

2019



Annual Report



Torres Strait Island
REGIONAL COUNCIL

Papua New Guinea

Language
Miriam Mir/Mer

Kalaw Kawaw Ya dialect

BOIGU
(Talbot Is.)

DAUAN
(Mt. Cornwallis Is.)

SAIBAI

Language
Kala Lagaw Ya

Erub/Ugar dialect

UGAR
(Stephen Is.)

ERUB
(Darnley Is.)

MER
(Murray Is.)

Mer dialect

MASIG
(Yorke Is.)

IAMA
(Yam Is.)

PORUMA
(Coconut Is.)

WARRABER
(Sue Is.)

Kulkalgau Ya dialect

MABUYAG
(Jervis Is.)

BADU
(Mulgrave Is.)

MUA Island

WUG
(St Pauls Community)

ARKAI
(Kubin Community)

Mabuyag dialect

Kaurareg dialect

KIRIRRI
(Hammond Is.)

Waibene
(Thursday Is.)



Cape York Peninsula



Section One

Maiem Sew ngapa Welcome

Acknowledgement

The Torres Strait Island Regional Council (TSIRC) acknowledges our Native Title Holders, our Elders past and present, and all members of the Communities we serve within the 5 clusters of Zenadth Kes; the Gudaw Maluligal Nation of the Top Western Islands, the Maluligal Nation of the Western Islands, the Kemer Kemer Meriam Nation of the Eastern Islands, the Kulkalgal Nation of the Central Islands, and the Kaiwalagal Kaurareg Aboriginal Nation of the Inner Islands. We recognise their continuing connection to land and sea, and the strength of a cultural heritage and belief system that spans past, present and future generations.

Introduction to the Report

TSIRC is proud to present our Annual Report for the 2018-2019 financial year. This report demonstrates our commitment to transparency and accountability to our constituents, and continuous improvement in our service delivery.

The intent of this document is to give readers a clearer insight into Council's vision, core services and the unique environment we operate in to deliver our mission of improving our communities livability in all we do.

Disclaimer

Torres Strait Islander and Aboriginal peoples should be aware that this publication may contain images or names of people who have since passed away. TSIRC respects the right of families and communities to request the removal of any image from this document that causes distress.

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Mayoral Foreword



Firstly, I acknowledge our Lord, Native Title Holders, our Elders past and present, and the people of the Torres Strait.

As we entered the 2018-2019 financial year, we achieved a significant milestone of a decade as the Torres Strait Island Regional Council (TSIRC). The entity we are today represents our 15 unique island communities, forming in March 2008 as part of the State Government's amalgamation policy, and replacing the Island Coordinating Council.

We celebrated TSIRC's 10th birthday in our Poruma community, and as I prepared to address our team and community members, I also paused to reflect on the personal honour it has been for me to serve 3 terms in the Mayoralty of this great organisation, and our exceptional region.

It was fitting to host our celebrations in December on Poruma, where home ownership was realised in our region for the first time, and divestment of the very first homes to 5 of our community members occurred. It would be remiss of me to not acknowledge the enormous efforts of our team behind Council's ongoing advocacy and legal work, which ultimately assisted in the necessary key policy changes to accomplish this important step in achieving our communities' aspirations.

Council has also worked steadily throughout the year to ensure LHA leases are signed off and registered; successfully obtaining external funding to bring LHA properties up

to a liveable standard and assist in insurance costs for those beginning the private ownership process.

Ahead of the federal election we delivered an 8-point policy agenda to all parties, which has formed the blueprint of our advocacy work at all levels of government. At the heart of this agenda was support for climate change mitigation and coastal protection works. This resulted in the State Government's investment of \$20m to aid further scoping of our 6 communities most at risk, and significant sea wall construction, using geotextile sandbagging techniques. Delivery of this project clearly demonstrated that when the correct investment is partnered with local knowledge and labour, rectification works can be delivered ahead of schedule and considerably below market value. The Torres Strait Seawalls Evaluation Report (2018), commissioned by the Commonwealth Government, further evidenced these efficiencies.

Another essential infrastructure milestone to occur this period was the airstrip lighting program, delivering lighting works to our Arkai, Badu, Iama, Saibai and Masig communities' airstrips, which enables greater ability for evening Medivac operations, emergency landing and other critical scenarios.

Water security and associated infrastructure remained a priority for Council during this

year; hosting a two-day inaugural Water Symposium in our Kirirri community, with key partners, organisations, and representatives from neighbouring councils. The symposium focused heavily on how we manage and improve the quality of our drinking water, and sustainable solutions for our water usage related infrastructure moving forward. Additional desal plant and equipment was also added to our fleet during the year, including necessary emergency units, as well as investment into the education of our water operations team members.

Council also worked with the key agencies and organisations in our region, to deliver the Biosecurity Plan and Strategy, both being essential tools in the protection of our environment, cultural places and communities from the many biosecurity risks posed to our region. The collaborative approach from all organisations involved in this important piece of work has seen greater training, education and employment opportunities brought to our region via the Far Northern Biosecurity Initiative.

TSIRC's continued strong financial position and the dedicated work of our Business Services team assisted in the ability to utilise own-sourced funds in the ongoing provision of fuel & gas subsidies to our communities, work on finger jetties, and construction of community halls. Significant attention was also paid to legislative reform over the last period, enhancing transparency and accountability,

and in particular tightening up on the areas of Councillor Personal Interest and Councillor Conduct Complaints.

Looking ahead to our next decade, as a Council we work-shopped and agreed our new vision to become "an autonomous, prosperous and sustainable community and council". Fundamental to the execution of our newly endorsed vision, was the delivery of our next Corporate Plan (2020-2025), in consultation with each of our 15 communities, which outlines our strategic focus areas of People, Sustainability and Prosperity.

Finally, I wish to pay respects to our Elders, and to thank our hard-working Councillors, and all TSIRC staff for the commitment and initiative they show every day to deliver our vision and improve our communities' livability.

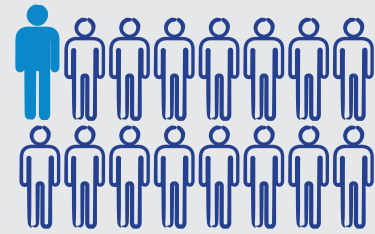
Koeyma eso, mina big eso, au esoau to you all.

God Bless

A handwritten signature in black ink, belonging to Cr. Fred Gela.

Cr. Fred Gela
Mayor

Our Region

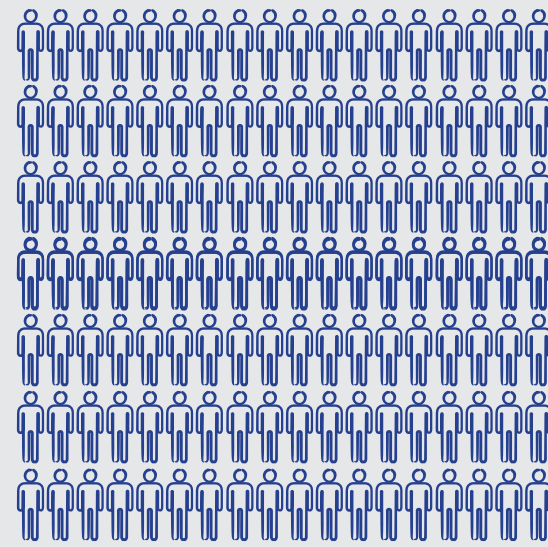


15 Councillors
(incl. Deputy Mayor)
1 Mayor

15 Unique & Individual Island Communities, that sit within 5 Nation Clusters
(represented by the 5 Points of the Star in our Logo & Flag):

- Gudaw Maluligal Nation of the Top Western Islands.
- Maluligal Nation of the Western Islands.
- Kemer Kemer Meriam Nation of the Eastern Islands.
- Kulkalgal Nation of the Central Islands.
- Kaiwalagal Kaurareg Aboriginal Nation of the Inner Islands.

A Population Base of 5,000+



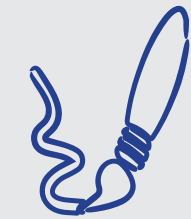
We have types of Islands **4**

- An Eastern Group of High Volcanic Islands
- A Central Group of Low Sandy Islands
- A Western Group of High Islands Composed of Volcanic & Granitic rocks
- A Northern Group of Low Islands Composed of Mangrove Muds & Peats

Our Islands are scattered throughout 42,000km² of Sea, sitting between Cape York and Papua New Guinea, with the Narrowest Point being 150km and extending 200-300km from farthest east to farthest west. We Share an international border, which we manage via treaty with Papua New Guinea.

2 Home of Traditional Languages
6 and Dialects

Meriam Mir
Mer Dialect & Erub Dialect
Kala Lagaw Ya
Kulkalgau Ya, Kalaw Kawaw Ya, Kawrereg Dialect & Mabuyag Dialect



Our Region is Home to Art Centres **3**

Erub (Darnley Is.), Badu (Mulgrave Is.) & Arkai (Kubin Community on Mua Is.)

Our Operations

\$1.6billion+ 
In Gross Managed Assets

13 
We serve as Trustee for Communities

13 
Heli-Pads

15 
Seaports

13 
Subsidised Fuel Outlets

10 
Indigenous Knowledge Centres (IKC's)

900+ 
Social Houses

15 
Water Treatment Plants

12 
Wastewater Facilities

15 
Waste Management Facilities

2 
Child Care Centres

15 
Environmental Health & Biosecurity Programs

11 
Aerodromes

23,000+ 
Border Movements Annually

15 
Regional Mail Delivery

21,250+ 
Provision of Power Cards

10+ 
Home Support Services

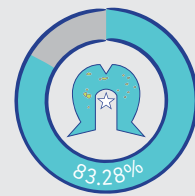
24 
Accommodation Facilities

15 
Cemeteries

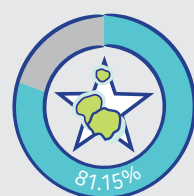
Our Workforce

329 Total Employees

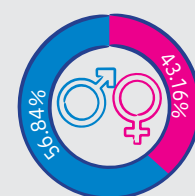




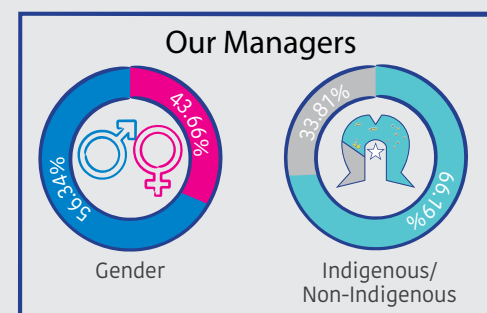
Indigenous Staff



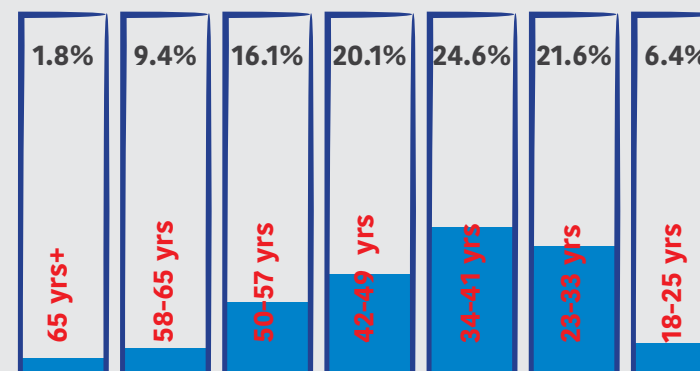
Roles Based in Local Communities



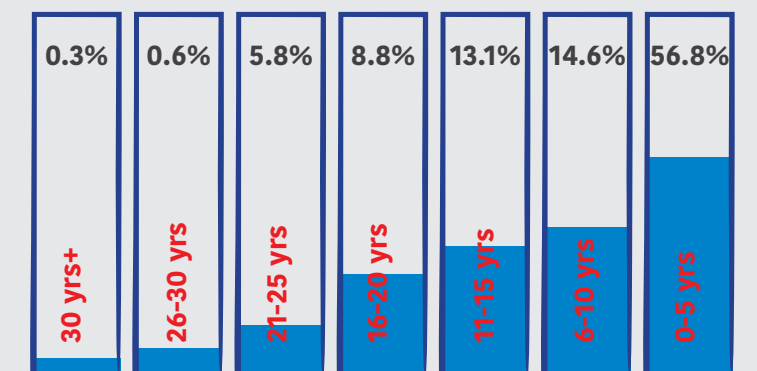
Total Staff



Average Age of Employees is 42yrs
Age Range of Employees by Category:




Average Years of Service is 7.40yrs
Years of Service by Category:



Apprentice & Trainee Programs


3 Plumbing 

6 Carpentry 


1 Electrical 

1 Painting & Decorating 

1 Diesel Fitting/Mechanical 

5 Diploma Early Childhood Education 

3 Early Childhood Education- Cert III 

10 Water & WateTreatment Operations - Cert III 

Section Two

Our Elected Council



Governance and the Decision-Making Process

While councils have core service delivery responsibilities, the Local Government Act 2009 (Qld) provides a much broader definition of local government's obligations.

Elected councillors and staff are required to act according to the following principles:

- Transparent and effective processes, and decision-making in the public interest
- Sustainable development and management of assets and infrastructure, and delivery of effective services
- Democratic representation, social inclusion and meaningful community engagement
- Good governance of, and by, local government
- Ethical and legal behaviour of councillors and local government employees

These principles guide Council's governance structures and decision-making processes.

The Structure of Torres Strait Island Regional Council

Elected members and Council staff make up the Torres Strait Island Regional Council (TSIRC). Each division of TSIRC has one Councillor elected by voters within the division. Council has one Mayor and 15 Councillors, one of whom is Deputy Mayor. Voters across all 15 divisions of the Council region elect the Mayor.

Council's Advisory Committees and Working Groups

In addition to Council's monthly Ordinary Meetings, TSIRC has other governance mechanisms established to assist in meeting our obligations for the people of our region.

Strategic Advisory Reference Group

The Strategic Advisory Reference Group (SARG) is chaired by the Mayor, and comprised of three Councillors elected by their peers, the Chief Executive Officer, Chief Operating Officer, and the Chief Financial Officer.

The SARG provides strategic support and information to the monthly Council meetings.

It meets monthly prior to Council meetings and increases Council's capacity to assess opportunities and risks in our current and future operating environment.

Audit Committee

Council's Audit Committee consists of two Councillors and two external members, one of whom is the Audit Committee Chair. The role of the Committee is to act in an independent advisory capacity with oversight of financial and risk matters of the Council and management.

Advisory Committees

Council has appointed Advisory Committees for three of its divisions: Boigu, Dauan and Poruma. Advisory Committees are comprised of the elected Councillor as Chair and up to four voting members appointed from within the division. Advisory Committees meetings are called by the Councillor up to four times a year. The Advisory Committees provide advice to Council in regards to Ailan Lore and Ailan Kastom.

Elected Members



Cr Fred Gela
Mayor



Cr Dimas Toby



Cr Mario Sabatino



Cr Getano Lui (Jnr)
Deputy Mayor



Cr Clara Tamu



Cr Francis Pearson



Cr Ted Nai



Cr Rocky Stephens



Cr Patrick Thaiday



Cr Bob Kaigey



Cr Torenzo Elisala



Cr Keri Akiba



Cr Keith Fell



Cr Laurie Nona



Cr David Bosun



Cr John Levi

Councillor Attendance at Council Meetings

Councillor Remuneration



The following table displays Councillor attendance at Council meetings for the period 1 July 2018 to 30 June 2019.

| Councillor | Division | Number of meetings attended out of the number of meetings held |
|----------------------------------|----------|--|
| Fredrick Gela (Mayor) | Mayor | 11/12 |
| Getano Lui (Deputy Mayor) | Iama | 11/12 |
| Keith Fell | Mabuyag | 12/12 |
| Laurie Nona | Badu | 7/12 |
| Dimas Toby | Boigu | 7/12 |
| Torenzo Elisala | Dauan | 10/12 |
| Patrick Thaiday | Erub | 12/12 |
| Mario Sabatino | Hammond | 8/12 |
| David Bosun | Kubin | 10/12 |
| Bob Kaigey | Mer | 10/12 |
| Francis Pearson | Poruma | 12/12 |
| Keri Akiba | Saibai | 12/12 |
| John Levi | St Pauls | 11/12 |
| Rocky Stephen | Ugar | 11/12 |
| Clara Tamu | Warraber | 9/12 |
| Ted Nai | Masig | 9/12 |

The following table displays Councillor remuneration for the period 1 July 2018 to 30 June 2019.

| Councillor | Division | Travel Allowance | Councillor Allowance |
|----------------------------------|----------|---------------------|----------------------|
| Fredrick Gela (Mayor) | Mayor | \$ 10,034.70 | \$ 103,874.12 |
| Getano Lui (Deputy Mayor) | Iama | \$ 7,412.05 | \$ 59,926.73 |
| Keith Fell | Mabuyag | \$ 4,715.85 | \$ 51,943.37 |
| Laurie Nona | Badu | \$ 4,323.25 | \$ 50,500.12 |
| Dimas Toby | Boigu | \$ 7,821.80 | \$ 51,943.37 |
| Torenzo Elisala | Dauan | \$ 3,485.30 | \$ 51,943.37 |
| Patrick Thaiday | Erub | \$ 7,975.50 | \$ 51,943.37 |
| Mario Sabatino | Hammond | \$ 6,489.25 | \$ 51,943.37 |
| David Bosun | Kubin | \$ 5,651.35 | \$ 51,943.37 |
| Bob Kaigey | Mer | \$ 5,322.30 | \$ 51,943.37 |
| Francis Pearson | Poruma | \$ 4,945.05 | \$ 51,943.37 |
| Keri Akiba | Saibai | \$ 5,228.35 | \$ 51,943.37 |
| John Levi | St Pauls | \$ 5,356.75 | \$ 51,943.37 |
| Rocky Stephen | Ugar | \$ 8,492.80 | \$ 51,943.37 |
| Clara Tamu | Warraber | \$ 3,855.90 | \$ 51,943.37 |
| Ted Nai | Masig | \$ 5,620.85 | \$ 51,943.37 |
| Total | | \$ 96,731.05 | \$ 889,564.78 |

Particular Resolutions

Section 185 of the Local Government Regulation 2012 requires Council to list in its Annual Report any resolutions made under sections 250 (1) and 206(2) of the Local Government Regulation 2012.

Expense reimbursement policy or amendment (section 250(1))

Council made a resolution relating to its Councillor Expense Reimbursement and Facilities Provision Policy (SPO 6), in June 2018, as follows:

3:47pm-3:53pm **FINANCE - Policies**

The purpose of this report is to present for adoption the annual financial policies for Council plus changes made to policy as listed in the report.

That Policies were previously endorsed in June 2017 with an annual date of June 2018. Statutory Policies (SPO) is mandated under the Local Government Regulation 2012 (Qld).

RESOLUTION

Moved Cr Bosun, Seconded Cr Pearson
That Council adopt the following Policies:

- Investment Policy (SPO 1)
- Community Grants Policy (SPO 3)
- Debt Policy (SPO 4)
- Councillor Expense Reimbursement and Facilities Provision Policy (SPO 6)
- Fiscal Governance Policy (PO 4)
- Entertainment and Hospitality Policy (PO 11)

MOTION CARRIED

Valuation of non-current physical assets (section 206(2))

Council did not pass any resolutions between 1 July 2018 and 30 June 2019 to amend the set amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense.

Council's non-current physical asset threshold is disclosed in note 13 of the 2018-2019 Audited Financial Statements.



Section Three

From the Office of the CEO



Message from the CEO



Firstly, I would like to acknowledge the true custodians of the lands we serve across the length and breadth of Zenadth Kes; the Gudaw Maluligal Nation of the Top Western Islands, the Maluligal Nation of the Western Islands, the Kemer Kemer Meriam Nation of the Eastern Islands, the Kulkalgal Nation of the Central Islands, and the Kaiwalagal Kaurareg Aboriginal Nation of the Inner Islands. I acknowledge and pay my respects to Elders past, present and emerging.

The 2018-2019 period has been one of significance for our organisation; We celebrated our 10-year anniversary as an amalgamated Council, forged from the rich history of the previous individual island Councils and the enduring legacy represented by the grass roots leadership of our current Councillors, and those leaders who have walked before them.

As the largest employer in the region, we proudly have 81% of our roles based within our local communities and a majority Indigenous workforce at 83%. We recognise that looking at employment in isolation is not going to achieve our community prosperity aspirations, so we also place a further strategic focus on the development and retention of key skills within communities; which saw an additional 30 apprenticeship and trainee opportunities realised in this period.

This year, like many other public organisations in Australia, we began to further analyse what makes our organisation unique, looking at our diversity goals and aspirations, particularly in the area of gender equality. I'm very pleased to say that we outperformed many other Australian public organisations at 30th June 2019, with an over 43% female workforce, and over 39% female leaders. Although we are doing well in this space, this doesn't mean we'll stop; Evolving our diversity policies will continue to be a focus in the year ahead, because we know everyone benefits from an inclusive workplace, where our people feel included and comfortable bringing their whole selves to the work; only then can we do our best.

Our operational teams had another year of exceptional delivery through continued service delivery, increased community engagement, significant capital works and essential water, wastewater, and waste management infrastructure programs. Our core business functions delivered another strong period of fiscal and asset management, setting of robust controls and processes, delivery of innovative training technology and an enormous effort to facilitate the delivery of home ownership to our region for the first time.

During the 2018-2019 period our executive team worked with our Mayor and Councillors,

ahead of our new Corporate Plan (2020-2025), to deliver our new vision of becoming "an autonomous, prosperous and sustainable community and council", our new mission "to improve our communities' livability in all we do", and our new values of "Respect, Courage, Accountability, Resilience and One".

This strategic activity formed the foundation of our transformation process; driving us to understand how we need to evolve as an organisation, and what service delivery best practise means for us in alignment and execution of Council's new vision and mission for our communities over the next 5-10 years.

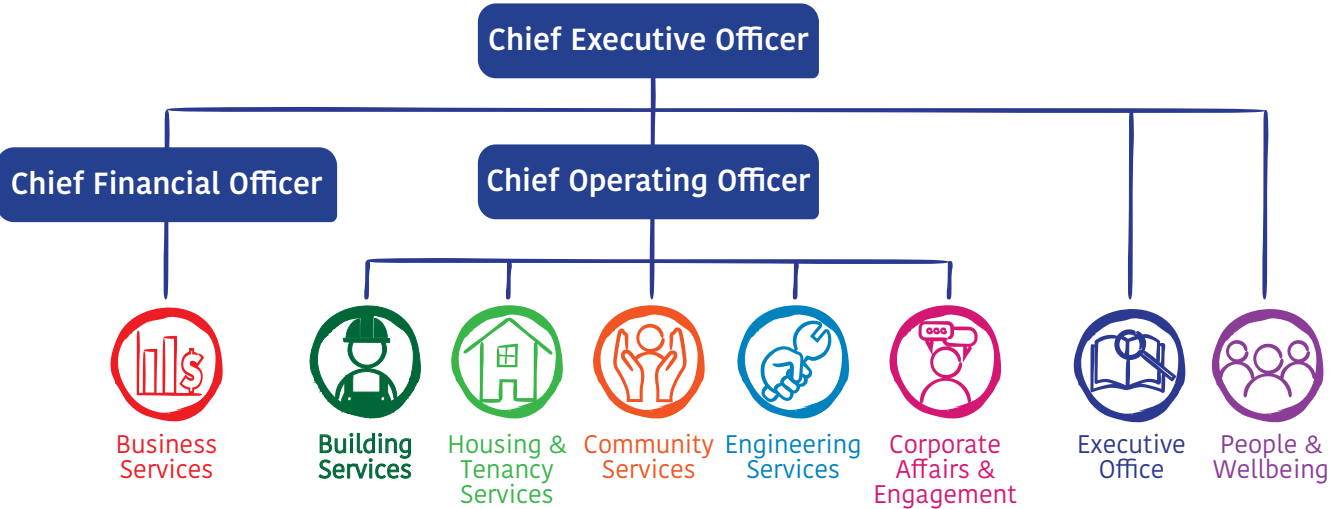
Finally, I want to send out a koeyma eso, mina big eso, au esoau, thank you to our Mayor, Deputy Mayor, Councillors, and to our valued staff for your dedication and hard work. It is my great honour to work with you all and help steer this extraordinary organisation towards our mission of improving our communities' livability in all we do.

God Bless

Bruce Ranga
Chief Executive Officer



Executive Structure



Internal Audit

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

Audit Committee

In line with the requirements of the Local Government Act 2009 and its supporting regulations, Council’s Audit Committee consists of two Councillors and two external members, one of whom is the Audit Committee Chair. The two Councillor positions on the committee were held by Cr Fred Gela (Mayor) and Cr Ted Nai (Councillor for Masig). The external members of the committee were Eric Muir (Audit Committee Chair) and Paul Shipperley.

Evaluating Activities and controls

The Internal Audit department operates in accordance with the Internal Audit Charter and Internal Audit Procedure. It sets out the mandate, roles and responsibilities of the internal audit function. It outlines the dual reporting of Internal Audit, to the Audit Committee and to the Chief Executive Officer. Council’s internal audit activities performed each year are outlined in the Annual Work Plan.

The 2018–2019 Audit Plan was endorsed by the Audit Committee in September 2018.

The internal audit department provides an independent and professional review, established to evaluate the risks and controls associated with Council’s activities, processes and systems. By reviewing Council’s risks, internal controls, efficiency, effectiveness, governance, performance and compliance, internal audit aims to provide assurance that the Council and its management are discharging their responsibilities effectively and efficiently.

During 2018–2019, Internal Audit issued reports or provided updates to the Audit Committee in:

- August 2018
- November 2018
- March 2019
- June 2019

Report on the 2018-2019 Operational Plan

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

The hierarchy of planning documentation requires that the Operational Plan specifically address the Corporate Plan. Council’s Operational Plan links with outcomes in the Corporate Plan and delivers on specific strategies mentioned in the Corporate Plan. Due to the fact that the Operational Plan is both qualitative and quantitative in nature, it is difficult to assess the Operational Plan in number terms. Many of the outputs in the Operational Plan are ongoing in nature. Reviews of the Operational Plan are provided to Council quarterly.

The 2018–2019 Operational Plan was adopted by Council in June 2018 as follows:

Then in December 2018, the Operational Plan was amended as follows:

12:06pm – 12:13pm OCEO – Annual Operational Plan 2018/19

CEO spoke to this report. To present the proposed Annual Operational Plan for financial year 2018– 2019 for adoption by Council.

Pursuant to section 174 of the Local Government Regulation 2012 (Qld), Council must prepare and adopt an annual operational plan for each financial year. Council must discharge its responsibilities in a way that is consistent with its annual operational plan and may, by resolution, amend its annual operational plan at any time before the end of the financial year.

The annual operational plan must

- Be consistent with Council’s annual budget; and
- state how Council will -
 - progress the implementation of the five- year corporate plan during the period of the annual operational plan; and
 - manage operational risks; and
- include an annual performance plan for each commercial business unit of Council (as detailed in section 175(2)).

RESOLUTION

Moved: Cr Nai; **Second:** Cr Fell

That pursuant to section 174(1) of the Local Government Regulation 2012 (Qld), Council adopts the Annual Operational Plan for financial year 2018–2019, as presented

MOTION CARRIED

1:19am – 1:29pm OCEO – Amended Operational Plan 2018-2019

CEO spoke to this report. To present the proposed Amended Annual Operational Plan for financial year 2018–2019 for adoption by Council.

RESOLUTION

Moved: Cr Nona; **Second:** Cr Pearson

That pursuant to section 174(1) of the Local Government Regulation 2012 (Qld), Council adopts the Annual Operational Plan for financial year 2018–2019, as presented

MOTION CARRIED

A man and a woman are shown from the back, standing in a lush, green tropical setting. The man is wearing a dark purple short-sleeved shirt with a white floral pattern. The woman is wearing a blue and purple patterned dress. They are both looking towards the left. The background is filled with dense foliage and trees. The text "Section Four" is overlaid in the top right corner.

Section Four

Executive Reports



Business Services

The Business Services Department consists of the Financial Services, Information Technology and Asset & Risk Management functions of Council.

Financial Services has remained focused on strengthening Council's internal financial reporting and long-term strategic modelling capabilities; through the effective usage of dashboard reporting for decision makers and operational leaders, enhancing financial visibility and capacity across the organisation. The 2018-2019 period also saw continued improvement in Council's debt collection effectiveness, assisting with improving sustainability over the long term.

Phased implementation of key compliance and legislative changes successfully occurred, aligned to the core financial management system upgrade, thus allowing improved quality of information and accessibility. Information Technology also focused heavily on the adequacy of infrastructure across Council, data integrity, network security and document control.

The addition of specialist roles within the Business Services function allowed for the initial evolution of the Asset Management Planning, Business Continuity, risk registers and insurance profile processes.

For more information about Council's financial performance and financial position please refer to Section Seven - Community Financial Report, and Section Eight - Financial Statements.



Building Services

The 2018-2019 period marked the evolution of the Building Services Unit (BSU) of Council, to deliver quality and reliable services aligned to the specific needs of our unique 15 communities.

Our team works alongside the Housing & Tenancy Services Department to construct and maintain Council's social housing portfolio, including works such as domestic water supply compliance upgrades, septic upgrades and extensions to water and sewer mains to

service previously un-serviced house lots.

BSU also manages maintenance on buildings and core council assets in our communities, establishing the framework for a preventative maintenance program and asset management system delivery during the next financial year.



Housing & Tenancy Services

Council provides social housing to over 900 households across our region, delivering tenancy management and housing allocation services.

In the year ending 30 June 2019, Housing & Tenancy Services achieved;

- Further enhancement of policies and engagement with tenants
- Establishment of more effective processes for the re-tenanting of abandoned properties
- A substantial reductions in social housing rental arrears, through tenancy education programs



Community Services

Due to the geographical positioning of our 15 individual island communities, the Community Services Department is an essential link for our community members to core community services and programs. During the 2018-2019 financial year, Community Services has continued its focus on service delivery and programs that drive community empowerment, further evolving this via in-house development and collaboration with key partners.

Divisional Administration

Divisional Administration is responsible for a range of administrative and support services for our community including:

- Local Fare Scheme & Helicopter Subsidy
- Department of Human Services
- Australia Post services
- Prescribed Activity Permits
- Management of accommodation facilities
- Facilitating community and regional grants
- Indigenous Knowledge Centres
- Traditional visitors permits and passes
- Facilitate delivery of key community engagement collateral
- Coordination of community information sessions and meetings

Aged Care

Council's aged-care program provides services to elderly and disabled community members, fostering independence and the ability to continue living at home. Support services include domestic assistance, personal care, respite, social support, transport, client care coordination, equipment use and home modifications. The ongoing professional development of the Aged-Care workforce was a key objective for the 2018-2019 financial year.

Childcare

Council operates childcare facilities and age-appropriate educational programs for our constituents in the following divisions:

- Child Care, Badu Island (Infant – 3.5yrs)
- After School Care and Vacation Care, Hammond Island (School Aged Children)

As part of professional development and capacity building, a number of our Educators have been enrolled in the Diploma in Early Childhood Education and the Early Childhood Education – Cert III.

Healthy Lifestyles and Wellbeing

The 2018-2019 Health and Wellbeing program focused on creating sustainable programs in our communities and empowering community capacity building through ongoing educational opportunities, such as personal training qualifications for our Healthy Lifestyle Officer workforce. Council's Health and Wellbeing program successfully delivered after-school, school holiday and sporting programs for youth across our divisions.

Indigenous Knowledge Centres (IKC)

Working in partnership with the State Library of Queensland, Council has operated Indigenous Knowledge Centres within 10 communities. Localised content and new collections have been rolled out throughout the 2018-2019 period, along with key delivery programs to identified community groups, and the installation of library management software.

Environmental Health

Council has continued our service delivery of the environmental health program throughout the region, in partnership with Queensland Government. A workforce of 21 Environmental Health Workers (EHW) deliver in animal management, food safety and awareness, health promotion, compliance and enforcement, and pest management.



Engineering Services

In addition to conventional capital works, infrastructure, water and waste services, Council's Engineering Services Department also has operational responsibility for our 11 aerodromes, 13 helipads and 15 seaports.

Following on from the funding acquisition successes of the prior 12 months, the 2018-2019 period has seen substantial delivery of a body of capital works, encompassing critical water, wastewater, and waste management infrastructure. Ongoing development of our team members based out in community has occurred, such as tertiary training for our Water Operators; providing this capability in each community is essential in ensuring the ongoing safety and quality of water supplied.

The first stage of the coastal protection works for our Poruma community was completed utilising a new geotextile sandbagging technique, which successfully withstood the weather severities of our annual wet season. The combined value for money, ability to easily upskill local labour forces,

and the technique's ability to withstand our region's severe weather events is significant in articulating the process across coastal defence works for the remaining communities.

The tidal inundation and erosion rectification works, continues to be a priority for the Engineering Department, with ongoing costing and project scoping works being undertaken for our remaining communities.





Corporate Affairs & Engagement

The newly formed Corporate Affairs & Engagement Department was established with a primary concentration on key stakeholder services within the areas of:

- Media Relations
- Parliamentary Deputation
- Community Advocacy & Engagement
- Strategic Sourcing & Supply Chain Management
- Internal Communications & Workforce Engagement
- Funding Acquisition & Donor Management
- Strategic Partnerships & Enterprise Development

The 2018-2019 period focused on evolving Council's integrated planning (Corporate, Operational, Strategic and Financial) process, and the scoping of Council's enterprise development strategy and procurement transformation program.

These important pieces of work have been achieved by the development of key on-ground employees with the localised knowledge of our region and partnering this with newly acquired in-house specialist skills, such as Strategic Sourcing, Business Development and Graphic Design.

During Q4 of the 2018-2019 period, the Youmpla Voice program was established and rolled out to all 15 communities, and via Council's satellite operations on Waibene (Thursday Island) and in Cairns.



The principal focus of Youmpla Voice is to provide transparent and open communication channels in and out of Council, taking into account the specific engagement requirements for identified groups of our communities, such as overcoming language barriers, and access to digital content.

The Corporate Affairs & Engagement team will build on the success of the Youmpla Voice program by working with traditional language custodians, linguists and knowledge holders to further develop engagement tools and channels over the next 12 months.

The program rollout also included community consultations and feedback sessions in each division to shape and design Council's new Corporate Plan, which will cover the 2020-2025 (financial year) period.





People & Wellbeing

The People & Wellbeing Department consists of the employee relations and benefits, recruitment, Workplace Health and Safety (WHS), training and development, and apprenticeship coordination functions for Council.

A significant milestone for this department during the 2018-2019 period, was the successful implementation of Council's eLearning system, which has ultimately mitigated the barriers of distance, languages and skill levels. Previously, due to constraints of different training opportunities, resources and approaches in the different divisions the inductions and professional development was not consistent throughout. The costs associated with flying training organisations to the different divisions was a high cost to Council. Other challenges included employees being unable to travel for training due to being away from their families and the equally substantial costs associated with staff traveling to the mainland.

The implementation of this system has also assisted greatly in growth of Council's apprenticeship and trainee program, hosting a total of 30 participants in this period alone, and ultimately ensuring key skills are developed and remain in our region.

Working closely with the Corporate Affairs & Engagement Department, we have been able to refresh policy and training materials, provide consistency across People & Wellbeing collateral and with the introduction of Council's new Vision, Mission and core Values, evolve the annual employee appraisal process.



Executive Office

Executive office functions (including the People & Wellbeing Department) report directly into the Chief Executive Officer and consist of Council's Legal, Internal Audit and Secretariat services.

During the 2018-2019 period the secretariat function focused continuous improvement activities across Council's meeting, travel and public information requirements, streamlining processes and ensuring compliance with relevant legislation.

The highlight for the Legal Services function during this period was the ability to facilitate the realisation of home ownership for the first time in our region. For the communities where Council is Trustee, this process progressively occurred throughout the period, starting with our Poruma community.

Following on from the commencement of native title consultations during the 2017-

2018 period, substantial work has continued in this period for a proposed 'Infrastructure and Housing Indigenous Land Use Agreement' (ILUA) for each of the thirteen outer islands in the Torres Strait. This ILUA is the result of extensive discussions over several years and is designed to streamline the native title consent process and cultural heritage process for future infrastructure, homeownership, housing renovations and land transfers.

Further information on Council's Internal Audit function can be found in Section Three - From the Office of the CEO.



Section Five

Disclosures



Background

The Annual Report describes Council's achievements, performance and financial position for the past financial year. It also discloses a body of governance and statutory compliance material.

Council is committed to transparency, openness and accessibility.

Councillor Complaints and Recommendations

Complaints received under the councillor conduct regime that was replaced in December 2018:

| Local Government Act 2009 (Qld) | Number | Refers to |
|--|---|---|
| Total number of orders and recommendations made under v 180(2) or (4) of the Act: | Nil | Disciplinary action (misconduct) |
| Total number of orders made under section 181 of the Act: | Nil | Disciplinary action (inappropriate conduct) |
| The total number of complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act: | Nil | No further action (frivolous, vexatious or lacking in substance) |
| The number of complaints referred to the department's Chief Executive under section 176C(3)(a)(i) of the Act: | Nil | Referral to Department's CEO - complaint about conduct of Mayor/Deputy Mayor |
| The number of complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act: | Nil | Referral to Mayor - complaint about conduct of Councillor other than Mayor/Deputy Mayor |
| The number of complaints assessed by the Chief Executive Officer under section 176C(4)(a) of the Act: | Nil | Misconduct - referred by CEO to Department's CEO |
| The number of complaints assessed by the Chief Executive Officer as being about corrupt conduct: | 1 | Corrupt conduct |
| The number of complaints heard by a regional conduct review panel: | Nil | Heard by regional conduct review panel |
| The number of complaints heard by the Tribunal: | Nil | Heard by tribunal |
| The number of complaints to which section 176C(6) of the Act applied: | 1 (referred to Office of Independent Assessor) | Other matters - dealt with in another way |

Complaints received under the councillor conduct regime that was replaced in December 2018:

| Local Government Act 2009 (Qld) | Number | Details |
|---|--------|---|
| Number of orders made by the chairperson to deal with unsuitable meeting conduct (section 150I(2)) | Nil | N/A |
| Numbers of orders made by Council as disciplinary action against a councillor for inappropriate conduct (section 150AH(1)) | Nil | N/A |
| Decisions, orders and recommendations made by the conduct tribunal against a councillor for misconduct | Nil | N/A |
| Number of councillor conduct complaints referred by Council to the Office of the Independent Assessor (section 150P(2)(a)) | 1 | |
| Number of councillor conduct complaints referred by Council to the Crime and Corruption Commission (section 150P(3)) | Nil | |
| Number of notices given by Council to the Office of the Independent Assessor about particular conduct that would otherwise be considered inappropriate conduct or misconduct (section 150R(2)) | Nil | |
| Number of notices given by Council to the Office of the Independent Assessor about particular conduct amounting to misconduct (section 150S(2)(a)) | Nil | |
| Decisions made by the Office of the Independent Assessor about councillor conduct (section 150W(a), (b) and (d)) | 1 | The decision was to take no further action. |
| Number of referrals of councillor conduct matters from the Office of the Independent Assessor to Council (section 150AC(3)(a)) | Nil | |
| Information (obtained during an investigation of suspected inappropriate conduct) given by Council to the Office of the Independent Assessor that indicates a councillor may have engaged in misconduct (section 150AF(4)(a)) | Nil | |
| Number of occasions where Council asked another entity to investigate the suspected inappropriate conduct of a councillor (chapter 5A, part 3, division 5) | Nil | |
| Number of applications heard by the conduct tribunal about the alleged misconduct of a councillor | Nil | |

Administrative Action Complaints

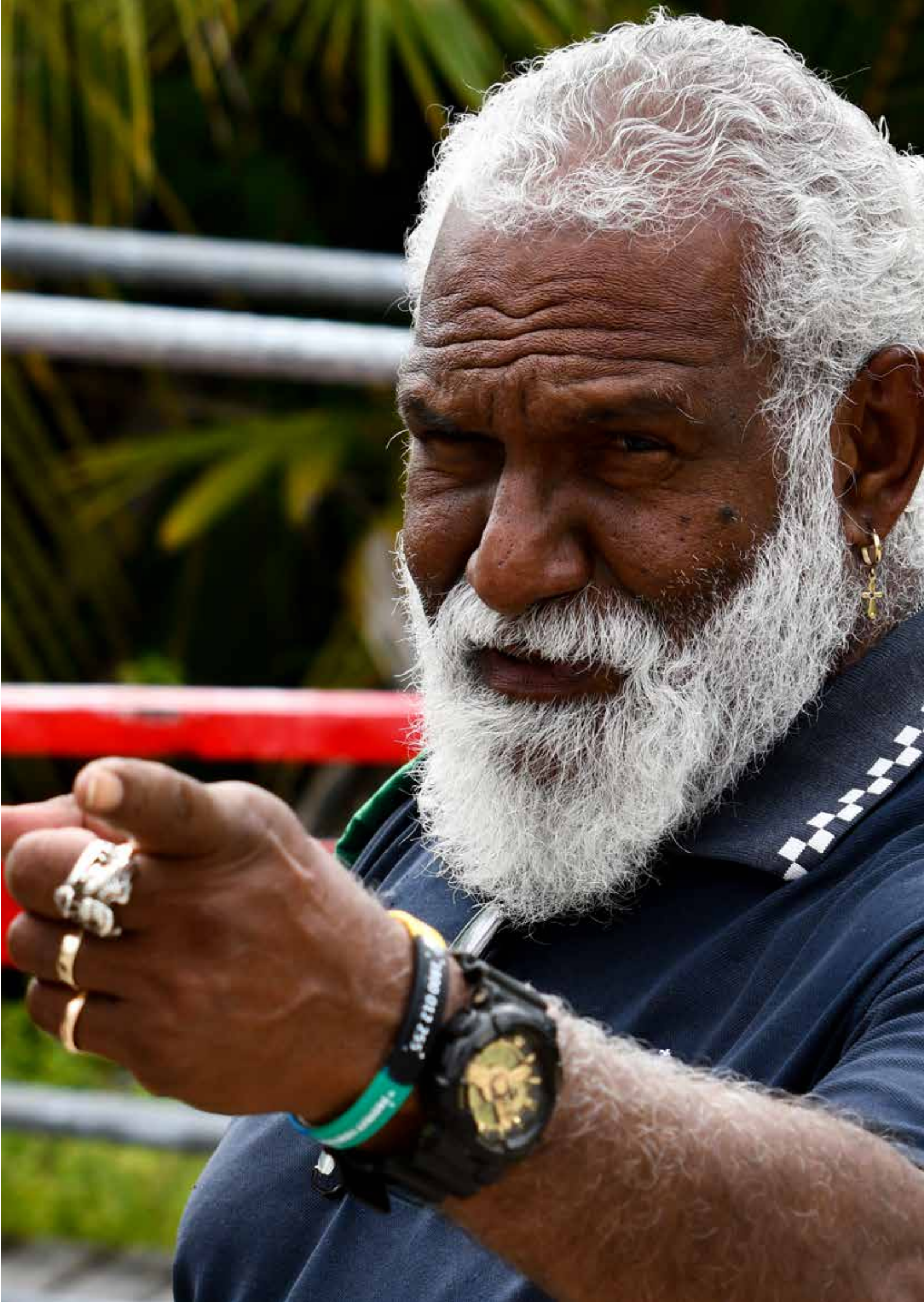
Council is committed to dealing fairly with administrative action complaints. An “administrative action” complaint is a complaint about action or inaction taken/ failed to be taken by Council.

Council’s Complaint Management Policy (SPO9) and Procedure (SPO9-PR1) were authorised on 28 March 2017. In November 2017, Council authorised a customised Housing Complaint Management Policy, which dovetails with Council’s Complaint Management Policy and Procedure. A Council officer undertook training in public interest disclosures in June 2018.

The Complaint Management Policy and Procedure will be revised when legislative changes regarding Councillor conduct complaints come into effect later in 2018. From then on, all complaints about Councillor conduct will be referred to the Independent Assessor.

The Chief Executive Officer reports to Council annually regarding complaint management. This process identifies and analyses any complaint trends and significant issues, and any recommendations for improvement, to ensure that Council deals with complaints in line with best practice.

| Administrative action complaints under section 187 of the Local Government Regulation 2012 (Qld) | Number | Refers to |
|--|-------------------------------------|---|
| The number of administrative action complaints made to the local government | 8 | Administrative action complaints made |
| The number of administrative action complaints made to the local government | 6 (plus 6 from previous years) | Administrative action complaints resolved |
| The number of administrative action complaints resolved by the local government under the complaints management process | 2 (plus 2 from previous years) | Administrative action complaints unresolved |
| The number of administrative action complaints not resolved by the local government, that were made in a previous financial year | 2 (under referral investigation) | Administrative action complaints unresolved |



Public Sector Ethics Act 1994 (compliance with section 23)

This statement gives details of the action Council has taken in relation to Codes of Conduct, education and training on Codes of Conduct, and how Council’s procedures and practices reflect the Queensland public sector ethics principles.

Council’s Code of Conduct (PO2-PR1) applies to all employees, Councillors, contractors, consultants, agents and assigns of Torres Strait Island Regional Council. The Code of Conduct, originally adopted in 2014, was reviewed this year and authorised on 30 June 2018.

Our induction for new employees includes training and education in the local government principles set out in section 4(2) of the Local Government Act 2009 (Qld) and the ethics principles set out in section 4(2) of the Public Sector Ethics Act 1994 (Qld). Council employees have access to the Code of Conduct on Council’s corporate intranet, and employees received online Code of Conduct refresher training in June 2018.

The induction of the new Council following the 2016 quadrennial election included Councillor conduct training. Councillors receive additional training on request or in response to an identified need (such as legislative changes to the Councillor conduct regime).

All of Council’s policies and procedures reflect Council’s commitment to Queensland’s public sector ethics principles and local government principles. Our administrative procedures and management practices also have due regard to the ethics principles, local government principles and Council’s Code of Conduct.

Special Rates and Charges

During the 2018–2019 financial year, Council did not levy any special rates or charges.

Concessions for Rates and Charges

During the 2018–2019 financial year, Council did not have any concessions for rates and charges.

Invitations to change Tender

During the 2018–2019 financial year, there were no invitations to change tenders under section 228(7) of the Local Government Regulation 2012 (Qld).

Registers kept by the Torres Strait Island Regional Council

The following registers are held by Council:

- Register of Councillors
- Delegations Registers
- General Complaints Database
- Land Record
- Local Laws Register
- Lost and Stolen Property
- Cat and Dog Register
- Register of Fees and Charges
- Register of Electoral Gifts
- Register of Gifts
- Road Map and Register
- Right to Information Database
- Beneficial Enterprises
- Interests Register
- Assets Register
- Pre-qualified Suppliers
- Preferred Suppliers

Summary of Investigation Notices

During the 2018–2019 financial year, Council did not receive any Queensland Productivity Commission notices of investigation under section 49.

During the same period, Council did not receive any Queensland Productivity Commission recommendations on any competitive neutrality complaints under section 52(3).

Beneficial Enterprises

Council does not have any beneficial enterprises.

Significant Business Activities

Council does not have any significant business activities.

Overseas Travel

During the 2018–2019 financial year, no overseas travel was undertaken by Councillors or employees of Council in an official capacity.

Senior Management Remuneration

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

The following table shows the range of total remuneration packages for the 12-month period from 1 July 2018 to 30 June 2019 provided to Council’s senior management.

| Remuneration Package Band | In Band |
|---|-----------|
| \$50,000 - \$150,000 | 3 |
| \$150,001 - \$250,000 | 1 |
| \$250,001 - \$350,000 | 1 |
| Total Remuneration of Senior Management | \$885,304 |

* Number of positions driven by employee attrition; number of senior positions in a BAU environment is 3.



Section Six

Expenditure on Grants or Donations to Community Organisations





The annual report for a financial year must contain a summary of the local government's expenditure for the financial year on grants to community organisations and expenditure from each Councillor's community fund.

Council has a commitment to facilitate the building of strong, vibrant, and robust communities. To assist in achieving this goal, Council's grant programs provide financial and in-kind assistance to community-based groups, individuals and organisations that are providing programs, activities, events and projects that enrich the diversity of cultural, social, sport and economic development opportunities available to the residents of the Torres Strait Island Regional Council region.

In the 2018–2019 financial year, Council provided funding to the community via the following programs:

- Regional Grant
- Community Grant
- Funeral Donation

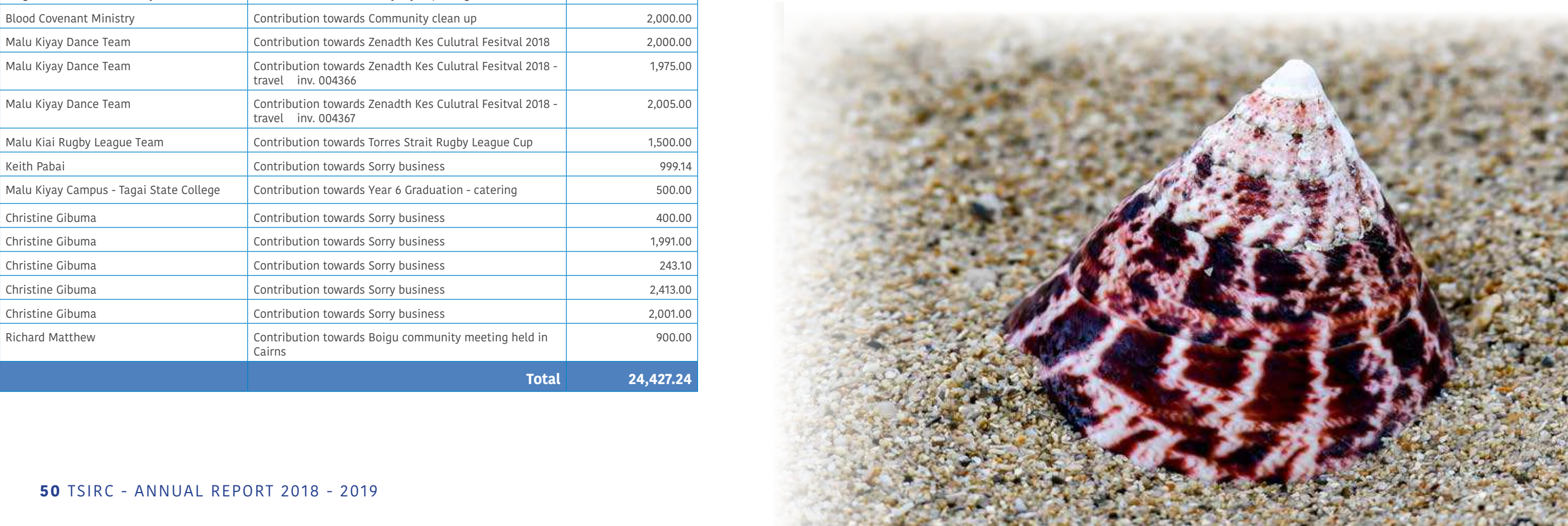
Expenditure on Grants or Donations to Community Organisations

| Regional Grants | | |
|--|--|-------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Saibai Island Womens RLFC | Contribution towards Zenadth Kes Rugby League Cup 2018 | \$ 2,500.00 |
| Saibai Stags RLFC | Contribution towards Zenadth Kes Rugby League Cup 2018 | \$ 2,500.00 |
| Dhadhin Geai Warriors | Contribution towards Island of Origin Football Carnival 2018 | \$ 1,000.00 |
| Dhoeyim Brothers RLFC | Contribution towards NPA Dan Ropeyarn Cup 2018 | \$ 2,500.00 |
| Surumau Gladiators RLFC | Contribution towards Island of Origin Football Carnival 2018 | \$ 2,500.00 |
| Poruma Ngurpay Lag | Contribution towards Ipad project (purchasing 10 ipads) 2018 | \$ 2,500.00 |
| Maigi Apu Torres Strait Islander Corporation | Contribution towards Mabuiag ACC (Australian Christian Church) Conference | \$ 2,500.00 |
| Maigi Apu Torres Strait Islander Corporation | Contribution towards Mabuiag ACC (Australian Christian Church) Conference | \$ 2,500.00 |
| Waibene Netball | Contribution towards Netball Carnival Cairns July 2019 | \$ 2,500.00 |
| Raw Fitness Badu | Contribution towards 2019 All round fitness comp | \$ 2,500.00 |
| Dhadhin Geal Warriors | Contribution towards Island of Origin Carnival | \$ 2,500.00 |
| Sabai Stags | Contribution towards 2019 Zenadth Kes Cup | \$ 2,500.00 |
| Annie Zaro | Contribution towards STEM tour to Singapore | \$ 500.00 |
| Mabuiag Men's Sporting Group | Contribution towards Goemu Bau Raiders 30th Anniversary | \$ 2,500.00 |
| Moa Boars | Contribution towards Badu Island of Origin | \$ 2,500.00 |
| Paga Panthers Football Team | Contribution towards Badu Island of Origin June 2019 | \$ 2,500.00 |
| Warthai Kuzi Women's Touch Team | Contribution towards Battle of the Islands | \$ 2,500.00 |
| Tudi Balaz Touch Team | Contribution towards Daisy Mye Sporting Carnival 2019 | \$ 2,500.00 |
| Tudi Balaz Touch Team | Contribution towards Zenadth Kes Junior Rugby League | \$ 2,500.00 |
| Boigu touch | Contribution towards Battle of the Islands 30/7 - 4/8 2019 | \$ 2,500.00 |
| 4Ballun Dance Team | Contribution towards Naidoc celebration invite to N.T. August 2019 | \$ 2,500.00 |
| St Saviour Church | Contribution towards Establishing a Boigu choir; uniforms and music equipment | \$ 2,469.00 |
| Shekinah Fellowship Ministry | Contribution towards District Conference 2019, 28-30 June 2019 | \$ 2,500.00 |
| Church of the Rock | Contribution towards Boigu residents attend Thuran Tabernacle Dedication day, Yam island | \$ 2,500.00 |
| Muyngn Koekaper dance | Contribution towards Saibai dancers attending CIAF, July 14 - 16 | \$ 2,500.00 |
| Gabriel Mooka | Contribution towards Individual request to play Rugby Union in ,Sept 2019 | \$ 500.00 |
| Zenadth Kes Rugby League | Contribution towards Warraber Sunmau Gladiators football team | \$ 2,500.00 |
| Mui Kuzi football | Contribution towards Poruma football team attend Battle of the Islands Aug 2019 | \$ 2,500.00 |
| Saibai Stags RLFC | Contribution towards Saibai football team attend Gordonvale Carnivale Oct 2019 | \$ 2,500.00 |
| Saibai Stags RLFC under 18s | Contribution towards Saibai football team attend Gordonvale Carnivale Oct 2019 | \$ 2,500.00 |
| Kulkalgal Choir | Contribution towards Poruma choir perform at CIAF, July 14 - 16 | \$ 2,500.00 |
| Total | | \$71,969.00 |

| Mayor Councillor Fred Gela | | |
|--------------------------------------|--|--------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Christine Gibuma | Contribution towards Sorry business | \$ 500.00 |
| Saibai Stags RLFC | Contribution towards Zenadth Kes Rugby League Cup 2018 | \$ 2,443.00 |
| Urab Dance Team | Contribution towards 2018 Dance Rites Competition | \$ 1,732.00 |
| Late Mrs Telita Faud (Mokathani Lui) | Contribution towards Sorry business - flights | \$ 1,237.94 |
| Sario Mills | Contribution towards World Youth Day | \$ 1,500.00 |
| Late Mrs Telita Faud (Mokathani Lui) | Contribution towards Transfer of deceased | \$ 214.50 |
| Beauty Pearson | Contribution towards Sorry business - chiller hire | \$ 1,500.00 |
| Peo Ahmat | Contribution towards Sorry Business | \$ 1,000.00 |
| Roxanne Dorante | Contribution towards Mer Goshen Rally | \$ 2,000.00 |
| Georgina Dorante | Contribution towards Gospel crusade 19/4/19 | \$ 1,000.00 |
| Louis Dorante | Contribution towards Gospel crusade 19/4/19 | \$ 1,700.00 |
| Paul Ware | Contribution towards Sorry business | \$ 1,458.00 |
| Harriet Dorante | Contribution towards School excursion - NZ trip | \$ 500.00 |
| Total | | \$ 16,785.44 |

| Division 1- Boigu Councillor Dimas Toby | | |
|--|--|-----------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Church of St Saviour | Contribution towards Koey Kubil event | 1,500.00 |
| Church of the Rock | Contribution towards UPC Church Rally -27 Sept 2018 | 2,000.00 |
| Boigu Island Womens Touch Team | Contribution towards Daisy Mye Sporting Carnival 2018 | 1,000.00 |
| Boigu Island Womens Volley Ball tem | Contribution towards Daisy Mye Sporting Carnival 2018 | 1,000.00 |
| Blood Covenant Ministry | Contribution towards Community clean up | 2,000.00 |
| Malu Kiyay Dance Team | Contribution towards Zenadth Kes Culutral Fesitval 2018 | 2,000.00 |
| Malu Kiyay Dance Team | Contribution towards Zenadth Kes Culutral Fesitval 2018 - travel inv. 004366 | 1,975.00 |
| Malu Kiyay Dance Team | Contribution towards Zenadth Kes Culutral Fesitval 2018 - travel inv. 004367 | 2,005.00 |
| Malu Kiai Rugby League Team | Contribution towards Torres Strait Rugby League Cup | 1,500.00 |
| Keith Pabai | Contribution towards Sorry business | 999.14 |
| Malu Kiyay Campus - Tagai State College | Contribution towards Year 6 Graduation - catering | 500.00 |
| Christine Gibuma | Contribution towards Sorry business | 400.00 |
| Christine Gibuma | Contribution towards Sorry business | 1,991.00 |
| Christine Gibuma | Contribution towards Sorry business | 243.10 |
| Christine Gibuma | Contribution towards Sorry business | 2,413.00 |
| Christine Gibuma | Contribution towards Sorry business | 2,001.00 |
| Richard Matthew | Contribution towards Boigu community meeting held in Cairns | 900.00 |
| Total | | 24,427.24 |

| Division 2 - Dauan Councillor Torenzo Elisala | | |
|--|--|-------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Lilly Nomoa | Contribution towards Coming of the Light community dinner | \$ 1,008.60 |
| Lilly Nomoa | Contribution towards Coming of the Light community dinner | \$ 144.00 |
| Margaret Mau | Contribution towards Sorry business | \$ 4,160.00 |
| Roxin Eagles Football Club | Contribution towards Island of Origin Football Carnival 2018 | \$ 2,000.00 |
| Mayayna Waisu | Contribution towards Member for Cook - Cynthia Lui visit (lunch) | \$ 1,021.28 |
| Roxin Eagles Football Club | Contribution towards Travel to attend football grand final on TI | \$ 3,838.00 |
| Elizabeth Uiduldam | Contribution towards Sorry business | \$ 1,620.00 |
| Vera Havili | Contribution towards Ladies rugby league reunion gala dinner and presentations | \$ 150.00 |
| Frank Whap | Contribution towards Fuel - Funeral Donation | \$ 144.00 |
| Daniel Gaidan | Contribution towards Rugby 7s tournament | \$ 2,000.00 |
| Church of Holy Cross | Contribution towards Church Day 14/09/18 | \$ 277.04 |
| Wrench Mau | Contribution towards Sorry business | \$ 250.00 |
| Anau Family | Contribution towards Sorry business | \$ 1,190.00 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 454.55 |
| Adimin Mooka | Contribution towards 800 litres of fuel (sorry business) | \$ 1,440.00 |
| Adimin Mooka | Contribution towards Sorry business - funeral charter | \$ 560.00 |
| Maleta Elisala | Contribution towards Sorry business - funeral charter | \$ 1,824.00 |
| Peo Ahmat | Contribution towards Sorry Business | \$ 250.00 |
| Ivy Matthew | Contribution towards Sorry business | \$ 340.00 |
| Total | | \$22,671.00 |



| Division 3 - Saibai | | |
|------------------------------|--|-------------|
| Councillor Keri Akiba | | |
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Yakopeta Akiba-Bowie | Contribution towards Saibai Island Annexation Celebration | \$ 845.37 |
| Yakopeta Akiba-Bowie | Contribution towards Saibai Island Annexation Celebration | \$ 199.25 |
| Muiyoigu Koekaper Dance Team | Contribution towards Zenadth Kes Cultural Festival 2018 | \$ 1,000.00 |
| Saibai Stags RLFC | Contribution towards Zenadth Kes Rugby League Cup 2018 | \$ 2,500.00 |
| Gidina Waia | Contribution towards Fathers day celebrations | \$ 995.92 |
| Gidina Waia | Contribution towards Fathers Day Celebration - ULP Fuel - Sept | \$ 216.00 |
| Cr Keri Akiba | Contribution towards Community meeting held on 24/10/18 | \$ 303.12 |
| Katherine Ware | Contribution towards Sorry business | \$ 300.00 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 181.82 |
| Gidina Waia | Contribution towards 80th Anniversary Celebration of Holy Trinity Church | \$ 1,561.02 |
| Tamara Anau | Contribution towards Sorry business | \$ 796.56 |
| Adimin Mooka | Contribution towards Sorry business | \$ 300.00 |
| Katy Una | Contribution towards Sorry Business | \$ 623.14 |
| PBC | Contribution towards Native title determination day celebrations | \$ 1,653.91 |
| PBC | Contribution towards Native title determination day celebrations | \$ 252.00 |
| Margaret Warusam | Contribution towards Sorry business | \$ 5,752.00 |
| Kathy Babia | Contribution towards Sorry business - donation | \$ 1,500.00 |
| Conwell Tabuai | Contribution towards Badu Island Origin June 2019 | \$ 1,500.00 |
| Peo Ahmat | Contribution towards Sorry Business | \$ 300.00 |
| Tina Tabuai | Contribution towards ANZAC day celebrations | \$ 1,061.69 |
| Tina Tabuai | Contribution towards ANZAC day celebrations - fuel | \$ 360.00 |
| Ivy Matthew | Contribution towards Sorry business | \$ 1,000.00 |
| | Total | \$23,201.80 |

| Division 4 - Mabuyag | | |
|---|--|--------------|
| Cr. Keith Fell | | |
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Goemu Bau Raiders | Contribution towards Island of Origin Football Carnival 2018 - nomination fees | \$ 2,000.00 |
| Goemu Bau Raiders | Contribution towards Island of Origin Football Carnival 2018 - fuel to travel | \$ 540.00 |
| Besi Blazers Sporting Club | Contribution towards Zenadth Kes Carnival 2018 - Darts Tournament | \$ 1,500.00 |
| Tigi Bani (HLO) | Contribution towards Mabuiag School holidays program - catering | \$ 496.39 |
| Mabuygiw Garkaziw Kupay TSI Corporation | Contribution towards Torres Strait Cup 2018 - Kigu Raiders | \$ 3,000.00 |
| Kigu Dance Team | Contribution towards Cultural Festival | \$ 2,000.00 |
| Besi Blazers Sporting Club | Contribution towards NPA Cup Carnival | \$ 2,000.00 |
| Flora Warrior | Contribution towards Sorry business | \$ 1,000.00 |
| Mabuiag Ngurpay Lag P&C | Contribution towards Mabuiag School uniforms | \$ 2,942.40 |
| Goshen Ministry | Contribution towards Australian Christian Churches Conference | \$ 2,000.00 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 454.54 |
| Frank Whap | Contribution towards Fuel | \$ 144.00 |
| Ivy Matthew | Contribution towards \$250 donation to cover funeral costs | \$ 250.00 |
| Confirm with Cr. Akiba | Contribution towards Sorry business - money donation | \$ 250.00 |
| Margaret Warusam | Contribution towards Sorry business - donations | \$ 250.00 |
| Peo Ahmat | Contribution towards Sorry Business | \$ 250.00 |
| Gosha Ministry International Outreach | Contribution towards Mer Goshen Rally | \$ 2,500.00 |
| Mabuiag Men's Sporting Group | Contribution towards Team jerseys and travel to Island of Origin 2019 | \$ 5,000.00 |
| Western United Junior Rugby League | Contribution towards Zenadth Kes Junior Rugby League | \$ 1,000.00 |
| Paul Ware | Contribution towards Sorry business | \$ 250.00 |
| Western United Junior Rugby League | Contribution towards catering for community fundraiser | \$ 300.00 |
| Mabuiag Men's Sporting Group | Contribution towards Gokmu Bau Raiders travel | \$ 2,000.00 |
| Bau Au Stingers | Contribution towards Zenadth Kes Cup 2019 | \$ 2,500.00 |
| | Total | \$ 32,627.33 |



| Division 5 - Badu | | |
|----------------------------|--|--------------|
| Councillor Laurie Nona | | |
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Elsie Ismail | Contribution towards Family & Community Gathering | \$ 2,000.00 |
| Dhadhin Geai Warriors | Contribution towards Island of Origin Football Carnival 2018 | \$ 2,500.00 |
| Badu United Women League | Contribution towards Island of Origin Football Carnival 2018 | \$ 1,500.00 |
| Badu Island Football Team | Contribution towards Island of Origin Football Carnival 2018 | \$ 2,500.00 |
| Charlotte Tamwoy | Contribution towards Sorry business | \$ 2,000.00 |
| Nishel Gagai | Contribution towards Penninsula School Sport fees | \$ 500.00 |
| Denna Nona | Contribution towards Zenadth Kes Cultural Fesitval 2018 | \$ 1,500.00 |
| Kulpiyam Youth & Sport Inc | Contribution towards Badu Island Kuki Carnival 2018 | \$ 2,500.00 |
| Kulpiyam Youth & Sport Inc | Contribution towards Mackay All Blacks Carnival | \$ 2,000.00 |
| Manuel Namoa | Contribution towards Sorry business | \$ 2,000.00 |
| Mulga Football Team | Contribution towards Torres Strait Cup 2018 | \$ 1,000.00 |
| Badu Boyzal | Contribution towards 2019 Kuki Badu Island Sports carnival | \$ 1,000.00 |
| Flora May | Contribution towards Canberra School Rugby 7s Tournament | \$ 950.00 |
| Jermia Ahmet-nona | Contribution towards Canberra School Rugby 7s Tournament | \$ 950.00 |
| Lily Ahmat | Contribution towards Funeral Donation: Sorry business | \$ 1,000.00 |
| Anthony Viduldam | Contribution towards Sorry business | \$ 200.00 |
| Total | | \$ 24,100.00 |

| Division 6 - Arkai | | |
|----------------------------|--|--------------|
| Councillor David Bosun | | |
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Besi Blazers Sporting Club | Contribution towards Zenadth Kes Cultural Festival 2018 - Darts Tournament | \$ 2,500.00 |
| Dhadhin Geai Warriors | Contribution towards Island of Origin Football Carnival 2018 | \$ 1,000.00 |
| Ivy Wasaga | Contribution towards Sorry business | \$ 1,000.00 |
| Kubin Dance Team | Contribution towards Zendth Kes Cultural Festival 2018 - catering | \$ 1,000.00 |
| Kubin Dance Team | Contribution towards Zendth Kes Cultural Festival 2018 - travel Inv. 004261 and 004262 | \$ 1,734.00 |
| Kubin Dance Team | Contribution towards Zendth Kes Cultural Festival 2018 - travel Inv. 004263 and 004264 | \$ 1,689.00 |
| Fred Joe | Contribution towards Funeral donation | \$ 5,000.00 |
| Donald Namai | Contribution towards Sorry Business | \$ 2,000.00 |
| Donald Namai | Contribution towards Sorry business | \$ 963.20 |
| Donald Namai | Contribution towards Sorry business | \$ 2,809.28 |
| Daniel Joe | Contribution towards Sorry business - waiver vehicle hire 18-22 Oct 2018 | \$ 304.52 |
| Mualgal RNTBC / ICN:3369 | Contribution towards Muagal Native Title Determination Day - catering | \$ 1,300.00 |
| Mualgal RNTBC / ICN:3369 | Contribution towards Muagal Native Title Determination Day - hall hire | \$ 200.00 |
| Moa Boars | Contribution towards Island of Origin football carnival 23 June 2019 | \$ 3,000.00 |
| Total | | \$ 24,500.00 |



| Division 7 - Wug Councillor John Levi | | |
|--|--|---------------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Toshie Kris | Contribution towards Sorry business | \$ 2,898.06 |
| Kiwat Lui | Contribution towards Sorry business | \$ 4,579.08 |
| St Pauls Community Hall | Contribution towards August 23rd Celebrations/ Opening of new Community Hall on St Pauls | \$ 144.00 |
| St Pauls Community Hall | Contribution towards August 23rd Celebrations/ Opening of new Community Hall on St Pauls | \$ 530.37 |
| St Pauls Dance Group | Contribution towards Fabrics for costumes - Torres Strait Cultural Festival | \$ 1,140.00 |
| St Pauls Community Hall | Contribution towards August 23rd Celebrations/ Opening of new Community Hall on St Pauls | \$ 420.08 |
| Jennifer Billy | Contribution towards August 23rd Celebrations/ Opening of new Community Hall on St Pauls | \$ 382.20 |
| Wallington Kris | Contribution towards St Pauls Dance Team - Cultural Festival 2018 (PGS0013506) | \$ 1,000.00 |
| Anita Ahwang | Contribution towards FNQ Rugby 7s Girls | \$ 650.00 |
| Koza Hankin | Contribution towards Purchase fuel for Family Cultural & Traditional Practices 28/9 | \$ 500.00 |
| Wugalgau Kaiin Thithui Dance Team | Contribution towards Zamyak Preparations 28/9/18 | \$ 1,000.00 |
| John Paiwan | Contribution towards Support towards Feasting Farewell - TSRA visit (PST0003675) | \$ 492.56 |
| Vera Havili | Contribution towards Ladies rugby league reunion gala dinner and presentations | \$ 150.00 |
| Christal Ware | Contribution towards Christmas lights comp and garden comp gift card prizes | \$ 200.00 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 901.10 |
| Katherine Ware | Contribution towards Sorry business | \$ 1,000.00 |
| Lily Ahmat | Contribution towards Sorry business | \$ 500.00 |
| Petrine Saunders | Contribution towards Sorry business | \$ 2,000.00 |
| Timothy Kris | Contribution towards Sorry business | \$ 985.00 |
| Margaret Warusam | Contribution towards Sorry business - donations | \$ 250.00 |
| Scott Ronsen | Contribution towards Sorry business | \$ 2,000.00 |
| Wallis Mene | Contribution towards Sorry business - charter flights | \$ 889.00 |
| Bana Kris | Contribution towards Sorry business - charter flights | \$ 889.00 |
| Peo Ahmat | Contribution towards Sorry Business | \$ 500.00 |
| St. Pauls Anglican Church | Contribution towards Florence Buchanan Day | \$ 300.00 |
| Norita Kris | Contribution towards NQ Rugby League Championships | \$ 330.00 |
| | Total | \$ 24,638.45 |

| Division 8 - Kirirri Councillor Mario Sabatino | | |
|---|--|--------------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Christine Gibuma | Contribution towards Sorry business | \$ 500.00 |
| Rita Dorante | Contribution towards Sorry business Warraber - Horn | \$ 1,171.00 |
| Rita Dorante | Contribution towards Sorry business Horn - Warraber | \$ 1,216.00 |
| Hammond community - TSIRC | Contribution towards Fireworks display for Christmas | \$ 8,000.00 |
| Hammond community - TSIRC | Contribution towards TSIRC annual Christmas function | \$ 1,157.38 |
| TSIRC - Hammond community | Contribution towards Fireworks display for Christmas - charter HI to TI return | \$ 114.40 |
| TSIRC - Hammond community | Contribution towards Fireworks display for Christmas - accommodation | \$ 190.00 |
| TSIRC - Hammond community | Contribution towards Fireworks display for Christmas - flights | \$ 1,956.42 |
| TSIRC - Hammond community | Contribution towards Community Christmas function | \$ 1,227.09 |
| Ursula Nai on behalf of Fred Gela as Magireth to family of late Daniel Sabatino | Contribution towards Funeral donation | \$ 1,000.00 |
| Hammond community - TSIRC | Contribution towards Hammond christmas fireworks - freight | \$ 164.68 |
| Daniel Sabatino | Contribution towards Sorry business - charter flights | \$ 1,006.36 |
| Beauty Pearson | Contribution towards Sorry Business | \$ 3,000.00 |
| Beauty Pearson | Contribution towards Sorry Business | \$ 1,000.00 |
| Georgina Dorante | Contribution towards March Day Gospel Parade | \$ 1,000.00 |
| | Total | \$22,703.33 |

| Division 9 - Iama Councillor Getano Lui (Jnr) - Deputy Mayor | | |
|---|--|---------------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Magun Warriors RLFC | Contribution towards Queensland Murri Carnival - 05/10/18 - 07/10/18 | \$ 2,500.00 |
| Thaiwa Dance Team | Contribution towards Charter Horn to Yam PYA0004965 | \$ 1,405.00 |
| Thaiwa Dance Team | Contribution towards Charter Horn to Yam PYA0004965 | \$ 1,405.00 |
| Thaiwa Dance Team | Contribution towards Charter Horn to Yam PYA0004965 | \$ 1,420.00 |
| Thaiwa Dance Team | Contribution towards Charter Horn to Yam PYA0004965 | \$ 1,420.00 |
| Thaiwa Dance Team | Contribution towards Charter Yam to Horn PYA0004967 | \$ 1,465.00 |
| Thaiwa Dance Team | Contribution towards Charter Yam to Horn PYA0004967 | \$ 1,435.00 |
| Maggie Kelly | Contribution towards Meat for community event held 20/09/18 | \$ 574.20 |
| Magun Warriors RLFC | Contribution towards Queensland Murri Carnival - 05/10/18 - 07/10/18 | \$ 5,000.00 |
| Maggie Kelly | Contribution towards Community function 21/09/18 | \$ 823.97 |
| Cr. Lui | Contribution towards Purchased artwork that was presented to the Premier of Qld during visit to Iama | \$ 733.00 |
| Josephine David | Contribution towards Travel to sports carnival - Badu | \$ 2,000.00 |
| Iama Community | Contribution towards catering for community workshop | \$ 397.92 |
| Peo Ahmat | Contribution towards Sorry Business | \$ 300.00 |
| Kulkagal Choir Group | Contribution towards Cairns Indegenous Art Fair - Cultural Heights | \$ 3,918.50 |
| Iama Community | Contribution towards Morning tea with IBIS representatives | \$ 199.43 |
| | Total | \$ 24,997.02 |

| Division 10 - Warraber | | |
|-------------------------------|---|--------------------|
| Councillor Clara Tamu | | |
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Patricia Harry | Contribution towards Kulkalgal Darts Competition | \$ 1,500.00 |
| Warraber Sporting Association | Contribution towards Zenadth Kes Dart Tournament 2018 | \$ 2,000.00 |
| Olive Lui | Contribution towards Sorry Business | \$ 1,474.36 |
| Wakeyama Rugby League | Contribution towards Zenadth Kes Cup - uniforms | \$ 2,742.00 |
| Thomas Mene | Contribution towards Qld Pacific Cup 2018 - Brisbane - travel | \$ 2,000.00 |
| Laura Billy | Contribution towards Zenath Kes Cultural Festival 2018 - travel | \$ 1,186.00 |
| Gaggie Billy | Contribution towards Sorry business | \$ 1,200.00 |
| James Billy | Contribution towards Sorry business | \$ 1,200.00 |
| Patricia Harry | Contribution towards NPA Dan Ropeyarn Cup 2018 - volleyball competition | \$ 1,614.00 |
| Surumaru Gladiators | Contribution towards NPA Dan Ropeyarn Cup 2018 - volleyball competition | \$ 1,250.00 |
| Nandy Enosa | Contribution towards NPA Dan Ropeyarn Cup 2018 - volleyball competition | \$ 1,600.00 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 272.73 |
| Lui Billy | Contribution towards Supporter shirts | \$ 500.00 |
| Ruth Billy | Contribution towards Funeral at Coconut | \$ 500.00 |
| Milleon Tamu | Contribution towards New Years Eve celebrations for community | \$ 1,000.00 |
| Annie Marie | Contribution towards Sorry business | \$ 2,000.00 |
| Helga Nona | Contribution towards Sorry business | \$ 975.00 |
| Anthony Viduldam | Contribution towards Sorry business | \$ 200.00 |
| Lily Ahmet | Contribution towards Sorry business | \$ 200.00 |
| Edward Enosa | Contribution towards Sorry business | \$ 500.00 |
| | Total | \$23,914.09 |

| Division 11 - Poruma | | |
|-------------------------------------|---|---------------------|
| Councillor Francis Pearson | | |
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Poruma Ngurpay Lag | Contribution towards National Aboriginal and Torres Strait Islander Childrens Day 2018 | \$ 300.00 |
| Jennifer Billy | Contribution towards August 23rd Celebrations/Opening of new Community Hall on St Pauls | \$ 2,000.00 |
| Urab Dance Team | Contribution towards Torres Strait Cultural Festival | \$ 1,368.00 |
| Urab Dance Team | Contribution towards Torres Strait Cultural Festival | \$ 1,488.00 |
| Gibson Billy | Contribution towards Daisy Mye Sporting Carnival 2018 (16*20 Ltrs \$633.60 and 2*4 Ltrs \$40) | \$ 673.60 |
| St. Andrews | Contribution towards Community event | \$ 423.11 |
| Kulka Baks Rugby League Association | Contribution towards Zenath Kes Rugby League Carnival 2018 - catering and equipment | \$ 2,500.00 |
| Kulka Baks Rugby League Association | Contribution towards Zenath Kes Rugby League Carnival 2018 - travel | \$ 2,500.00 |
| Kulka Baks Rugby League Association | Contribution towards Zenath Kes Rugby League Carnival 2018 - accomodation | \$ 2,500.00 |
| Mokathani Lui | Contribution towards Christmas Lights Competition Prizes | \$ 580.00 |
| Mokathani Lui | Contribution towards Poruma/ Warraber IPA Expasion Celebration | \$ 433.89 |
| Urab Dance Team | Contribution towards Dance Rites Sydney Opera House Nov 2018 | \$ 1,500.00 |
| Mokathani Lui | Contribution towards Poruma Fishing Comp 2018 - Top End Trophy Centre | \$ 773.25 |
| TSIRC - Poruma Community | Contribution towards December Fireworks on Poruma | \$ 1,200.00 |
| TSIRC - Poruma Community | Contribution towards Travel for fireworks pyrotechnics | \$ 1,748.00 |
| Kayin Urab - Poruma Tournch Team | Contribution towards Kuki Carnival Badu Island | \$ 1,500.00 |
| Anthony Viduldam | Contribution towards Sorry business | \$ 300.00 |
| Philemon Mosby | Contribution towards Community sausage sizzle Australia Day | \$ 249.44 |
| Poruma Community | Contribution towards Fuel for sorry business | \$ 1,500.00 |
| | Total | \$ 23,537.29 |

| Division 12 - Masig Councillor Ted Nai | | |
|---|---|--------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Simon Naawi | Contribution towards Rugby League Carnival 2018 - Charters Towers | \$ 2,000.00 |
| Masig Island Dance & Boat Team | Contribution towards Zenadth Kes Cultural Festival 2018 | \$ 1,500.00 |
| Masig Island Dance & Boat Team | Contribution towards Torres Strait Cultural Festival | \$ 5,931.00 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 272.73 |
| Shavon Pearson | Contribution towards Charter flights 23/02/19 - Skytrans - Sorry business | \$ 691.96 |
| Sania Mosby | Contribution towards Sorry business | \$ 1,556.00 |
| Peo Ahmat | Contribution towards Sorry Business | \$ 400.00 |
| Matilda Billy | Contribution towards Sorry Business | \$ 2,000.00 |
| Kulkagal Choir Group | Contribution towards Cairns Indegenous Art Fair - Cultural Heights | \$ 2,500.00 |
| Bethalia Naawi | Contribution towards Masig youth connected - musical instruments | \$ 2,000.00 |
| Sania Mosby | Contribution towards Sorry business | \$ 1,007.00 |
| Elma Mosby | Contribution towards Tombstone unveiling | \$ 1,900.00 |
| Gikana Mosby | Contribution towards Rugby League Carnival 2019 | \$ 1,000.00 |
| Total | | \$ 22,758.69 |

| Division 13 - Ugar Councillor Rocky Stephen | | |
|--|---|-------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Ugar Anglican Church | Contribution towards Ark of Transfiguration -108th Anniversary | \$ 964.62 |
| Ugar Anglican Church | Contribution towards Ark of Transfiguration - 108th Anniversary | \$ 1,062.18 |
| Ugar Anglican Church | Contribution towards Ark of Transfiguration - 108th Anniversary | \$ 251.98 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 454.54 |
| Bob Modee | Contribution towards Hall hire for Community Clean Up Day 18 Oct 2018 | \$ 287.00 |
| TSIRC - Ugar Community | Contribution towards Ugar community Christmas celebrations | \$ 999.70 |
| TSIRC - Ugar Community | Contribution towards | \$ 999.47 |
| Ugar Community | Contribution towards Catering for Member for Cook visit 5/2/19 | \$ 5999.68 |
| Bob Modee | Contribution towards Easter celebrations | \$ 998.53 |
| Daniel Billy | Contribution towards Mothers day celebrations | \$ 599.48 |
| Gloria Stephen | Contribution towards 2019 Zenadth Kes Cup - volleyball championships | \$ 850.00 |
| Bob Modee | Contribution towards Catering for colour run | \$ 300.00 |
| Ugar Anglican Church | Contribution towards ULP from browser + 1 x 9kg gas bottle | \$ 162.90 |
| Total | | \$ 8,530.08 |

| Division 14 - Erub Councillor Patrick Thaiday | | |
|--|---|-------------|
| Organisation/Individual | Purpose of Grant or Donation | Amount |
| Raina Tomsana | Contribution towards Fuel and oil for Sorry Business | \$ 250.00 |
| Veteranz Kings | Contribution towards Daisy Mye Sporting Carnival | \$ 500.00 |
| John Armitage (TSIRC) | Contribution towards Fuel for My Pathway - from the Warren Entch visit to Erub | \$ 72.00 |
| Erub Bid Touch Football Club | Contribution towards Daisy Mye Sporting Carnival | \$ 500.00 |
| Meriba Wamen Sporting Association | Contribution towards Catering for Erub Sporting Carnival - September 2018 | \$ 1,000.00 |
| Saam Karem Era Kodor Mer Dance Troup | Contribution towards Torres Strait Cultural Festival | \$ 1,000.00 |
| John Armitage (TSIRC) | Contribution towards August 23rd Celebrations on St Pauls - fuel | \$ 72.00 |
| John Armitage (TSIRC) | Contribution towards August 23rd Celebrations on St Pauls | \$ 14.99 |
| Saam Karem Beizam RLFC | Contribution towards Annual Toress Strait Cup 11-14 Oct 2018 | \$ 3,000.00 |
| Vera Havili | Contribution towards Ladies rugby league reunion gala dinner and presentations | \$ 250.00 |
| John Armitage (TSIRC) | Contribution towards Information Session 19th Oct 2018 | \$ 499.39 |
| Walter Lui | Contribution towards All Saints Church Day Celebration 1 Nov 2018 | \$ 500.00 |
| John Mye | Contribution towards Tombstone Foundation Feb 2019 | \$ 2,000.00 |
| Sampung Thaiday | Contribution towards Graduation ceremony Cairns | \$ 1,000.00 |
| Ethel David | Contribution towards Mayor & Minister Visit 7/11/18 | \$ 300.00 |
| Peter Pilot | Contribution towards Funeral Donation - J. Pilot | \$ 1,000.00 |
| David Ethel - Saam Karem Dance Team | Contribution towards Fuel for Saam Karem Dance Team - Minister Visit | \$ 36.00 |
| Nelson Thaiday | Contribution towards Travel to attend tombstone in Cairns | \$ 1,000.00 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 181.82 |
| Fred Kiwat | Contribution towards Travel - mother's health condition | \$ 1,250.00 |
| Nancy Kiwat | Contribution towards Travel - mother's health condition | \$ 1,250.00 |
| TSIRC - Erub Community | Contribution towards Christmas lunch | \$ 1,341.63 |
| Retimoi Mye | Contribution towards Tombstone | \$ 2,000.00 |
| Mary Waigana | Contribution towards Tombstone | \$ 1,000.00 |
| Erub Community | Contribution towards Fuel for visit for Member for Cook | \$ 36.00 |
| Erub Community | Contribution towards Catering for Member for Cook visit 5/2/19 | \$ 1,008.95 |
| Erub Community | Contribution towards Petrol 20 Lt diesel & 20 Lt ULP - member for Cook visit | \$ 119.81 |
| Erub Community | Contribution towards Seafod for catering - member for Cook visit | \$ 100.00 |
| Erub Community | Contribution towards Catering for Member for Cook visit 5/2/19 (5 x \$100) | \$ 500.00 |
| Erub Arts | Contribution towards catering for information session - 20/02/19 | \$ 250.00 |
| Meriba Wamen Sporting Association | Contribution towards Assistance with car rego renewal | \$ 702.00 |
| Ronnie Sam | Contribution towards Eacham Junior Rugby League | \$ 1,000.00 |
| Gosha Ministry International Outreach | Mer Goshen Rally | \$ 300.00 |
| John Armitage (TSIRC) | Contribution towards Catering supplies & outboard oil for labour day celebrations | \$ 517.42 |
| John Armitage (TSIRC) | Contribution towards Fuel for labour day celebrations | \$ 144.00 |
| Zion Fellowship | Contribution towards Coming of the light celeration | \$ 400.00 |
| Total | | \$25,096.01 |

Division 15 - Mer

Councillor Bob Kaigey

| Organisation/Individual | Purpose of Grant or Donation | Amount |
|---------------------------------------|--|-------------|
| Opnor Roosters Football Team | Contribution towards Zenadth Kes Carnival 2018 | \$ 1,500.00 |
| Vera Havili | Contribution towards Sorry business | \$ 2,500.00 |
| Joseph Tapau | Contribution towards St James Church Day | \$ 799.44 |
| Kesi Volleyball Team | Contribution towards Daisy Mye Sporting Carnival 2018 | \$ 1,000.00 |
| Zeuber-Sik Volleyball team | Contribution towards Daisy Mye Sporting Carnival 2018 | \$ 998.24 |
| Vera Havili | Contribution towards Ladies rugby league reunion gala dinner and presentations | \$ 150.00 |
| Cr. Pearson | Contribution towards December Fireworks on Poruma | \$ 181.82 |
| Katherine Ware | Contribution towards Funeral donation | \$ 200.00 |
| Selima Thaiday | Contribution towards Catering for the Colour run | \$ 699.57 |
| Mer Community | Contribution towards Catering for Member for Cook visit 5/2/19 | \$ 999.56 |
| Eliza Ghee | Contribution towards Sorry business - Late Mr James Ghee | \$ 699.65 |
| Segar Marou | Contribution towards Maritime strike celebrations 14th Jan 2019 | \$ 499.48 |
| Joseph Blanco | Contribution towards Sorry business | \$ 2,555.00 |
| Yessie Mosby | Contribution towards Sorry business - charter flights 22/3/19 | \$ 2,000.00 |
| Yessie Mosby | Contribution towards Sorry business - charter flights 22/3/19 | \$ 720.36 |
| Peo Ahmat | Contribution towards Sorry Business | \$ 200.00 |
| Annie Zaro | Contribution towards STEM tour | \$ 500.00 |
| Gosha Ministry International Outreach | Contribution towards Mer Goshen Rally | \$ 1,500.00 |
| Mer Community Justice Group | Contribution towards Vigil Candlelight | \$ 500.00 |
| Kay Noah | Contribution towards Mer Island community flag | \$ 327.00 |
| Total | | \$18,530.92 |



Section Seven

Community Financial Report





This Community Financial Report shows a summary of the Financial Statements with the aim of providing understandable information to the members of our community. The use of plain language and pictorial aids such as graphs and tables, allows readers to easily evaluate Council's financial performance and financial position.

The Community Financial Report is prepared in accordance with Section 179 of the Local Government Regulation 2012. Council's full Financial Statements and accompanying notes can be found within the Annual Report. The Financial Statements have been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012.

The Financial Statements in this report cover a 12 month period ending 30 June 2019. The Financial Statements contained in this report include:

- Statement of Comprehensive Income**
 measures how Council performed during the year. The statement displays Council's revenue and expenses with the resulting profit or loss amount known as the Net Result. This also displays Council's other comprehensive income.
- Statement of Financial Position**
 shows what Council owns (assets), what Council owes (liabilities) and Council's net worth (community equity). Total community equity

is equal to total assets minus total liabilities. Community equity can be a reflection of how healthy the position of Council is at a given point in time. The more Council's assets exceeds its liabilities, the better the position of Council.

- Statement of Changes in Equity**
 presents a summary of transfers to and from community equity accounts including retained earnings and asset revaluation surplus.
- Statement of Cash Flows**
 presents a summary of transfers to and from community equity accounts including retained earnings and asset revaluation surplus.
- Notes to the Financial Statements**
 provide a detailed breakdown of all significant items in the Financial Statements and what these items represent.
- Long-Term Measures of Financial Sustainability**
 presents three sustainability indicators which have been set by the Department of Infrastructure, Local Government and Planning to help monitor the long-term sustainability of Councils across Queensland.

Understanding Council's financial performance (Statement of Comprehensive Income)

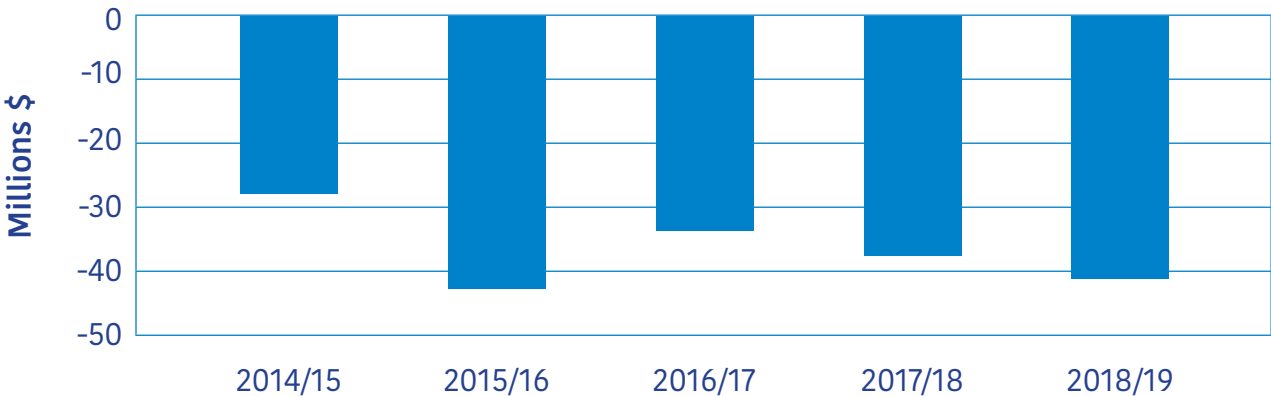
Operating position

Council's operating position reflects the Council's ability to meet its day-to-day running costs from operating revenue. This includes Council's ability to fund the future acquisition and replacement of assets.

The operating position is calculated using the formula:

$$\text{Operating revenue} - \text{Operating expense} = \text{Operating Surplus (Deficit)}$$

This calculation does not include revenue or expenses for capital projects. This graph shows the operating position of Council over the past five years.



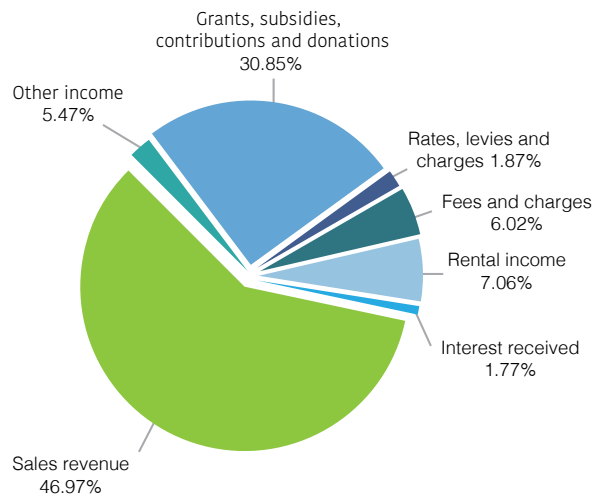
Council's operating position for the year ended 30 June 2019 is a deficit of \$40,551,098. While a negative result is not desirable, accounting depreciation has had a significant impact on Council's operating result. Accounting depreciation of \$46,163,049 has been expensed in order to account for the use or deterioration of community assets over the expected life of each asset. Council undertook a desktop revaluation as at 30 June 2018 which resulted in an increase in Council's asset base of \$27,089,669. This increase in Council's asset base coupled with minor changes in condition rating and effective lives resulted in an increase in depreciation expense in 2018-2019. Council is undertaking a comprehensive revaluation in 2019-2020 which will include a review of condition assessments and remaining useful lives of assets to ensure assets are recorded at fair value.



Sourcing our revenue

Where our money comes from

Sources of Operating Revenue



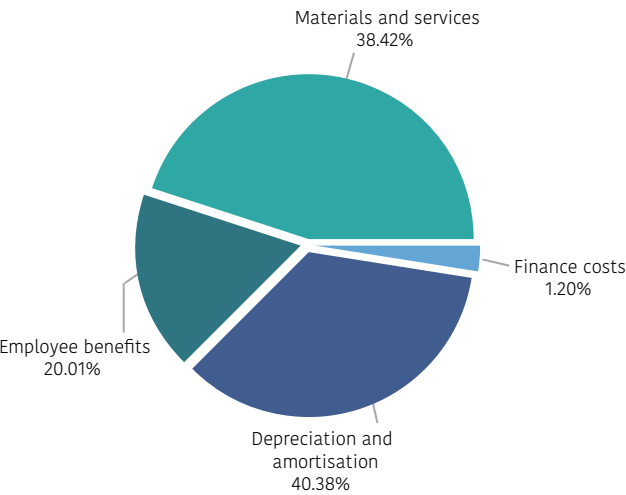
Council received \$73,772,606 of operating revenue during 2018-2019. Sales revenue continues to be the major source of income equating to \$34,653,858 or 46.97% of total revenue. Another significant source of revenue is grants, subsidies, contributions and donations providing \$22,756,745 of revenue or 30.85% of total revenue. The remaining operating revenue for Council is sourced from rates and charges, fees and charges, rental income, interest revenue and other income.

Council's operating expenses for the 2018-2019 financial year totalled \$114,323,704. The major expenses as depicted in the graph above are depreciation and amortisation at 40.38%, materials and services at 38.42% and employee benefits at 20.01%.

Council is actively working to reduce its operating expenditure by identifying efficiencies and ensuring value for money on purchases.

Where our money goes

Expenditure by Type



Net Result:

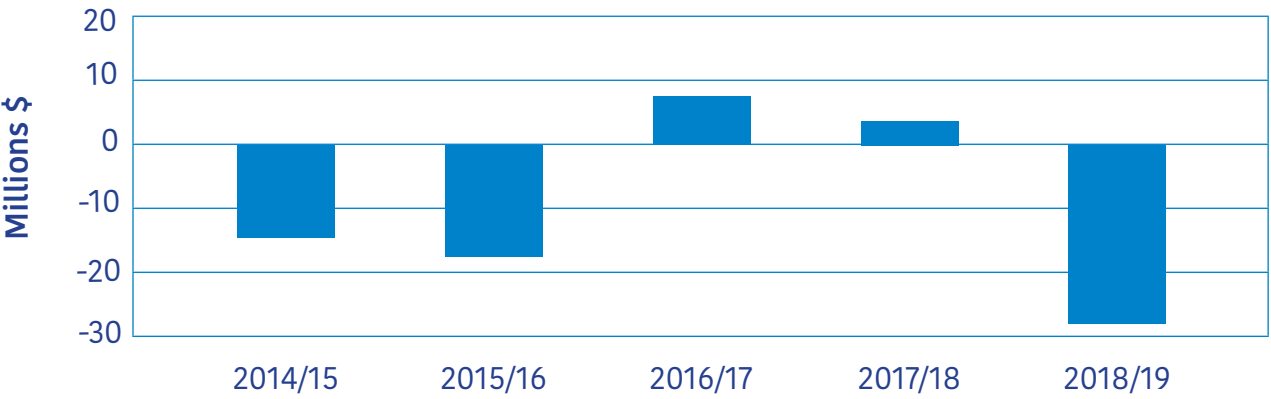
Council's net result reflects total revenue less total expenses. This includes capital revenue and expenditure, however does not include any adjustments for asset revaluations.

The net result is calculated using the formula:

$$(\text{Operating} + \text{Capital Revenue}) - (\text{Operating} + \text{Capital Expenses}) = \text{Net result}$$

The net result for 2018-2019, as reported in the Financial Statements is a deficit of \$28,882,938. This result includes the following major items:

- \$31,160,902 of capital grants, subsidies, contributions and donations received from various Government agencies to assist with providing capital infrastructure. Within this total, \$12,964,387 has been accounted for as contributed assets which are reported as non-cash revenue. These contributed assets include community housing assets from the Department of Housing and Public Works, St Paul's Community Hall from My Pathway and water assets from Torres Strait Regional Authority.
- \$19,492,742 of capital expenses which predominantly represents the value of assets replaced or disposed of through out the year. \$15,027,515 of which related to the disposal of registered Land Holding Act Leases. Refer to note 17 of the Financial Statements for further details on the Land Holding Act Leases.
- \$46,163,049 of depreciation has been recognised as a non-cash expense.





Understanding our financial position (Statement of Financial Position)

Assets: what we own

Council’s assets as at 30 June 2019 total \$940,873,059. This includes \$65,747,445 of current assets (liquid assets or amounts due to be received within twelve months) and \$875,125,614 of non-current assets. The most significant component of assets is \$860,817,065 in property, plant and equipment including intangibles in our region. This is equivalent to 91.49% of total assets. During the year a desktop valuation was undertaken which resulted in Council’s asset base increasing by \$16,028,760.

Current assets consist of cash and cash equivalents, trade and other receivables, inventories and other financial assets. Non-current assets consist of property, plant and equipment, intangibles and other financial assets.

Trade and other receivables reflect outstanding housing and commercial debts payable as at 30 June 2019.

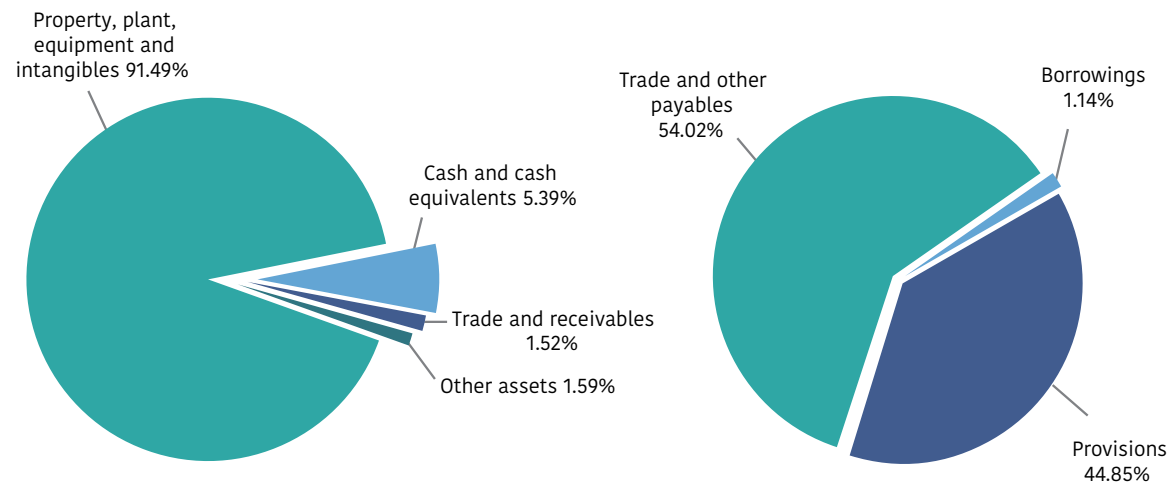
Liabilities: what we owe

Council’s liabilities include loans, amounts owed to suppliers, amounts owing to employees for leave entitlements and provision for future expenditure such as landfill restoration costs. Council’s total liabilities were \$14,838,406 as at 30 June 2019. This includes \$11,380,336 of current liabilities (due to be paid out within twelve months) and \$3,458,070 of non-current liabilities.

Trade and other payables represent the largest component within Council’s liabilities (54.02%) and consist of trade creditors, employee entitlements, contractor retentions and refundable bonds.

Borrowings consist of a loan from Queensland Treasury Corporation (QTC). Council’s borrowings are discussed further in the Queensland Treasury Debt section.

What the community owns



Community Equity: net worth of council

Community equity is calculated using the formula:

$$\text{Assets (what we own)} - \text{Liabilities (what we owe)} = \text{Community Equity}$$

Council’s total community equity as at 30 June 2019 is \$926,034,653. Asset revaluation surplus represents \$496,169,492 of total equity and relates to the increase in values of property, plant and equipment.

Queensland Treasury debt

Queensland Treasury Corporation is the State Government-owned lending agency from which most local governments and state agencies within Queensland borrow to finance infrastructure projects. At the end of the financial year, Council owed Queensland Treasury Corporation a total of \$168,421. This financial year Council did not undertake any new borrowings.

Council manages its debt in accordance with its Debt Policy. The policy states:

- No use of long term debt to finance operating activities or recurrent expenditure;
- Priority will be given in any borrowing program to income producing assets;
- The ratio of Interest and Redemption to Grant Income should remain less than ten (10) percent.

Principal and interest repayments are made on these borrowings on a monthly basis in accordance with the terms and conditions set by Queensland Treasury Corporation.




Financial sustainability ratios

Responsible financial management is crucial for Council to ensure it is financially sustainable for the short, medium and long term.

The Community Financial Report contains three measures of financial sustainability used to demonstrate Council is operating in a prudent financial manner whilst maintaining its financial management objectives in accordance with Section 178 of the Local Government Regulations 2012.

The target range for the financial ratios is set in accordance with Department of Infrastructure, Local Government and Planning Financial Management (Sustainability) Guideline 2013. There are circumstances specific to Council where actual results may vary from the target range.

The following table shows actual historical ratio values for the last two financial years. Forecast ratios for the next nine years are included in the Long Term Financial Sustainability Statement contained within the audited Financial Statements.

| Ratio | Description | Formula | Target Range | 2017/2018 | 2018/2019 | Within Range 2018/19 | Explanation |
|---------------------------------------|--|---|----------------------|-----------|-----------|---|---|
| Operating Surplus Ratio | This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes | Net result (Excluding capital items) ÷ Total operating revenue (Excluding capital items) | Between 0% and 10% | -40% | -55% |  | Council has seen a decrease in both income and expenditure during the year mainly due to a decline in recoverable works projects due to government funded programs within the region ceasing as at 30 June 2019. Council received an advanced payment of \$5.7M in June 2019 representing 50% of the 2019-2020 Financial Assistance Grant. Depreciation is a non-cash allocation of asset consumption of \$46M. |
| Asset Sustainability Ratio | This is an approximation of the extent to which infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. | Capital expenditure on the replacement of assets (renewals) | Greater than 90% | 39% | 30% |  | Council is dependant on State and Federal funding for renewal of infrastructure assets. The timing of renewal programs do not coincide with the annual allocation of depreciation expense. |
| Net Financial Ratio Liabilities Ratio | This is an approximation of the extent to which infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. | Total liabilities less current assets ÷ Total operating revenue (excluding capital items) | Not greater than 60% | -60% | -69% |  | Council has minimal liabilities as a percentage of total operating revenue. |

Conclusion

During the 2018-2019 financial year, Torres Strait Island Regional Council recorded a substantial operating deficit. Operating revenue streams of Council are not adequate to cover operational costs including depreciation expense of \$46,163,049.

Taking into account capital revenue and expenses, Council's net position for 2018-2019 is a deficit of \$28,882,938. Included in this result is an advance payment from the Department of Infrastructure, Local Government and Planning of \$5,712,482 being 50% of the 2019-2020 Financial Assistance Grant and the \$15,027,515 disposal of social housing assets under the Land Holding Act Lease program. The above items can be found in the audited Financial Statements and the detailed notes to the Financial Statements.

Council remains committed to improving its long term sustainability and continues to implement recommendations from Queensland Treasury Corporation's independent Strategic Financial Review of Councils governance practices, financial management and infrastructure management undertaken in 2016.

Financial Management Strategy

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

- Development and regular update of Council's Long Term Financial Model including scenario based and sensitivity analysis;
- Divestment of non-core Local Government Services to the Community;
- Implementation of a rigorous Debt Management Policy;
- Identification and valuation of all Council assets;
- Development of Asset Management Plans for all asset classes;
- Implementation of cashless divisional offices;

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

- Maximise own source revenue initiatives including strengthening the Debt Recovery process;
- Concentrate on delivering a surplus budget (before depreciation).
- Deliver on Asset Management Plan strategies and goals where funding allows Council to do so; and
- Continue to lobby Federal and State Governments to free up funds for further Asset Management Plan initiatives.

The relevant measures of financial sustainability identified above have been calculated in accordance with Council's Long Term Financial Model.



Section Eight

Financial Statements

For the year ended 30 June 2019





Torres Strait Island Regional Council Financial Statements For the year ended 30 June 2019



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Torres Strait Island Regional Council Statement of Comprehensive Income For the year ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|--|------|----------------------|----------------------|
| Income | | | |
| Recurrent revenue | | | |
| Community levies, rates and charges | 3(a) | 1,378,613 | 1,403,660 |
| Fees and charges | 3(b) | 4,439,727 | 4,502,032 |
| Rental income | 3(c) | 5,207,560 | 5,607,690 |
| Interest received | | 1,303,813 | 672,045 |
| Sales revenue | 3(d) | 34,653,858 | 54,557,125 |
| Other income | 3(e) | 4,032,290 | 2,234,508 |
| Grants, subsidies, contributions and donations | 4(a) | 22,756,745 | 23,311,111 |
| | | <u>73,772,606</u> | <u>92,288,171</u> |
| Capital revenue | | | |
| Grants, subsidies, contributions and donations | 4(b) | 31,160,902 | 49,420,115 |
| Gain on disposal of finance leases | 5 | - | 2,434,580 |
| | | <u>31,160,902</u> | <u>51,854,695</u> |
| Total income | | <u>104,933,508</u> | <u>144,142,866</u> |
| Expenses | | | |
| Recurrent expenses | | | |
| Employee benefits | 6 | (22,871,604) | (22,912,930) |
| Materials and services | 7 | (43,920,755) | (58,015,058) |
| Finance costs | 8 | (1,368,296) | (3,351,432) |
| Depreciation and amortisation | 9 | (46,163,049) | (44,953,443) |
| | | <u>(114,323,704)</u> | <u>(129,232,863)</u> |
| Capital expenses | 5 | (19,492,742) | (10,644,034) |
| Total expenses | | <u>(133,816,446)</u> | <u>(139,876,897)</u> |
| Net result | | <u>(28,882,938)</u> | <u>4,265,969</u> |
| Other comprehensive income | | | |
| Increase in asset revaluation surplus | 13 | 16,028,760 | 27,089,669 |
| Total other comprehensive income for the year | | <u>16,028,760</u> | <u>27,089,669</u> |
| Total comprehensive income for the year | | <u>(12,854,178)</u> | <u>31,355,638</u> |

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

Torres Strait Island Regional Council Statement of Financial Position As at 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|--------------------------------------|------|--------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | 10 | 50,756,886 | 59,993,975 |
| Short term deposit | | 63,970 | 62,533 |
| Trade and other receivables | 11 | 14,316,959 | 11,197,870 |
| Inventories | | 247,843 | 284,070 |
| Other financial assets | 12 | 361,787 | 303,563 |
| Total current assets | | <u>65,747,445</u> | <u>71,842,011</u> |
| Non-current assets | | | |
| Other financial assets | 12 | 14,308,549 | 9,870,234 |
| Property, plant and equipment | 13 | 860,783,022 | 873,838,174 |
| Intangible assets | | 34,043 | 248,370 |
| Total non-current assets | | <u>875,125,614</u> | <u>883,956,778</u> |
| Total assets | | <u>940,873,059</u> | <u>955,798,789</u> |
| Current liabilities | | | |
| Trade and other payables | 14 | 8,015,503 | 10,240,353 |
| Borrowings | | 63,989 | 59,661 |
| Provisions | 15 | 3,300,844 | 1,337,837 |
| Total current liabilities | | <u>11,380,336</u> | <u>11,637,851</u> |
| Non-current liabilities | | | |
| Borrowings | | 104,432 | 167,913 |
| Provisions | 15 | 3,353,638 | 5,104,194 |
| Total non-current liabilities | | <u>3,458,070</u> | <u>5,272,107</u> |
| Total liabilities | | <u>14,838,406</u> | <u>16,909,958</u> |
| Net community assets | | <u>926,034,653</u> | <u>938,888,831</u> |
| Community equity | | | |
| Asset revaluation surplus | 13 | 429,865,161 | 413,836,401 |
| Retained surplus | | 496,169,492 | 525,052,430 |
| Total community equity | | <u>926,034,653</u> | <u>938,888,831</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 2019

| | Note | Asset revaluation surplus | Retained surplus | Total |
|--|------|---------------------------------|---------------------|--------------|
| | | \$ | \$ | \$ |
| Balance as at 1 July 2018 | | 413,836,401 | 525,052,430 | 938,888,831 |
| Net result | | - | (28,882,938) | (28,882,938) |
| Other comprehensive income for the year | | | | |
| Increase in asset revaluation surplus | | 16,028,760 | - | 16,028,760 |
| Total comprehensive income for the year | | 16,028,760 | (28,882,938) | (12,854,178) |
| Balance as at 30 June 2019 | | 429,865,161 | 496,169,492 | 926,034,653 |
| Balance as at 1 July 2017 | | 386,746,732 | 518,472,261 | 905,218,993 |
| Opening balance adjustment | 21 | - | 2,314,200 | 2,314,200 |
| | | 386,746,732 | 520,786,461 | 907,533,193 |
| Net result | | - | 4,265,969 | 4,265,969 |
| Other comprehensive income for the year | | | | |
| Increase in asset revaluation surplus | | 27,089,669 | - | 27,089,669 |
| Total comprehensive income for the year | | 27,089,669 | 4,265,969 | 31,355,638 |
| Balance as at 30 June 2018 | | 413,836,401 | 525,052,430 | 938,888,831 |

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 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|--------------|--------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 42,844,755 | 63,390,107 |
| Payments to suppliers and employees | | (69,280,585) | (77,276,997) |
| | | (26,435,829) | (13,886,890) |
| Interest received | | 1,303,813 | 672,045 |
| Recurrent grants and contributions | | 22,756,745 | 23,311,111 |
| Borrowing costs | | (15,921) | (18,970) |
| Net cash inflow (outflow) from operating activities | 20 | (2,391,193) | 10,077,296 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (25,262,760) | (13,994,913) |
| Proceeds from sale of property plant and equipment | | 1,091 | 87,498 |
| Proceeds from insurance claims | | 1,934,447 | 84,775 |
| Finance lease receipts | | 350,741 | 310,810 |
| Capital grants, subsidies, contributions and donations | | 16,189,737 | 32,890,104 |
| Net cash inflow (outflow) from investing activities | | (6,786,744) | 19,378,274 |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (59,152) | (54,952) |
| Net cash inflow (outflow) from financing activities | | (59,152) | (54,952) |
| Net increase (decrease) in cash and cash equivalents held | | (9,237,089) | 29,400,618 |
| Cash and cash equivalents at the beginning of the financial year | | 59,993,975 | 30,593,357 |
| Cash and cash equivalents at end of the financial year | 10 | 50,756,886 | 59,993,975 |

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 2019

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 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 as stated. 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 Benefit Tax, Goods and Services ('GST') and payroll tax on certain activities. 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 general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and are effective for the current reporting period. The Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). To the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

1.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 Adoption of new and revised Accounting Standards

This year Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way Council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), Council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged.

| Financial asset/liability | Measurement category (unchanged) |
|-----------------------------|----------------------------------|
| Cash and cash equivalents | Amortised cost |
| Short term deposits | Amortised cost |
| Trade and other receivables | Amortised cost |
| Other financial assets | Amortised cost |
| Trade and other payables | Amortised cost |
| Borrowings | Amortised cost |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

1 Significant accounting policies (continued)

1.C Adoption of new and revised Accounting Standards (continued)

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that may have a material impact upon Council's future financial statements are:

| Standard and impact | Date Council will apply the standard |
|---|--------------------------------------|
| <u>AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities</u> | 1 July 2019 |
| AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 <i>Contributions</i> . | |

Identifiable impacts at the date of this report are:

Some grants received by Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations. These are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid utility charges will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

1 Significant accounting policies (continued)

1.C Adoption of new and revised Accounting Standards (continued)

| Standard and impact | Date Council will apply the standard |
|---|--------------------------------------|
| <u>AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities (continued)</u> | |

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had no material impact on the financial statements.

Transition method

Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Council intends to apply the practical expedients available for the modified retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

AASB 16 Leases

Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

1 July 2019

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

1 Significant accounting policies (continued)

1.C Adoption of new and revised Accounting Standards (continued)

| Standard and impact | Date Council will apply the standard |
|--|--------------------------------------|
| <u>AASB 16 Leases (continued)</u> | |

Leases in which the Council is a lessee

Council will recognise new assets and liabilities for its operating leases of property (see Note 16). The nature of expenses related to those leases will now change because Council will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, Council has recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for Council's finance leases.

Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have the following impacts:

- lease assets and financial liabilities on the balance sheet will increase by \$1,848,881 and \$1,848,881 respectively as at 1 July 2019 (based on the facts available to Council at the date of assessment).
- there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.
- net result will be lower on initial application as depreciation and the lease liability interest will be initially higher than operating lease expenses previously recorded.

Peppercorn leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

1 Significant accounting policies (continued)

1.C Adoption of new and revised Accounting Standards (continued)

| Standard and impact | Date Council will apply the standard |
|---|--------------------------------------|
| AASB 16 Leases (continued) | |
| Transition method | |
| Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained surplus at 1 July 2019, with no restatement of comparative information. | |
| Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 <i>Leases</i> and Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i> . | |

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

The financial statements are subject to the use of estimates and judgements. The estimates and judgements that have a significant effect, or risk of causing an adjustment to the carrying amounts of assets and liabilities relate to:

- Valuation and depreciation of property, plant and equipment - Note 13
- Provisions - Note 15
- Valuation of finance leases - Note 12
- Contingent liabilities - Note 17
- Financial instruments and financial risk management - Note 23

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

2 Analysis of results by function

2(a) Components of Council functions

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

Executive

The objective of the Executive function is to seek to maximise corporate performance, comply with laws, regulations, standards, community expectations and support staff to carry out their responsibilities.

Implementation of major policy and management decisions is delivered from the Office of the CEO. Ultimately the CEO is responsible for services to Councillors and the Community. The Office of the CEO consists of the following areas:

- Mayor and Councillors
- Committees
- Governance
- Legal services
- Organisational development services

From July 2018 the corporate structure for the Council has been progressively altered to create two main functional areas reporting directly to the CEO, being Operations and Business Services.

Operations

The Operations division is headed by the Chief Operating Officer (COO) who is responsible for the following areas:

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 Health and Community Services function delivers the following services:

- Community services
- Environmental health services
- Health and wellbeing services
- Divisional administrative services

Engineering Services

The objective of the Engineering Services function is to provide a high level of service 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.

Key components of the Engineering Services function include:

- Water services
- Wastewater services
- Civil works services
- Waste services

Housing Services

The objective of the Housing Services function is to provide social housing services including tenancy management, repairs and maintenance and new construction on behalf of the State and Federal Government.

Key components of the Housing Services function include:

- Building services
- Tenancy management services

Corporate Affairs and Engagement (managed by the COO however still accounted for under Executive Department for reporting purposes until July 2019)

The objective of the Corporate Affairs and Engagement function is to provide efficient and effective delivery of services to Council functions through innovative, practical and responsible solutions.

Key components of the Corporate Affairs and Engagement function include:

- Media, events and communication
- Engagement and advocacy
- Strategic (corporate) planning services
- Enterprise development

Business Services

The Business Services division is headed by the Chief Financial Officer (CFO). The objective of this division is to provide efficient and effective support services to Council functions. The Business Services function is multi-disciplinary and consists of:

- Financial management services
- Strategic (financial) planning
- Asset management services
- Policy and procedure review
- Information services
- Procurement and fleet services

2 Analysis of results by function (continued)

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

Year ended 30 June 2019

| 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 | Other | | | | | | | | |
| | | | | | | | | | | | | |
| Executive | 562,700 | 213,432 | - | - | 776,132 | (4,938,204) | - | (37,779) | (4,975,983) | (4,199,851) | (4,199,851) | - |
| Health and Community Services | 3,926,815 | 5,484,302 | - | - | 9,411,117 | (14,680,147) | - | 131,289 | (14,548,858) | (5,137,741) | (5,137,741) | 8,184,256 |
| Engineering Services | 464,697 | 3,323,385 | 15,188,749 | - | 18,976,831 | (35,969,791) | - | (291,679) | (36,261,470) | (32,473,388) | (17,284,639) | 490,873,400 |
| Housing Services | - | 37,500,630 | - | - | 37,500,630 | (49,307,391) | - | (2,283,854) | (51,591,245) | (14,090,615) | (14,090,615) | 294,061,828 |
| Business Services | 17,802,533 | 4,494,112 | 13,965,374 | 2,006,779 | 38,268,798 | (9,428,171) | (19,492,742) | 2,482,023 | (26,438,890) | 15,350,497 | 11,829,908 | 147,753,575 |
| Total Council | 22,756,745 | 51,015,861 | 29,154,123 | 2,006,779 | 104,933,508 | (114,323,704) | (19,492,742) | - | (133,816,446) | (40,551,098) | (28,882,938) | 940,873,059 |

Effective from 1 July 2018, Corporate Services and Financial Services was disbanded and Business Services was formed. All services provided by both Corporate Services and Financial Services was transferred to Business Services with the exception of legal that was transferred to Executive Department.

Year ended 30 June 2018

| 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 | Other | | | | | | | | |
| | | | | | | | | | | | | |
| Executive | 1,069,700 | 4,540,508 | - | - | 5,610,208 | (7,622,543) | - | (25,726) | (7,648,269) | (2,038,061) | (2,038,061) | - |
| Health and Community Services | 4,002,009 | 143,107 | 292,500 | - | 4,437,616 | (4,655,506) | - | (153,722) | (4,809,228) | (664,112) | (371,612) | 7,161,619 |
| Financial Services | 17,617,354 | 1,454,646 | - | - | 20,808,277 | (2,042,396) | - | - | (2,042,396) | 17,029,604 | 18,765,881 | 81,712,245 |
| Engineering Services | 568,819 | 3,175,683 | 31,358,001 | - | 35,102,503 | (34,089,910) | - | (206,400) | (34,296,310) | (30,551,808) | 806,193 | 490,889,848 |
| Housing Services | - | 57,799,879 | - | - | 57,799,879 | (65,600,586) | - | (754,388) | (66,354,974) | (8,555,095) | (8,555,095) | 317,211,008 |
| Corporate Services | 53,229 | 1,863,237 | 18,467,917 | - | 20,384,383 | (15,221,923) | (10,644,034) | 1,140,236 | (24,725,721) | (12,165,220) | (4,341,338) | 58,824,069 |
| Total Council | 23,311,111 | 68,977,060 | 50,118,418 | 1,736,277 | 144,142,866 | (129,232,864) | (10,644,034) | - | (139,876,897) | (36,946,692) | 4,265,969 | 955,798,789 |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

3 Revenue analysis

(a) Community levies, rates and charges

Revenue from rates and levies is recognised as revenue during the period to which they relate.

| | Note | 2019 \$ | 2018 \$ |
|-----------------------------|------|------------------|------------------|
| Water charges commercial | | 378,012 | 389,307 |
| Sewerage charges commercial | | 792,372 | 818,627 |
| Garbage charges commercial | | 149,050 | 161,174 |
| Rates from 40 year leases | | 59,179 | 34,552 |
| | | <u>1,378,613</u> | <u>1,403,660</u> |

(b) Fees and charges

Fees and charges are recognised when Council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications or documents, issuing of infringement notice or when the service is provided.

| | | |
|----------------------------|------------------|------------------|
| Airport landing fees | 479,835 | 368,368 |
| Commercial property rental | 2,376,566 | 2,627,530 |
| Maritime fees | 1,190,083 | 1,301,236 |
| Hire of council buildings | 54,978 | 46,156 |
| Other fees and charges | 338,265 | 158,742 |
| | <u>4,439,727</u> | <u>4,502,032</u> |

(c) Rental income

Rental revenue from community housing is recognised as income on a periodic straight line basis over the lease term.

| | | |
|------------------------------------|------------------|------------------|
| Residential property rental income | 5,207,560 | 5,607,690 |
| | <u>5,207,560</u> | <u>5,607,690</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 16 *Property, Plant and Equipment*.

(d) Sales revenue

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 is recognised when the significant risk and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods or provision of service.

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 and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date.

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

| 3 Revenue analysis (continued) | Note | 2019 | 2018 |
|--|-------------|-------------------|-------------------|
| | | \$ | \$ |
| (d) Sales revenue (continued) | | | |
| Contract and recoverable works | | 31,892,655 | 51,502,763 |
| Plant and equipment hire | | 91,515 | 62,620 |
| Childcare services | | 58,231 | 78,359 |
| Accommodation | | 747,484 | 548,589 |
| Sale of fuel and gas | | 1,437,381 | 1,480,483 |
| Sale of powercards | | 426,592 | 884,311 |
| | | <u>34,653,858</u> | <u>54,557,125</u> |
| (e) Other income | | | |
| Insurance claims received | | 26,895 | 22,226 |
| Gain/(loss) on revaluation of finance leases | 12 | 2,907,881 | 767,255 |
| Commission income | | 402,341 | 421,705 |
| Other revenue | | 695,173 | 1,023,322 |
| | | <u>4,032,290</u> | <u>2,234,508</u> |
| 4 Grants, subsidies, contributions and donations | | | |
| Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of the funds. | | | |
| 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 received from other Government entities and Departments. These assets are recognised upon the practical transfer of the asset to Council. These assets are recognised at cost, as supplied by the contributing agency/department, as the Council believes the provided costs approximate fair value at the date of transfer. | | | |
| The funding of infrastructure assets by State and Federal Government Departments, which are then transferred to Council, is expected to be an ongoing process. Refer to Note 19 for funds held in trust for this purpose. | | | |
| (a) Recurrent | | | |
| General purpose grants | | 11,212,731 | 11,124,466 |
| State Government subsidies and grants | | 9,716,318 | 9,597,299 |
| Commonwealth Government subsidies and grants | | 1,812,696 | 2,575,346 |
| Donations | | 15,000 | 14,000 |
| | | <u>22,756,745</u> | <u>23,311,111</u> |
| (b) Capital | | | |
| State Government subsidies and grants | | 13,485,066 | 28,960,009 |
| Commonwealth Government subsidies and grants | | 2,704,670 | 3,930,095 |
| Gain on initial recognition of finance lease | | 2,006,779 | 1,736,277 |
| Contributed assets | | 12,964,387 | 14,793,734 |
| | | <u>31,160,902</u> | <u>49,420,115</u> |
| Conditions over contributions | | | |
| Contributions recognised as income during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date: | | | |
| Non-reciprocal grants for expenditure on services and infrastructure | | 22,373,885 | 23,344,047 |
| | | <u>22,373,885</u> | <u>23,344,047</u> |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

| | | | |
|--|-------------|-------------------|-------------------|
| 4 Grants, subsidies, contributions and donations (continued) | | | |
| Conditions over contributions (continued) | | | |
| Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period: | | | |
| | Note | 2019 | 2018 |
| | | \$ | \$ |
| Non-reciprocal grants for expenditure on services | | 5,582,668 | 5,201,482 |
| | | <u>5,582,668</u> | <u>5,201,482</u> |
| Council received 50% of their Financial Assistance and Local Roads Grant allocation on 22 June 2018 for the 2018/19 financial year totalling \$5.6 million and on 19 June 2019 for the 2019/20 financial year totalling \$5.7 million. Per AASB 1004 <i>Contributions</i> revenue recognition criteria, Council has recognised the contribution upon receipt of the funds in 2017-18 and 2018-19 respectively. | | | |
| 5 Capital revenue/expenses | | | |
| Capital revenue | | | |
| Gain on disposal of finance leases | | | |
| Proceeds from disposal of finance leases | | - | 2,945,414 |
| Less: Carrying value of finance leases | | - | (510,834) |
| | | <u>-</u> | <u>2,434,580</u> |
| Capital expenses | | | |
| Loss on disposal of non-current assets | | | |
| Book value of property, plant and equipment | | 6,333,385 | 9,103,487 |
| Less: Proceeds from the sale of property, plant and equipment | | (1,091) | (87,498) |
| Less: Proceeds from insurance claims | | (1,934,447) | (84,775) |
| | | <u>4,397,847</u> | <u>8,931,214</u> |
| Loss on disposal of finance leases | | | |
| Carrying value of finance leases | | 67,380 | - |
| Less: Proceeds from disposal of finance leases | | - | - |
| | | <u>67,380</u> | <u>-</u> |
| Loss on disposal of registered <i>Land Holding Act</i> leases | | | |
| Book value of property, plant and equipment | | 15,027,515 | 1,712,821 |
| Less: Proceeds from the transfer of registered <i>Land Holding Act</i> leases | | - | - |
| | | <u>15,027,515</u> | <u>1,712,821</u> |
| Total Capital expenses | | <u>19,492,742</u> | <u>10,644,033</u> |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|--|------|-------------------|-------------------|
| 6 Employee benefits | | | |
| Total staff wages and salaries | | 16,811,779 | 16,783,723 |
| Councillors' remuneration | | 986,296 | 961,615 |
| Annual, sick and long service leave entitlements | | 3,274,288 | 3,332,243 |
| Superannuation | 18 | 2,111,948 | 2,145,757 |
| | | <u>23,184,311</u> | <u>23,223,338</u> |
| Other employee related expenses | | 290,921 | 347,710 |
| | | <u>23,475,232</u> | <u>23,571,048</u> |
| Less: Capitalised employee expenses | | (603,628) | (658,118) |
| | | <u>22,871,604</u> | <u>22,912,930</u> |
| Councillor remuneration represents salary and other allowances paid in respect of carrying out their duties. | | | |
| | | 2019 | 2018 |
| Total Council employees at the reporting date: | | | |
| Elected members | | 16 | 16 |
| Administration staff | | 304 | 318 |
| Total full time equivalent employees | | <u>320</u> | <u>334</u> |
| | | 2019 | 2018 |
| | | \$ | \$ |
| 7 Materials and services | | | |
| Advertising and marketing | | 75,027 | 26,707 |
| Audit services | | 218,500 | 224,446 |
| Communications and IT | | 1,561,519 | 1,363,339 |
| Consultants | | 896,582 | 832,575 |
| Contractors | | 16,837,006 | 33,233,580 |
| Donations paid | | 446,940 | 384,966 |
| Freight | | 2,111,611 | 2,334,391 |
| Insurance | | 3,393,715 | 3,045,875 |
| Legal fees | | 307,438 | 184,796 |
| Motor vehicle expenses | | 262,480 | 204,814 |
| Powercards, fuel and gas for resale | | 2,643,026 | 2,695,474 |
| Power | | 1,319,454 | 1,395,182 |
| Repairs and maintenance | | 3,688,771 | 6,132,924 |
| Rent paid | | 704,773 | 658,609 |
| Subscriptions and registrations | | 111,450 | 94,804 |
| Supplies and consumables | | 416,648 | 283,895 |
| Temporary staff costs | | 560,595 | 150,333 |
| Travel | | 2,828,487 | 2,709,675 |
| Other materials and services | | 5,604,907 | 2,112,972 |
| Less: Expenses capitalised | | (68,174) | (54,299) |
| | | <u>43,920,755</u> | <u>58,015,058</u> |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|-------------------|-------------------|
| 8 Finance costs | | | |
| Finance costs charged by QTC | | 15,921 | 18,969 |
| Bank charges | | 117,505 | 86,398 |
| Impairment of debts | | 936,904 | 3,136,798 |
| Refuse restoration | | 297,966 | 109,267 |
| | | <u>1,368,296</u> | <u>3,351,432</u> |
| 9 Depreciation and amortisation | | | |
| Depreciation of non-current assets | | | |
| Buildings (Communities) | | 18,671,781 | 18,173,766 |
| Buildings (Corporate) | | 3,706,514 | 3,573,936 |
| Recreational facilities | | 850,380 | 779,788 |
| Roads/transport network | | 5,439,461 | 5,403,854 |
| Stormwater drainage network | | 249,759 | 240,714 |
| Flood mitigation network | | 730,495 | 623,931 |
| Water supply network | | 7,052,752 | 6,912,921 |
| Sewerage network | | 7,537,980 | 7,454,556 |
| Wharves, piers, jetties and pontoons | | 885,399 | 798,306 |
| Waste landfill | | 171,635 | 102,832 |
| Plant and equipment | | 652,565 | 673,923 |
| | 13 | <u>45,948,721</u> | <u>44,738,527</u> |
| Amortisation of intangible assets | | | |
| Software | | 214,328 | 214,916 |
| | | <u>46,163,049</u> | <u>44,953,443</u> |
| Total depreciation and amortisation | | | |
| 10 Cash and cash equivalents | | | |
| Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. | | | |
| 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 on call are held with the Queensland Treasury Corporation. | | | |
| Cash at bank | | 14,081,634 | 6,818,723 |
| Deposits at call | | 36,675,252 | 53,175,252 |
| Balance per Statement of Cash Flows | | <u>50,756,886</u> | <u>59,993,975</u> |
| Externally and internally imposed expenditure restrictions at the reporting date relate to the following cash assets: | | | |
| Funds set aside and held in reserves for DOGIT land | | 927,734 | 617,925 |
| Total unspent restricted cash | | <u>927,734</u> | <u>617,925</u> |

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

11 Trade and other receivables

Receivables are amounts owed to Council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. Council actively pursues outstanding housing debts from both current and former tenants as per its Rental Debt Policy. Recovery action is undertaken for tenants who are more than 14 days in arrears. Housing Officers review rent accounts fortnightly and make contact with tenants in person to negotiate affordable rent and arrears payment plans.

All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

| Note | 2019 \$ | 2018 \$ |
|--|-------------------|-------------------|
| Current | | |
| Receivable - Housing | 14,141,294 | 14,071,515 |
| Less impairment | (14,004,027) | (13,995,661) |
| Receivable - Rates | 259,179 | 700,147 |
| Less impairment | (129,589) | (16,728) |
| Receivable - Other | 6,970,775 | 7,688,614 |
| Less impairment | (36,752) | (197,789) |
| | <u>7,200,880</u> | <u>8,250,098</u> |
| Accrued revenue | 6,947,983 | 2,876,257 |
| Prepayments | 154,786 | 71,515 |
| GST receivable | 13,310 | - |
| | <u>14,316,959</u> | <u>11,197,870</u> |
| Movement in accumulated impairment losses is as follows: | | |
| Opening balance at 1 July | 14,210,178 | 12,892,855 |
| Impairment debts written off during the year | (976,714) | (1,819,475) |
| Additional impairments recognised | 936,904 | 3,136,798 |
| Closing balance at 30 June | <u>14,170,368</u> | <u>14,210,178</u> |

*Council applied AASB 9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. The opening balance of impairment, as at 1 July 2018, has been recalculated using this new methodology. This resulted in an immaterial adjustment, thus the opening balance of impairment has not been adjusted as at 1 July 2018. Further details of Council's expected credit loss assessment are contained in note 23.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

12 Other financial assets

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

The total lease payment per dwelling in the current year ranged between \$2,000 and \$2,166 (\$2,000 to \$2,131 for 2017/18). 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 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. On 1 June 2018 and 20 July 2018 the Queensland Government surrendered the lease of 8 dwellings on Mabuiag and 1 vacant site on Saibai back to Council respectively. The 8 dwellings on Mabuiag were added to Council's fixed asset register in the 2018 financial year.

| Note | 2019 \$ | 2018 \$ |
|--------------------|-------------------|------------------|
| Current | | |
| Finance leases | 361,787 | 303,563 |
| | <u>361,787</u> | <u>303,563</u> |
| Non-current | | |
| Finance leases | 14,308,549 | 9,870,234 |
| | <u>14,308,549</u> | <u>9,870,234</u> |

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 | 361,787 | 303,563 |
| Later than one year but not later than five years | 1,447,149 | 1,214,253 |
| Later than five years | 11,472,020 | 9,736,989 |
| | <u>13,280,956</u> | <u>11,254,805</u> |
| Add: Estimated contingent rent | 7,968,217 | 6,958,688 |
| Less: Present value adjustment | (6,578,837) | (8,039,696) |
| Fair value of lease payments | <u>14,670,336</u> | <u>10,173,797</u> |

The fair value of lease payments is receivable as follows:

| | | |
|---|-------------------|-------------------|
| Not later than one year | 361,787 | 303,563 |
| Later than one year but not later than five years | 1,468,036 | 1,197,123 |
| Later than five years | 12,840,513 | 8,673,111 |
| | <u>14,670,336</u> | <u>10,173,797</u> |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

12 Other financial assets (continued)

Movements in finance leases were as follows:

Table with 3 columns: Description, 2019 \$, 2018 \$. Rows include Opening balance, Add: Initial recognition of new leases, Less: Lease receipts, Less: Surrender of leases, Add: Gain on revaluation, and Closing balance.

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% (2.5%, 2018) and a discount rate of 1.92% (3.09%, 2018).

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

13 Property, plant and equipment

Council - 30 June 2019

Basis of measurement
Asset values
Opening gross value as at 1 July 2018
Additions
Capital contributions
Assets capitalised from work in progress
Projects written off from work in progress
Disposals
Revaluation adjustment to asset revaluation surplus
Closing gross value as at 30 June 2019

Accumulated depreciation and impairment
Opening balance as at 1 July 2018
Depreciation provided in period
Revaluation adjustment to asset revaluation surplus
Impairment adjustment to asset revaluation surplus
Depreciation/impairment on disposals
Accumulated depreciation as at 30 June 2019

Book value as at 30 June 2019
Range of estimated useful life in years

Additions comprise:

Renewals
Other additions
Total additions

Asset revaluation surplus
Opening balance as at 1 July 2018
Movements - Revaluation
Movements - Impairments
Closing balance asset revaluation surplus as at 30 June 2019

Table with 15 columns: Buildings (Communities), Buildings (Corporate), Recreational Facilities, Road / Transport Network, Stormwater Drainage Network, Flood Mitigation Network, Water Supply Network, Sewerage Network, Wharves, Piers, Jetties & Pontoons, Waste Landfill, Land Assets, Plant & Equipment, Work in progress, Total. Rows show Fair Value and Cost for each category.

Table with 15 columns: Buildings (Communities), Buildings (Corporate), Recreational Facilities, Road / Transport Network, Stormwater Drainage Network, Flood Mitigation Network, Water Supply Network, Sewerage Network, Wharves, Piers, Jetties & Pontoons, Waste Landfill, Land Assets, Plant & Equipment, Work in progress, Total. Rows show Fair Value and Cost for each category.

Table with 15 columns: Buildings (Communities), Buildings (Corporate), Recreational Facilities, Road / Transport Network, Stormwater Drainage Network, Flood Mitigation Network, Water Supply Network, Sewerage Network, Wharves, Piers, Jetties & Pontoons, Waste Landfill, Land Assets, Plant & Equipment, Work in progress, Total. Rows show Fair Value and Cost for each category.

Table with 15 columns: Buildings (Communities), Buildings (Corporate), Recreational Facilities, Road / Transport Network, Stormwater Drainage Network, Flood Mitigation Network, Water Supply Network, Sewerage Network, Wharves, Piers, Jetties & Pontoons, Waste Landfill, Land Assets, Plant & Equipment, Work in progress, Total. Rows show Fair Value and Cost for each category.

13 Property, plant and equipment (continued)

Council - 30 June 2018

Basis of measurement
Asset values
Opening gross value as at 1 July 2017
Additions
Capital contributions
Housing previous under finance leases
Assets capitalised from work in progress
Assets previously not recognised
Disposals
Revaluation adjustment to asset revaluation surplus
Transfers between classes
Closing gross value as at 30 June 2018

Accumulated depreciation and impairment

Opening balance as at 1 July 2017
Accum dep on housing previous under finance lease
Depreciation provided in period
Revaluation adjustment to asset revaluation surplus
Impairment adjustment to asset revaluation surplus
Depreciation/impairment on disposals
Transfers between classes
Accumulated depreciation as at 30 June 2018

Book value as at 30 June 2018

Range of estimated useful life in years

Additions comprise:

Renewals
Other additions
Previously not recognised
Total additions

Asset revaluation surplus

Opening balance as at 1 July 2017
Movements - Revaluation
Movements - Impairments
Closing balance Asset revaluation surplus as at 30 June 2018

| Buildings (Communities) | Buildings (Corporate) | Recreational Facilities | Road / Transport Network | Stormwater Drainage Network | Flood Mitigation Network | Water Supply Network | Sewerage Network | Wharves, Piers, Jetties & Pontoons | Waste Landfill | Land Assets | Plant & Equipment | Work in progress | | Total |
|----------------------------|--------------------------|----------------------------|--------------------------------|-----------------------------------|--------------------------------|-------------------------|---------------------|--|-------------------|----------------|----------------------|------------------|------------|---------------|
| | | | | | | | | | | | | Cost | Cost | |
| Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Cost | | | \$ |
| 565,142,000 | 103,988,300 | 24,674,700 | 261,106,700 | 12,353,000 | 29,034,245 | 215,267,550 | 235,406,450 | 36,503,600 | 1,231,000 | 520,000 | 8,276,680 | 5,973,138 | 13,924,129 | 1,499,477,363 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | 13,924,129 |
| 14,771,202 | - | - | - | - | - | 22,552 | - | - | - | - | - | - | - | 14,793,734 |
| 5,590,458 | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,590,458 |
| - | 661,107 | 257,000 | 3,667,445 | 86,034 | 2,843,148 | 594,405 | 854,588 | 155,591 | - | - | 415,179 | (9,524,497) | - | 2,314,200 |
| (14,945,283) | (3,846,594) | (339,000) | (3,293,101) | - | - | (472,910) | (777,936) | (155,591) | - | - | (1,134,879) | - | - | (24,965,294) |
| 20,518,083 | 3,679,303 | 897,634 | 10,552,354 | 494,120 | 1,161,370 | 8,615,562 | 9,418,604 | 1,459,200 | 40,120 | - | - | - | - | 56,836,350 |
| - | - | (156,512) | 180,112 | - | - | - | - | (23,600) | - | - | - | - | - | - |
| 591,076,460 | 104,482,116 | 25,333,822 | 274,517,710 | 12,933,154 | 33,038,763 | 224,027,139 | 244,901,706 | 37,939,200 | 1,271,120 | 520,000 | 7,556,980 | 10,372,770 | - | 1,567,970,940 |

| | | | | | | | | | | | | | | |
|-------------|-------------|------------|-------------|-----------|-----------|-------------|-------------|------------|-----------|---|-------------|---|---|--------------|
| 250,668,600 | 56,995,300 | 17,037,600 | 94,559,388 | 4,101,900 | 3,723,000 | 92,283,250 | 90,146,750 | 15,069,700 | 959,949 | - | 5,614,316 | - | - | 631,159,753 |
| 2,645,044 | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,645,044 |
| 18,173,766 | 3,573,936 | 779,788 | 5,403,854 | 240,714 | 623,931 | 6,912,921 | 7,454,556 | 798,306 | 102,832 | - | 673,923 | - | - | 44,738,527 |
| 9,681,515 | 2,075,683 | 639,844 | 3,960,849 | 173,710 | 173,876 | 3,968,026 | 3,880,773 | 631,655 | 34,359 | - | - | - | - | 25,210,290 |
| - | 143,207 | 100,573 | 4,159,011 | 67,644 | - | - | 65,955 | - | - | - | - | - | - | 4,536,390 |
| (7,303,473) | (3,701,212) | (287,405) | (942,329) | - | - | (245,513) | (581,984) | (76,336) | - | - | (1,018,986) | - | - | (14,157,238) |
| - | - | (98,197) | 98,503 | - | - | - | - | (306) | - | - | - | - | - | - |
| 273,865,452 | 59,086,915 | 18,172,202 | 107,239,275 | 4,583,968 | 4,520,807 | 102,908,664 | 100,966,050 | 16,423,019 | 1,097,140 | - | 5,269,253 | - | - | 694,132,766 |

| | | | | | | | | | | | | | | |
|-------------|------------|-----------|-------------|-----------|------------|-------------|-------------|------------|---------|--------------------------|-----------|------------|-------------------------|-------------|
| 317,211,008 | 45,395,200 | 7,161,619 | 167,278,434 | 8,349,186 | 28,517,956 | 121,118,455 | 143,935,656 | 21,516,181 | 173,880 | 520,000 | 2,287,727 | 10,372,770 | WIP- Not Depreciated | 873,838,174 |
| 2 - 88 | 2 - 73 | 7 - 55 | 1 - 136 | 48 - 53 | 10 - 50 | 1 - 64 | 1 - 113 | 3 - 55 | 8 - 29 | Land- Not Depreciated | 1 - 25 | - | - | - |

| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
|------------|---------|---------|-----------|--------|-----------|---------|---------|---------|----|----|---------|----|----|------------|
| 11,734,284 | 302,610 | 257,000 | 3,293,101 | - | - | 472,910 | 777,936 | 155,591 | - | - | 28,241 | - | - | 17,021,673 |
| 8,627,376 | 358,497 | - | 364,344 | 86,034 | 2,843,148 | 144,027 | 76,652 | - | - | - | 386,938 | - | - | 12,887,016 |
| - | - | - | 2,314,200 | - | - | - | - | - | - | - | - | - | - | 2,314,200 |
| 20,361,660 | 661,107 | 257,000 | 5,971,645 | 86,034 | 2,843,148 | 616,937 | 854,588 | 155,591 | - | - | 415,179 | - | - | 32,222,889 |

| | | | | | | | | | | | | | | |
|-------------|------------|-----------|-------------|-----------|-----------|------------|------------|------------|-------|---|---|---|---|-------------|
| 98,424,979 | 11,627,279 | 2,160,729 | 126,909,696 | 2,758,148 | 129,225 | 54,167,684 | 78,774,465 | 11,794,527 | - | - | - | - | - | 386,746,732 |
| 10,836,568 | 1,603,620 | 257,789 | 6,591,505 | 320,410 | 987,494 | 4,657,536 | 5,537,831 | 827,545 | 5,761 | - | - | - | - | 31,626,059 |
| - | (143,207) | (100,573) | (4,159,011) | (67,644) | - | - | (65,955) | - | - | - | - | - | - | (4,536,390) |
| 109,261,547 | 13,087,692 | 2,317,945 | 129,342,190 | 3,010,914 | 1,116,719 | 58,825,220 | 84,246,341 | 12,622,072 | 5,761 | - | - | - | - | 413,636,401 |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

13 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.

By operation of the *Local Government Act 2009*, *Torres Strait Islander Land Act 1991* and *Land Act 1994*, Council retains ownership of the below classes of property, plant and equipment. This includes leasehold and licensed assets on Mer Island and Badu Island.

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

- Buildings (Community)
- Buildings (Corporate)
- Recreation facilities
- Roads / transport network
- Stormwater drainage network
- Flood mitigation network
- Water supply network
- Sewerage network
- Wharves, piers, jetties and pontoons
- Waste landfill
- Land assets
- Plant and equipment
- Work in progress (WIP)

Acquisition of assets

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

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

Capital and operating expenditure

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

Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

(b) Measurement

All asset classes excluding plant and equipment and WIP are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment and WIP are measured at amortised cost.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

13 Property, plant and equipment (continued)

(b) Measurement (continued)

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

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

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

(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.

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 tri-annual 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.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

13 Property, plant and equipment (continued)

(d) Land under roads

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

(e) Impairment

Property, plant and equipment 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.

(f) Deed of Grant in Trust land

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)
- Mabuiag 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 2019

13 Property, plant and equipment (continued)

(f) Deed of Grant in Trust land (continued)

The relevant leased assets are still reported as assets of the Council; land is not reported; nominal rental is paid except for the former child care centre and one staff residence on Badu Island, for which future commitments are \$87,695 over four years. They have not been classified as finance leases as assets were originally constructed by Council, and recorded as such prior to the change in land arrangements. No lease liability has been recognised in the financial statements for these leases.

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

(g) Valuation

(i) Valuation processes

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 3 (2017/18: all at level 3). Council does not have any assets measured at fair value which meet the criteria for categorisation as level 1 or 2.

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.

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.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

13 Property, plant and equipment (continued)

(g) Valuation (continued)

(i) Valuation processes (continued)

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection. The most recent fully comprehensive valuation was carried out as at 30 June 2017.

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. A desktop valuation was undertaken as at 30 June 2019 by Jones Lang Lasalle.

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.

(ii) Valuation techniques used to derive fair values

Land (Level 3)

Council's land assets consist of two parcels of land on Thursday Island. Land fair values have been measured by the market approach and by direct comparison. Level 2 and 3 valuation inputs were utilised, being sales transactions of other properties within the region, and adjusted for differences between key attributes of the properties.

Buildings and infrastructure (Level 3)

Due to the predominantly specialised nature of Local Government assets, both the infrastructure valuations and buildings valuations have been undertaken on a cost approach (current replacement cost), except two buildings located on Thursday Island that were valued using the market approach.

Where there is no market, the net current value of an asset is the gross current replacement value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a level 3 input.

In determining the level of accumulated depreciation for major assets, they have been disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on a component basis.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

13 Property, plant and equipment (continued)

(g) Valuation (continued)

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

Buildings and infrastructure (Level 3) (continued)

While the replacement cost of the assets could be supported by market supplied evidence (level 2), other unobservable, or level 3 inputs, such as useful life and asset condition were also required, meaning that under AASB 13 the valuation of buildings and infrastructure is considered to fall under level 3.

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

Where site inspections are not conducted the remaining useful life is calculated on asset age and estimated useful life. The valuation techniques used in the determination of fair values maximise the use of observable data where it is available and rely as little as possible on entity specifics. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that have been made in the determination of fair values.

The written down replacement cost is determined using methods relevant to the asset class as described under individual asset categories below.

1. Buildings - calculation of current replacement cost

Current replacement cost

Construction costs are based on published construction cost guides and discussions with trade contractors living and working on the Torres Strait Islands. Rates are analysed from a number of sources and include review of producer price indexes, building cost indices, wage indexes, architectural engineering and technical services indices and construction cost movements (sourced from Australian Institute of Quantity Surveyors and Rawlinson's). Also current projects completed internally and for the Department of Housing were also considered.

Building construction costs take into consideration regional factors relevant to the location (such as increased shipping and mobilisation costs) and include all preliminary and direct costs.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

13 Property, plant and equipment (continued)

(g) Valuation (continued)

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

Accumulated depreciation

To calculate the appropriate amount of accumulated depreciation, a large portion of corporate and community buildings were subjected to a site inspection and/or an assessment to determine the remaining useful life of the whole asset and its associated components. This is undertaken by a professional valuer during the full valuations and by suitably qualified Council officers in the years in between. Internal assessments are used in conjunction with Department of Housing and Public Works condition reports as available to support Council's assessment.

2. Roads/transport network - calculation of current replacement cost

Roads

Current replacement cost

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

The unit rates applied are based on greenfield project costs and include all materials, labour and direct costs. These unit rates are established by averaging various information sources, including internal Council costs of recent projects, sub-contractor and head contractor costs of recent projects. This information is all supplied by Council or the contractors. Due to the unique nature of constructing infrastructure in the Torres Strait area, the valuation is required to rely on information provided by Council. Publicly available information such as the Asset Revaluation Index: Engineering construction, Queensland and Australian Producer Price Index: Heavy and civil engineering construction, Australia is used to check the Council supplied information for order of magnitude appropriateness and the applicable regional factors are included in the unit costs.

Accumulated depreciation

In determining the level of accumulated depreciation, the roads are disaggregated into significant components which exhibit different useful lives. Asset condition assessments were completed in the year ended 30 June 2019 as part of the event assessment project for Natural Disaster Relief and Recovery Arrangements (NDRRA).

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

13 Property, Plant and Equipment (continued)

(g) Valuation (continued)

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

3. Water and sewer network - calculation of current replacement cost

Water and sewerage

Current replacement cost

The water and sewerage assets are segregated into active and passive assets; passive assets are not further componentised and consist primarily of mains and pipelines. Unit rates are applied based on Council supplied recent project costs, similar recent project costs from other entities, unit rate databases, indices, Rawlinson's rates and quotations. To check for reasonableness, the valuer also compares these indices to wages indexes and non-residential building construction indexes.

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

Accumulated depreciation

Asset assessments were completed on a portion of assets in the year ended 30 June 2019 as part of Council's asset condition assessment process and therefore condition rating, useful lives and depreciation rates were updated accordingly.

4. Other infrastructure – Calculation of current replacement cost

Other infrastructure includes the flood mitigation network, waste landfill, recreational facilities, stormwater drainage and wharves, piers, jetties and pontoons, which combined represent less than 10% of Council's property, plant and equipment.

Current replacement cost

The replacement cost of all assets which as a group represent other infrastructure have been estimated through first principles. Summing together the costs of materials, labour and direct costs, utilising constructed project costs and publicly available reference material, having regard to the location and condition.

Accumulated depreciation

Asset assessments were completed on a portion of assets in the year ended 30 June 2019 as part of Council's asset condition assessment process and therefore condition rating, useful lives and depreciation rates were updated accordingly.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

14 Trade and other 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.

Annual leave represents the amount which Council has a present obligation to pay resulting from employees' services provided up to balance date. The accrual is based on present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the balance date, annual leave is classified as a current liability.

| Note | 2019 \$ | 2018 \$ |
|------------------------------------|------------------|-------------------|
| Current | | |
| Accrued creditors | 3,553,271 | 4,311,472 |
| Employee benefits - annual leave | 2,109,982 | 2,186,604 |
| GST payable | - | 623,600 |
| Accrued payroll | 296,385 | 302,150 |
| Refundable bonds | 2,000 | 2,000 |
| Trade creditors and other payables | 1,421,137 | 1,435,069 |
| Retention | 632,728 | 1,024,846 |
| Revenue in advance | - | 354,612 |
| | <u>8,015,503</u> | <u>10,240,353</u> |

15 Provisions

Long service leave

The provision for long service leave represents the present value of the estimated future cash outflows to be made by Council resulting from employees' services provided up to balance date. The accrual is based on present value of remuneration rates that will be paid when the liability is expected to be settled including related on-costs and adjusted for the probability of employees remaining in the Council's employment.

The long service leave provision has been discounted using discount rates derived from Commonwealth Government bond rates as at 30 June 2019.

Where employees have met the pre-requisite length of service and Council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

15 Provisions (continued)

Landfill restoration

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 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. The provision recognised for landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the 15 sites will close between 2020 and 2024.

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

| | Note | 2019 \$ | 2018 \$ |
|--|------|------------------|------------------|
| Current | | | |
| Long service leave | | 967,282 | 1,096,527 |
| Provision for landfill restoration | | <u>2,333,562</u> | <u>241,310</u> |
| | | <u>3,300,844</u> | <u>1,337,837</u> |
| Non-current | | | |
| Long service leave | | 353,419 | 309,689 |
| Provision for landfill restoration | | <u>3,000,219</u> | <u>4,794,505</u> |
| | | <u>3,353,638</u> | <u>5,104,194</u> |
| Details of movements in provisions: | | | |
| Landfill restoration | | | |
| Balance at beginning of financial year | | 5,035,815 | 4,926,548 |
| Increase in provision due to unwinding of discount | | 108,799 | 80,769 |
| Increase in provision due to change in discount rate | | 189,167 | 28,498 |
| Balance at end of financial year | | <u>5,333,781</u> | <u>5,035,815</u> |
| Long service leave provision | | | |
| Balance at beginning of financial year | | 1,406,216 | 1,308,382 |
| Long service leave entitlement arising | | 204,190 | 275,190 |
| Long service entitlement paid | | (289,705) | (177,356) |
| Balance at end of financial year | | <u>1,320,701</u> | <u>1,406,216</u> |

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

16 Commitments for expenditure

Operating leases

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

| | Note | 2019 \$ | 2018 \$ |
|--|------|------------------|------------------|
| Minimum lease payments in relation to non-cancellable operating leases are as follows: | | | |
| Within one year | | 656,464 | 558,822 |
| One to five years | | <u>1,358,046</u> | <u>1,665,552</u> |
| | | <u>2,014,510</u> | <u>2,224,374</u> |

Council has entered into operating leases on certain property across the Torres Strait and Cairns, with lease terms between one and five years.

During the year an amount of \$684,646 (2018: \$626,960) was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases.

Contractual commitments

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

| | | |
|------------------------------|------------------|------------------|
| Recoverable work contractors | 3,069,182 | 6,451,394 |
| Capital assets | 1,550,148 | 1,627,155 |
| Contractors | 213,769 | 790,880 |
| Consultancy | 102,511 | 241,307 |
| Other | 192,712 | 166,891 |
| Audit fees | 132,480 | 146,350 |
| Freight | 246,349 | 58,095 |
| Contract employees | <u>83,771</u> | <u>32,184</u> |
| | <u>5,590,922</u> | <u>9,514,256</u> |

17 Contingent liabilities

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

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 2019 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

17 Contingent liabilities (continued)

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 \$298,427.

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, to be conducted using processes listed under it. Generally, 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 there is no legally settled compensation formula. A native title compensation case was decided by the Federal Court of Australia in 2016 (*Griffiths v Northern Territory* (No 3) [2016] FCA 900), however that decision is in the process of being appealed to the High Court. There may be some certainty in relation to a compensation formula once the appeal is finalised. At this point there are no applications for compensation claims against Council. Council has sufficient insurance cover in the event of adverse applications for native title compensation for alleged invalid future acts under the *Native Title Act 1993* (Cth), via Council's statutory liability cover.

Land Holding Act Lease

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. 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 today, 62 LHA leases have been registered in Torres Strait communities, with 115 valid lease entitlements remaining to be resolved.

The purpose of the lease under the *Land Holding Act* was to provide home ownership. On registration of each of the outstanding 115 lease entitlements, Council will divest the social housing asset (if applicable) to the perpetual leaseholder for \$1.00. The fair value as at 30 June 2019 for social housing assets relating to the outstanding 115 lease entitlements totals \$26,942,675. However, at this time, it is uncertain as to how many applications might be made in respect of the outstanding 115 lease entitlements. On registration of any of the leases, the asset will be removed from Council's asset register and social housing register.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

18 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 | 2019 \$ | 2018 \$ |
|---|------|------------------|------------------|
| Superannuation contributions made to the Accumulation Benefits Fund | | 1,942,401 | 2,072,633 |
| Other superannuation contributions for employees | | 169,546 | 73,124 |
| Total superannuation contributions paid by Council for employees: | 6 | <u>2,111,948</u> | <u>2,145,757</u> |

19 Trust funds

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.

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 | 308,527 | 334,643 |
| Church funds | 9,781 | 9,780 |
| Other community funds | 53,103 | 52,341 |
| | <u>371,411</u> | <u>396,764</u> |

Funds held in trust by outside parties

| | | |
|--|-------------------|-------------------|
| DFK Kidsons holding funds for the Major Infrastructure and Other Program | 21,746,979 | 20,155,528 |
| | <u>21,746,979</u> | <u>20,155,528</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 2019

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

| | Note | 2019 \$ | 2018 \$ |
|--|------|--------------------|---------------------|
| Net result | | (28,882,938) | 4,265,969 |
| Non-cash items: | | | |
| Depreciation and amortisation | | 46,163,049 | 44,953,443 |
| Asset contributions in capital income | | (12,964,387) | (14,793,734) |
| Gain on initial recognition of finance lease | | (2,006,779) | (1,736,277) |
| Gain on revaluation of finance lease | | (2,907,881) | (767,255) |
| Gain/loss on disposal of finance leases | | 67,380 | (2,434,580) |
| | | <u>28,351,382</u> | <u>25,221,597</u> |
| Investing and development activities: | | | |
| Loss on disposal of non-current assets | | 19,425,362 | 10,644,033 |
| Capital grants and contributions | | (16,189,737) | (32,890,104) |
| | | <u>3,235,625</u> | <u>(22,246,071)</u> |
| Changes in operating assets and liabilities: | | | |
| (Increase)/decrease in receivables | | (3,119,088) | (922,735) |
| (Increase)/decrease in inventory | | 36,228 | (28,365) |
| Increase/(decrease) in payables | | (2,224,851) | 3,579,798 |
| Increase/(decrease) in other provisions | | 212,450 | 207,102 |
| | | <u>(5,095,261)</u> | <u>2,835,800</u> |
| Net cash inflow from operating activities | | <u>(2,391,193)</u> | <u>10,077,296</u> |

21 Opening balance adjustment

Roads

In the process of commissioning the NDRRA 2015 Event (works completed June 2017), it was discovered that certain road assets had not been previously recognised as Council assets. These assets were added as at 1 July 2017 and an adjustment has been made to retained surplus. Current unit rates and conditions were used to establish the asset values. The assets have since been revalued as at 30 June 2019.

| | As at 1 July 2018 | As at 1 July 2017 |
|---|----------------------|----------------------|
| Gross value added | - | 2,314,200 |
| Net increase to property, plant and equipment | - | 2,314,200 |

22 Events after the reporting period

There were no material adjusting events after the balance date.

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

23 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 risk management policies and procedures, and reviews the adequacy of the risk management 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 following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

| | Note | 2019 \$ | 2018 \$ |
|-------------------------------|------|-------------------|-------------------|
| Financial assets | | | |
| Cash and cash equivalents | 10 | 50,756,886 | 59,993,975 |
| Short term deposit | | 63,970 | 62,533 |
| Receivables - housing | 11 | 137,267 | 75,854 |
| Receivables - rates | 11 | 129,590 | 683,419 |
| Receivables - other | 11 | 6,934,024 | 7,490,825 |
| Other financial assets | 12 | 14,670,336 | 10,173,797 |
| Other credit exposures | | | |
| Guarantees | 17 | 298,427 | 257,847 |
| | | <u>72,990,500</u> | <u>78,738,250</u> |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

23 Financial instruments and financial risk management (continued)

Credit risk (continued)

Cash and cash equivalents

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

Trade and other receivables

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

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

At 30 June 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:

| | 2019 | 2018 |
|---------------------|-------------------|-------------------|
| | \$ | \$ |
| Housing charges | 14,141,294 | 14,071,515 |
| Government entities | 6,511,098 | 6,384,302 |
| Utility charges | 259,179 | 700,147 |
| Other | 459,677 | 1,304,312 |
| Total | 21,371,248 | 22,460,276 |

A summary of the Council's exposure to credit risk for trade receivables is as follows:

| | 2019 | | 2018 |
|------------------------------------|---------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| | Not credit-impaired | Credit-impaired | |
| Not past due | 6,717,747 | - | 5,835,677 |
| Past due 31-60 days | 200,160 | - | 848,569 |
| Past due 61-90 days | 144,074 | - | 115,333 |
| More than 90 days | - | 14,309,267 | 15,660,697 |
| Total gross carrying amount | 7,061,981 | 14,309,267 | 22,460,276 |
| Loss allowance | (284,017) | (13,886,351) | (14,210,178) |
| | 6,777,964 | 422,916 | 8,250,098 |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

23 Financial instruments and financial risk management (continued)

Credit risk (continued)

Expected Credit loss assessment as at 1 July 2018 and 30 June 2019

The 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 mate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provided information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2019:

Housing receivables
2019

| | Weighted - average loss rate | Gross carrying amount | Loss allowance | Credit - impaired |
|---------------------|------------------------------|-----------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Not past due | 28.00% | 186,006 | 52,082 | No |
| Past due 31-60 days | 99.00% | 133,815 | 132,477 | No |
| Past due 61-90 days | 99.00% | 96,806 | 95,837 | No |
| More than 90 days | 99.99% | 13,724,667 | 13,723,631 | Yes |
| Total | | 14,141,294 | 14,004,027 | |

Other trade receivables
2019

| | Weighted - average loss rate | Gross carrying amount | Loss allowance | Credit - impaired |
|---------------------|------------------------------|-----------------------|----------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Not past due | 0.03% | 6,531,741 | 1,949 | No |
| Past due 31-60 days | 1.22% | 66,345 | 807 | No |
| Past due 61-90 days | 1.83% | 47,268 | 865 | No |
| More than 90 days | 27.83% | 584,600 | 162,720 | Yes |
| Total | | 7,229,954 | 166,341 | |

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.

The movement in the allowance for impairment of trade receivable during the year was \$39,810.

Liquidity risk

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

Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

23 Financial instruments and financial risk management (continued)

Credit risk (continued)

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.

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

| | 0 to 1 year | 1 to 5 years | Over 5 years | Total contractual cash flows | Carrying amount |
|--------------------------|-------------------|----------------|--------------|------------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2019 | | | | | |
| Trade and other payables | 8,015,503 | - | - | 8,015,503 | 8,015,503 |
| Loans - QTC | 74,219 | 111,113 | - | 185,332 | 185,332 |
| | <u>8,089,722</u> | <u>111,113</u> | <u>-</u> | <u>8,200,834</u> | <u>8,200,834</u> |
| 2018 | | | | | |
| Trade and other payables | 10,240,353 | - | - | 10,240,353 | 10,240,353 |
| Loans - QTC | 74,219 | 185,332 | - | 259,551 | 259,551 |
| | <u>10,314,572</u> | <u>185,332</u> | <u>-</u> | <u>10,499,904</u> | <u>10,499,904</u> |

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

Market risk

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

Interest rate risk

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.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

23 Financial instruments and financial risk management (continued)

Market risk (continued)

Sensitivity

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

Council does not account for any fixed- rate financial assets or financial liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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

| | Net carrying amount | Effect on net result | | Effect on equity | |
|-------------------|---------------------|----------------------|------------------|------------------|------------------|
| | | 1% increase | 1% decrease | 1% increase | 1% decrease |
| 2019 | | | | | |
| QTC cash fund | 36,675,252 | 366,753 | (366,753) | 366,753 | (366,753) |
| Other investments | 63,970 | 640 | (640) | 640 | (640) |
| Loans - QTC | (168,421) | (1,684) | 1,684 | (1,684) | 1,684 |
| Net total | <u>36,570,800</u> | <u>365,708</u> | <u>(365,708)</u> | <u>365,708</u> | <u>(365,708)</u> |
| 2018 | | | | | |
| QTC cash fund | 53,175,252 | 531,753 | (531,753) | 531,753 | (531,753) |
| Other investments | 62,533 | 625 | (625) | 625 | (625) |
| Loans - QTC | (227,573) | (2,276) | 2,276 | (2,276) | 2,276 |
| Net total | <u>53,010,212</u> | <u>530,102</u> | <u>(530,102)</u> | <u>530,102</u> | <u>(530,102)</u> |

24 National Competition Policy

Council does not currently have any significant business activities to which the Code of Competitive Conduct (CCC) may be applied.

25 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. As a result of a corporate structure change as at 1 July 2018, the Executive Management team now consist of the Chief Operating Officer and Chief Financial Officer. Compensation paid to KMPs for 2018/19:

| | 2019 | 2018 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Short-term employee benefits | 1,781,173 | 2,440,969 |
| Post-employment benefits | 75,427 | 159,988 |
| Termination benefits | 15,000 | 38,318 |
| Long-term employee benefits | - | - |
| | <u>1,871,600</u> | <u>2,639,275</u> |

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

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

25 Transactions with related parties (continued)

(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, Aunt or sibling who represents one of those roles to a KMP have been considered to be a related party.

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

| Details of transactions | | 2019 \$ | 2018 \$ |
|---|-------|------------|------------|
| Employee expenses for close family members of KMPs | (i) | 791,819 | 729,729 |
| Purchase of materials and services from entities controlled by KMPs | (ii) | 94,538 | 981,668 |
| Grants and donations for close family members of KMPs | (iii) | 10,500 | 28,442 |
| Fees and charges charged to entities controlled by KMPs | (iv) | 10,847 | 10,284 |

(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 326 staff (304 full time equivalent staff) of which 12 are close family members of key management personnel.

(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:

| | | |
|----------------------|---------------|----------------|
| Ferry charters | 64,958 | 68,105 |
| Commercial rent | 12,000 | 22,686 |
| Accommodation | 9,680 | 22,830 |
| Consumables | 7,900 | 5,746 |
| Fuel and electricity | - | 327,070 |
| Freight | - | 535,231 |
| | <u>94,538</u> | <u>981,668</u> |

Included in the above is \$64,958 of ferry charter charges from Hammond Island Ferry. During this time Councillor Sabatino was the owner of this entity. All purchases were at arm's length, on normal terms and conditions and were in the normal course of Council's operations.

(iii) Grants and donations totalling \$10,500 (2018: \$28,442) 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 were at arm's length. \$7,052 (2018: \$6,932) was charged for a commercial lease for M&M Mini Mart at Hammond Island, a business owned by Councillor Sabatino and \$3,796 (2018: \$3,351) for licensing fees for Maria Tamaru Tamu for office space use on Warraber Island, as close family member of Councillor Tamu.

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

25 Transactions with related parties (continued)

(c) Commitments to/from related parties

Council has commitments for the provision of goods and services at ordinary commercial rates and terms. Commitments include the supply of accommodation, fuel and ferry transfers from the following related party entities:

| | 2019 \$ | 2018 \$ |
|----------------------------|---------------|--------------|
| Badu Island Foundation Ltd | 4,700 | 2,036 |
| Hammond Island Ferry | 3,691 | 3,210 |
| M & M Mini Mart | 1,847 | 1,235 |
| | <u>10,238</u> | <u>6,481</u> |

During the period Councillor Nona was the Chair of Badu Island Foundation Ltd and Councillor Sabatino was the owner of both Hammond Island Ferry and M&M Mini Mart. All commitments were at arm's length, on normal terms and conditions and were in the normal course of Council's operations.

(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 \$ |
|------------------------|---------------|-----------------------|--------------------|-----------------------|----------------|
| 2019 | | | | | |
| Rates and charges | - | - | - | 215,197 | 215,197 |
| Social housing | 2,773 | 2,345 | 1,852 | 246,155 | 253,125 |
| Other fees and charges | 808 | 313 | 94 | 60,220 | 61,435 |
| Total | 3,581 | 2,658 | 1,946 | 521,572 | 529,757 |
| 2018 | | | | | |
| Rates and charges | - | 120,312 | - | 123,313 | 243,625 |
| Social housing | 5,769 | 2,422 | 2,832 | 228,712 | 239,735 |
| Other fees and charges | 54 | 50 | - | 103,913 | 104,017 |
| Total | 5,823 | 122,784 | 2,832 | 455,938 | 587,377 |

\$367,740 has been recognised in current and prior years 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 2019

25 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:

2019

| Related party | Relationship | Customer | Nature of transactions | Over 90 Days \$ |
|------------------|--------------|-----------------------------|------------------------|-----------------|
| Laurie Nona | Chair | Badu Island Foundation | Rates and charges | 138,041 |
| Laurie Nona | Manager | Badu Art Centre | Rates and charges | 61,884 |
| Mario Sabatino | Shareholder | Arafura Blue Marine Pty Ltd | Maritime fees | 59,661 |
| Getano Lui (Jnr) | Councillor | Getano Lui (Jnr) | Social housing | 41,533 |
| Ted Nai | Uncle | Gabriel Nai | Social housing | 39,470 |
| Ted Nai | Uncle | Ned Mosby | Social housing | 34,765 |
| Bob Kaigey | Brother | Robert Kaigey (Snr) | Social housing | 31,970 |
| Ted Nai | Uncle | John Morris | Social housing | 29,219 |
| Torenzo Elisala | Father | Tenny Elisala | Social housing | 26,458 |
| Keri Akiba | Councillor | Keri Akiba | Social housing | 17,653 |
| Rocky Stephen | Director | Kos & Abob Fisheries (TSI) | Rates and charges | 10,137 |
| Rocky Stephen | Father | Daniel Stephen | Social housing | 7,801 |
| Dimas Toby | Spouse | Telita Banu | Social housing | 7,265 |
| Ted Nai | Uncle | Gabriel Nai | Rates and charges | 5,134 |
| Keith Fell | Councillor | Keith Fell | Social housing | 2,352 |
| Clara Tamu | Son | Pryce Mareko | Social housing | 2,290 |
| Rocky Stephen | Councillor | Rocky Stephen | Social housing | 1,142 |
| Dimas Toby | Councillor | Dimas Toby | Social housing | 1,063 |
| Torenzo Elisala | Spouse | Daina Wosomo | Social housing | 818 |
| Torenzo Elisala | Councillor | Torenzo Elisala | Social housing | 818 |
| Torenzo Elisala | Mother | Maleta Elisala | Social housing | 818 |
| Laurie Nona | Councillor | Laurie Nona | Social housing | 721 |
| Laurie Nona | Partner | Stevie Lee | Other fees and charges | 409 |
| Getano Lui (Jnr) | Wife | Lizzie Lui | Other fees and charges | 150 |
| | | | | <u>521,572</u> |

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2019

25 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:

2018

| Related party | Relationship | Customer | Nature of transactions | Over 90 Days \$ |
|------------------|--------------|-----------------------------|------------------------|-----------------|
| Mario Sabatino | Shareholder | Arafura Blue Marine Pty Ltd | Maritime fees | 103,280 |
| Laurie Nona | Director | Badu Island Foundation | Rates and charges | 64,107 |
| Laurie Nona | Manager | Badu Art Centre | Rates and charges | 50,308 |
| Getano Lui (Jnr) | Councillor | Getano Lui (Jnr) | Social housing | 37,983 |
| Ted Nai | Uncle | Gabriel Nai | Social housing | 33,170 |
| Robert Kaigey | Councillor | Robert Kaigey | Social housing | 33,062 |
| Torenzo Elisala | Father | Tenny Elisala | Social housing | 23,590 |
| Ted Nai | Uncle | John Morris | Social housing | 21,419 |
| Keri Akiba | Councillor | Keri Akiba | Social housing | 21,413 |
| Ted Nai | Uncle | Ned Mosby | Social housing | 13,180 |
| Rocky Stephen | Father | Daniel Stephen | Social housing | 12,211 |
| Rocky Stephen | Director | Kos and Abob Fisheries | Rates and charges | 8,898 |
| Dimas Toby | Spouse | Telita Banu | Social housing | 7,865 |
| Clara Tamu | Son | Pryce Mareko | Social housing | 5,790 |
| John Levi | Councillor | John Levi | Social housing | 3,227 |
| Dimas Toby | Councillor | Dimas Toby | Social housing | 2,688 |
| Keith Fell | Councillor | Keith Fell | Social housing | 3,118 |
| Clara Tamu | Spouse | Samuel Tamu | Social housing | 2,298 |
| Torenzo Elisala | Spouse | Daina Wosomo | Social housing | 2,068 |
| Torenzo Elisala | Councillor | Torenzo Elisala | Social housing | 2,068 |
| Torenzo Elisala | Mother | Maleta Elisala | Social housing | 2,068 |
| Rocky Stephen | Councillor | Rocky Stephen | Social housing | 1,106 |
| Laurie Nona | Councillor | Laurie Nona | Social housing | 728 |
| Laurie Nona | Partner | Stevie Lee | Other fees and charges | 150 |
| Getano Lui (Jnr) | Councillor | Getano Lui (Jnr) | Social housing | 79 |
| Keri Akiba | Son | Adrian Akiba | Social housing | 43 |
| Clara Tamu | Daughter | James & Iris Billy | Social housing | 21 |
| | | | | <u>455,938</u> |

Torres Strait Island Regional Council

Notes to the financial statements

For the year ended 30 June 2019

25 Transactions with related parties (continued)

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

The below debts were written off during the period as statute barred debt, being 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.

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.

2019

| Related party | Relationship | Customer | Nature of transactions | Debt balance written off \$ |
|------------------|--------------|------------------|------------------------|--------------------------------|
| Rocky Stephen | Father | Daniel Stephen | Social housing | 4,914 |
| Getano Lui (Jnr) | Councillor | Getano Lui (Jnr) | Social housing | 4,250 |
| Clara Tamu | Son | Pryce Mareko | Social housing | 3,500 |
| Keri Akiba | Councillor | Keri Akiba | Social housing | 3,240 |
| Dimas Toby | Councillor | Dimas Toby | Social housing | 1,625 |
| Torenzo Elisala | Councillor | Torenzo Elisala | Social housing | 1,250 |
| Torenzo Elisala | Mother | Meleta Elisala | Social housing | 1,250 |
| Torenzo Elisala | Spouse | Wosomo Daina | Social housing | 1,250 |
| | | | | <u>21,279</u> |

2018

| Related party | Relationship | Customer | Nature of transactions | Debt balance written off \$ |
|------------------|--------------|------------------|------------------------|--------------------------------|
| Torenzo Elisala | Mother | Maleta Elisala | Social housing | 8,950 |
| Getano Lui (Jnr) | Councillor | Getano Lui (Jnr) | Social housing | 4,420 |
| Clara Tamu | Son | Pryce Mareko | Social housing | 3,640 |
| Torenzo Elisala | Spouse | Daina Wosomo | Social housing | 1,300 |
| Torenzo Elisala | Councillor | Torenzo Elisala | Social housing | 1,050 |
| | | | | <u>19,360</u> |

Torres Strait Island Regional Council

Financial statements

For the year ended 30 June 2019

Management Certificate For the year ended 30 June 2019

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:

- 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
- the general purpose financial statements, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor
Fredrick Gela

Date: 13 / 09 / 2019



Chief Executive Officer
Bruce Ranga

Date: 13 / 09 / 2019

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 accompanying financial report of Torres Strait Island Regional Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, 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 significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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* (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 of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in Torres Strait Island Regional Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and 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 expressed 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 council for the financial report

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

The council is 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.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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 financial report, 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 expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- I received all the information and explanations I required.
- In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



Sri Narasimhan
as delegate of the Auditor-General

16 September 2019

Queensland Audit Office
Brisbane

Torres Strait Island Regional Council **Current - year Financial Sustainability Statement** **For the year ended 30 June 2019**

Measures of Financial Sustainability

| | How the measure is calculated | Target | 30 June 2019 Result |
|---------------------------------|--|----------------------|---------------------|
| Operating surplus ratio | Net result (excluding capital items) divided by total operating revenue (excluding capital items) | Between 0% and 10% | -55% |
| Asset sustainability ratio | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense | greater than 90% | 30% |
| Net financial liabilities ratio | Total liabilities less current assets divided by total operating revenue (excluding capital items) | not greater than 60% | -69% |

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements For the year ended 30 June 2019.

Certificate of Accuracy **For the year ended 30 June 2019**

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
Fredrick Gela

Date: 13 / 09 / 2019



Chief Executive Officer
Bruce Ranga

Date: 13 / 09 / 2019

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 (the council) for the year ended 30 June 2019, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 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 2019 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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* (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 of Queensland 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 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

Other information comprises the information included in Torres Strait Island Regional Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and 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 expressed a separate opinion on the general purpose financial report.

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 council for the current year financial sustainability statement

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

Auditor's 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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.



Sri Narasimhan
as delegate of the Auditor-General

16 September 2019
Queensland Audit Office
Brisbane

Torres Strait Island Regional Council Unaudited Long-Term Financial Sustainability Statement Prepared as at 30 June 2019

Measures of Financial Sustainability

| | Measure | Target | Actuals at 30 June 2019 | Projected for the years ended | | | | | | | | |
|---------------------------------|--|----------------------|-------------------------------|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | | 30 June 2020 | 30 June 2021 | 30 June 2022 | 30 June 2023 | 30 June 2024 | 30 June 2025 | 30 June 2026 | 30 June 2027 | 30 June 2028 |
| Operating surplus ratio | Net result divided by total operating revenue | Between 0% and 10% | -55% | -52% | -53% | -49% | -44% | -38% | -33% | -29% | -26% | -23% |
| Asset sustainability ratio | Capital expenditure on the replacement of assets (renewals) divided by depreciation expense. | greater than 90% | 30% | 122% | 31% | 15% | 16% | 0% | 0% | 0% | 0% | 0% |
| Net financial liabilities ratio | Total liabilities less current assets divided by total operating revenue | not greater than 60% | -69% | -34% | -30% | -33% | -38% | -49% | -46% | -44% | -43% | -42% |

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.

Certificate of Accuracy For the long-term financial sustainability statement prepared as at 30 June 2019

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
Fredrick Gela



Chief Executive Officer
Bruce Ranga

Date: 13 / 09 / 2019

Date: 13 / 09 / 2019





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