

Torres Strait Island Regional Council
Financial Statements
For the year ended 30 June 2024

Torres Strait Island Regional Council

Financial statements

For the year ended 30 June 2024

Table of contents

Financial statements	Page
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the financial statements	
Note 1. Information about the financial statements	5
Note 2. Analysis of results by function	6
Note 3. Revenue	8
Note 4. Interest and other income	11
Note 5. Capital expenses	12
Note 6. Employee benefits	12
Note 7. Materials and services	13
Note 8. Finance costs	13
Note 9. Cash and cash equivalents	14
Note 10. Receivables	15
Note 11. Property, plant and equipment	17
Note 12. Intangible assets	25
Note 13. Contract balances	25
Note 14. Leases	26
Note 15. Payables	28
Note 16. Provisions	29
Note 17. Commitments for expenditure	30
Note 18. Contingent liabilities	30
Note 19. Superannuation	32
Note 20. Reconciliation of net result for the year to net cash inflow (outflow) from operating activities	33
Note 21. Events after the reporting period	34
Note 22. Financial instruments and financial risk management	34
Note 23. Transactions with related parties	36
Certification of the financial statements	
Management Certificate	40
Independent Auditor's Report	41
Financial sustainability	
Current Year Financial Sustainability Statement	44
Certificate of Accuracy for the Current Year Financial Sustainability Statement	45
Independent Auditor's Report on the Current Year Financial Sustainability Statement	46
Current Year Financial Sustainability Statement - Contextual Ratios	49
Certificate of Accuracy for the Current Year Financial Sustainability Statement - Contextual Ratios	50
Unaudited Long-Term Financial Sustainability Statement	51
Certificate of Accuracy for the Long-Term Financial Sustainability Statement	52

Torres Strait Island Regional Council
Statement of Comprehensive Income
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Income			
Revenue			
Recurrent revenue			
Community levies, rates and charges	3(a)	1,661,595	1,832,135
Fees and charges	3(b)	5,439,538	4,653,766
Sales revenue	3(c)	25,192,420	14,193,050
Grants, subsidies, contributions and donations	3(d)	32,112,697	37,291,208
Total recurrent revenue		<u>64,406,250</u>	<u>57,970,159</u>
Capital revenue			
Grants, subsidies, contributions and donations	3(d)	29,215,320	27,001,367
Total capital revenue		<u>29,215,320</u>	<u>27,001,367</u>
Interest received	4(a)	1,041,836	661,744
Other income	4(b)	1,197,411	2,537,583
Rental income	4(c)	4,679,623	4,764,401
Total income		<u>100,540,440</u>	<u>92,935,255</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(28,938,036)	(26,970,757)
Materials and services	7	(52,050,736)	(39,846,668)
Finance costs	8	(500,980)	(489,365)
Depreciation and amortisation			
Property, plant and equipment	11	(60,318,428)	(53,460,277)
Right of use assets	14	(602,574)	(619,836)
Total recurrent expenses		<u>(142,410,754)</u>	<u>(121,386,904)</u>
Capital expenses	5	(4,368,329)	(15,455,071)
Total expenses		<u>(146,779,083)</u>	<u>(136,841,975)</u>
Net result		<u>(46,238,643)</u>	<u>(43,906,720)</u>
Other comprehensive income			
Increase in asset revaluation surplus	11	82,786,371	109,757,644
Total other comprehensive income for the year		<u>82,786,371</u>	<u>109,757,644</u>
Total comprehensive income for the year		<u>36,547,728</u>	<u>65,850,924</u>

The above statement should be read in conjunction with the accompanying notes.

Torres Strait Island Regional Council
Statement of Financial Position
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	9	23,044,959	36,254,265
Short term deposit		69,720	66,774
Receivables	10	9,103,178	5,437,069
Inventories		415,117	411,754
Contract assets	13	8,017,999	5,319,290
Lease receivables	14	500,482	534,849
Total current assets		<u>41,151,456</u>	<u>48,024,001</u>
Non-current assets			
Lease receivables	14	11,220,749	11,233,247
Property, plant and equipment	11	1,117,707,797	1,062,073,243
Intangible assets	12	562,433	-
Right of use assets	14	578,406	1,180,980
Total non-current assets		<u>1,130,069,385</u>	<u>1,074,487,470</u>
Total assets		<u>1,171,220,841</u>	<u>1,122,511,471</u>
Current liabilities			
Payables	15	11,387,962	7,767,117
Provisions	16	4,020,294	3,783,663
Contract liabilities	13	13,635,431	12,491,846
Lease liabilities	14	621,246	616,466
Total current liabilities		<u>29,664,933</u>	<u>24,659,092</u>
Non-current liabilities			
Provisions	16	8,394,676	8,144,029
Lease liabilities	14	-	621,246
Total non-current liabilities		<u>8,394,676</u>	<u>8,765,275</u>
Total liabilities		<u>38,059,609</u>	<u>33,424,367</u>
Net community assets		<u>1,133,161,232</u>	<u>1,089,087,104</u>
Community equity			
Asset revaluation surplus	11	825,699,268	735,386,497
Retained surplus		307,461,964	353,700,607
Total community equity		<u>1,133,161,232</u>	<u>1,089,087,104</u>

The above statement should be read in conjunction with the accompanying notes.

Torres Strait Island Regional Council
Statement of Changes in Equity
For the year ended 30 June 2024

	Asset revaluation surplus	Retained surplus	Total
	\$	\$	\$
Balance as at 1 July 2023	735,386,497	353,700,607	1,089,087,104
Adjustment for assets found not on asset register	7,526,400	-	7,526,400
Restated Balance as at 1 July 2023	<u>742,912,897</u>	<u>353,700,607</u>	<u>1,096,613,504</u>
Net result	-	(46,238,643)	(46,238,643)
Increase in asset revaluation surplus	82,786,371	-	82,786,371
Total comprehensive income for the year	<u>82,786,371</u>	<u>(46,238,643)</u>	<u>36,547,728</u>
Balance as at 30 June 2024	<u>825,699,268</u>	<u>307,461,964</u>	<u>1,133,161,232</u>
Balance as at 1 July 2022	625,628,853	397,607,327	1,023,236,180
Net result	-	(43,906,720)	(43,906,720)
Other comprehensive income for the year			
Increase in asset revaluation surplus	109,757,644	-	109,757,644
Total comprehensive income for the year	<u>109,757,644</u>	<u>(43,906,720)</u>	<u>65,850,924</u>
Balance as at 30 June 2023	<u>735,386,497</u>	<u>353,700,607</u>	<u>1,089,087,104</u>

The above statement should be read in conjunction with the accompanying notes.

Torres Strait Island Regional Council

Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		34,198,434	29,010,724
Payments to suppliers and employees		(76,951,472)	(67,044,575)
		(42,753,038)	(38,033,851)
Interest received		1,003,496	627,415
Recurrent grants and contributions		27,737,958	38,037,950
Net cash inflow (outflow) from operating activities	20	<u>(14,011,584)</u>	<u>631,514</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(30,846,805)	(28,947,794)
Proceeds from sale of property, plant and equipment		41,114	-
Proceeds from insurance claims		-	634,380
Finance lease receipts		534,849	399,599
Capital grants, subsidies, contributions and donations		31,708,068	30,921,936
Net cash inflow (outflow) from investing activities		<u>1,437,226</u>	<u>3,008,121</u>
Cash flows from financing activities			
Repayment of borrowings		-	-
Repayments made on leases (principal only)		(634,947)	(652,501)
Net cash inflow (outflow) from financing activities		<u>(634,947)</u>	<u>(652,501)</u>
Net increase (decrease) in cash and cash equivalents held		(13,209,306)	2,987,133
Cash and cash equivalents at the beginning of the financial year		36,254,265	33,267,132
Cash and cash equivalents at the end of the financial year	9	<u><u>23,044,959</u></u>	<u><u>36,254,265</u></u>

The above statement should be read in conjunction with the accompanying notes.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

1 Information about the financial statements

1.A Basis of preparation

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

These general purpose financial statements are for the period 1 July 2023 to 30 June 2024 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment. The Council uses the Australian dollar as its functional currency, its presentation currency and rounds to the nearest dollar.

The income of local government and public authorities is exempt from income tax. However Council is subject to Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the Australian Taxation Office (ATO) or payable to the ATO is shown as an asset or liability respectively.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and interpretations as applicable to not-for-profit entities.

Comparative information is prepared on the same basis as the prior financial year.

1.B 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.C New and revised Accounting Standards adopted during the year

Council has adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2023. The standards did not have a material impact on reported position, performance and cash flows of Council. The adoption of the revisions to AASB 101 *Presentation of Financial Statements* resulted in disclosure of material accounting policy information only rather than significant accounting policies. This means that accounting policy information is disclosed only if it relates to material transactions, other events or conditions and:

- a) Council has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.
- b) Council chose (or was mandated to use) the accounting policy from one or more options permitted by Australian Accounting Standards.
- c) the accounting policy was developed in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors in the absence of an Australian Accounting Standard that specifically applies.
- d) the accounting policy relate to an area for which a Council is required to make significant judgements or assumptions in applying an accounting policy, and the Council discloses those judgements or assumptions in the financial statements.
- e) the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

1.D Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2024. These standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a material impact for Council then further information has been provided in this note.

No standard issued by the AASB which is not yet effective is expected to have a material impact for Council.

1.E Critical accounting judgements and key sources of estimation uncertainty

Council makes a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

- Revenue recognition - Note 3
- Expected Credit Losses (ECL) - Note 10
- Valuation and depreciation of property, plant and equipment - Note 11
- Finance Leases - Note 13
- Provisions - Note 15
- Contingent liabilities - Note 17

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

2 Analysis of results by function

(a) Components of Council functions

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

Executive Services

The core functions of Executive Services include management of the Office of the Mayor and Office of the CEO, facilitation of Council and Committee meetings, executive administration and internal audit.

Health and Community Services

The objective of the Health and Community Services function is to develop, manage and deliver community and public health services that meet the needs of all sectors of the community. The core functions includes community services, housing services, environmental health services, health and wellbeing services and divisional administrative services.

Engineering Services

Engineering Services provides a high level of services in integrated infrastructure management which ensures environmental protection and meets community expectations. The outcomes achieved by Engineering Services are linked with Council's commitment to public health, transport, water and wastewater infrastructure. The core functions include water services, wastewater services, civil works services, and waste services..

Building Services

The objective of the Building Services function is to provide repairs and maintenance on social housing and new construction on behalf of the State and Federal Government.

Corporate Services

Corporate Services is responsible for the provision of Council-wide services. The core functions include legal services, governance, strategic (corporate) planning, human resources, WH&S, information technology services, corporate risk and insurance, media, engagement and advocacy, enterprise development and fuel and fleet.

Financial Services

Financial Services provides professional financial management and advisory services to Council. The core functions include financial accounting, management accounting, procurement and strategic asset management services.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

2 Analysis of results by function (continued)

(b) Income and expenses defined between recurring and capital are attributed to the following functions:

Year ended 30 June 2024

Functions	Gross program income			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								
	\$	\$	\$		\$	\$					
Executive Services	90,000	-	-	90,000	3,713,127	-	212,112	3,925,238	(3,623,127)	(3,835,238)	3,242,977
Health and Community Services	5,975,825	9,432,027	8,778,793	24,186,645	44,487,159	-	4,061,363	48,548,522	(29,079,307)	(24,361,876)	363,323,458
Engineering Services	9,574,482	5,982,243	17,756,514	33,313,240	57,749,431	(41,114)	1,013,546	58,721,863	(42,192,705)	(25,408,624)	641,030,469
Building Services	-	21,946,221	1,069,579	23,015,800	19,702,608	-	(1,561,879)	18,140,729	2,243,613	4,875,071	-
Corporate Services	(13,116)	48,420	140,044	175,347	6,105,158	-	(95,778)	6,009,380	(6,069,855)	(5,834,033)	3,141,375
Financial Services	16,485,506	1,803,511	1,470,390	19,759,407	10,653,271	4,409,443	(3,629,363)	11,433,351	7,635,746	8,326,056	160,482,561
Total Council	32,112,697	39,212,422	29,215,320	100,540,439	142,410,754	4,368,329	-	146,779,083	(71,085,635)	(46,238,643)	1,171,220,841

Year ended 30 June 2023

Functions	Gross program income			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								
	\$	\$	\$		\$	\$					
Executive Services	646,200	-	-	646,200	3,517,900	-	149,164	3,667,064	(2,871,700)	(3,020,864)	2,870,804
Health and Community Services	3,356,194	9,248,590	7,064,883	19,669,667	39,541,378	-	4,695,878	44,237,256	(26,936,594)	(24,567,589)	344,140,304
Engineering Services	7,109,130	6,174,896	16,743,656	30,027,681	51,301,432	-	186,240	51,487,672	(38,017,406)	(21,459,990)	613,177,902
Building Services	-	11,026,776	1,645,683	12,672,459	12,503,391	-	(441,046)	12,062,345	(1,476,615)	610,114	-
Corporate Services	80,000	166,609	-	246,609	5,061,000	-	(106,255)	4,954,745	(4,814,390)	(4,708,136)	3,361,731
Financial Services	26,099,684	2,025,807	1,547,146	29,672,636	9,461,804	15,455,070	(4,483,982)	20,432,892	18,663,686	9,239,744	158,960,729
Total Council	37,291,208	28,642,679	27,001,367	92,935,254	121,386,904	15,455,070	-	136,841,974	(55,453,018)	(43,906,721)	1,122,511,471

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

3 Revenue

(a) Community levies, rates and charges

Community levies, rates and annual charges are recognised as revenue when Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

	2024	2023
	\$	\$
Water charges commercial	365,291	484,074
Sewerage charges commercial	1,007,678	1,029,312
Garbage charges commercial	207,220	242,968
Rates from 40 year leases	81,406	75,781
	<u>1,661,595</u>	<u>1,832,135</u>

(b) Fees and charges

Council provides a range of goods and services to the community and other third parties for a fee. These fees are set in a fees and charges register adopted by Council at the annual budget meeting. Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods or services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay prior to or at the point of provision of the service. There is no material obligation for Council in relation to refunds or returns.

	2024	2023
	\$	\$
Airport landing fees	466,867	448,653
Commercial property lease and licence fees	2,762,693	2,410,432
Maritime fees	2,050,141	1,612,588
Hire of Council buildings	116,392	94,948
Other fees and charges	43,445	87,145
	<u>5,439,538</u>	<u>4,653,766</u>

Timing of revenue recognition for fees and charges

	2024		2023	
	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time
Fees and charges	2,762,693	2,676,845	2,410,432	2,243,334
	<u>2,762,693</u>	<u>2,676,845</u>	<u>2,410,432</u>	<u>2,243,334</u>

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

3 Revenue (continued)

(c) Sales revenue

Revenue from contract and recoverable works generally comprises a recoupment of material costs together with an hourly charge for the use of equipment and employees. Contract revenue from repairs and maintenance is recognised at the point in time when works are signed off as completed and only recorded as a contract asset once this performance obligation is met.

Contract revenue and associated costs in relation to upgrades, are recognised by reference to the stage of completion of the contract and the total revenue budget. Where consideration is received for the service in advance it is included in contract liabilities and is recognised as revenue in the period when the service is performed.

	2024	2023
	\$	\$
Contract and recoverable works	21,834,745	11,002,144
Plant and equipment hire	128,591	112,637
Childcare services	106,675	113,085
Accommodation	1,067,710	954,705
Sale of fuel and gas	1,758,663	1,740,998
Sale of powercards	296,035	269,481
	<u>25,192,420</u>	<u>14,193,050</u>

Timing of revenue recognition for sales

	2024		2023	
	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time
Sales revenue	23,137,721	2,054,698	12,182,571	2,010,479
	<u>23,137,721</u>	<u>2,054,698</u>	<u>12,182,571</u>	<u>2,010,479</u>

(d) Grants, subsidies, contributions and donations

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.

The performance obligations vary in each agreement and can include items such as travel and positions for specific purposes. Payment terms vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements there may be performance obligations where control transfers at a point in time and others where there is continuous transfer of control over the life of the contract.

Where control is transferred over time, revenue is recognised using either costs or time incurred.

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

3 Revenue (continued)

(d) Grants, subsidies, contributions and donations (continued)

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the fair value when the assets are received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which are enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Donations and contributions

When assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

Donations and contributions are generally recognised on receipt of the assets since there are no performance obligations.

	2024	2023
	\$	\$
Operating		
General purpose grants	610,755	18,761,597
State Government subsidies and grants	27,783,994	17,510,947
Commonwealth Government subsidies and grants	3,717,948	1,018,664
	<u>32,112,697</u>	<u>37,291,208</u>

In June 2023, Council received an amount of \$15,357,943 equating to 96% of the 2023-24 Commonwealth Financial Assistance Grant allocation. As these grants are considered untied grants, they were recognised upon receipt in the 2022-23 financial year. In the 2023-24 financial year, Council did not receive any such advance grant funding and as such, there is a decrease in Council's revenue.

Capital

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets.

State Government subsidies and grants	21,420,296	26,137,973
Commonwealth Government subsidies and grants	7,735,024	515,570
Contributed assets	60,000	347,824
	<u>29,215,320</u>	<u>27,001,367</u>

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

3 Revenue (continued)

Timing of revenue recognition for grants, subsidies, contributions and donations

	2024		2023	
	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time
	\$	\$	\$	\$
Grants and subsidies	42,874,945	18,393,072	34,620,487	29,324,264
Contributions	-	60,000	-	347,824
	<u>42,874,945</u>	<u>18,453,072</u>	<u>34,620,487</u>	<u>29,672,088</u>

4 Interest and other income

Note

2024
\$

2023
\$

(a) Interest income

Interest from financial institutions

1,041,836	661,744
<u>1,041,836</u>	<u>661,744</u>

(b) Other income

Other income is recognised on receipt. Gains on the revaluation of finance leases and refuse restoration are non-cash adjustments.

Insurance claims received		119,348	19,701
Gain/(loss) on revaluation of finance leases	14	487,985	1,242,662
Commission income		527,282	521,155
Other revenue		62,796	334,440
Gain on refuse restoration	16	-	419,625
		<u>1,197,411</u>	<u>2,537,583</u>

(c) Rental income

Rental revenue from community housing is recognised as income periodically in advance each fortnight.

Residential property rental income	4,679,623	4,764,401
	<u>4,679,623</u>	<u>4,764,401</u>

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

As the buildings held by Council do not meet the definition of investment property, these buildings are accounted for in accordance with AASB 116 *Property, Plant and Equipment*.

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

5 Capital expenses	Note	2024	2023
Loss on disposal of non-current assets			
Book value of property, plant and equipment disposed		4,409,443	8,114,489
Add: Other costs of disposal		-	467,700
Less: Proceeds from the sale of property, plant and equipment		(41,114)	-
Less: Proceeds from insurance claims		-	(634,380)
		<u>4,368,329</u>	<u>7,947,809</u>
Loss on disposal of registered <i>Land Holding Act</i> leases			
Book value of property, plant and equipment		-	7,507,262
		<u>-</u>	<u>7,507,262</u>
		<u>4,368,329</u>	<u>15,455,071</u>
6 Employee benefits			
Staff wages and salaries		21,044,991	19,811,486
Councillors' remuneration		1,143,867	1,076,907
Annual, sick and long service leave entitlements		4,096,589	3,866,734
Superannuation	19	2,650,677	2,551,605
		<u>28,936,123</u>	<u>27,306,732</u>
Other employee related expenses		325,931	349,687
		<u>29,262,054</u>	<u>27,656,419</u>
Less: Capitalised employee expenses		(324,018)	(685,662)
		<u>28,938,036</u>	<u>26,970,757</u>

Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties.

	2024	2023
	#	#
Total Council employees at the reporting date:		
Elected members	16	16
Administration staff	318	325
Total full time equivalent employees	<u>334</u>	<u>341</u>

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

7 Materials and services	Note	2024	2023
		\$	\$
Advertising and marketing		73,236	72,117
Audit services		170,582	182,600
Communications and IT		2,346,356	1,877,648
Consultants		2,297,963	2,266,274
Contractors		8,123,746	8,967,106
Contracts - Infrastructure		6,700,206	1,540,360
Donations paid		345,852	408,706
Freight		1,350,159	1,296,309
Insurance		5,691,262	5,039,377
Legal fees		687,272	330,104
Materials - carpentry, plumbing, electrical		1,061,843	502,807
Motor vehicle expenses		2,581,133	2,747,600
Other materials and services		1,922,486	1,725,288
Power		1,535,783	1,233,027
Powercards, fuel and gas for resale		2,239,728	2,216,711
Rent paid		120,554	145,463
Repairs and maintenance		6,914,018	4,578,565
Repairs and maintenance - electrical		3,009,766	1,271,968
Subscriptions and registrations		151,080	110,289
Supplies and consumables		390,080	429,937
Temporary staff costs		1,259,747	500,986
Travel		3,177,112	2,583,653
Less: Expenses capitalised		(99,228)	(180,226)
		<u>52,050,736</u>	<u>39,846,668</u>

* Total audit fees quoted by the Queensland Audit Office relating to the 2023-24 financial statements are \$186,089 (2022-23: \$182,600)

8 Finance costs

Losses on revaluation of finance leases and impairment of receivables are non-cash adjustments.

Bank charges		77,552	76,479
Impairment of receivables		246,623	382,417
Refuse restoration	16	158,324	-
Interest on leases	14	18,481	30,469
		<u>500,980</u>	<u>489,365</u>

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

9 Cash and cash equivalents

	Note	2024 \$	2023 \$
Cash at bank		13,673,942	25,256,423
Deposits at call		9,371,017	10,997,842
Balance per Statement of Cash Flows		<u>23,044,959</u>	<u>36,254,265</u>
Less: Externally imposed restrictions on cash		13,929,357	17,366,644
Unrestricted cash		<u>9,115,602</u>	<u>18,887,621</u>

Council's cash at bank and term deposits are held with National Australia Bank on normal terms. The bank currently has a short term credit rating of A-1+ and long term rating of AA-. Deposits at call are held with the Queensland Treasury Corporation.

Council's cash and cash equivalents are subject to a number of external restrictions that limit amounts available for discretionary or future use.

(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

Unspent government grants and subsidies	13,929,357	17,366,644
Total externally imposed restrictions on cash assets	<u>13,929,357</u>	<u>17,366,644</u>

(ii) Internal allocations of cash at the reporting date:

Funds set aside and held in reserves for DOGIT land	3,421,487	2,806,548
Total internally allocated cash assets	<u>3,421,487</u>	<u>2,806,548</u>

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds relating to island funeral funds, church funds and other community funds. 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 since Council has no control over the assets.

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:

Island funeral funds	209,630	235,574
Church funds	10,177	9,910
Other community funds	54,469	53,037
	<u>274,276</u>	<u>298,521</u>

Some funds belonging to Council are held in the trust funds of third parties.

Funds held in trust by outside parties

DFK Kidsons holding funds for the Major Infrastructure and Other Programs	23,878,720	28,324,917
	<u>23,878,720</u>	<u>28,324,917</u>

The Major Infrastructure and Other Program is jointly funded by the Australian and Queensland Governments to deliver and upgrade major infrastructure capital works in the Torres Strait. DFK Kidsons holds funds for multiple councils in regards to the Major Infrastructure and Other Program. The amount disclosed above relates to Torres Strait Island Regional Council's portion of the funds. Infrastructure assets are not recognised by the Council until they have reached completion.

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

10 Receivables

Settlement of receivables is required within 30 days after the invoice is issued.

Receivables are measured at amortised cost which approximates fair value at reporting date.

	2024	2023
	\$	\$
Current		
Receivable - Housing	12,988,154	13,003,266
Less impairment	(12,655,302)	(12,588,032)
Receivable - Rates	1,083,009	855,561
Less impairment	(315,701)	(325,833)
Receivable - Other	4,243,717	1,865,602
Less impairment	<u>(243,153)</u>	<u>(204,505)</u>
	5,100,724	2,606,059
Accrued revenue	3,513,135	2,255,586
Prepayments	348,545	362,121
GST receivable	140,774	213,303
	<u>9,103,178</u>	<u>5,437,069</u>

Council assesses credit risk before providing goods or services and applies normal business credit protection to minimise the risk.

Council does not require collateral in respect of trade and other receivables. Council does not have trade receivables for which no loss allowance is recognised because of collateral.

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The exposure to credit risk for trade receivables by type of counterparty was as follows:

Housing charges	12,869,555	12,819,911
Government entities	2,808,311	1,191,290
Utility charges	1,083,009	855,561
Other	869,689	857,667
Total	<u>17,630,564</u>	<u>15,724,429</u>

Movement in accumulated impairment losses is as follows:

Opening balance at 1 July	13,118,370	13,107,214
Less: Debts written off during the year	(152,324)	(371,260)
Additional impairments recognised	810,753	494,154
Less: Impairments reversed	<u>(562,644)</u>	<u>(111,738)</u>
Closing balance at 30 June	<u>13,214,155</u>	<u>13,118,370</u>

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

10 Receivables (continued)

Expected credit loss assessment

Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past ten years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables.

For housing receivables this rate ranges from 15% - 98% depending on the aging of the debt (2022/23: 16% - 98%). In relation to other receivables, this rate ranges from 1% - 33% depending on the aging of the debt (2022/23: 1% - 32%).

2024

Aging	Closing balance 30 June 2024 \$	Historical probability of default	Loss given default	Lifetime expected credit loss \$
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Housing

Current	118,109	15.00%	100%	17,716
1-30 days	59,034	96.00%	100%	56,673
31-60 days	49,072	96.00%	100%	47,109
61+ days	12,761,939	98.21%	100%	12,533,804
	<u>12,988,155</u>			<u>12,655,302</u>

Other debtors

Current	2,785,757	0.29%	100%	8,100
1-30 days	958,276	4.52%	100%	43,274
31-60 days	36,540	12.75%	100%	4,658
61+ days	1,546,152	32.52%	100%	502,822
	<u>5,326,726</u>			<u>558,854</u>

2023

Aging	Closing balance 30 June 2023 \$	Historical probability of default	Loss given default	Lifetime expected credit loss \$
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Housing

Current	136,131	16.0%	100%	21,781
1-30 days	80,203	97.0%	100%	77,797
31-60 days	64,094	97.0%	100%	62,172
61+ days	12,722,837	97.7%	100%	12,426,282
	<u>13,003,266</u>			<u>12,588,032</u>

Other debtors

Current	918,094	1.0%	100%	8,784
1-30 days	203,349	7.0%	100%	14,258
31-60 days	166,100	27.7%	100%	45,998
61+ days	1,433,620	32.2%	100%	461,298
	<u>2,721,163</u>			<u>530,338</u>

Torres Strait Island Regional Council

**Notes to the financial statements
For the year ended 30 June 2024**

11 Property, plant and equipment

Council - 30 June 2024

	Buildings (Communities)	Buildings (Corporate)	Buildings (Churches)	Recreational facilities	Transport network	Stormwater drainage network	Flood mitigation network	Water	Wastewater	Marine infrastructure	Waste	Land	Plant and equipment	Work in 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	
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2023	768,771,551	153,167,895	23,265,300	37,874,619	344,335,804	17,297,444	60,600,453	310,060,362	332,101,469	59,117,987	3,811,217	2,870,804	10,143,261	25,513,776	2,148,931,942
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	30,552,089	30,552,089
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	60,000	60,000
Assets capitalised from work in progress	7,145,858	676,353	-	525,119	29,163	-	4,019,699	9,383,297	105,531	-	-	-	469,733	(22,917,190)	(562,436)
Disposals	(6,410,883)	(566,904)	-	(162,178)	-	-	(2,544,509)	(4,667,318)	(12,430)	-	-	-	(662,686)	-	(15,026,908)
Revaluation adjustment to asset revaluation surplus	76,236,067	15,253,111	2,326,530	3,771,244	27,891,200	1,401,093	3,947,804	21,372,088	23,246,233	4,788,557	381,122	372,173	-	-	180,987,222
Transfer between classes	-	(69,880)	-	-	-	-	-	-	-	-	-	-	69,880	-	-
Closing gross value as at 30 June 2024	845,742,593	168,460,576	25,591,830	42,008,804	372,256,167	18,698,537	66,023,447	336,148,429	355,440,803	63,906,544	4,192,339	3,242,977	10,020,188	33,208,675	2,344,941,909

Accumulated depreciation and impairment

Opening balance as at 1 July 2023	424,631,246	93,405,531	15,738,900	24,628,258	149,809,634	7,387,957	13,768,787	162,292,944	152,603,836	25,982,311	2,301,364	-	6,781,530	-	1,079,332,300
Depreciation provided in period	25,232,289	5,476,839	619,085	1,276,669	5,655,935	345,949	1,641,021	9,217,008	8,785,516	1,319,518	135,403	-	613,197	-	60,318,428
Revaluation adjustment to asset revaluation surplus	44,547,016	9,840,164	1,635,798	2,587,885	12,592,711	626,446	926,785	11,764,577	11,296,385	2,139,407	243,677	-	-	-	98,200,851
Depreciation/impairment on disposals	(4,393,370)	(479,577)	-	(26,080)	-	-	(1,780,622)	(3,408,404)	(12,430)	-	-	-	(516,982)	-	(10,617,465)
Transfers between classes	-	(1,149)	-	-	-	-	-	-	-	-	-	-	1,149	-	-
Accumulated depreciation as at 30 June 2024	490,017,181	108,241,809	17,993,783	28,466,731	168,058,281	8,360,352	14,555,970	179,866,124	172,673,307	29,441,235	2,680,444	-	6,878,895	-	1,227,234,113

Book value as at 30 June 2024

355,725,412	60,218,768	7,598,048	13,542,073	204,197,887	10,338,184	51,467,476	156,282,304	182,767,497	34,465,308	1,511,894	3,242,977	3,141,292	33,208,675	1,117,707,797
15 - 50	10 - 50	15 - 50	5 - 50	10 - 100	47 - 53	10 - 50	3 - 60	5 - 100	10 - 50	15 - 25	Land: Not Depreciated	1 - 25	WIP: Not Depreciated	

Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	5,551,198	-	-	299,317	-	-	101,724	9,383,297	105,531	-	-	-	-	-	15,441,068
Other additions	1,594,659	676,353	-	225,802	29,163	-	3,917,975	-	-	-	-	-	469,733	-	6,913,686
Total additions	7,145,858	676,353	-	525,119	29,163	-	4,019,699	9,383,297	105,531	-	-	-	469,733	-	22,354,754

Asset revaluation surplus

Opening balance as at 1 July 2023	254,398,273	41,159,309	7,526,400	10,845,848	161,973,945	5,323,450	9,308,512	96,904,856	133,221,614	21,143,671	678,349	428,670	-	-	742,912,897
Movements - Revaluation	31,689,050	5,412,947	690,732	1,183,359	15,298,489	774,647	3,021,020	9,607,511	11,949,848	2,649,150	137,445	372,173	-	-	82,786,371
Closing balance as at 30 June 2024	286,087,323	46,572,256	8,217,132	12,029,207	177,272,434	6,098,097	12,329,532	106,512,368	145,171,462	23,792,821	815,794	800,843	-	-	825,699,268

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

11 Property, plant and equipment (continued)

Council - 30 June 2023

Basis of measurement

Asset values

	Buildings (Communities)	Buildings (Corporate)	Buildings (Churches)	Recreational facilities	Transport network	Stormwater drainage network	Flood mitigation network	Water	Wastewater	Marine infrastructure	Waste	Land	Plant and equipment	Work in 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	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2022	682,225,378	132,700,517	-	32,916,279	313,457,970	15,517,040	40,845,182	273,641,873	288,279,971	54,931,029	3,314,102	2,623,552	9,325,591	59,861,625	1,909,640,109
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	27,670,222	27,670,222
Capital contributions	-	-	-	-	-	-	-	-	-	347,824	-	-	-	-	347,824
Assets capitalised from work in progress	6,561,699	1,592,179	-	877,616	5,582,410	570,768	14,241,171	13,108,695	17,525,013	12,127	-	-	1,946,394	(62,018,071)	-
Disposals	(20,549,203)	(1,046,553)	-	(848,605)	(1,292,722)	(100,749)	-	(9,653,792)	(8,692,058)	(804,356)	-	-	(1,128,724)	-	(44,116,762)
Revaluation adjustment to asset revaluation surplus	100,533,677	19,921,752	-	4,929,329	26,588,147	1,310,385	5,514,100	32,963,586	34,988,543	4,631,363	497,115	247,252	-	-	232,125,249
Closing gross value as at 30 June 2023	768,771,551	153,167,895	-	37,874,619	344,335,804	17,297,444	60,600,453	310,060,362	332,101,469	59,117,987	3,811,217	2,870,804	10,143,261	25,513,776	2,125,666,643

Accumulated depreciation and impairment

Opening balance as at 1 July 2022	356,128,300	77,024,856	-	20,746,776	133,766,810	6,591,497	10,902,180	144,623,414	134,727,558	22,661,476	1,883,444	-	7,304,217	-	916,260,528
Depreciation provided in period	22,615,444	4,851,620	-	1,171,994	5,433,926	313,394	1,261,711	7,974,496	7,951,884	1,226,955	117,742	-	541,112	-	53,460,277
Revaluation adjustment to asset revaluation surplus	55,480,278	12,181,446	-	3,212,322	11,732,286	578,778	1,604,895	17,757,908	16,664,309	1,965,804	300,178	-	-	-	121,478,205
Impairment adjustment to asset revaluation surplus	-	-	-	-	-	-	-	-	-	889,401	-	-	-	-	889,401
Depreciation/impairment on disposals	(9,592,775)	(652,391)	-	(502,834)	(1,123,388)	(95,712)	-	(7,962,873)	(6,739,915)	(761,325)	-	-	(1,063,799)	-	(28,495,011)
Accumulated depreciation as at 30 June 2023	424,631,246	93,405,531	-	24,628,258	149,809,634	7,387,957	13,768,787	162,292,944	152,603,836	25,982,311	2,301,364	-	6,781,530	-	1,063,593,400

Book value as at 30 June 2023

Range of estimated useful life in years	15 - 50	10 - 50	15 - 50	5 - 50	10 - 100	47 - 53	10 - 50	3 - 60	5 - 100	10 - 50	15 - 25	Land: Not Depreciated	1 - 25	WIP: Not Depreciated	
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Additions comprise:

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals	5,836,352	1,157,719	-	794,521	636,475	-	-	3,998,693	4,748,014	359,951	-	-	82,870	-	17,614,595
Other additions	725,347	434,460	-	83,095	4,945,934	570,768	14,241,171	9,110,002	12,776,999	-	-	-	1,863,523	-	44,751,299
Total additions	6,561,699	1,592,179	-	877,616	5,582,409	570,768	14,241,171	13,108,695	17,525,013	359,951	-	-	1,946,393	-	62,365,894

Asset revaluation surplus

Opening balance as at 1 July 2022	209,344,874	33,419,003	-	9,128,841	147,118,085	4,591,843	5,399,308	81,699,178	114,897,380	19,367,513	481,411	181,417	-	-	625,628,852
Movements - Revaluation	45,053,399	7,740,306	-	1,717,007	14,855,860	731,607	3,909,204	15,205,678	18,324,234	2,665,559	196,937	247,252	-	-	110,647,045
Movements - Impairments	-	-	-	-	-	-	-	-	-	(889,401)	-	-	-	-	(889,401)
Closing balance as at 30 June 2023	254,398,273	41,159,309	-	10,845,848	161,973,945	5,323,450	9,308,512	96,904,856	133,221,614	21,143,671	678,348	428,670	-	-	735,386,497

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

11 Property, plant and equipment (continued)

(a) Recognition

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, infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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. This land is not recognised in these financial statements.

The Council is located on land assigned to it under various Deeds of Grant in Trust (DOGIT) held under the *Torres Strait Islander Land Act 1991 (Qld)* (TSILA), *Aboriginal Land Act 1991 (Qld)* and the *Land Act 1994 (Qld)*. 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 (comprising two DOGITs of St Paul's and Kubin communities)
- Mabuig Island
- Poruma Island
- Saibai Island
- Ugar Island
- Warraber Island
- Masig Island

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

The reserve land for Mer Island was managed by the Department of Communities, Child Safety and Disabilities Services until 14 December 2012. On 14 December 2012 Mer Gedkem Le (Torres Strait Islanders) Corporation RNTBC became the trustee of Torres Strait Islander land under the TSILA in communal freehold of Mer Island. The Corporation is trustee for the Native Title Holders.

The DOGIT land for Badu Island was administered by Council in the capacity as trustee until 1 February 2014. On 1 February 2014, Mura Badulgal (Torres Strait Islanders) Corporation RNTBC became the trustee of Torres Strait Islander land under the TSILA in communal freehold of Badu Island. The Corporation is trustee for the Native Title Holders.

Essential service buildings and infrastructure on Badu Island and Mer Island are leased by Council for the terms of 5 years, 30 years and 99 years at agreed values.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

11 Property, plant and equipment (continued)

(a) Recognition (continued)

The relevant leased assets are still reported as assets of the Council; land is not reported. Nominal rental is paid for the majority of essential service buildings. These buildings have not been classified as leases, as prior to change in land agreements the assets were originally constructed by Council. No lease liability has been recognised in the financial statements as the three leases on Badu expired (PY \$87,346). Of the expired leases, two are in negotiation and one will not be renewed.

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.

(b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

(c) 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, 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.

Depreciation methods and estimated useful lives 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 5 yearly full 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 the tables earlier in this note.

(d) Impairment

Property, plant and equipment held at cost 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.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

11 Property, plant and equipment (continued)

(e) Valuation

(i) Valuation processes

Council measures and recognises assets in all asset classes relating to property, plant and equipment, other than plant and equipment and WIP, at fair value on a recurring basis.

All asset classes carried at fair value were last comprehensively valued as at 30 June 2020.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of assets 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 5 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.

In the intervening years, Council engages independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, disposals and changes in methodology such as useful life and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes. These indices are then reviewed by Asset Class Managers and Executives to ensure accuracy of these indices for Council.

Council's property, plant and equipment valuation policies and procedures are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Management prepares a report for the Audit Committee's review and endorsement.

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 (level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset (level 2)
- Fair value based on unobservable inputs for the asset (level 3)

All of Council's property, plant and equipment measured at fair value at reporting date is categorised at level 2 or 3. Council does not have any assets measured at fair value which meet the criteria for categorisation as level 1. There were no transfers between levels during the year.

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.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

11 Property, plant and equipment (continued)

(e) Valuation (continued)

(ii) Valuation techniques used to derive fair values

Asset class and fair value hierarchy	Valuation approach	FV hierarchy	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Current year fair value assessment
Buildings (Communities)	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	Current replacement cost Unit rates developed from building projects completed in the Torres Strait and supplemented by published cost guides including the Rawlinsons Construction Cost Guide and Cordell Cost Guide. Allowances are made for the remote locality of the assets. Accumulated depreciation Componentisation - Structure, Site Improvements, Roof, and Fixtures and Fittings Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2024 resulted in a 10% index, which when applied increased fair value by \$31,689,050
Buildings (Corporate) 2024: \$2,154,054 2023: \$2,038,316	Market approach	Level 2	30/06/2020	Jones Lang Lasalle	Comparable transactions of industrial properties within the Cairns market, adjusted for differences in key attributes such as size of improvements, functionality and condition.	Desktop valuation performed as at 30 June 2024 resulted in a 10% index, which when applied increased fair value by \$195,823
Buildings (Corporate) 2024: \$58,064,714 2023: \$57,724,048	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publication. Allowances are made for the remote locality of the assets. Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2024 resulted in a 10% index, which when applied increased fair value by \$5,217,124
Buildings (Churches)	Current replacement cost	Level 3	n/a	Jones Lang Lasalle	Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publication. Allowances are made for the remote locality of the assets. Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2024 resulted in a 10% index, which when applied increased fair value by \$690,732
Recreational facilities	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publications. Allowances are made for the remote locality of the assets. Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2024 resulted in a 10% index, which when applied increased fair value by \$1,183,359

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

11 Property, plant and equipment (continued)

(e) Valuation (continued)

(ii) Valuation techniques used to derive fair values (continued)

Asset class and fair value hierarchy	Valuation approach	FV hierarchy	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Current year fair value assessment
Transport network	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	<p>Current replacement cost Unit rates developed based on in-house project costs, sub-contractor and head contractor project costs and benchmarked against cost estimate publications. Locality adjustments are also applied.</p> <p>Accumulated depreciation Segmentation - high level, between intersections Componentisation - formation, pavement, seal and kerb and channel Total useful life estimates, condition assessments, remaining useful life estimates.</p>	Desktop valuation performed as at 30 June 2024 resulted in a 8% index, which when applied increased fair value by \$15,298,489
Stormwater drainage network	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	<p>Current replacement cost Unit rates - developed based cost estimate publications including Rawlinsons Construction Cost Guide and Cordell Cost Guide. Locality adjustments are also applied.</p> <p>Accumulated depreciation Total useful life estimates, condition assessments, remaining useful life estimates.</p>	Desktop valuation performed as at 30 June 2024 resulted in a 8% index, which when applied increased fair value by \$774,647
Flood mitigation network	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	<p>Current replacement cost Unit rates - developed based cost estimate publications including Rawlinsons Construction Cost Guide and Cordell Cost Guide. Locality adjustments are also applied.</p> <p>Accumulated depreciation Total useful life estimates, condition assessments, remaining useful life estimates.</p>	Desktop valuation performed as at 30 June 2024 resulted in a 7% index, which when applied increased fair value by \$3,021,020
Water	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	<p>Current replacement cost Unit rates - developed based on in-house project costs, sub-contractor and head contractor project costs and benchmarked against cost estimate publications. Locality adjustments are also applied.</p> <p>Accumulated depreciation Componentisation - electrical, mechanical and civil. Total useful life estimates, condition assessments, remaining useful life estimates.</p>	Desktop valuation performed as at 30 June 2024 resulted in a 7% index, which when applied increased fair value by \$9,607,511

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

11 Property, plant and equipment (continued)

(e) Valuation (continued)

(ii) Valuation techniques used to derive fair values (continued)

Asset class and fair value hierarchy	Valuation approach	FV hierarchy	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Current year fair value assessment
Wastewater	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	Current replacement cost Unit rates - developed based on in-house project costs, sub-contractor and head contractor project costs and benchmarked against cost estimate publications. Locality adjustments are also applied. Accumulated depreciation Componentisation - electrical, mechanical and civil. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2024 resulted in a 7% index, which when applied increased fair value by \$11,949,848
Marine infrastructure	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	Current replacement cost Unit rates - developed based on in-house project costs, sub-contractor and head contractor project costs and benchmarked against cost estimate publications. Locality adjustments are also applied. Accumulated depreciation Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2024 resulted in a 8% index, which when applied increased fair value by \$2,649,150
Waste	Current replacement cost	Level 3	30/06/2020	Jones Lang Lasalle	Current replacement cost Unit rates developed from projects completed in the Torres Strait and benchmarked against cost estimate publications. Allowances are made for the remote locality of the assets. Accumulated depreciation Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2024 resulted in a 10% index, which when applied increased fair value by \$137,445
Land assets 2024: \$2,554,595 2023: \$2,221,387	Market approach	Level 2	30/06/2020	Jones Lang Lasalle	Comparable transactions of industrial properties within the Cairns market, adjusted for differences in key attributes such as size, topography and location.	Desktop valuation performed as at 30 June 2024 resulted in a 15% index, which when applied increased fair value by \$333,208
Land assets 2024: \$688,382 2023: \$649,418	Market approach	Level 3	30/06/2020	Jones Lang Lasalle	Transactions of properties within Thursday Island market, adjusted for differences in key attributes such as size, topography and location. Professional judgement given the thinly traded nature of the Thursday Island property market.	Desktop valuation performed as at 30 June 2024 resulted in a 6% index, which when applied increased fair value by \$38,965

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

12 Intangible assets

	Note	2024 \$	2023 \$
Software			
Opening gross carrying value		1,457,686	1,457,686
Additions		562,433	-
Disposals		(1,457,686)	-
		<u>562,433</u>	<u>1,457,686</u>
Accumulated amortisation			
Opening balance		1,457,686	1,457,686
Amortisation in the period		-	-
Amortisation on disposals		(1,457,686)	-
		<u>-</u>	<u>1,457,686</u>
Net carrying value		<u>562,433</u>	<u>-</u>

13 Contract balances

	Note	2024 \$	2023 \$
Contract assets			
Contracts with customers		2,048,937	563,737
Contracts to construct Council owned assets		5,969,061	4,755,553
		<u>8,017,999</u>	<u>5,319,290</u>
Contract liabilities			
Funds received upfront to construct Council controlled assets		12,998,451	8,369,041
Non-capital performance obligations not yet satisfied		636,980	4,122,806
		<u>13,635,431</u>	<u>12,491,846</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year:			
Funds to construct Council controlled assets		3,044,463	7,529,654
Non-capital performance obligations (including deposits received in advance)		3,326,947	3,401,507
		<u>6,371,410</u>	<u>10,931,160</u>

Satisfaction of contract liabilities

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets. Council expects to recognise the contract liability as income in the next year.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

14 Leases

Council as a lessee

Council has leases in place over buildings. Where Council assesses that an agreement contains a lease, a right-of-use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model and is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

Exceptions to lease accounting:

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Terms and conditions of leases:

Buildings

Council leases one building used for offices. This lease period is three years with no options to renew at the lease expiration date 30 June 2025. Negotiations are underway for the current lease and 2 leases that expired during the year.

14 Leases

Right of use assets	Note	2024 \$	2023 \$
Balance at 1 July		1,180,980	1,800,817
Depreciation charge		(602,574)	(619,836)
Closing balance		578,406	1,180,980
Lease liabilities			
Balance at 1 July		1,237,712	1,859,743
Lease payments		(634,947)	(652,500)
Interest expense		18,481	30,469
Closing balance		621,245	1,237,712

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

2024	< 1 year	1-5 years	> 5 years	Total	Total per statement of financial position
	\$	\$	\$	\$	\$
Buildings	627,800	-	-	627,800	621,246
					Total per statement of financial position
2023	< 1 year	1-5 years	> 5 years	Total	Total per statement of financial position
	\$	\$	\$	\$	\$
Buildings	616,466	627,800	-	1,244,267	1,237,712

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

14 Leases (continued)

Amounts included in the statement of comprehensive income related to leases

	Note	2024 \$	2023 \$
Interest on lease liabilities		18,481	30,469
Amortisation of right of use assets		602,574	619,836
Expenses relating to short-term leases		27,375	26,998
		<u>648,430</u>	<u>677,303</u>
Total cash outflows for leases		<u>662,322</u>	<u>679,498</u>

Leases at significantly below market value - Concessionary/peppercorn leases

Council has a number of leases at significantly below market value for land.

The leases are on 99 year arrangements and require the payment of \$1 per annum. The use of the right of use asset is restricted by the lessors to specified community uses which Council must provide.

Council does not believe that any of the leases in place are individually material.

Council as a lessor

Council has leased the following dwellings and vacant sites as lessor to the Queensland Government for 40 years:

- 51 dwellings located on Moa Island (Kubin)
- 6 dwellings and 3 vacant site on Saibai Island
- 6 dwellings and 4 vacant sites on Boigu Island
- 21 vacant sites on Kirirri Island
- 25 vacant sites on Moa Island (St Pauls)
- 6 vacant sites on Iama Island
- 2 vacant sites on Ugar Island
- 5 vacant sites on Poruma Island
- 10 vacant sites on Masig Island
- 8 vacant sites on Warraber Island
- 7 vacant sites on Erub Island
- 7 vacant sites on Mabuiag Island
- 3 vacant sites on Dauan Island

The total lease payment per dwelling in the current year was \$2,903 (2022/23: \$2,807). These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups). As the gross lease payments are insufficient to cover the fair value (current 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 or losses on revaluation of finance lease assets are recognised as other income annually.

The Queensland Government has the right to surrender any part of the lease at any time by giving Council three months' written notice. Per the lease agreement any improvements to the property transfer to Council when the lease terminates. No leases were surrendered between 1 July 2023 and 30 June 2024 (2022/23; nil).

Current

Lease receivable	500,482	534,849
	<u>500,482</u>	<u>534,849</u>

Non-current

Lease receivable	11,220,749	11,233,247
	<u>11,220,749</u>	<u>11,233,247</u>

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

14 Leases (continued)

	Note	2024 \$	2023 \$
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		500,482	534,849
Later than one year but not later than five years		2,001,927	1,935,771
Later than five years		13,317,272	13,361,458
		<u>15,819,680</u>	<u>15,832,078</u>
Add: Estimated contingent rent		7,899,894	8,212,629
Less: Present value adjustment		(11,998,342)	(12,276,611)
Fair value of lease payments		<u>11,721,232</u>	<u>11,768,095</u>
The fair value of lease payments is receivable as follows:			
Not later than one year		500,482	534,849
Later than one year but not later than five years		1,901,465	1,842,287
Later than five years		9,319,285	9,390,961
		<u>11,721,232</u>	<u>11,768,095</u>
Movements in finance leases were as follows:			
Opening balance		11,768,095	10,925,032
Less: Lease receipts		(534,849)	(399,599)
Add/less: Gain/(loss) on revaluation	4(b)	<u>487,985</u>	<u>1,242,662</u>
Closing balance		<u>11,721,231</u>	<u>11,768,095</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% (2022-23: 2.5%) and a discount rate of 4.64% (2022/23: 4.56%).

15 Payables

Trade creditors are recognised as a liability at the time the amount owed can be measured reliably and when it is probable the amount will have to be paid, when the goods are received or the service is performed. Amounts are unsecured and normally settled within 30 days.

	2024 \$	2023 \$
Current		
Creditors	4,602,286	1,491,923
Accrued wages and salaries	454,109	1,181,542
Refundable bonds	2,000	2,000
Accrued expenses	5,874,746	4,956,448
Retention	436,552	119,904
Revenue in advance	18,269	15,300
	<u>11,387,962</u>	<u>7,767,117</u>

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

16 Provisions

Long service leave

The provision for long service leave represents 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 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 provision is discounted using the Commonwealth Bond yield rates.

Landfill restoration and rehabilitation

A provision is made for the cost of rehabilitation of assets and other future restoration costs where it is probable Council will be liable, or required, to incur costs on the cessation of use of these facilities. The provision represents the present value of the anticipated future costs associated with the closure and aftercare management of landfill sites.

The calculation of this provision requires assumptions such as 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. Council periodically obtain external advice from subject matter specialists on the future costs associated with landfill rehabilitation and aftercare management. In the intervening years the provision recognised for landfill sites is reviewed updated based on the facts and circumstances available at the time. Council expects to next receive an external review during the 2025 financial year.

Management estimates that the 15 sites will close between 2026 and 2036. This has resulted in a current liability of nil. Council is however reliant on the receipt of external funding to perform rehabilitation works and the availability of funding in future years may impact the timing of rehabilitation works.

As landfill sites 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.

	Current		Non-Current	
	2024	2023	2024	2023
	\$	\$	\$	\$
Current				
Annual leave	2,655,576	2,416,579	-	-
Long service leave	1,364,718	1,367,084	549,254	456,927
Provision for landfill restoration	-	-	7,845,422	7,687,102
	<u>4,020,294</u>	<u>3,783,663</u>	<u>8,394,676</u>	<u>8,144,029</u>
			2024	2023
			\$	\$
Landfill restoration				
Balance at beginning of financial year			7,687,102	8,106,726
Increase due to unwinding of discount			310,866	207,941
Change due to reassessment in closure dates			-	(951,393)
Increase/(decrease) due to change in discount rate and price			(152,542)	323,828
Balance at end of financial year			<u>7,845,425</u>	<u>7,687,102</u>

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

17 Commitments for expenditure

Contractual commitments

Contractual commitments at the end of the financial year but not recognised in the financial statements are as follows:

	2024	2023
	\$	\$
Consultancy	809,647	766,605
Other	623,971	1,267,488
Disaster recovery works (DRFA/REPA)	-	1,005,652
Contractors	405,670	1,493,468
Recoverable work contractors	6,785,030	6,217,605
Freight	262,333	396,025
Contract employees	67,136	9,710
	<u>8,953,786</u>	<u>11,156,553</u>

Capital Commitments

Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:

Capital assets		
Buildings	4,560,847	2,494,501
Water and wastewater	-	1,112,435
Seawalls	912,205	915,628
Other	853,314	1,117,743
	<u>6,326,367</u>	<u>5,640,307</u>

18 Contingent liabilities and assets

Details and estimates of the maximum amounts of contingent liabilities and assets are as follows:

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 2024 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 were 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 \$465,989.11.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

18 Contingent liabilities and assets (continued)

Native Title Compensation Liability

The Native Title Act 1993 (Cth) requires "future acts", such as the construction of major and minor Council infrastructure, housing, signage and the granting of leases to proponents such as government and individuals, to be conducted using prescribed processes listing under it. In many cases, in order to be valid, a notice process or a registered Indigenous Land Use Agreement under the Native Title Act 1993 (Cth) is required before conducting a future act. Prior to amalgamation of the Island Councils in 2008, infrastructure and leases were likely to have been progressed without complying with these requirements of the Native Title Act 1993 (Cth). This infrastructure and leases are termed invalid future acts, for which compensation is payable by Council.

It is difficult to estimate the likely compensation payable because jurisprudence in this area has only recently started emerging. A native title compensation case was decided by the High Court of Australia on 13 March 2019 (Northern Territory v Griffiths [2019] HCA 7) that sets out legal principles for determining the quantum of native title compensation payable. That case provides some guidance in relation to a compensation formula. However, the principles in that case cannot be applied to Council's contingent liabilities without making allowances for the differing circumstances in the Torres Strait context. For example, the High Court case involved extinguishment of non-exclusive native title rights, whereas invalid future acts in Torres Strait may not involve extinguishment and are likely to concern exclusive native title rights rather than non-exclusive native title rights. Further, the economic loss component of native title compensation is to be calculated with reference to the freehold value of the land affected, and in Council's local government area there are no land valuations at present.

At this point there are no applications for compensation claims against Council. Numerous compensation claims for alleged invalid future acts are likely to be made in coming years. Council is making deputations to the State of Queensland about the assistance that Council will require in the future to address these claims, should Council's insurance cover be inadequate.

Land Holding Act Leases

Under the Aboriginal and Torres Strait Islander Land Holding Act 1985 (repealed and replaced with the Aboriginal and Torres Strait Islander Land Holding Act 2013), Island Councils across Torres Strait received 354 applications for perpetual leases of land held in trust by those Island Councils. Of the 354 lease applications received by the Island Councils, 116 applications were invalid due to incomplete information or procedural non-compliance. For the remaining 238 applications, the applicant has a legal right to a perpetual lease for the land stated in the application. Due to law reform in 1991, it is no longer possible to apply for a Land Holding Act lease. When the Island Councils amalgamated in 2008, TSIRC assumed trustee legal interests in the land subject to Land Holding Act leases and lease entitlements.

The perpetual leases were not all granted in the 1980s with only 61 being granted by 2013. For the 61 leases originally granted, in some cases only the land was leased while the house on the land remained a Council social housing asset. Council and the State are working together to transfer ownership of remaining 22 social houses to the respective Land Holding Act leaseholders for \$1 each. When the ownership of any of these houses is transferred, the asset will be removed from Council's asset register and social housing register. The fair value as at 30 June 2024 relating to the potential divestment of these 22 social houses currently under 'land only' leases totals \$8,333,511 (2022/23: \$7,736,576). However, at this time, it is uncertain whether all of these 22 houses will be divested because a lease entitlement may be surrendered or partially surrendered with the result that the house remains a Council asset.

Council and the State are working together to grant all remaining valid lease entitlements either to the original applicant or to the applicant's beneficiaries. Where there is a valid lease entitlement, the lease can be granted without the consent of the native title party because the lease entitlement is a legal right that pre-existed the recognition of native title rights in Australia. This was confirmed by the Supreme Court of Queensland in February 2018. Between then and 30 June 2024, 195 LHA leases have been registered in Torres Strait communities and 16 lease entitlements have been surrendered, with 27 valid lease entitlements remaining to be resolved.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

18 Contingent liabilities (continued)

Land Holding Act Leases (continued)

The purpose of the lease under the Land Holding Act was to provide home ownership. If each of the outstanding 27 lease entitlements becomes a registered lease, Council will divest the social housing asset (if applicable) to the perpetual leaseholder for \$1.00. The fair value as at 30 June 2024 for social housing assets relating to the outstanding 27 lease entitlements totals \$9,700,807 (2022/23: \$9,275,291). However, at this time, it is uncertain whether all of the outstanding 27 lease entitlements will be granted and all of the associated social housing assets divested (a lease entitlement may be surrendered or partially surrendered with the result that the house remains a Council asset). On registration of any of the leases, the asset will be removed from Council's asset register and social housing register.

Contingent assets

Fees and charges revenue Dispute

Council initiated legal proceedings against a supplier in a prior period. At 30 June 2024 the matter is ongoing. It is too early to determine if there will be financial outcome from the proceedings.

19 Superannuation

Council contributes to LGIASuper previously known as the Local Government Superannuation Scheme (Qld) (the Scheme). LGIASuper is a Multi-employer Plan as defined in Australian Accounting Standard AASB 119 *Employee Benefits*. The Scheme has a number of elements including defined benefit funds and an accumulation benefit fund. Council does not have any employees who are members of the defined benefits funds and so is not exposed to the obligations, assets or costs associated with these funds. Council has employees who are members of the accumulation benefits fund.

	Note	2024 \$	2023 \$
Superannuation contributions made to the LGIA Super Accumulation Benefits Fund		2,199,655	2,164,508
Other superannuation contributions for employees		451,022	387,097
Total superannuation contributions paid by Council for employees:	6	<u>2,650,677</u>	<u>2,551,605</u>

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

20 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	2024	2023
	\$	\$
Net result	<u>(46,238,643)</u>	<u>(43,906,720)</u>
Non-cash items:		
Depreciation and amortisation	60,921,003	54,080,113
Asset contributions in capital income	-	(347,824)
(Gain)/Loss on revaluation of finance lease	<u>(487,985)</u>	<u>(1,242,662)</u>
	<u>60,433,018</u>	<u>52,489,626</u>
Investing and development activities:		
Loss on disposal of non-current assets	4,368,329	15,802,894
Capital grants and contributions	<u>(29,215,320)</u>	<u>(27,001,384)</u>
	<u>(24,846,991)</u>	<u>(11,198,490)</u>
Financing activities:		
Interest expense on finance leases	15,535	29,972
	<u>15,535</u>	<u>29,972</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(2,802,954)	2,743,018
(Increase)/decrease in inventory	(3,365)	(88,808)
(Increase)/decrease in contract assets	(1,485,200)	110,751
Increase/(decrease) in payables	3,915,562	286,866
Increase/(decrease) in other provisions	487,282	(560,924)
Increase/(decrease) in contract liabilities	<u>(3,485,826)</u>	<u>726,222</u>
	<u>(3,374,502)</u>	<u>3,217,125</u>
Net cash inflow from operating activities	<u><u>(14,011,584)</u></u>	<u><u>631,514</u></u>

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

21 Events after the reporting period

There has not been any event that occurred after the end of the reporting period that has significantly affected, or may significantly affect, the current or future financial results of the Council.

22 Financial instruments and financial risk management

Financial risk management

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.

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.

The Council's audit committee oversees how management monitors compliance with the Council's financial risk management policies and procedures, and reviews the adequacy of the framework in relation to the risks faced by the Council. The Council audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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 carrying amount of financial assets at the end of the reporting period represent the maximum exposure to credit risk.

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

22 Financial instruments and financial risk management (continued)

Liquidity risk

Exposure to liquidity risk

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. These facilities are disclosed in note 9.

The following table sets out the liquidity risk in relation to financial liabilities (excluding lease 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:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2024					
Payables	11,387,962	-	-	11,387,962	11,387,962
	11,387,962	-	-	11,387,962	11,387,962
2023					
Payables	7,767,117	-	-	7,767,117	7,767,117
	7,767,117	-	-	7,767,117	7,767,117

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

Council is exposed to interest rate risk through investments and borrowings with QTC and other financial institutions. Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Based on the carrying value of Council's financial instruments at balance date, any fluctuation in interest rates would not have a material impact on the financial position or performance of Council.

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.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

23 Transactions with related parties

(a) Transactions with key management personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly.

KMPs include the Mayor, Councillors, Council's Chief Executive Officer and the Executive Management team.

The compensation paid to KMPs comprises:

	2024	2023
	\$	\$
Short-term employee benefits	2,455,162	2,434,774
Post-employment benefits	114,100	122,479
Termination benefits	-	50,000
Long-term employee benefits	9,278	13,149
	<u>2,578,540</u>	<u>2,620,402</u>

Detailed remuneration disclosures are provided in Council's Annual Report.

During the year an Executive Director was engaged through a Queensland government-owned corporation on a one year contract. The total value paid for services (including secondment, travel and accommodation) was \$269,082 (2023/24: \$267,892). During the year an Executive Director was engaged through another external company for a total value of \$198,461. These costs are excluded from the table above.

(b) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, parent, child and dependant of a KMP or their spouse. Per Ailan Kastom, an Uncle, Aunty or sibling who represents one of those roles to a KMP has been considered to be a related party.

Details of transactions between Council and other related parties are disclosed below:

Details of transactions

Employee expenses for close family members of KMPs	(i)	177,739	156,323
Purchase of materials and services from entities controlled by KMPs	(ii)	8,100	10,800
Grants and donations for entities controlled by KMPs	(iii)	17,345	15,000

(i) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with Council's Certified Agreement for the job they perform. Council employs 356 staff (318 full time equivalent staff) of which 3 (2023/24: 2) are close family members of key management personnel.

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2024

23 Transactions with related parties (continued)

(b) Transactions with other related parties (continued)

(ii) Council purchased the following materials and services from entities that are controlled by members of key management personnel. All purchases were at arm's length and were in the normal course of Council operations:

Accommodation	8,100	10,800
	<u>8,100</u>	<u>10,800</u>

Included in the above is \$8,100 of accommodation charges relating to the usage of a house on Masig from Councillor Hilda Mosby.

(iii) Grants and donations totalling \$17,345 (2023/24: \$15,000) were made during the reporting period to related parties of KMPs as community members under Council's Grants and Donations Procedure.

(iv) The fees and charges charged to entities controlled by KMPs was nil (2022/23: nil).

(c) Commitments to/from related parties

Council does not have any commitments for the provision of goods and services for related party entities.

(d) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(e) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Receivables	Current \$	Over 30 Days \$	Over 60 Days \$	Over 90 Days \$	Total \$
2024					
Rates and charges	1,611	-	-	4,855	6,466
Social housing	1,091	830	590	105,647	108,158
Other fees and charges	1,128	557	-	4,884	6,569
Total	<u>3,829</u>	<u>1,387</u>	<u>590</u>	<u>115,386</u>	<u>121,193</u>
2023					
Rates and charges	4,844	-	-	122,697	127,541
Social housing	(335)	21	1,138	163,597	164,421
Other fees and charges	726	50	50	4,688	5,514
Total	<u>5,235</u>	<u>71</u>	<u>1,188</u>	<u>290,982</u>	<u>297,477</u>

\$58,905 has been recognised in the current year (2022-23: \$221,584) for the allowance for bad or doubtful debts owed by related parties.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

23 Transactions with related parties (continued)

(e) Outstanding balances (continued)

The table below details related party outstanding balances at the end of the reporting period which are over 90 days:

2024

KMP	Relationship	Related Party	Nature of transactions	Over 90 Days
				\$
Bob Kaigey	Councillor	Bob Kaigey	Social housing	15,343
Torenzo Elisala	Father	Tenny Elisala	Social housing	34,687
Ted Mosby	Councillor	Ted Mosby	Social Housing	1,218
Rocky Stephen	Director	Kos & Abob Fisheries (TSI)	Rates and charges	4,180
Nixon Mye	Councillor	Nixon Mye	Social Housing	1,396
Rocky Stephen	Councillor	Rocky Stephen	Social housing	1,358
Aggie Hankin	Councillor	Aggie Hankin	Social housing	39,958
Dimas Toby	Councillor	Dimas Toby	Social housing	1,063
Chelsea Aniba	Councillor	Chelsea Aniba	Social housing	9,168
Kabay Tamu	Councillor	Kabay Tamu	Vehicle Deduction	4,250
Amounts less than \$1,000				2,765
				115,386

2023

KMP	Relationship	Related Party	Nature of transactions	Over 90 Days
				\$
Laurie Nona	Manager	Badu Art Centre	Rates and charges	112,244
Torenzo Elisala	Father	Tenny Elisala	Social housing	38,220
Jimmy Gela	Councillor	Jimmy Gela	Social housing	19,655
Rocky Stephen	Director	Kos & Abob Fisheries (TSI)	Rates and charges	4,180
Getano Lui (Jnr)	Councillor	Getano Lui (Jnr)	Social housing	73,033
Rocky Stephen	Councillor	Rocky Stephen	Social housing	1,358
Dimas Toby	Spouse	Telita Banu	Social housing	1,197
Dimas Toby	Councillor	Dimas Toby	Social housing	1,063
Lama Trinkoon	Spouse	Ivy Trinkoon	Social housing	27,879
Hilda Mosby	Councillor	Hilda Mosby	Rates and charges	5,943
Kabay Tamu	Councillor	Kabay Tamu	Councillor vehicle hire	4,100
Amounts less than \$1,000				2,111
				290,982

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2024

23 Transactions with related parties (continued)

(f) Debt balances written off during the period as statute barred debt

Statute barred debt, is debt older than 6 years of age and pursuant to the *Limitation of Actions Act 1974* (Qld) and cannot be legally enforced in a Court of competent jurisdiction. No debts have been written off for the last two financial years.

Council first attempted to write off statute-barred debts in 2015 however a quorum could not be established due to a number of Councillors declaring a material personal interest or conflict of interest and excluding themselves from voting. Following the March 2016 local government election, Council tabled the write off again however was still unable to reach a quorum.

In August 2016, Council presented two separate write off resolutions for Council's consideration, one addressing commercial debts and the other addressing housing debt. Again a quorum could not be established for consideration of either resolution.

On 5 October 2016, Council engaged King & Company Solicitors to address the question of how Council may act to write off statute barred debt while ensuring statutory compliance. King & Company provided several options to Council to address the issue. The option adopted by Council was to delegate the write off power to the CEO. The issue of material personal interest or conflict of interest does not arise in respect of a Council decision to delegate the matter to the CEO for decision, provided Council merely delegates the CEO power to make the decision and does not in any way direct the CEO to make any particular decision about the matter.

The resolution was made at the October 2016 Ordinary Council Meeting adopting the revised Fiscal Governance Policy granting the CEO delegation to write off statute barred debt.

(g) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of council live and operate within the Torres Strait Island Region. Therefore, on a regular basis ordinary citizen transactions occur between council and its related parties. Some examples include:

- Residential rental charges
- Utility and other fees and charges
- Sales of gas, fuel and power cards
- Hire of council buildings and equipment
- Accommodation hire

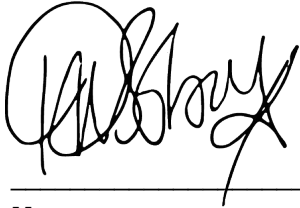
Torres Strait Island Regional Council
Financial statements
For the year ended 30 June 2024

Management Certificate
For the year ended 30 June 2024

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.

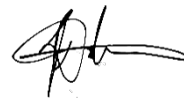
In accordance with section 212(5) of the Regulation we certify that:

- (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, as set out on pages 1 to 39 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
Phillemon Mosby

Date: 24/10/2024



Chief Executive Officer
James William

Date: 24/10/2024

INDEPENDENT AUDITOR'S REPORT

To the councillors of Torres Strait Island Regional Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Torres Strait Island Regional Council.

The financial report comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information and the certificate given by the Mayor and Chief Executive Officer.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2024, and of its financial performance for the year then ended; and
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Other information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in Torres Strait Island Regional Council's annual report for the year ended 30 June 2024 was the current year financial sustainability statement, current year financial sustainability statement - contextual ratios and unaudited long-term financial sustainability statement.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have formed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2024:

- a) I received all the information and explanations I required
- b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, and the *Local Government Regulation 2012*. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



William Cunningham
as delegate of the Auditor-General

28 October 2024

Queensland Audit Office
Brisbane

Torres Strait Island Regional Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2024

Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
Audited ratios					
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	1	4	The Financial Assistance Grant was not received in advance as has occurred in previous years and this has impacted the current year liquidity metric as at 30 June 2024. The Department of Housing, Local Government, Planning and Public Works has confirmed that the Indigenous Council's Funding Program (ICFP) will continue for another two years, supporting council's liquidity position. Council is actively investigating opportunities to improve its cash operating performance and position including consideration of whether working capital support may be required to manage cashflow timing mismatches for significant capital projects.
Operating Performance	Operating Surplus Ratio	N/A	-100%	-92%	Council relies predominately on grant funding to meet both its operational and capital requirements and has limited capacity to generate own source revenue. This is reflected in the outcome of this ratio.
	Operating Cash Ratio	Greater than 0%	-14%	-6%	The Financial Assistance Grant was not received in advance as has occurred in previous years and this has impacted the current operating cash ratio for 2023/24. The additional funding from the ICFP over the next two years will improve this ratio with Council actively investigating opportunities to improve its operating cash performance and position.
Asset Management	Asset Sustainability Ratio	Greater than 90%	26%	27%	Council is reliant on grant funding to support renewal of its assets. Asset management plans are under review and an investment plan is currently being drafted which will inform Council's asset funding requirements over the next five years.
	Asset Consumption Ratio	Greater than 60%	47%	51%	Council is reliant on grant funding to support renewal of its assets. Asset management plans are under review and an investment plan is currently being drafted which will inform Council's asset funding requirements over the next five years.
Debt Servicing Capacity	Leverage Ratio	0 - 3 times	-	(0.01)	QTC loan fully repaid in 2021/22

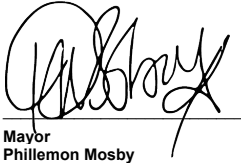
The current year financial sustainability statement is prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2024*. The amounts used to calculate the six reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2024.

Torres Strait Island Regional Council
Current-year Financial Sustainability Statement
For the year ended 30 June 2024

Certificate of Accuracy
For the year ended 30 June 2024

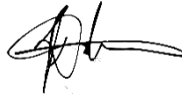
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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



Mayor
Phillemon Mosby

Date: 24/10/2024



Chief Executive Officer
James William

Date: 24/10/2024

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Torres Strait Island Regional Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Torres Strait Island Regional Council for the year ended 30 June 2024, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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 2024 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Emphasis of matter – basis of accounting

I draw attention 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 2024 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. My opinion is not modified in respect of this matter.

Other Information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial sustainability statement and our auditor's report thereon.

At the date of this auditor's report, the available other information in Torres Strait Island Regional Council's annual report for the year ended 30 June 2024 was the general-purpose financial statements, current-year financial sustainability statement - contextual ratios, and the unaudited long-term financial sustainability statement.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have formed a separate opinion on the general-purpose financial report.

In connection with my audit of the financial sustainability statement, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial sustainability statement and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the current year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors responsibility also includes such internal control as the councillors determine 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 responsibilities for the audit of the current year financial sustainability statement

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

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.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



William Cunningham
as delegate of the Auditor-General

28 October 2024
Queensland Audit Office
Brisbane

Torres Strait Island Regional Council

Current-year Financial Sustainability Statement - Contextual Ratios

For the year ended 30 June 2024

Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
Unaudited Contextual Ratios					
Financial Capacity	Council Controlled Revenue Ratio	N/A	10%	10%	Council relies predominately on grant funding to meet both its operational and capital requirements and has limited capacity to generate own source revenue. This is reflected in the outcome of this ratio.
	Population Growth Ratio	N/A	0%	-1%	Changes in population are not material.

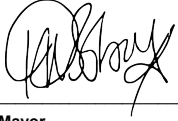
The current year financial sustainability statement - Contextual Ratios are prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2024*. The amounts used to calculate the two reported measurements are prepared on an accrual basis and drawn from the Council's audited general purpose financial statements for the year ended 30 June 2024.

Torres Strait Island Regional Council
Current-year Financial Sustainability Statement - Contextual Ratios
For the year ended 30 June 2024

Certificate of Accuracy
For the year ended 30 June 2024

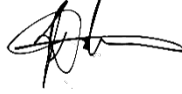
This current-year financial sustainability statement - contextual ratios, has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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



Mayor
Phillemon Mosby

Date: 24/10/2024



Chief Executive Officer
James William

Date: 24/10/2024

Torres Strait Island Regional Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2024

Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actuals as at 30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033	30 June 2034
Financial Capacity	Council-Controlled Revenue	N/A	9.96%	9.99%	10.79%	10.79%	10.88%	10.96%	11.05%	11.12%	11.19%	11.26%	11.33%
	Population Growth	N/A	0.00%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%
Operating Performance	Operating Surplus Ratio	N/A	-99.66%	-86.67%	-88.77%	-80.90%	-75.83%	-70.01%	-63.89%	-58.88%	-54.73%	-50.20%	-47.97%
	Operating Cash Ratio	Greater than 0%	-13.55%	-5.83%	-5.63%	-5.00%	-5.12%	-5.45%	-5.34%	-5.45%	-5.55%	-5.29%	-5.38%
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	N/A for long-term sustainability statement										
Asset Management	Asset Sustainability Ratio	Greater than 90%	25.86%	9.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Asset Consumption Ratio	Greater than 60%	46.91%	45.87%	43.36%	41.01%	38.79%	36.73%	34.93%	33.20%	31.59%	30.12%	28.73%
Debt Servicing Capacity	Leverage Ratio	0 to 3 times	Not required - Council does not currently have any external debt										

Council's Financial Management Strategy

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.

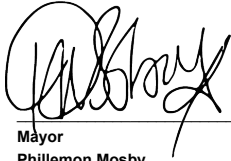
The above ratios have been calculated using Council's most recently adopted original budget. Council bases its asset sustainability ratio on confirmed renewal program funding. Council's forecasting ability has a dependency on donor program lifecycles, traditionally occurring in four to five year intervals.

Torres Strait Island Regional Council
Unaudited Long-Term Financial Sustainability Statement
Prepared as at 30 June 2024

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2024

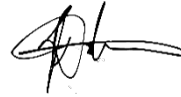
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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



Mayor
Phillemon Mosby

Date: 24/10/2024



Chief Executive Officer
James William

Date: 24/10/2024