | <b>14,240.00</b> |  |
| Cr Phillemon Mosby | Poruma   |   |                  |  |
|                    |          | Urab Dance Team - Melbourne Trip - CAT  | \$ 3,690.91      | Melbourne Trip   |
|                    |          | Urab Dance Team - Melbourne Trip - WW   | \$ 2,760.00      | Melbourne Trip   |
|                    |          | Saibai Concert - Fred David             | \$ 2,000.00      | Saibai Concert   |
|                    |          | Urab Dance Team - melbourne trip - WW   | \$ 1,960.00      | Melbourne Trip   |
|                    |          | Urab Dance Team - Food money            | \$ 1,000.00      | Food Money Melbourne Trip  |
|                    |          | Flights Cape Air Transport              | \$ 4,000.00      | P/O PO0000249 Kulkaigau Ya Workshop for Porumalgal & Warraberalgal Elders                    |
|                    |          | BLT - Flight - Frank Fauid Charter      | \$ 1,155.00      | P/O PO0000326 - Felisha Billy, Renee Pearson, Freda Fauid                                    |
|                    |          | BLT - Flight - Frank Fauid              | \$ 643.32        | P/O PTI0002012 - Flight Frank Fauid to Cairns Poruma PBC Meeting Poruma Resort               |
|                    |          | Rydges Hotels                           | \$ 60.00         | P/O PTI 0002015 - Accommodation Frank Fauid for Poruma PBC Meeting in Cairns                 |
|                    |          | Harvey World Travel                     | \$ 15,326.86     | Urab & zoko Tudi Dance Group   |
|                    |          | Cape Air Transport                      | \$ 7,395.00      | P/O: PPO0000361 - Urab & Zoko Tudi Dance Group   |
|                    |          |   |                  |  |
|                    |          | <b>TOTAL</b>                            | <b>39,991.09</b> |  |
| Cr Ted Nai         | Yorke    |   |                  |  |
|                    |          | BBQ - Students                          | \$ 433.18        | BBQ - Students   |
|                    |          | NAIDOC Celebrations - oil               | \$ 29.98         | NAIDOC Celebrations - oil  |
|                    |          | NAIDOC Celebrations - fuel              | \$ 141.82        | NAIDOC Celebrations - fuel   |
|                    |          | TI Bulk Meat - 23 August meat           | \$ 1,033.73      | TI Bulk Meat - 23 August meat  |
|                    |          | Yessie Mosby - Urab travel              | \$ 2,060.00      | Yessie Mosby - Urab Dancer travel from Horn to Melbourne                                     |
|                    |          | IBIS - 23 August catering               | \$ 1,184.43      | PYO0000368 - 23 August Catering  |
|                    |          | Phillemon Mosby TA                      | \$ 691.55        | Paid into Phillemon Mosbys account donation for Yessie Mosby Urab dancer travel to Melbourne |
|                    |          | Cr Nai - TA for Yessie Mosby            | \$ 300.00        | Cr Nai Reimbursement for \$300 cash goven to Yessie Mosby for their trip to Melbourne        |
|                    |          | Yessie Mosby - Jumula Dubbins Accom     | \$ 59.09         | Yessie Mosby - Jumula Dubbins Accom  |
|                    |          | Yessie Mosby - Jumula Dubbins Accom     | \$ 31.82         | Yessie Mosby - Jumula Dubbins Accom  |
|                    |          | McDonald's Ferry - yessie Mosby         | \$ 60.00         | McDonald's Ferry - yessie Mosby  |
|                    |          | Yessie Mosby - QANTASLink               | \$ 580.26        | Yessie Mosby - QANTASLink  |
|                    |          |   |                  |  |

|                         |             |  |                  |   |
|-------------------------|-------------|--|------------------|---|
|                         |             | Yessie Mosby - West Wing flights                   | \$ 780.45        | Yessie Mosby - West Wing flights  |
|                         |             | Island & Cape                                      | \$ 196.86        | Outboard Oil  |
|                         |             | Hilda Mosby  | \$ 511.38        | Hilda Mosby Outboard Oil  |
|                         |             | Jarrold Mabo - BLT                                 | \$ 954.00        | junior Gold Cup Camp 1  |
|                         |             | Jarrold Mabo - BLT                                 | \$ 943.00        | junior Gold Cup Camp 2  |
|                         |             | IBIS   | \$ 197.20        | Purchase of goods for elders day  |
|                         |             | Island & Cape                                      | \$ 114.58        | purchase of goods for community clean up day  |
|                         |             | IBIS   | \$ 152.73        | purchase of goods for community clean up day  |
|                         |             | Thomas Mabo - Paid into Cynthia Mabo's account     | \$ 1,500.00      | Tombstone Opening   |
|                         |             | IBIS   | \$ 300.00        | PYO0000558 - ANZAC Day Celebrations   |
|                         |             | BLT  | \$ 4,090.91      | Battle of the islands charter to yorke  |
|                         |             | IBIS   | \$ 397.35        | PYO0000604 Purchase of goods for the independent church of Torres Strait Church Day |
|                         |             | IBIS   | \$ 257.09        | PYO0000606 - Purchase of goods for July 1 Celebrations                              |
|                         |             |  |                  |   |
|                         |             | <b>TOTAL</b>                                       | <b>17,001.41</b> |   |
| <b>Cr Rocky Stephen</b> | <b>Ugar</b> |  |                  |   |
|                         |             | Daniel Stephen - Ugar Church Day 6 Aug             | \$ 4,000.00      | Daniel Stephen - Ugar Church Day 6 Aug  |
|                         |             | Mabuiag church restoration donation                | \$ 500.00        | Mabuiag church restoration donation   |
|                         |             | Athe Herry 100th Birthday celebration              | \$ 10,000.00     | Jerry Dixie Stephen   |
|                         |             | Badu Island Foundation                             | \$ 266.65        | PBA0001730 - 400ltrs unleaded fuel for Badu Island DOGIT transfer Ceremony          |
|                         |             | IBIS   | \$ 500.00        | ANZAC Day Celebrations PUG0000359   |
|                         |             |  |                  |   |
|                         |             | <b>TOTAL</b>                                       | <b>15,266.65</b> |   |
| <b>Cr Jimmy Gela</b>    | <b>Erub</b> |  |                  |   |
|                         |             | Arts Centre  | \$ 5,000.00      | Donation  |
|                         |             | Mabuiag church restoration donation                | \$ 500.00        | Mabuiag church restoration donation   |
|                         |             | Erub Touch Team                                    | \$ 2,769.80      | Erub Touch Team   |
|                         |             | Tropic City Shirts                                 | \$ 2,362.00      | Erub Volleyball Team - Mer Carnival   |
|                         |             | Studdys Sports                                     | \$ 3,890.00      | Erub Football Team - John Mye   |
|                         |             | Cyril Mye  | \$ 6,075.50      | Mer Carnival  |
|                         |             | Cross Boader Visitors                              | \$ 1,200.00      | PER0000706 Fuel and Outboard oil for cross boarder visitors                         |
|                         |             | Walter Lui   | \$ 1,000.00      | All Saints Anglican Church Day  |
|                         |             | Aragun Warriors                                    | \$ 500.00        | Ropeyarn Cup  |
|                         |             | IBIS   | \$ 270.66        | Community Members Luncheon PER0000824   |
|                         |             | Councillor Support to Badu Division                | \$ 266.65        | Badu DOGIT transfer Ceremony Costs  |
|                         |             | Kombat Teamwear                                    | \$ 1,426.70      | uniforms for Erub bit ladies touch team   |
|                         |             | Leo Sam  | \$ 1,550.00      | Saam Karem Era Kodo Mer Purchase Materials for Dance Costumes                       |
|                         |             | PNG-Cross border visitors                          | \$ 244.00        | 80 ltrs of ULP fuel to go from Erub back to PNG                                     |
|                         |             | TI Bulk Meats                                      | \$ 780.00        | ANZAC Day Celebration   |
|                         |             | ANZAC Day Celebrations                             | \$ 620.00        | IBIS - PER0000921   |
|                         |             | IBIS & Fuel  | \$ 800.00        | Mabo Day Celebrations   |
|                         |             | Reena Ida Pilot                                    | \$ 48.21         | Frozen Goods Anzac Day Celebrations - Freight on Seaswift                           |
|                         |             | IBIS   | \$ 267.68        | Gathering on community issues & congratulate executive staff                        |
|                         |             | IBIS   | \$ 1,549.65      | PDS0003342 July 1 Celebrations  |
|                         |             | IBIS   | \$ 63.44         | PDS0003343 July 1 Celebrations  |
|                         |             |  |                  |   |
|                         |             | <b>TOTAL</b>                                       | <b>31,184.29</b> |   |
| <b>Cr William Akee</b>  | <b>Mer</b>  |  |                  |   |
|                         |             | Mabuiag church restoration donation                | \$ 500.00        | Mabuiag church restoration donation   |
|                         |             | Volleyball posts and net                           | \$ 1,500.00      | Mer Sports Carnival - Sept 2013   |
|                         |             | Freight for volleyball posts and net               | \$ 46.64         | Freight for volleyball posts and net  |
|                         |             | Hart Sport - sports equipment                      | \$ 2,612.55      | Hart Sport - sports equipment   |
|                         |             | Freight for sports equipment sponsored by seaswift |                  | PME0000888 cancelled  |
|                         |             | Aragun Warriors                                    | \$ 500.00        | Ropeyarn Cup  |
|                         |             | Deadeye Darts                                      | \$ 504.40        | Mer Darts Association   |

|  |                                  |                  |  |
|--|----------------------------------|------------------|--|
|  | Gelam Youth Sports & Rec         | \$ 7,940.00      | Volleyball Carnival Thursday Island & Badu |
|  | Funeral Costs                    | \$ 3,660.91      | Late Pster Jimmy Day                       |
|  | Councillor Support Badu Division | \$ 266.65        | Badu DOGIT Transfer Ceremony               |
|  | Bunnings                         | \$ 1,598.53      | Mer Darts Association                      |
|  | Sea Swift Freight                | \$ 815.35        | Mer Darts Association                      |
|  | IBIS                             | \$ 1,272.31      | PME0001335 Dauar Day Celebration           |
|  | IBIS                             | \$ 1,257.46      | PME0001338 Dauar Day Celebration           |
|  |                                  |                  |  |
|  | <b>TOTAL</b>                     | <b>22,474.80</b> |  |