AGENDA

TORRES STRAIT ISLAND REGIONAL COUNCIL

SPECIAL MEETING 31st MAY 2012

Date: Thursday 31st May 2012

Time: 1.00 pm to 5.00 pm

Venue: Level 3 111 Grafton St Cairns Qld

NOTICE OF MEETING

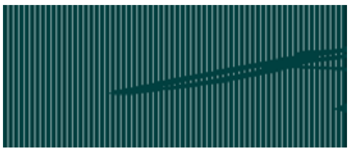
TORRES STRAIT ISLAND REGIONAL COUNCIL

To: The Mayor and Councillors of the Torres Strait Island Regional Council.

In accordance with Regulation 55 of the *Local Government (Operations) Regulation 2010, a Special Meeting of Council* will be held at 1.00pm – 4.30pm **Thursday 31st May 2012,** at Level 3 111 Grafton St Cairns Qld 4875.

Only specifically identified matters can be discussed, those being identified by this notice:

1/ Councillor Remuneration
2/ LGAQ Representative
3/ Local Government Owned Corporation
4/ Annual Report Adoption
5/ 2010 Financial Statements
6/ Planning Development Application – Saibai IBIS
7/ Planning Development Application – Dauan IBIS
8/ Planning Development Application – Poruma Sewerage Scheme
9/ Planning Development Application – Badu Childcare
10/ Enterprise Divestment
11/ Tender Evaluation Poruma Sewerage



John Scarce
CHIEF EXECUTIVE OFFICER
24th May 2012

TORRES STRAIT ISLAND REGIONAL COUNCIL

REPORT/DISCUSSION PAPER

SPECIAL MEETING MAY 2012
DATE: 31st MAY 2012
AGENDA ITEM: 4
SUBJECT: Council Remuneration
AUTHOR: John Scarce, Chief Executive Officer

RECOMMENDATION

That Council in accordance with section 43 of the *Local Government (Operations) Regulation* 2010, Council authorises the Chief Executive Officer to seek changes to the remuneration on behalf of the Mayor, Deputy Mayor and Councillors, the request being: That the Council remuneration be equivalent to that of a category four (4) remunerated Council.

- Mayor 80% equals $109,719
- Deputy Mayor 50% equals $68,575
- Councillors 42.5% equals $58,288

BACKGROUND

Every year the Remuneration Commission gives the Minister a report on what Councillor Remuneration should be for the forthcoming year. As such every year Council must resolve to make payments in accordance with this report.

Under the Local Government Act Council has the ability to make an application to vary the Councillor remuneration based on specific reasons that separate one Council in a category from another. The application will be four different applications Council as whole, Mayor, Deputy Mayor and Councillor, but will contain similar information, no different to submissions we have provided in the past.

OFFICER COMMENT

The current remuneration for TSIRC is the same as every other indigenous Council, classified under the special category. So TSIRC Mayor and Councillors with assets to the value of over $1B, receives the same remuneration as NPRC with half the asset value and Mapoon with approximately quarter the asset value.

Our asset value is closer to a category 6 Council however I have taken a conservative approach with category 4 because of the increased number of Councillor approximately a third more than this class Council, and usually populations 20 times ours.

For reference a category six (6) Council would be:

Mayor 110% equals $150,864
Deputy Mayor 75% equals $102,862
Councillor 65% equals $89,147

Council last term applied for an increase and was only successful in the Mayors remuneration to that of a category four (4), another reason for requesting a category four (4) this time around.

From the Declaration of Poll the remuneration is:

Mayor 65% equals $89,147
Deputy Mayor 37.5% equals $51,431
Councillor 32.5% equals $44,573

The reference to % is as it related to a member of the Queensland Legislative Assembly. ($137,149)

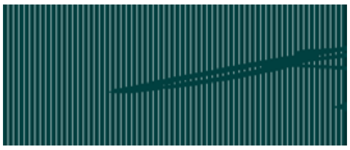
Also to note the amalgamation allowance stopped at the conclusion of the 2012 election.

FINANCIAL & RESOURCE CONSIDERATIONS

Additional $229,726 increase in Council Remuneration

LINK TO THE COPRORATE PLAN

Governance



John Scarce
CHIEF EXECUTIVE OFFICER

ATTACHMENTS: Remuneration Tribunal Report

TORRES STRAIT ISLAND REGIONAL COUNCIL

REPORT/DISCUSSION PAPER

SPECIAL MEETING MAY 2012
DATE: 31st MAY 2012
AGENDA ITEM: 5
SUBJECT: LGAQ BOARD
AUTHOR: John Scarce, Chief Executive Officer

RECOMMENDATION

That Council ratifies the action of the Chief Executive Officer in nominating Cr Fred Gela Mayor to stand for LGAQ Board.

BACKGROUND

Every year quadrennial election sees the vacancy of the LGAQ Board.

Cr Gela Nomination would be to the division that represent the indigenous Councils.

OFFICER COMMENT

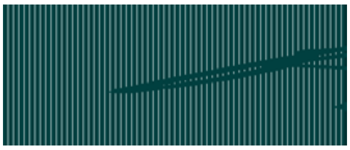
The LGAQ Executive is made up of Mayors from around the State, they come together to formulate a policy direction for the entire Queensland Local Government. It would be extremely beneficial for Cr Gela to be elected to represent the interests of the Torres Strait people.

FINANCIAL & RESOURCE CONSIDERATIONS

N/a

LINK TO THE CORPORATE PLAN

Governance



John Scarce
CHIEF EXECUTIVE OFFICER

ATTACHMENTS: Nil

TORRES STRAIT ISLAND REGIONAL COUNCIL

REPORT/DISCUSSION PAPER

SPECIAL MEETING MAY 2012

DATE:	**31st MAY 2012**
AGENDA ITEM:	**6**
SUBJECT:	**LGOC BUILDING SERVICES**
AUTHOR:	**John Scarce, Chief Executive Officer**

RECOMMENDATION

That Council:

- Adopts the Public Benefit Assessment April 2012;
- Reaffirms to establish a Local Government Owned Corporation Structure for its Building Services Unit in accordance with the Local Government Act 2009;
- Authorises the CEO to forward the Public Benefit Assessment to the State Government to establish the LGOC; and
- Authorises the transmittal of resources and staff to the LGOC to commence operation in its own right as soon as practicable after the State Government Authorises the establishment.
- Requests all Councillors to furnish with the CEO by the 15 July 2012, language name for the Corporation so a report can be written for consideration at the July Ordinary meeting.

PURPOSE

The purpose of this report is to provide to Council the Australian Economic Groups findings on Corporatising the Building Services Unit of the Council and to reaffirm previous Council decision to establish the corporation.

BACKGROUND

Council at its meeting in February 2010, at St Pauls resolved:

> **Resolution**
> *Moved* Cr. Kris, *Seconded* Cr. Soki that Council undertakes the investigation into establishing an LGOC for the building team, authorising the CEO to engage suitable qualified persons or organisations to carryout business plans and public benefit assessment necessary.

Since that meeting Council has been presented with another 4 reports as the establishment of the LGOC progresses through the legislative frame work.

OFFICER COMMENT

Since the time of the St Pauls meeting, a Brief has been developed and let to Australian Economic Consultants. The requirements of the Brief were to:

Specifically, the Public Benefit Assessment is to assess:

- Step 1 Identification and description of a realistic ‘WITHOUT CHANGE’ or ‘BASE’ case
- Step 2 Identification and description of a realistic ‘WITH CHANGE’ or ‘ALTERNATIVE’ case
- Step 3 Identification of all the major impacts of moving from the ‘without change’ to the ‘with change’ case
- Step 4 Valuation of impacts
- Step 5 Detailed assessment of non-valued impacts
- Step 6 Timing, aggregation and presentation of results

Valuation of impacts is to be achieved through a discounted cashflow analysis.

The economic analysis is to be conducted over a twenty (20) year life span, incorporating full and transparent capital and operational benefits and costs with appropriate terminal values included at the end of the analysis.

Findings of the Analysis

Based on financial forecasts for the business, there appears to be strong potential for Council to earn decent commercial returns from the business should it be effectively managed and current funding arrangements continue. A corporate structure may best achieve this outcome, and would also ensure that all direct and indirect costs are appropriately identified and recovered by the business.

Features of the Building Services Unit that lend themselves to Corporatisation include:

- It could be argued that providing a building service, largely for external customers, is not really core business for the Council. It consumes financial, administrative and management resources which could be reallocated to other services.
- The unit already operates on a 'contract' service model delivering new building and maintenance services to a variety of internal Council service delivery managers, QBuild and other clients.
- There is little competition for building services in island communities at present and corporatisation, including the necessary step of full cost pricing, will ensure a fair and competitive market environment (but may also increase the risk to the corporatized entity from reduced 'sales').
- To the extent that Council's current cost recognition for BSU activities are inadequate, Council may be providing a subsidy on projects and to clients in addition to assuming risk for project overruns and delivery times, and the creation of a separate entity would remove this risk (although in the face of rising prices, funding allocations for housing and other building works will buy less).

CONSULTATION

For the purposes of this report, the Building Services Unit has been consulted with.

LINKS WITH STRATEGIC PLANS

Housing and Economic Development

Outcome:

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

Strategy:

> Value for money in the provision of housing
> Build internal expertise in housing construction and maintenance

Action:

> Review procurement processes including analysis of economic order quantities, internal supplies, resources and sustainable technology

STATUTORY REQUIREMENTS

The Queensland *Local Government Act 2009* is the guiding piece of legislation including the elements associated with national competition reform and significant business activities.

The new Act continues the commitment to the principles of NCP, and still requires local governments to follow the principles and processes that underpin NCP.

The Local Government (Beneficial Enterprises and Business Activities) Regulation 2009 has key NCP provisions previously contained in the 1993 Act.

FINANCE AND RISK

Operating Cost

Initial estimates are in the order of $250,000 to structure the business.

Due to the integrated nature of the accounts it was quite difficult to extract building costs from the standard reports. Queries were written to extract the data.
This data was then used to develop the financial models. Again due to the Council having no real defined overhead structure for the Building Unit, proxies were used. These proxies were based upon industry averages in construction firms of the same size as the Building Services Unit.

The cashflow assessment for the corporatised scenario to 2030, including an estimate of its terminal value of the business in the final year, reports a net present value of total net cash flows (after tax equivalent payments) for the business of $40M at a discount rate of 11%. Overhead and capital costs are explicitly accounted for in the model.

The cashflow is identifying a positive net present value – therefore the change in operating structure for the Business Services Unit is a positive change for the Council.

Risk Assessment

The biggest risks for Council from adopting the LGOC model include:

- Funding agencies not agreeing to the inclusion of a commercial profit margin on works undertaken by the business unit (although it is possible that the level of the margin could potentially be negotiated with the relevant agencies if necessary);
- Loss of ‘first right of refusal’ should funding agencies decide to test the competitiveness of the marketplace, given the fact that the business unit is almost entirely reliant on external funding sources;
- The potential need to ensure price and service competitiveness for continued access to funding programs;
- The ability to source necessary skilled resources to undertake the required works, and retain existing resources (noting that the business is currently reliant on contractors and one or two key personnel);
- Retention of an appropriately skilled General Manager/CEO and Board of Directors at an affordable cost; and
- Whether grant funds can only be paid to Council rather than the LGOC and, if so, whether there are any issues with a direct pass-through to the LGOC from Council.

It will be important for the business unit to have in place flexible recruitment/contracts to cope with potential significant fluctuations in activity from period to period, and to mitigate any risks associated with the potential loss of funding.

SUSTAINABILITY

A Corporatised Entity will assist Council's financial sustainability through the appropriate recovery of all direct and indirect costs from funding agencies, as well as the provision of taxation equivalent and dividend payments, as long as it retains access to external funding and is able to compete effectively on a level playing field

OPTIONS

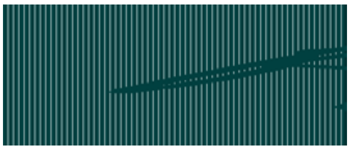
Council has three options associated with this project:

1. Corporatise the Building Services Unit
2. Implement a different level of reform for the Building Services Unit
3. Maintain the Base Case / Business as Usual approach.

CONCLUSION

At its February meeting at St Pauls the Council resolved to undertake an assessment of Corporatising the Building Services Unit.

A specialist consulting firm was engaged to undertake the works. A 20 year cashflow was developed based upon real data and proxies for Corporate Overheads. The findings of the analysis based upon the cashflows is such that there is a benefit to the Council in corporatising the Building Services Unit.



John Scarce
Chief Executive Officer

ATTACHMENTS: PBA April 2012

TORRES STRAIT ISLAND REGIONAL COUNCIL

REPORT/DISCUSSION PAPER

COUNCIL SPECIAL MEETING MAY 2012
DATE: 31st MAY 2012
AGENDA ITEM: 7.1
SUBJECT: ANNUAL REPORT
AUTHOR: Anthony Bird, Executive Manager Corporate and Finance

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RECOMMENDATION

That Council adopts the Annual Report for 2010-2011.

PURPOSE

The purpose of this report is to adopt the Annual Report for the financial period ending 30 June 2011.

BACKGROUND

As per the Local Government Act 2009, the Council is required to adopt an annual report for each financial year. The Annual Report for the financial year ending 30 June 2011 is attached.

At its meeting of December 2011, the Council adopted the Financial Statements for the period ending 30 June 2010. Once the 2010 Statements had been adopted, Council would be in a position to adopt the 2011 Statements.

The financial statements for 30 June 2010 were stamped by the Queensland Audit Office on 20 October 2011. The financial statements for 30 June 2011 were stamped on 27 April 2012.

STATUTORY REQUIREMENTS

The Local Government Act 2009 requires:

(3) The ***planning and accountability documents*** *include the following documents—*

(a) an annual report;
(b) a 5 year corporate plan;
(c) an annual operational plan;
(d) a long-term community plan;
(e) a long-term financial plan;
(f) a long-term asset management plan;
(g) a report on the results of an annual review of the implementation of the long term plans mentioned in this section.

The Local Government (Finance, Plans and Reporting) Regulation 2010 requires:

108 Preparation of annual report

(1) The local government must prepare an annual report for each financial year.
(2) The annual report must be adopted before—

(a) 30 November in the year after the end of the financial year; or
(b) a later day decided by the Minister.

The Council has sought and was granted an extension of time by the Minister of Local Government.

110 General purpose financial statement

The annual report for a financial year must contain—

(a) the general purpose financial statement for the financial year, audited by the auditor-general; and
(b) the auditor-general's audit report about the general purpose financial statement.

111 Community financial report

The annual report for a financial year must contain the community financial report for the financial year.

112 Relevant measures of financial sustainability

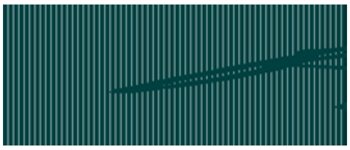
The annual report for a financial year must state—

(a) the relevant measures of financial sustainability for the financial year for which the report has been prepared and the next 9 financial years; and

(b) an explanation of the local government's financial management strategy that is consistent with the long-term financial forecast.

CONCLUSION

Attached is Council's Annual Report, Community Financial Report and Financial Statements in accordance with s104 of the Local Government 2009.



John Scarce Chief Executive Officer	Anthony Bird Executive Manager Corporate and Finance

ATTACHMENTS: 1) Annual Report
2) Community Financial Report
3) Certified Financial Statements

TORRES STRAIT ISLAND REGIONAL COUNCIL

REPORT/DISCUSSION PAPER

SPECIAL MEETING	**MAY 2012**
DATE:	**31st MAY 2012**
AGENDA ITEM:	**7.2**
SUBJECT:	**2010 FINANCIAL STATEMENTS**
AUTHOR:	**Anthony Bird, Executive Manager Corporate and Finance**

RECOMMENDATION

That Council acknowledges that it has been presented with:

A copy of the Queensland Audit Office stamped report for the Financial Statements ending 30 June 2011;
The transmittal letter to the Mayor for the period ending 2011; and
The transmittal letter to the Mayor for the period ending 2010 .

PURPOSE

The purpose of this report is to present to Council the Financial Statements for the year ending 2011.

OFFICER COMMENT

Council is aware that the organisation that is Torres Strait Island Regional Council has had many Audit issues to overcome since the Amalgamation in March 2008.

The Council for the financial year ending 30 June 2009 was unable to achieve a good Audit result. The findings of the Auditor General were such that the Council accounts were “Disclaimed” which essentially meant that the Auditor General was unable to form an opinion on the financial statements. The findings are shown below:

Disclaimer of Auditor's Opinion

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

(a) I have not received all the information and explanations which I have required; and

(b) in my opinion, because of the existence of limitations on the scope of my work as described in the preceding paragraphs, and the effect of such adjustments, if any, as might have been determined to be necessary had these limitations not existed, I am unable to and do not express an opinion as to whether -

  (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Torres Strait Island Regional Council for the financial period 15 March 2008 to 30 June 2009 and of the financial position as at the end of that period.

AUDITOR GENERAL
23 DEC 2010
OF QUEENSLAND

G G POOLE FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane

As can be seen, from the Date of the certification, the Council did every thing possible to try to achieve a better Audit Result. It even resubmitted the accounts. The afore certification occurred 18 months after the end of the financial year.

There have been many issues associated with receiving timely Audit Reports. Attached are the Certified Statements from the Queensland Audit Office. These accounts were provided to the Council in September 2011 – which again is approximately eight months after the close of the financial year.

However, there is "better" news associated with the 2011 accounts. The Auditor General has qualified the accounts. What this essentially means is that some of the accounts had not complied completely with Accounting Standards and legislation, but on the whole, the Auditor General was able to form an opinion on the accounts.

The opinion of the Auditor General is shown below for information:

Qualified Opinion

In accordance with s.40 of the *Auditor-General Act 2009,* except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above:

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

(i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Torres Strait Island Regional Council for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

V P MANERA FCPA
(As delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

DEPUTY AUDITOR GENERAL
27 APR 2012
OF QUEENSLAND

Auditor General Major Issues

The basis for Disclaimer around the 2009 accounts were:

- Cash and cash equivalents;
- Housing debtor rentals;
- Trade, other receivables and individual debtor records;
- Employee / CDEP payrates; and
- Annual leave and long service leave balances.

The basis for the qualification around the 2011 accounts were:

- Cash and cash equivalents;
- Housing debtor rentals;
- Payroll function: Annual leave and long service leave balances; and
- 2010 Values of Councils property, plant and equipment

There are consistent points in the above, namely – payroll issues and housing and other debtor issues. A concerted effort has been made this financial year to rectify the payroll records by building new employee files for all staff. The Council is also in the process of requiring staff to critically review their accruals with a view towards fixing any inaccuracy. With the impending move of Housing to the Department of Communities, it is also expected that this qualification point in future years will drop off.

STATUTORY REQUIREMENTS

Division 2 External auditing
161 Auditing of general purpose financial statement by auditor-general

(1) A local government's general purpose financial statement for a financial year must be given to the auditor-general for auditing—
(a) as soon as practicable after the end of the financial year; and
(b) no later than 15 September of the next financial year.

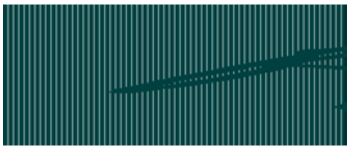
(2) The general purpose financial statement must be accompanied by a certificate in the approved form given by the mayor and chief executive officer, certifying that the statement—
(a) has been prepared in accordance with the relevant accounting documents; and
(b) accurately reflects the local government's financial performance and position for the financial year.

(3) If the Minister considers a local government has not been able to give the auditor-general its general purpose financial statement under subsection (1) because of extraordinary circumstances, the Minister may, by notice to the local government, extend the time by which the statement must be given.

162 Presentation of auditor-general's report
(1) This section applies if the auditor-general gives the mayor of a local government a copy of the auditor-general's report about the local government's general purpose financial statement.
(2) The mayor must present a copy of the report at the next ordinary meeting of the local government.

CONCLUSION

The Queensland Audit Office 2011 accounts are presented to Council. The accounts are an improvement on previous years as the Auditor General was able to form an opinion on these accounts. The accounts are a positive step forward for the organisation.



John Scarce Chief Executive Officer	Anthony Bird Executive Manager Corporate and Finance

ATTACHMENTS: ***Certified Financial Statements 2011***
Transmittal Letter to Mayor 2011
Transmittal Letter to Mayor 2010

TORRES STRAIT ISLAND REGIONAL COUNCIL

REPORT/DISCUSSION PAPER

COUNCIL SPECIAL MEETING MAY 2012
DATE: **31st MAY 2012**
AGENDA ITEM: **8.1**
SUBJECT: **DEVELOPMENT APPLICATION – SAIBAI ISLAND IBIS STORE**
AUTHOR: **Patrick McGuire – Executive Manager Engineering Services**

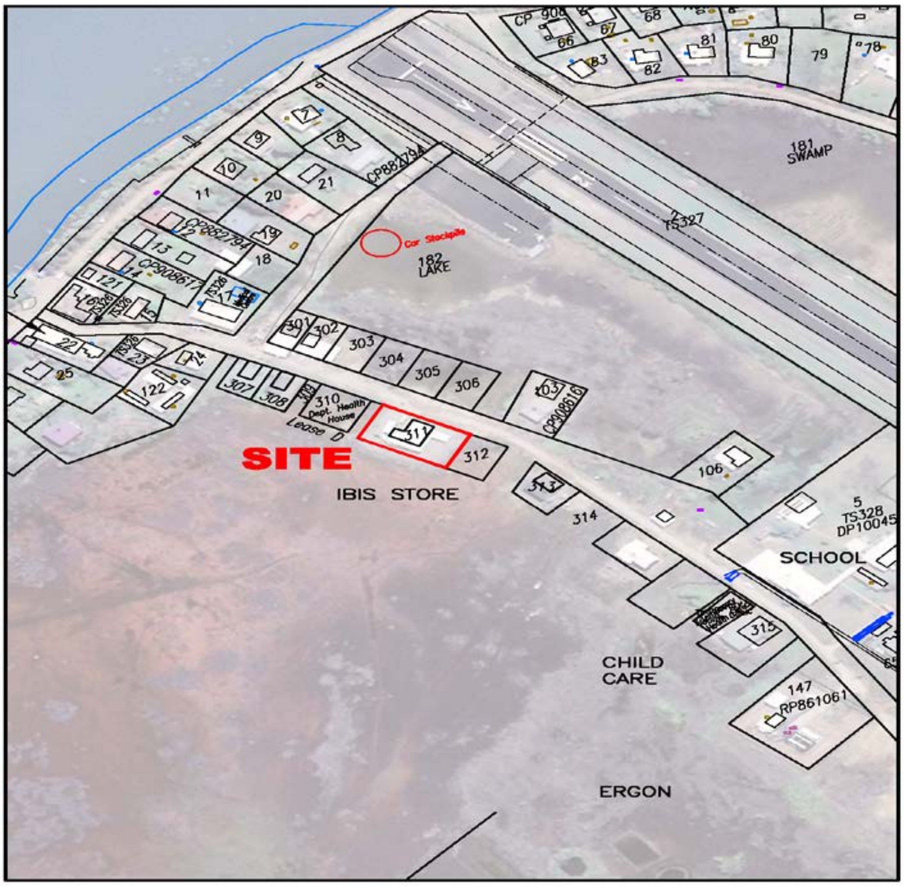
APPLICANT: Islanders Board of Industry and Service

LOCATION: 311 School Road, Saibai Island

PROPERTY DESCRIPTION: Lot 3 TS157 (Lease B on SP136902)

ATTACHMENTS: Lease Plan (Lease B on SP136902)
Gateway Constructions Site Plan, Floor Plan & Elevations

LOCALITY PLAN



EXECUTIVE SUMMARY

Council has received an application from IBIS to establish a new shop on land at School Road, Saibai Island, identified as Lease B on SP136902 (part of Lot 3 on TS157). Plans of the proposed development are ***attached****. It is noted that the subject site already contains a shop which will be demolished to make way for the new shop.*

An assessment of the proposed development has been undertaken to determine its consistency with the Torres Strait Sustainable Land Use Plans and relevant State Government legislation. A summary of the relevant matters is provided as follows:

- *As a lease already exists, the proposal does not include 'Reconfiguration of Lot' or any other 'assessable development' under the Sustainable Planning Act 2009; therefore, Council is not required to issue a formal approval (i.e. development permit).*
- *Notwithstanding the above, an assessment of the proposed land use has been undertaken to ensure that relevant planning matters have been addressed prior to the construction stage.*
- *Council is required to consent to an application for Building Works as land owner (despite the existence of a lease), so conditions of approval can be imposed on the basis that they must be complied with prior to providing this consent.*

RECOMMENDATION

Based on the above, the recommendation is as follows:

That Council advises IBIS that is supports the proposed development and will consent to an application for Building Works, subject to the following conditions:

(a) The applicant is to ensure that any works are limited to the approved lease area;
(b) The applicant is to obtain Building Approval in accordance with the Building Act prior to commencing construction; and
(c) The proposed use is required to be adequately serviced by provision of water supply, sewerage disposal, electricity and telecommunications and any infrastructure upgrade costs are to be borne by the applicant.

Further to the above, it is recommended that Council provide the applicant with the following advice:

State Planning Policy 3/11: Coastal Protection identifies the subject site as being within the 'High' Hazard Area. For further information, refer to *http://www.derm.qld.gov.au/coastalplan/*

DISCUSSION

1. SUSTAINABLE PLANNING ACT 2009

   The proposed use would be defined as a 'Material Change of Use' and may require a 'Development Permit' where a formal planning scheme was in place. As this is not the case, no formal approval is required to be, or can be issued for the use.

   As the proposed land use is not 'assessable development' under SPA, conditions cannot be formally issued in relation to it. Usually conditions would be imposed through a lease agreement, however as a lease is not required, it is recommended that Council impose conditions that must be met prior to lodgement of an application for Building Works, which Council must consent to as trustee (land owner).

2. TORRES STRAIT SUSTAINABLE LAND USE PLANS

   While no formal planning scheme exists for the Torres Strait Islands Regional Council area, Sustainable Land Use Plans (SLUP's) have been prepared for each island which allow for an assessment of planning matters to be undertaken. These SLUP's are informal in nature, however provide much of the same information and planning direction as a planning scheme. A brief summary and assessment against the relevant SLUP is provided in the following:

Summary Table

Land Use Category:	Community
Tenure:	DOGIT
Coastal Hazard:	High
Slope Analysis:	0 – 1%
Vegetation Classes:	Regional Ecosystem - Non-Remnant Vegetation Communities - Cleared
Watercourses & Habitats:	Low Value Habitat
Cultural & Heritage Significance:	Not Applicable
Acid Sulphate Soils:	Applicable

Bushfire Risk:	Not Applicable
Service Availability:	- Water - Sewer - Electricity - Telstra

Land Use Category

A review of the proposal against the Saibai Island SLUP indicates that the site is included in the 'Community' Land Use Category. The extension of a shop is therefore considered consistent with the intent of this land.

Relevant Mapping/Compliance Issues

- Coastal Management & Climate Change
- Potential Acid Sulphate Soil

Coastal mapping was been undertaken in the Sustainable Land Use Plan in accordance with the Draft Queensland Coastal Plan which has recently taken effect as a State Planning Policy (SPP 3/11: Coastal Protection). The mapping identifies current and future predicted inundation events to ensure that appropriate planning takes place to mitigate the impacts of these events. In this case, the subject site is identified as being in a 'High' Hazard Area. Given the nature of the proposal, being for the redevelopment of an existing shop, compliance can be demonstrated with the policy on the basis that the proposal is a 'specified development' (i.e. one which does not increase the existing risk to people of property). Notwithstanding, it is recommended that the applicant be advised that the site is located in a 'High' Hazard Area.

Disturbance of Acid Sulphate Soils is possible due to the location of the site under 20m above Mean Sea Level; however any impacts are likely to be minimal and would not warrant management procedures.

Services

The subject site is located in an area which is able to be serviced with water supply, sewer, electricity and telecommunications.

3. INTERNAL REFERRAL COMMENTS/CONDITIONS

Engineering

Not applicable.

Environmental

Not applicable.

Communities

Not applicable.

4. STATE REFERRAL AGENCY COMMENTS/CONDITIONS
   Not applicable.
5. other considerations
   Not applicable.
6. RECOMMENDATIONS
   From the information provided, the proposed development appears to be relatively consistent with the requirements of the Sustainable Land Use Plan for Saibai Island and relevant State policies and therefore should be supported by Council.

Report Prepared By: *RPS (Cairns) – Evan Yelavich*
Date Prepared: *1 March 2012*

John Scarce	Patrick V McGuire
Chief Executive Officer	**Executive Manager, Engineering Services**

ATTACHMENTS: ***(1) GWSUBBY Working Drawing Plans***
(2) Survey Plan – SP136902

TORRES STRAIT ISLAND REGIONAL COUNCIL

REPORT/DISCUSSION PAPER

COUNCIL SPECIAL MEETING MAY 2012
DATE: **31st MAY 2012**
AGENDA ITEM: **8.2**
SUBJECT: **DEVELOPMENT APPLICATION – DAUAN ISLAND IBIS STORE/DWELLING AND CREATION OF LEASE**
AUTHOR: **Patrick McGuire – Executive Manager Engineering**

APPLICANT: Torres Strait Islands Regional Council on behalf of Gateway Constructions

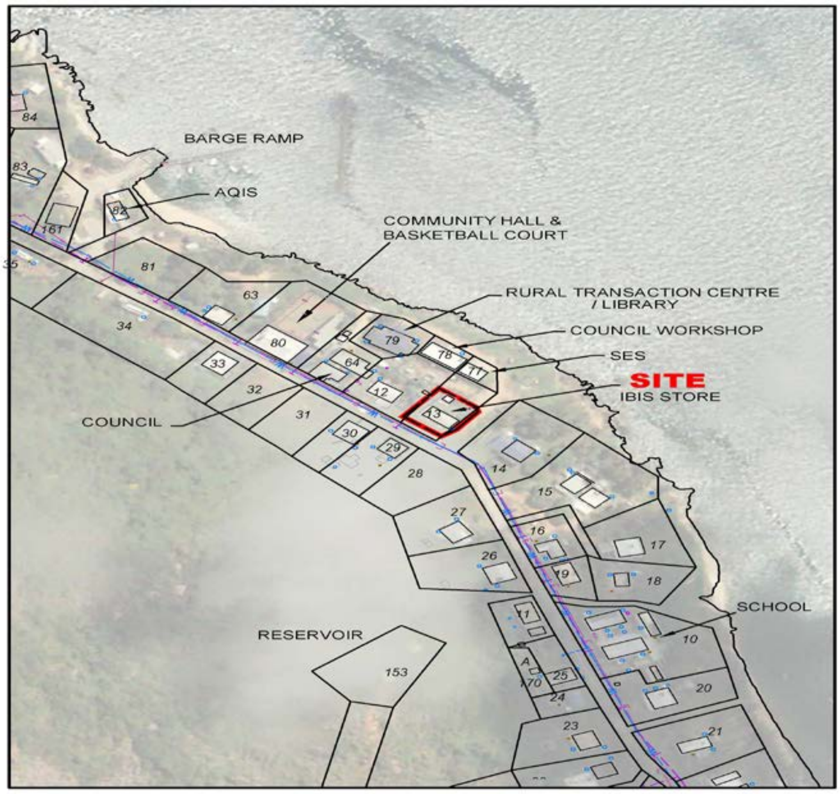
LOCATION: Dauan Island

PROPERTY DESCRIPTION: Lot 9 on TS169 (Lease H on SP224617)

ATTACHMENTS: Gateway Constructions Site Plan (Dwg No. GW-011-036 WD 1.0)

Gateway Constructions Elevations (Dwg No. GW-011-036 WD 3.0)
H2O Consultants Site and Soil Evaluation Report

LOCALITY PLAN



EXECUTIVE SUMMARY
*Council has received an application from Gateway Constructions to establish a new IBIS shop and dwelling on Dauan Island (Lease H on SP224617). Plans of the proposed development are **attached**.*

An assessment of the proposed development has been undertaken to determine its consistency with the Torres Strait Sustainable Land Use Plans and relevant State Government legislation. A summary of the relevant matters is provided as follows:

- *As a lease already exists, the proposal does not include 'Reconfiguration of Lot' or any other 'assessable development' under the Sustainable Planning Act 2009; therefore, Council is not required to issue a formal approval (i.e. development permit).*
- *Notwithstanding the above, an assessment of the proposed land use has been undertaken to ensure that relevant planning matters have been addressed prior to the construction stage.*
- *Council is required to consent to an application for Building Works as land owner (despite the existence of a lease), so conditions of approval can be imposed on the basis that they must be complied with prior to providing this consent.*

RECOMMENDATION
Based on the above, the recommendation is as follows:

That Council advises the applicant that is supports the proposed development and will consent to an application for Building Works, subject to the following conditions:

(d) The applicant is to ensure that any works are undertaken in accordance with the submitted plans and are limited to the approved lease area;
(e) The applicant is to obtain Building Approval in accordance with the Building Act prior to commencing construction; and
(f) The proposed use is required to be serviced by provision of water supply, sewerage disposal, electricity and telecommunications to the satisfaction of Council, and any infrastructure upgrade costs are to be borne by the applicant.

DISCUSSION

7. SUSTAINABLE PLANNING ACT 2009 (SPA)
The proposed use would be defined as a ‘Material Change of Use’ and may require a ‘Development Permit’ where a formal planning scheme was in place. As this is not the case, no formal approval is required to be, or can be issued for the use.

As the proposed land use is not ‘assessable development’ under SPA, conditions cannot be formally issued in relation to it. Usually conditions would be imposed through a lease agreement, however as a lease is not required, it is recommended that Council impose conditions that must be addressed as part of an application for Building Works, which Council must consent to as trustee (i.e. land owner).

8. TORRES STRAIT SUSTAINABLE LAND USE PLANS
While no formal planning scheme exists for the Torres Strait Islands Regional Council area, Sustainable Land Use Plans have been prepared for each island which allow for a planning assessment to be undertaken. These SLUP’s are informal in nature, however provide much of the same information and planning direction as a planning scheme. A brief summary and assessment against the relevant SLUP is provided in the following:

Summary Table

Land Use Category:	Community
Tenure:	DOGIT/Lease
Coastal Hazard:	Not Applicable
Slope Analysis:	Flat
Vegetation Classes:	Regional Ecosystem - Non-Remnant Vegetation Communities - Cleared
Watercourses & Habitats:	Low Value Habitat
Cultural & Heritage Significance:	Not Applicable
Acid Sulphate Soils:	Applicable
Bushfire Risk:	Not Applicable
Service Availability:	- Water - Electricity - Telstra

Land Use Category

A review of the proposal against the Dauan Island SLUP indicates that the site is included in the 'Community' Land Use Category. The establishment of a shop is considered to be consistent with the intent of this designation while a dwelling would generally be considered inconsistent with the intent of this land, however it is noted that the dwelling will be used by IBIS employees as a caretaker's residence. On this basis, the use is considered appropriate and a condition of approval has been added to ensure that its use is limited to this arrangement.

Relevant Mapping/Compliance Issues

- Potential Acid Sulphate Soil

Significant disturbance of Acid Sulphate Soils is unlikely to occur given that the site is located slightly above 5m AHD and includes raised construction, so management procedures would not be warranted.

Services

The subject site is located in an area which is able to be serviced with water supply, electricity and telecommunications. As no sewer exists on Dauan Island, onsite sewerage disposal will be required. The applicant has provided an onsite effluent report to demonstrate that the proposed development can be adequately serviced (copy **attached**).

9. INTERNAL REFERRAL COMMENTS/CONDITIONS
Engineering

Not applicable.

Environmental

Not applicable.

Communities

Not applicable.

10. STATE REFERRAL AGENCY COMMENTS/CONDITIONS
Not applicable.

11. other considerations
Not applicable.

TORRES STRAIT ISLAND REGIONAL COUNCIL

REPORT/DISCUSSION PAPER

COUNCIL SPECIAL MEETING MAY 2012
DATE: **31st MAY 2012**
AGENDA ITEM: **8.4**
SUBJECT: **DEVELOPMENT APPLICATION – BADU ISLAND CHILD CARE CENTRE**
AUTHOR: **Patrick McGuire – Executive Manager Engineering Services**

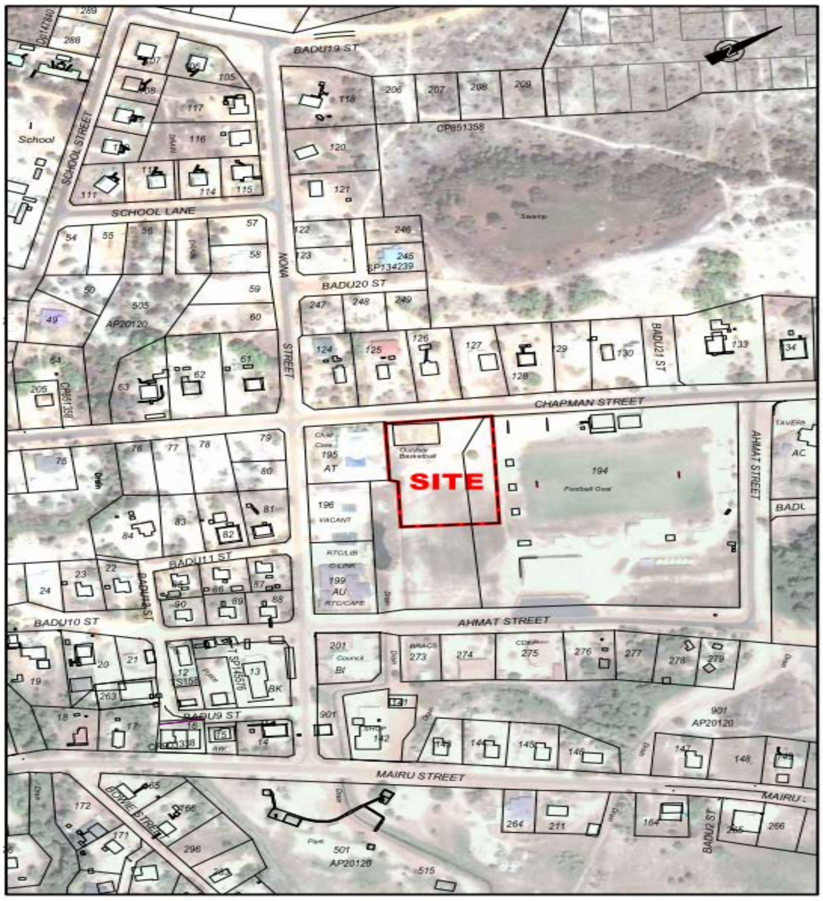
APPLICANT: Department of Education, Employment and Workplace Relations

LOCATION: Chapman Street, Badu Island

PROPERTY DESCRIPTION: Part of Lot 7 on TS158

ATTACHMENTS: Thinc Projects Site Plan, Floor Plans, Elevations and Sections

LOCALITY PLAN



EXECUTIVE SUMMARY

Council has received an application from the Department of Education, Employment and Workplace Relations to establish a 50-place childcare centre at Chapman Street, Badu Island. Plans of the proposed development are ***attached****.*

An assessment of the proposed development has been undertaken to determine its consistency with the Torres Strait Sustainable Land Use Plans and relevant State Government legislation. A summary of the relevant matters is provided as follows:

- *It has been determined by the Department of Environment and Resource Management that a lease is not required for the site given that Council will own and operate the proposed facility.*
- *As no lease is required, the proposal does not include 'Reconfiguration of Lot' or any other 'assessable development' under the Sustainable Planning Act 2009; therefore, Council is not required to issue a formal approval (i.e. development permit).*
- *Notwithstanding the above, an assessment of the proposed land use has been undertaken to ensure that relevant planning matters have been addressed prior to the construction stage.*
- *Council is required to consent to an application for Building Works as land owner, so conditions of approval can be imposed on the basis that they must be complied with prior to providing this consent.*

RECOMMENDATION

Based on the above, the recommendation is as follows:

That Council advises the Department of Education, Employment and Workplace Relations that is supports the proposed development, subject to the following conditions:

1. Development is to be undertaken generally in accordance with the approved plans, being as follows:
   - Drawing No. THI1101_BAD_WD001B – Site Plan
   - Drawing No. THI1101_BAD_WD101B – Floor Plan
   - Drawing No. THI1101_BAD_WD201B – Elevations
   - Drawing No. THI1101_BAD_WD301B – Sections

2. Relevant approvals under the Building Act 1975 must be obtained prior to commencement of works;
3. The proposed development is to be connected to water supply, sewerage, electricity and telecommunications infrastructure to the satisfaction of Council. Details of these connections must be provided to Council prior to lodging an application for Building Works.

DISCUSSION

18. SUSTAINABLE PLANNING ACT 2009 (SPA)

The proposed use would be defined as a 'Material Change of Use' and may require a 'Development Permit' where a formal planning scheme was in place. As this is not the case, no formal approval is required to be, or can be issued for the use.

As the proposed land use is not ‘assessable development’ under SPA, conditions cannot be formally issued in relation to it. Usually conditions would be imposed through a lease agreement, however as a lease is not required, it is recommended that Council impose conditions that must be met prior to lodgement of an application for Building Works, which Council must consent to as trustee (land owner).

Referrals

SPA includes a range of ‘triggers’ which can draw various State Agencies into the assessment of a development application. The subject application does not include any triggers as it does not include ‘assessable development’.

19. TORRES STRAIT SUSTAINABLE LAND USE PLANS

While no formal planning scheme exists for the Torres Strait Islands Regional Council area, Sustainable Land Use Plans have been prepared for each island which allow for a planning assessment to be undertaken. These SLUP’s are informal in nature, however provide much of the same information and planning direction as a planning scheme. A brief summary and assessment against the relevant SLUP is provided in the following:

Summary Table

Land Use Category:	Conservation
Tenure:	DOGIT
Coastal Hazard:	Not Applicable
Slope Analysis:	Flat – Moderate Slope
Vegetation Classes:	Regional Ecosystem - Non-Remnant Vegetation Communities - Cleared
Watercourses & Habitats:	Low Value Habitat Low Value Watercourse
Acid Sulphate Soils:	Applicable
Bushfire Risk:	Not Applicable
Service Availability:	- Water - Sewer - Electricity - Telecommunications

Land Use Category

A review of the proposal against the Badu Island SLUP indicates that the site is included in the 'Conservation' Land Use Category. The establishment of a child care centre is considered to be generally inconsistent with the intent of this land, however it is noted that the site is not unduly constrained by natural features or at risk of natural hazards, so a community facility such as is being proposed is considered appropriate.

Relevant Mapping/Compliance Issues

- Potential Acid Sulphate Soil

Significant disturbance of Acid Sulphate Soils is unlikely to occur given that the site is located well above 5m AHD, so management procedures would not be warranted.

Services

The subject site is located in an area which is considered to be able to be serviced with water supply, sewerage, electricity and telecommunications. A condition of approval has been added to ensure that these services are connected to the satisfaction of Council.

20. INTERNAL REFERRAL COMMENTS/CONDITIONS

Engineering

Not applicable.

Environmental

Not applicable.

Communities

Not applicable.

21. STATE REFERRAL AGENCY COMMENTS/CONDITIONS

Not applicable.

22. other considerations

Not applicable.

23. RECOMMENDATIONS

From the information provided, the proposed development appears to be relatively consistent with the relevant legislative requirements and planning guidelines and therefore should be supported by Council.

Report Prepared By: *RPS (Cairns) – Evan Yelavich*
Date Prepared: *7 February 2012*

[redacted]

John Scarce
Chief Executive Officer

Patrick V McGuire
Executive Manager, Engineering Services

ATTACHMENTS: Pages from Badu IDAS forms.

Your ref:
Our ref: 10-4145
Mr Damon Olive – 3149 6064

Councillor F Gela
Mayor
Torres Strait Island Regional Council
PO Box 501
THURSDAY ISLAND QLD 4875

Dear Councillor Gela

The audit of the Torres Strait Island Regional Council for 2009-10 has been completed.

The general purpose financial statements have been audited and a modified auditor's report issued as outlined below.

While certain aspects of the Council's system of internal controls has improved from 2008-09, there are still a number of significant issues that require further attention. Of particular concern was the lack of documentation available to support the employee benefits expense and related employee provisions, which was consistent with the audit issues raised in the 2008-09 audit. The apparent failure to invoice for housing rental debtors is also concerning, especially given the Council's current operating results.

The prolonged period of time to complete the Council's annual financial statements is also a matter of concern for both the Council and for QAO. While the original draft of the 2010 financial statements were provided to me by 15 September 2010, there have been six subsequent versions of the financial statements. Some of the changes have been on the recommendation of audit to correct accounting treatments (MIP/WIP), or enhance disclosures, however, other changes have resulted from management efforts in continuing to resolve issues such as the legacy debtors inherited from the former island Councils.

While I do appreciate the Council's efforts in resolving these issues, the ongoing adjustment of balances reported in the financial statements extends the timeframe to complete the annual audit. This process will need to be managed carefully in 2011. In this regard, the provision of any subsequent versions of the 2011 financial statements will need to be provided to QAO by the Council, and not directly from the accounting firm engaged by the Council to assist with the financial statements. This will ensure that the Council is aware of, and involved in any adjustments to the statements.

In the 2009-10 audit, requests for documentation (primarily payroll) and management responses to audit issues, took, in some cases, more than three months from the original audit request to the eventual provision of the documentation or response. Your assistance in the development of stream-lined processes to supply supporting documentation and management responses to audit requests would be appreciated and will assist with the timely completion of the audit.

I also note that recently the Council has published the 2008-09 financial statements on the TSIRC website, but Council has failed to include the signed management certificate and signed independent auditor's report. The omission of the these key elements of the financial statements breaches s.110(b) *Local Government (Finance, Plans and Reporting) Regulation 2010* and provides an incomplete view of the Council's financial position. The annual report presented on TSIRC's website should be immediately amended to include the management certificate and independent auditor's report. Any hard copy publications of the document should be recalled and replaced with the complete version.

Basis for Qualified Auditor's Opinion

- *The Council was unable to provide adequate supporting documentation or appropriate reconciliations to substantiate the completeness and accuracy of rental income. The rental income reported in the statement of comprehensive income agrees to the amount of rental income disclosed in the statement of cash flows, indicating that no receivables have been raised in respect of housing rentals during either 2010 or the comparative 2009 period. As a consequence, I am unable to and do not express an opinion on the completeness and accuracy of rental income of $4,240,732 (2009: $3,732,565), reported in Note 3(c), nor on the other debtors balance of $13,582,075 (2009: $20,665,284) or the impairment balance of $5,170,106 (2009: $13,409,432), both disclosed in Note 10. In addition, I am also unable to and do not express an opinion on the aging analysis of receivables disclosed in Note 28. The impact of these matters on the financial report is unable to be practicably quantified due to the absence of reliable source documents.*
- *The Council failed to maintain an effective system of internal control and adequate supporting documentation in respect of its payroll function. Accordingly, I am unable to and do not express an opinion on the completeness, accuracy and validity of employee benefits expense of $32,934,664 (2009: $42,520,619), disclosed in Note 5, nor on the annual leave liability of $1,598,027 (2009: $1,484,946) and the long service leave liability of $969,143 (2009: $801,278), reported in Note 15 and Note 18 respectively. The impact of this matter on the financial report is unable to be practicably quantified due to the absence of reliable source documents.*
- *Subsequent to the end of the financial year additional information pertaining to the fair value of property, plant and equipment was obtained by the Council which indicates that significant uncertainty exists over the completeness and accuracy of the reported property, plant and equipment balances. As this uncertainty is yet to be resolved, I am unable to and do not express an opinion on the total written down value of property, plant and equipment assets of $526,339,283 (2009: $537,764,807), reported in Note 14; the associated depreciation expense of $21,208,907 (2009: $27,621,778), reported in Note 8; and the increase/decrease in asset revaluation surplus of nil (2099: nil), reported in other comprehensive income in the statement of comprehensive income.*
- *The Council's analysis of results by function is inconsistent with the amounts reported in the financial statements. The statement of comprehensive income reports total expenses of $80,314,431 and a net operating surplus of ($15,039,540) whereas Note 2(b) reports total expenses of $85,238,332 and a net operating surplus of ($19,963,443), a variance of $4,923,901. In addition, total assets as per Note 2(b) is $581,321,790 compared with total assets as per the statement of financial position of $551,044,469, a variance of $30,277,321. The net result from recurring operations of $30,710,388, as per Note 2(b), is also unable to be supported.*

- *The Council did not submit Business Activity Statements (BAS) or remit GST to the Australian Taxation Office for the period 1 July 2009 to 30 June 2010. While the BAS returns for the period were subsequently submitted in June 2011, insufficient documentation was provided to substantiate the GST payable balance at 30 June 2010 of $3,324,787 (2009: $1,810,353), disclosed in Note 15. The Council has also failed to comply with s.21 of the Local Government Finance Standard 2005 which requires Council to provide a notional GST certificate to the Minister by 15 September for the most recently completed financial year. I am, therefore, unable to and do not express an opinion on the reported GST payable. The impact of this matter on the financial report cannot be practicably quantified due to the absence of reliable source documents.*
- *The amount of superannuation contributions paid by the Council during 2010 is reported in Note 22 as $1,653,659 (2009: $1,436,087). However, the Council has failed to disclose that these contributions include an amount of $755,051 (2009: $870,480), reported in the trade and other payables balance at 30 June 2010, relating to long overdue superannuation contributions which the Council has failed to remit to the relevant funds during 2009-10.*
- *In my opinion, Note 25 does not adequately disclose the nature of the prior period errors or the manner in which these errors were corrected in the financial statements as required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. In addition, insufficient documentation was provided to support the adjustments made. Consequently, I am unable to and do not express an opinion on the prior period adjustments made to creditors and accruals of $1,063,709 and debtors impairment of ($3,855,038), disclosed in Note 25. The impact of this matter on the financial report cannot be practicably quantified due to the absence of reliable source documents.*
- *In my opinion, Note 27 does not adequately disclose the significant uncertainty that exists around the Council's ability to continue as a going concern. The Council has made significant losses since its establishment on 15 March 2008. The net operating loss reported in the statement of comprehensive income for 2009 (after adjusting for the impact of the gain on restructuring of local government of $573,825,717) was $23,389,854 and the net operating loss reported for 2010 is $15,039,540. Further, Note 26 discloses an unaudited net operating loss for 2011 of $14,403,986 and the Council is forecasting continued losses in 2012. The Council has also entered negotiations with the Australian Taxation Office to establish a payment plan in order to settle its significant, long outstanding GST liabilities. These practices are indicative of significant cash flow problems demonstrating Council's an inability to meet current obligations from present cash reserves.*
- *In my 2009 report I was unable to obtain all the information and explanations I required in order to form an opinion on the Council's 2008-09 financial report because the Council did not maintain effective systems of internal control over its financial operations during that period. Accordingly, I am still unable to and do not express an opinion on the 2009 comparative amounts and disclosures reported in the 2009-10 financial report.*

AUDIT RESULTS

Details of the audit findings and their impact across the Council are outlined in Appendix A. The Council needs to address the high risk issues as a matter of urgency. For your information I have also referred details of audit issues identified in our individual island audits directly to the Chief Executive Officer. The significant findings from the island audits have been compiled and included in the issues reported in Appendix A.

To indicate the significance of these issues to your organisation, each issue raised has been assessed as high, moderate or low risk. Definitions of these risk categories are included in Appendix A.

The audit findings should be placed before the Council at its next meeting. Management have outlined the proposed course of action to be taken in response to these matters and I would welcome any further comments that Council wishes to provide in relation to the issues raised. We will consider Council's progress towards resolving these matters in finalising our audit work on the 2010-11 financial statements.

REPORT TO PARLIAMENT

The *Auditor-General Act 2009* requires the Auditor-General to report to Parliament an issue raised during an audit if he considers it to be significant. High risk issues would be considered to be significant issues for reporting to Parliament, however, whether these issues are reported depends on a number of factors including action taken to resolve these issues prior to the completion of the audit. If the Auditor-General intends to include an issue from this audit in a future report to Parliament, you will be given an opportunity to comment on the issue raised and your comments will be reflected in the report.

AUDITED FINANCIAL STATEMENTS

If you intend to electronically present the financial statements and our audit report on your website or distribute them via other electronic media including CD Rom, an additional paragraph has been included in the independent audit report to reflect the uncertainty in relation to the security of an entity's website and the potential misuse of any signatures included on the website. Responsibility for the electronic presentation of these reports on your website is that of your management or other governing body.

A separate Independent Audit Report has been provided to the Council for inclusion with electronic versions of the financial statements.

OTHER MATTERS

The original statements have been returned to the Chief Executive Officer of the Torres Strait Island Regional Council. A stamped copy of the audit certified statements is enclosed for your information.

Copies of this letter and all matters reported in Appendix A have been forwarded to the Attorney-General, Minister for Local Government and Special Minister of State and the Chief Executive Officer of the Torres Strait Island Regional Council. A copy of this letter and an extract of the significant issues contributing to the modified Independent Auditor's Report have been provided to the Deputy Premier, Treasurer and Minister for State Development and Trade.

The audit fee is currently being finalised and the final invoice for the 2009-10 audit will be issued to the Chief Executive Officer in due course.

If you would like to discuss this matter further, please contact me or have one of your officers contact Mr Damon Olive, Director of Audit, on 3149 6064.

Yours sincerely

Glenn Poole
Auditor-General

Enc.

Torres Strait Island Regional Council
Financial statements
For the year ended 30 June 2011

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Torres Strait Island Regional Council
Statement of Comprehensive Income
For the year ended 30 June 2011

	Note	Council 2011 $	Council 2010 $
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	46,092	148,882
Fees and charges	3(b)	3,323,532	2,076,072
Rental income	3(c)	3,630,940	4,240,732
Interest received	3(d)	226,822	228,797
Sales revenue	3(e)	7,772,757	6,637,927
Other income	3(f)	345,773	612,658
Grants, subsidies, contributions and donations	4(a)	37,698,436	40,582,877
		53,044,352	54,527,945
Capital revenue			
Grants, subsidies, contributions and donations	4(b)	5,679,124	10,746,945
Total revenue		58,723,476	65,274,890
Capital income	5	6,308,708	-
Total income		65,032,184	65,274,890
Expenses			
Recurrent expenses			
Employee benefits	6	(23,181,840)	(32,812,490)
Materials and services	7	(23,364,215)	(25,321,272)
Finance costs	8	(3,092,225)	(849,588)
Depreciation and amortisation	9	(21,435,602)	(21,208,907)
		(71,073,882)	(80,192,257)
Capital expenses	10	(2,706,067)	-
Total expenses		(73,779,949)	(80,192,257)
Net result		(8,747,765)	(14,917,367)
Other comprehensive income			
Increase / (decrease) in asset revaluation surplus	20	152,585,812	-
Total other comprehensive income for the year		152,585,812	-
Total comprehensive income for the year		143,838,047	(14,917,367)

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

QAO CERTIFIED STATEMENTS

Torres Strait Island Regional Council

Statement of Financial Position
as at 30 June 2011

	Note	Council 2011 $	2010 $	1 July 2009 * $
Current assets				
Cash and cash equivalents	11	6,395,272	15,162,663	16,432,884
Trade and other receivables	12	12,626,673	8,480,888	7,443,575
Inventories	13	531,246	1,061,634	893,334
Total current assets		19,553,191	24,705,186	24,769,793
Non-current assets				
Investments		-	-	350,002
Property, plant and equipment	15	702,081,678	526,339,282	537,764,807
Total non-current assets		702,081,678	526,339,282	538,114,809
Total assets		721,634,869	551,044,468	562,884,602
Current liabilities				
Trade and other payables	16	10,105,941	11,249,983	8,313,035
Borrowings	17	37,226	88,930	105,166
Provisions	19	4,732,422	4,291,363	4,139,822
Total current liabilities		14,875,589	15,630,276	12,558,023
Non-current liabilities				
Trade and other payables	16	518,013	442,964	356,534
Borrowings	17	502,298	504,903	557,612
Provisions	19	2,627,317	2,573,767	2,602,509
Total non-current liabilities		3,647,628	3,521,635	3,516,655
Total liabilities		18,523,217	19,151,911	16,074,678
Net community assets		703,111,652	531,892,557	546,809,924
Community equity				
Asset revaluation surplus	20	152,585,812	-	-
Retained surplus/(deficiency)	21	550,525,840	531,892,557	546,809,924
Total community equity		703,111,652	531,892,557	546,809,924

* Council has made a retrospective restatement as a consequence of a correction of an error and therefore, in accordance with AASB 101 has presented a Statement of Financial Position as at the beginning of the comparative period i.e. as at 1 July 2009. Details are disclosed in Note 19 and 27 (a).

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

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Torres Strait Island Regional Council

Statement of Changes in Equity
For the year ended 30 June 2011

	Note	Asset revaluation reserve	Retained Surplus	Total
		20	21	
		$	$	$
Balance as at 1 July 2010		-	531,892,557	531,892,557
Effect of correction of error	27 (c)	-	27,381,047	27,381,047
Restated Balances		-	559,273,604	559,273,604
Net deficit		-	(8,747,765)	(8,747,765)
Other comprehensive income for the year				
Increase / (decrease) in asset revaluation surplus		152,585,812	-	152,585,812
Total comprehensive income for the year		152,585,812	(8,747,765)	143,838,047
Balance as at 30 June 2011		152,585,812	550,525,840	703,111,652
Balance as at 1 July 2009		-	550,435,863	550,435,863
Effect of correction of error	27 (a)	-	(3,625,939)	(3,625,939)
Restated Balances		-	546,809,924	546,809,924
Net deficit		-	(14,917,367)	(14,917,367)
Total comprehensive income for the year		-	(14,917,367)	(14,917,367)
Balance as at 30 June 2010		-	531,892,557	531,892,557

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

QAO
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Torres Strait Island Regional Council

Statement of Cash Flows

For the year ended 30 June 2011

	Note	Council 2011 $	Council 2010 $
Cash flows from operating activities			
Receipts from customers		8,061,494	12,742,637
Payments to suppliers and employees		(46,735,092)	(55,636,000)
		(38,673,598)	(42,893,363)
Interest received		226,822	228,797
Non capital grants and contributions		37,698,436	40,582,877
Borrowing costs		(35,370)	(83,942)
Net cash inflow (outflow) from operating activities	26	(783,710)	(2,165,631)
Cash flows from investing activities			
Payments for property, plant and equipment		(13,610,996)	(9,782,591)
Proceeds from sale of property plant and equipment		2,500	-
Grants, subsidies, contributions and donations		5,679,124	10,746,945
Net cash inflow (outflow) from investing activities		(7,929,372)	964,354
Cash flows from financing activities			
Repayment of borrowings		(35,449)	(33,858)
Repayments made on finance leases		(18,860)	(35,086)
Net cash inflow (outflow) from financing activities		(54,309)	(68,944)
Net increase (decrease) in cash held		(8,767,391)	(1,270,221)
Cash at beginning of the financial year		15,162,663	16,432,884
Cash at end of the financial year	11	6,395,272	15,162,663

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

QAO
CERTIFIED
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1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements for the period 1 July 2010 to 30 June 2011 have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other pronouncements issued by the Australian Accounting Standards Board. They also comply with the requirements of the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*.

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

1.B Statement of compliance

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

1.C Basis of consolidation

Torres Strait Island Regional Council owns the entire issued share capital of Poruma Island Pty Ltd. The Council has determined that this entity's operations and net assets are not material to those of the Council and therefore the assets and liabilities and results of Poruma Island Pty Ltd have not been reflected in these financial statements. There are no other controlled entities.

Refer to Note 14 for the operating results of the controlled entity, Poruma Island Pty Ltd

1.D Constitution

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

1.E 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.F Currency

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

1.G Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

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

	Effective for annual report periods beginning on are after:
AASB 9 *Financial Instruments* (December 2009)	1 January 2013
AASB 124 *Related Party Disclosures* (December 2009)	1 January 2011
AASB 1053 *Application of Tiers of Australian Accounting Standards*	1 July 2013
AASB 1054 *Australian Additional Disclosures*	1 July 2011
2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2009)	1 January 2013
2009-12 *Amendments to Australian Accounting Standards in relation to AASB 8 Operating Segments* (December 2009)	1 January 2011
2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (Interpretation 14)* (December 2009)	1 January 2011
AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*	1 July 2013
AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2011
AASB 2010-5 *Amendments to Australian Accounting Standards*	1 January 2011
AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*	1 July 2011
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	1 January 2013
AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*	1 January 2012
AASB 2010-9 *Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
AASB 2010-10 *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters*	1 January 2013
AASB 10 *Consolidated Financial Statements (August 2011)*	1 January 2013
AASB 11 *Joint Arrangements (August 2011)*	1 January 2013
AASB 12 *Disclosure of Interests in Other Entities*	1 January 2013
AASB 13 *Fair Value Measurement*	1 January 2013
AASB 119 *Employee Benefits (2011)*	1 January 2013
AASB 127 *Seperate Financial Statements' (2011)*	1 January 2013
AASB 128 *Investments in Associates and Joint Ventures' (2011)*	1 January 2013
AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*	1 July 2011
AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements*	1 July 2013
AASB 2011-3 *Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments*	01 July 2012
AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosures*	01 July 2013
AASB 2011-5 *Amendments to Australian Accounting Standards Extending Relief from Consolidation , the Equity Method and Proportionate Consolidation*	01 July 2011
AASB 2011-6 *Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method, and Proportionate Consolidation - Reduced Disclosure Requirements'*	01 July 2013
AASB 2011-7 *Amendments to Australian Accounting Standards arising from Consolidation and Joint Arrangements standards'*	1 January 2013
AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*	1 January 2013

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AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*	01 July 2012
AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (2011)*	1 January 2013
AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements*	1 January 2013

The main impact of AASB is to change the requirements for the classification, measurement and diclosures associated with financial assets. Under the new requirements the four categories of financial assets stipulated in AASB 139 Financial Instruments: Recognition and Measurement will be replaced with two measurement categories: fair value and amortisied cost. Financial assets will only be able to be measured at amortised cost where very specific conditions are me. As a result, the Council will be required to measure its financial assets, including investments in unquoted equity instruments at fair value. The Council has assessed the impact to be minimal as it has few financial instruments and no financial assets comprising unquoted equity instruments. Council does not expect to implement the amendments prior to the adoption date of 1 January 2013.

The reported results and position of the council will not change on adoption of the other pronouncements as they do not result in any changes to the council's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The council does not intend to adopt any of these pronouncements before their effective dates.

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

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

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:
Valuation of property, plant and equipment - Note 1.Q and Note 15
Impairment of property, plant and equipment - Note 1.T and Note 9
Impairment of receivables - Note 1.L and Note 12
Provisions - Note 1.W and 1.Y and Note 19
Contingencies - Note 23

1.I Revenue

Revenue is recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

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

Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. Council does not currently have any reciprocal grants.

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

<u>Housing Rental income</u>
Housing rental revenue from community housing is recognised as income on a periodic straight line basis over the lease term.

<u>Interest and dividends</u>
Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of the controlled entity.

Revenue from enterprise activities

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Fees and charges

Fees and charges are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

1.J Financial assets and financial liabilities

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

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

Financial assets
Cash and cash equivalents (Note 1.K)
Receivables - measured at amortised cost (Note 1.L)

Financial liabilities
Payables - measured at amortised cost (Note 1.V)
Borrowings - measured at amortised cost (Note 1.X)
Finance lease liabilities - measured at amortised cost (Note 1.U)

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

The fair value of financial instruments is determined as follows:

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

The fair value of borrowings, as disclosed in Note 17 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

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

Torres Strait Island Regional Council does not recognise financial assets or financial liabilities at fair value in the Statement of Financial Position.

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

1.K 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, and bank overdrafts.

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1.L Receivables

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

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

Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

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

1.M Inventories

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

Inventories held for distribution are:
- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

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

1.N Other financial assets

Other financial assets are recognised at cost. At present Council does not have any other financial assets.

1.O Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. At 30 June 2011 Council did not have any term deposits in excess of three months.

The controlled entity, Poruma Island Pty Ltd, is accounted for at cost in the Council's separate financial statements. Torres Strait Island Regional Council holds 100% of the shares in the controlled entity. The shares are measured at cost as fair value cannot be reliably measured.

At a meeting of creditors on the 15 March 2011, it was resolved to wind up the company and as it was still highly unlikely the Council would receive any distribution, the investment has been written off.

1.P Community Housing

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

As the buildings held by Council does not meet the definition of Investment Property, these buildings are accounted for in accordance with Note 1.Q Property, Plant and Equipment.

1.Q Property, plant and equipment

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

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

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

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

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

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

<u>Valuation</u>
Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment*. Other plant and equipment is measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years, with interim valuations using a suitable index being otherwise performed on an annual basis where there has been a material variation in the index.

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.

Details of valuers and methods of valuations are disclosed in Note 15.

Plant and equipment is measured at cost.

<u>Capital work in progress</u>
The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

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Depreciation

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

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.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in Note 15.

Unfunded depreciation

Torres Strait Island Regional Council has elected not to fund depreciation expenses for assets.

Land under roads

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

Deed of Grant in Trust Land

The Council is located on land assigned to it under various Deeds of Grant in Trust (DOGIT) pursuant to Section 334 of the Land Act 1962. The land comprises an area of approximately 483.6 square kilometres, across the following Islands:

Badu Island
Boigu Island
Dauan Island
Erub Island
Hammond Island
Iama Island
Moa Island (location of former St Pauls and Kubin Island Councils)
Mabuiag Island
Poruma Island
Saibai Island
Ugar Island
Warraber Island
Masig Island

The land is administered by the Department of Environment and Resource Management and the Council has restricted use of this land for the benefit of Island inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured. The DOGIT land for Mer Island is managed by the Department of Communities.

1.R Intangible assets

Intangible assets with a cost or other value exceeding $10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed. There are currently no intangible assets.

1.S Biological assets

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

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1.T Impairment of non-current assets

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

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

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

1.U Leases

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

Finance leases
Where Council enters into a finance lease, Council recognises an asset equal to the lower of fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

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

1.V Payables

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

1.W Liabilities - employee benefits

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

Salaries and wages
A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 16 as a payable.

Annual leave
A liability for annual leave is recognised. The current portion (based on the expected payment date) is calculated on current wage and salary levels and includes related employee on-costs. The non-current portion is calculated on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability represents an accrued expense and is reported in Note 16 as a payable.

Employee Benefits
The Provision for Employee Benefits has been calculated with reference to award rates of pay and the minimum superannuation guarantee at the time of the employee's services were provided and has not been discounted. Refer to Note 19 and Note 27a for the current provision.

Sick leave
Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future reporting periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non vesting an expense is recognised for this leave as it is taken.

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

Long service leave
A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 19 as a provision.

1.X Borrowings and borrowing costs

Loans payable are measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are

Borrowing costs, which includes interest calculated using the effective interest method and administration fees are expensed in the period in which they were incurred.

Gains and losses on the early redemption of borrowings are recorded in other revenue / expense.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

1.Y Restoration provision

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of the facility. This liability is provided in respect of landfill sites on each of the islands under Council responsibility.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current QTC lending rate is considered an appropriate rate.

Refuse dumps are on DOGIT land which the Council does not control. The cost of the provisions for restoration of these is therefore treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income. The restoration is expected to occur in 2017.

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

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1.Z Asset revaluation surplus

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

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

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

When an asset is disposed of, the amount reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

1.AA Retained surplus

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1.AB Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest $1.

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

1.AC Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

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

1.AD Funds held in trust by outside parties

Some funds belonging to Council are held in trust by third parties. These include grants for major infrastructure projects (MIP). Refer Note 25.

1.AE Taxation

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

1.AF Economic Dependency

Council is dependent upon financial support from the Queensland and Commonwealth Governments. See Note 4 to these financial statements for the detail for this and the previous financial year. Failure to maintain this support would be a significant threat to Council's continued operations, and would probably impact upon the continuity of a significant part of Council's operations. However, Council has no reason to believe that there is any likelihood of such an event or events occurring.

In addition, the Council has initiated a repayment plan with the Australian Taxation Office to settle the Council's outstanding Goods and Services Tax (GST) Liability that has been included as a current payable (refer Note 16). The repayment plan requires ten (10) monthly repayments of $234,056 with the last repayment to be made on the 29 June 2012.

As such, these Financial Statements are prepared on the assumption that Council is a Going Concern as defined in AASB 101 - Presentation of Financial Statements.

1. AG DIVESTMENT OF COMMUNITY ENTERPRISES

During the year ended 30 June 2011, the Council divested a number of community enterprises to third parties. The financial impact of the divestment of these enterprises is reflected in the financial statements in Note 3(e) Sale of Goods, Note 6 Employee Expenses and Note 13 Inventories.

The following enterprises were divested to the Badu Island Foundation in June 2011: Badu Fuel Bowser, Badu Quarry, Badu Motel, Badu Nursery, Badu Contractor's Accommodation

The following enterprise was divested to Mario Sabatino in January 2011: Hammond Island - St Joesph's ferry service

The divestment of the enterprises was performed by tender with the Council retaining ownership of the building assets which are leased on a peppercorn rental to the succesful tenderer to enable the continuation of the enterprise. Other assets of Plant and Equipment were sold as part of the tender process.

1.AH PRIOR PERIOD ERRORS NOT ADJUSTED RETROSPECTIVELY TO PRIOR PERIODS

In preparing the 2011 Financial Statements, Council identiifed a number of errors in the statements prepared in prior years. Due to the lack of available information, Council has elected to correct the errors prospectively as it would be impractical to correct the errors retrospectively in the financial statements. The affected elements of the financial statements are:

i *Contributed Assets - refer note 27 (c)*
Contributed Assets are those assets that have been transferred to the Council from other Governement entities and Departments. The majority of these assets are from infrastructure projects funded by the State and Federal Governments. The assets are recognised upon the practical transfer of the asset to the Council. The assets are recognised at cost as supplied by the Contributor agency/department as the Council believes the provided costs approximate fair value at date of transfer.

A significant number of these contributed assets were completed and transferred to the ownership and custody of the Council in previous reporting periods. The Council has not performed a prior period adjustment as there is uncertainity of when the contributed assets where transferred to the ownership and control of the Council. Many of these assets are part of large infrastructure projects that are completed over several reporting periods.

This prior period error had the effect of understating property, plant and equipment and retained surplus by $10,118,247. The error has been corrected in the current period by increasing property, plant and equipment and retained surplus by $10,118,247 being the cost as supplied by the Contributor agency/department as the Council believes the provided costs approximate fair value at date of transfer. This adjustment has been made at 1 July 2010.

ii *Previously Unidentifed Assets - refer note 27 (c)*
For the year ended 30 June 2011, the Council undertook an extensive process to identify and revalue each individual asset in all Council locations and on the Torres Strait Islands. During this process, a significant number of assets were identifed that were not previously included in the Council asset register with many of these assets in existence when the Council was formed by amalgamation on the 15 March 2008.

The Council has not performed a prior period adjustment as it was not practical to do for a number of reasons such as the lack of information to determine when the asset was aquired or brought into existense, and the quality of accounting records from previous Island Councils prevented a reliable determination of the aquisition cost of these assets. These assets have been accounted for at market valuation as at 30 June 2011. It is considered that this is the most appropriate accounting treatment because had these assets been identifed on amalgamation on the 15 March 2008, they would have been measured at fair value through the gain on amalgamation income account.

This prior period error had the effect of understating property, plant and equipment and retained surplus by an unkown amount . The amount is unknown as the fair value of the previously unidentifed assets on amalgamation date of 15 March 2008 could not be reliable determined. The error has been corrected in the current period by increasing property, plant and equipement and retained surplus by $17,262,800 being the assets fair value at 30 June 2011. This adjustment has been made at 01 July 2010.

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iii *Asset Revaluation Surplus in respect of Road/Transport Network Asset Class - refer Note 15 and Note 20*

There are large swings in some infrastructure totals between the 2009 and 2011 valuations, in particular the roads.

The 2009 valuations were completed shortly after the amalgamation of the individual island councils. Historically, record keeping on the island ranged from average to very poor. Within the time and budget constraints of the valuation exercise, the valuers used their best endeavours to source information on the dimensions and construction attributes, however this was generally limited to discussion with council staff, driving the roads or using Google Earth. Due to the limited information at hand, the valuers took a conservative approach to the valuations in order not to overstate the values.

For the 2011 valuation, the valuers were supplied with CAD drawings completed by an engineering firm, which detailed the dimensions and locations of most of the infrastructure on the islands. This information was significantly more comprehensive than the information that was available for the previous valuation and allowed for more detailed and accurate valuation.

Due to the lack of available information and the limitations of obtaining a revised valuation of all road assets as at the amalgamation date (15 March 2008), it was not feasible to retrospectively correct the gain on amalgamation and thus the retained earnings of the Council at amalgamation. As such, the increase in the depreciable replacement cost as determined by the valuers at 30 June 2011 has been taken to the Asset Revaluation Surplus rather than allocating part of that increase to retained earnings as a prior period adjustment.

This prior period error had the effect of understating property, plant and equipment and retained surplus by an unkown amount . The amount is unknown due to the lack of information in respect of road assets at the amalgamation date of 15 March 2008. The error has been corrected in the current period by increasing property, plant and equipment and the asset revaluation reserve by $84,655,455 being the movement in the fair value of the road assets identified on the 15 March 2008 and those road assets identified on the 30 June 2011.

iv *Work In Progess transferred to Asset Revaluation Surplus - refer Note 20 a.*

For the year ended 30 June 2011, the Council undertook an extensive process to identify and revalue each individual asset in all Council locations and on the Torres Strait Islands. During this process, a number of assets were identifed that were already included in the Council asset register with an additional cost component contained in Capital Work In Progress Account. As these assets are measured on a revaluation basis at 30 June 2011, the most appropriate accounting treatment for the additional Capital Work in Progress component was to transfer this component from capital work in progress account to the asset revaluation surplus to offset the valuation increases that occurred on the 30 June 2011.

This prior period error had the effect of overstating capital works in progress and retained surplus by $3,318,158. The error has been corrected in the current period by decreasing capital works in progress and the asset revaluation reserve by $3,318,158.

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2. Analysis of Results by Function

2(a) Components of council functions

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

Executive
This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements. The key components of the Governance function provides the basis for the administrative framework for the organisation.
Key components of the Governance function include:
- Internal Audit;
- Human Resources;
- Administration for Councillors; and
- Legal Services
- Public Relations
- Risk and Natural Disaster
- CDEP
- Housing

Economic and Community Services
Community Services are linked with Council's commitment to public health, recreational opportunities, the arts and community development.
Some of the key infrastructure used by this program to deliver services include Council's networks of libraries, public parks, child-care centres. Items of a policy nature include management of the Community Development Employment Program (CDEP).
The Program's direct intervention in the areas of health protection, community and recreational development and event sponsorship ensures that the Torres Strait Community and Culture remains vibrant and strong.
Key components of the Economic and Community Services function include:
- Economic Development
- Library Services
- Environment and Health Services
- Senior, Youth Sport and Recreation Services
- Community Police Services

Finance
The Finance function provides the Council and Community with risk management, strategy setting, internal controls and effective resource management.
Key components of the Corporate and Finance function include:
- Procurement and Plant
- Financial Services
- Asset and Risk Management
- Administration and Governance Services
- Records and Information Technology Management

Engineering
Engineering Services are linked with Council's commitment to public health, transport, water and wastewater infrastructure.
Some of the key infrastructure used by this program to deliver services include Council's networks of water and sewer, roads and streets, natural waterways, kerb and channel and water quality.
Key components of the Engineering Services function include:
- Planning Services
- Water Services
- Wastewater Services
- Civil Works Services
- Engineering Services
- Airport & Seaports

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

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2 **Analysis of results by function**

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

Year ended 30 June 2011

Functions	Gross program income		Elimination of	Total	Gross program expenses		Elimination of	Total	Net result	Net	Assets
	Recurring	Capital	inter-function transactions	income	Recurring	Capital	inter-function transactions	expenses	from recurring operations	Result	
	2011 $	2011 $	2011 $	2011 $	2011 $	2011 $	2011 $	2011 $	2011 $	2011 $	2011 $
Executive	15,581,126	-	-	15,581,126	(16,755,687)	(2,706,067)	2,592,447	(16,869,307)	(1,174,561)	(1,288,181)	-
Economic and Community Services	14,195,070	8,444,492	-	22,639,562	(42,671,949)	-	(4,253,459)	(46,925,408)	(28,476,879)	(24,285,846)	326,995,547
Finance	20,091,775	2,420,883	-	22,512,658	(8,617,945)	-	1,192,472	(7,425,473)	11,473,830	15,087,185	86,595,668
Engineering	3,176,381	1,122,457	-	4,298,838	(3,028,301)	-	468,540	(2,559,761)	148,081	1,739,078	308,043,654
Total Council	53,044,352	11,987,832	-	65,032,184	(71,073,882)	(2,706,067)	-	(73,779,949)	(18,029,530)	(8,747,765)	721,634,869

Year ended 30 June 2010

Functions	Gross program income		Elimination of	Total	Gross program expenses		Elimination of	Total	Net result	Net	Assets
	Recurring	Capital	inter-function transactions	income	Recurring	Capital	inter-function transactions	expenses	from recurring operations	Result	
	2010 $	2010 $	2010 $	2010 $	2010 $	2010 $	2010 $	2010 $	2010 $	2010 $	2010 $
Executive	5,795,952	6,615,385	-	12,411,337	(24,275,740)	-	(5,106,506)	(29,382,246)	(18,479,788)	(16,970,909)	53,047,007
Economic and Community Services	24,808,337	68,139	-	24,876,476	(20,447,046)	-	(5,336,887)	(25,783,933)	4,361,291	(907,458)	274,230,018
Finance	19,842,536	1,223,828	-	21,066,364	(18,548,278)	-	14,002,839	(4,545,439)	1,294,258	16,520,925	22,154,609
Engineering	4,081,119	2,839,595	-	6,920,714	(16,921,193)	-	(3,559,446)	(20,480,639)	(12,840,074)	(13,559,925)	201,612,834
Total Council	54,527,944	10,746,946	-	65,274,890	(80,192,257)	-	-	(80,192,257)	(25,664,313)	(14,917,367)	551,044,468

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		Note	Council 2011 $	Council 2010 $
3	**Revenue analysis**			
(a)	**Utility charges**			
	Water consumption, rental and sundries		14,400	58,384
	Sewerage		16,692	32,142
	Waste management		15,000	58,356
			46,092	148,882
(b)	**Fees and charges**			
	Other fees and charges		3,323,532	2,076,072
			3,323,532	2,076,072
(c)	**Rental income**			
	Other rental income		3,630,940	4,240,732
			3,630,940	4,240,732
(d)	**Interest received**			
	Interest received - financial institutions		226,822	228,797
			226,822	228,797
(e)	**Sales revenue**			
	Sale of services			
	Contract and recoverable works		6,000,205	2,290,505
			6,000,205	2,290,505
	Sale of goods			
	Accommodation		44,935	540,340
	Canteens		-	871,892
	Fisheries		156,915	468,986
	Fuel		1,161,612	1,440,172
	Other		223,779	567,357
	Quarries		185,311	458,675
			1,772,552	4,347,422
	Total sales revenue		7,772,757	6,637,927

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

			2011 $	2010 $
(f)	**Other income**			
	Other income		345,773	612,658
			345,773	612,658
4	**Grants, subsidies, contributions and donations**			
(a)	**Recurrent**			
	General purpose grants		20,476,543	31,627,167
	State government subsidies and grants		17,221,893	8,955,710
			37,698,436	40,582,877
(b)	**Capital**			
	General purpose grants		4,388,946	5,231,980
	State government subsidies and grants		1,290,178	5,514,965
			5,679,124	10,746,945

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	Note	Council 2011 $	Council 2010 $
(c) 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:

		2011 $	2010 $
Non-reciprocal grants for expenditure on services		3,618,627	3,359,835
		3,618,627	3,359,835

Contributions recognised as income during a previous reporting period that were obtained in respect of the current reporting period:

		2011 $	2010 $
Non-reciprocal grants for expenditure on services		3,359,835	26,798,771
		3,359,835	26,798,771

5 Capital income

		2011 $	2010 $
Contributed Assets		6,308,708	-

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

6 Employee benefits

	Note	2011 $	2010 $
Total staff wages and salaries		17,779,729	26,233,799
Councillors' remuneration		842,982	897,025
Annual, sick and long service leave entitlements		3,229,479	3,595,500
Superannuation	24	1,340,902	1,682,894
		23,193,092	32,409,218
Other employee related expenses		538,405	880,811
		23,731,497	33,290,029
Less: Capitalised employee expenses		(549,657)	(477,539)
		23,181,840	32,812,490

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

Total Council employees at the reporting date:	2011	2010
Elected members	16	16
Ordinary staff	1,010	1,528
Total full time equivalent employees	1,026	1,544

The significant decrease in employee numbers and employee benefits expense from the year ended 30 June 2010 to the year ended 30 June 2011 is attributable to :

A. From the 01 July 2010 to 30 September 2010, 974 employees were transferred from the Council's CDEP program to the CDEP program managed by Community Enterprises Australia Ltd.

B. Due to divestment of trading operations of the Council to other external Entities and the closure of one trading operation, a small number of employees were transferred to these other external Entities or were made redundant.

		Note	Council 2011 $	Council 2010 $
7	**Materials and services**			
	Advertising and marketing		5,574	15,330
	Administration supplies and consumables		3,173,391	6,992,990
	Communications and IT		1,245,434	1,282,115
	Consultants		107,804	111,862
	Contractors		767,347	919,086
	Donations paid		68,893	107,828
	Insurance		2,215,395	979,984
	Postage and stationery		96,215	214,596
	Power		648,135	1,147,214
	Repairs and maintenance		10,647,577	8,760,103
	Rentals - operating leases		973,915	1,123,244
	Subscriptions and registrations		3,137	9,788
	Travel		830,037	1,061,015
	Other materials and services		2,581,361	2,596,117
			23,364,215	25,321,272

(a) Audit fees for the year ended 30 June 2011 have been estimated at $370,000 excluding out-of-pocket expenses.

		Note	2011 $	2010 $
8	**Finance costs**			
	Finance costs charged by the Queensland Treasury Corporation		35,370	35,614
	Bank charges and other fees		49,483	50,708
	Interest on finance leases		-	48,328
	Impairment of investments		-	350,002
	Impairment of loans to controlled entities		-	282,587
	Impairment provision for trade and other debtors		2,741,093	-
	Bad debts written off		202,495	5,241
	Refuse restoration		63,784	77,108
			3,092,225	849,588
9	**Depreciation and amortisation**			
	Depreciation of non-current assets			
	Buildings (Community)		8,046,593	7,958,326
	Buildings (Corporate)		2,104,870	2,260,613
	Recreation Facilities		428,557	294,013
	Roads/Transport Network		2,053,263	1,847,187
	Stormwater Drainage Network		64,236	21,070
	Flood Mitigation Network		50,954	57,854
	Water Supply Network		2,746,487	2,559,265
	Sewerage Network		3,731,221	3,715,532
	Wharves, Piers, Jetties and Pontoons		392,978	394,845
	Waste Landfill		21,934	-
	Plant and Equipment		1,794,509	2,100,202
	Total depreciation and amortisation	15	21,435,602	21,208,907
10	**Capital expenses**			
	Loss on disposal of non-current assets			
	Proceeds from the sale of property, plant and equipment		2,500	-
	Less: Book value of property, plant and equipment disposed of	15	2,667,039	-
			2,664,539	-
	Revaluation decrement			
	Revaluation down of property, plant and equipment	15	41,528	
			41,528	-
	Total capital expenses		2,706,067	-

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	Note	Council 2011 $	Council 2010 $
11 Cash and cash equivalents			
Cash at bank and on hand		5,071,264	13,953,120
Deposits at call		1,324,008	1,209,543
Balance per Statement of Cash Flows		6,395,272	15,162,663

Cash and deposits at call are held in the National Australia Bank in normal term deposits and business cheque accounts. The bank currently has a short term credit rating of A1+ and long term rating of AA-.

12 Trade and other receivables

	2011 $	2010 $
Current		
Other debtors	13,992,597	12,752,867
Less impairment	(7,910,899)	(5,170,106)
Loans and advances to controlled entities	-	282,587
Impairment of loans to controlled entities	-	(282,587)
Prepayments and accrued income	6,544,975	898,127
	12,626,673	8,480,888

No interest is charged on other debtors. There is geographical concentration of credit risk for fees and other debtors receivable.

Loans to controlled entities relate to advances made to Poruma Island Pty Ltd. This company entered voluntary administration on 4 January 2011. At 30 June 2010 it was determined that the loan was fully impaired as the likelihood of these amounts being recoverable was very low. At a meeting of creditors on the 15 March 2011, it was resolved to wind up the company and as it was highly unlikely the Council would receive repayment of the loan, the loan has been written off.

13 Inventories

	2011 $	2010 $
Inventories held for sale		
Stores and materials	531,246	1,061,634
	531,246	1,061,634
Total inventories	531,246	1,061,634

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14 Investments

	Note	Council 2011 $	Council 2010 $
Interest in controlled entity Poruma Island Pty Ltd		-	350,002
Impairment of investment		-	(350,002)
		-	-

Poruma Island Pty Ltd (ACN 098 641 162) was incorporated on 5 November 2001, to manage the Poruma Island Resort. The operations of the controlled entity have not been consolidated within these financial statements. The results of operations for the financial years 2009-2010 and 2010-2011 are disclosed below.

The shares in Poruma Island Pty Ltd are not traded on an active market and their fair value cannot be ascertained reliably. Accordingly they are shown at cost for the comparative period ended 30 June 2010.

Poruma Island Pty Ltd had ceased trading by the 30 June 2010 and subsequently entered into voluntary administration on 4 January 2011. As it was highly unlikely that there will be any distribution to the Council as the sole shareholder, the investment in Poruma Island Pty Ltd was determined to be fully impaired at 30 June 2010.

At a meeting of creditors on the 15 March 2011, it was resolved to wind up the company and as it was still highly unlikely the Council would receive any distribution, the investment has been written off.

	2011 $	2010 $
Net Profit/(Loss) from ordinary activities before income tax	-	(77,038)
Total assets	-	625,233
Total liabilities	-	(519,838)
Total equity	-	105,395

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15 Property, plant and equipment

Council - 30 June 2011	Note	Buildings (Community)	Buildings (Corporate)	Recreation Facilities	Roads/ Transport Network	Stormwater Drainage Network	Flood Mitigation Network	Water Supply Network	Sewerage Network	Bridges	Wharves, Piers, Jetties and Pontoons	Waste Landfill	Land assets	Plant and Equipment	Work in progress	Total
Basis of measurement		Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	Cost	
Asset values		$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2010		279,960,800	53,183,100	6,285,000	45,480,798	940,000	2,161,000	66,272,000	84,067,900	-	11,207,800	-	630,000	14,007,915	10,955,654	575,151,967
Correction of Error	27 (c)	10,853,835	2,359,585	379,980	6,870,054	2,688,834		2,638,903	1,050,000	40,000	499,856					27,381,047
Restated Balances		290,814,635	55,542,685	6,664,980	52,350,852	3,628,834	2,161,000	68,910,903	85,117,900	40,000	11,707,656		630,000	14,007,915	10,955,654	602,533,014
Additions					2,918,136	1,808,991		559,638				720,942		301,000	17,010,049	23,318,756
Disposals	10	(1,671,733)	(900,000)											(1,503,700)		(4,075,433)
Revaluation adjustment to asset revaluation surplus	20	169,170,017	37,453,765	7,078,020	114,429,220	3,662,174	2,234,000	26,399,459	15,015,100	41,000	7,769,344		20,000			383,272,099
Revaluation adjustment to income	10											(8,942)				(8,942)
Transfers to Materials and Service and Other															(6,717,594)	(6,717,594)
Transfers between classes		6,334,081	(968,651)	2,176,600	5,712,992		(345,000)	1,430,000	486,000			376,000		405,995	(15,581,232)	26,785
Closing gross value as at 30 June 2011		464,647,000	91,127,799	15,919,600	175,411,200	9,099,999	4,050,000	97,300,000	100,619,000	81,000	19,477,000	1,088,000	650,000	13,211,210	5,666,877	998,348,685
Accumulated depreciation and impairment																
Opening balance as at 1 July 2010		18,301,408	5,222,027	674,784	4,235,101	48,357	132,780	5,873,723	8,527,450	-	907,349	-	-	4,889,706	-	48,812,685
Depreciation provided in period	9	8,046,593	2,104,870	428,557	2,053,263	64,236	50,954	2,746,487	3,731,221		392,978	21,934		1,794,509		21,435,602
Depreciation on disposals	10	(410,505)	(111,523)											(886,366)		(1,408,394)
Revaluation adjustment to asset revaluation surplus	20	120,461,839	30,576,592	5,111,588	29,773,765	1,907,407	952,102	21,067,056	10,619,321	41,000	6,857,073			-		227,367,743
Revaluation adjustment to income	10											32,586				32,586
Impairment adjustment to asset revaluation surplus	25															-
Impairment adjustment to income	10															-
Transfers between classes		(79,235)	(406,067)	305,370	71,221	-	(15,836)	145,034	36,008			19,581		(49,291)		26,785
Accumulated depreciation as at 30 June 2011		146,320,100	37,385,899	6,520,299	36,133,350	2,020,000	1,120,000	29,832,300	22,914,000	41,000	8,157,400	74,101	-	5,748,558	-	296,267,007
Total written down value as at 30 June 2011		318,326,900	53,741,900	9,399,301	139,277,850	7,079,999	2,930,000	67,467,700	77,705,000	40,000	11,319,600	1,013,899	650,000	7,462,652	5,666,877	702,081,678
Range of estimated useful life in years		10 - 50	10 - 60	15 - 50	8 - 100	50	50	10 - 50	10 - 40	20	15 - 50	15 - 50	Land: Not depreciated	4 - 40	WIP: Not depreciated	

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Torres Strait Island Regional Council
Notes to the Financial Statements
For the year ended 30 June 2011

Council - 30 June 2010	Note	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	Land assets	Plant and Equipment	Work in progress	Total
Basis of measurement		Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	Cost	
Asset values		$	$	$	$	$	$	$	$	$	$	$		$
Opening gross value as at 1 July 2009		279,670,800	53,473,100	6,285,000	45,446,300	940,000	2,161,000	66,272,000	84,067,900	11,207,800	630,000	11,669,263	3,564,213	565,387,376
Adjustment to opening value	36													-
Additions					34,498							2,356,652	7,391,441	9,782,591
Disposals	5											(18,000)		(18,000)
Revaluation adjustment to asset revaluation surplus	25													-
Revaluation adjustment to income	5													-
Assets classified as held for sale	15													-
Assets transferred to investment property	17													-
Transfers between classes		290,000	(290,000)											-
Closing gross value as at 30 June 2010		279,960,800	53,183,100	6,285,000	45,480,798	940,000	2,161,000	66,272,000	84,067,900	11,207,800	630,000	14,007,915	10,955,654	575,151,967
Accumulated depreciation and impairment														
Opening balance as at 1 July 2009		10,343,082	2,961,414	380,771	2,387,914	27,287	74,926	3,314,458	4,811,918	512,504	-	2,807,504	-	27,621,778
Adjustment to opening value	36													-
Depreciation provided in period	9	7,958,326	2,260,613	294,013	1,847,187	21,070	57,854	2,559,265	3,715,532	394,845	-	2,100,202		21,208,907
Depreciation on disposals	5											(18,000)		(18,000)
Revaluation adjustment to asset revaluation surplus	25													-
Revaluation adjustment to income	5													-
Impairment adjustment to asset revaluation surplus	25													-
Impairment adjustment to income														-
Assets classified as held for sale														-
Assets transferred to investment property														-
Transfers between classes														-
Accumulated depreciation as at 30 June 2010		18,301,408	5,222,027	674,784	4,235,101	48,357	132,780	5,873,723	8,527,450	907,349	-	4,889,706	-	48,812,685
Total written down value as at 30 June 2010		261,659,392	47,961,073	5,610,216	41,245,697	891,643	2,028,220	60,398,277	75,540,450	10,300,451	630,000	9,118,209	10,955,654	526,339,282
Range of estimated useful life in years		1-49	1 - 56	2.5 - 49	6 - 41	41 - 46	11 - 49	2 - 38	4 - 38	2 - 44	Land: Not depreciated	1 - 26	-	

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15 Property, plant and equipment valuations were determined by reference to the following:

Land assets

Freehold Land was revalued at current market value as at 30 June 2011 as determined by AssetVal Pty Ltd (Property, Plant, Equipment and Infrastructure Consultants). All land assets are situated on Thursday Island, where a market exists for land.

Leasehold Land within the Council area is subject to a Deed Of Grant In trust (DOGIT). The land is administered by the Department of Environment and Resource Management and the Council has restricted use of this land for the benefit of island inhabitants. The DOGIT land has not been taken up in the Council's assets as it cannot be reliably measured.

Buildings

Buildings have been comprehensively revalued at written down current replacement cost as at 30 June 2011 as determined by AssetVal Pty Ltd (Property, Plant, Equipment and Infrastructure Consultants).

Plant and equipment

Plant and equipment in existence at 15 March 2008 have been included at their deemed cost as at 15 March 2008 as determined by Rushton Assetval Pty Ltd (Property, Plant, Equipment and Infrastructure Consultants) less accumulated depreciation at 30 June 2011. Plant and equipment aquired since the 15 March 2008 has been included at cost less accumulated depreciation at 30 June 2011.

Refer to accounting policy note 1.Q for further details.

Infrastructure

Infrastructure was comprehensively revalued at written down current replacement cost as at 30 June 2011 as determined by AssetVal Pty Ltd (Property, Plant, Equipment and Infrastructure Consultants).

Infrastructur assets include the following asset classes: Recreation Facilities, Roads/ Transport Network, Stormwater Drainage Network, Flood Mitigation Network, Water Supply Network, Sewerage Network, Wharves, Piers, Jetties and Pontoons and Waste Landfill.

Capital Work in Progress

Capital work in progress reflects expenditure incurred on infrastructure and housing programs that was not complete at 30 June 2011 and therefore was not subject to the valuation exercise. Capital work in progress is held at cost.

16 Trade and other payables

	Note	Council 2011 $	Council 2010 $
Current			
Creditors and accruals		5,739,198	6,770,133
Annual leave		1,074,006	1,155,063
GST Payable		3,292,737	3,324,787
		10,105,941	11,249,983
Non-current			
Creditors and accruals		26,687	-
Annual leave		491,326	442,964
		518,013	442,964

17 Borrowings

	Note	2011 $	2010 $
Current			
Loans - Queensland Treasury Corporation		37,226	70,070
Finance leases	18	-	18,860
		37,226	88,930
Non-current			
Loans - Queensland Treasury Corporation		502,298	504,903
Finance leases	18	-	-
		502,298	504,903
Loans - Queensland Treasury Corporation			
Opening balance at beginning of financial year		574,973	608,831
Principal repayments		(35,449)	(33,858)
Book value at end of financial year		539,524	574,973

The QTC loan market value at the reporting date was $557,622. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

No assets have been pledged as security by the Council for any liabilities.

All borrowings are in $A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates is 31 March 2020. There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

The Council has no bank overdraft facility.

	Note	Council 2011 $	Council 2010 $
18 Finance leases			
Movements in finance lease during the reporting period were as follows:			
Balance at beginning of financial year		18,860	53,946
Payments made in the period		(18,860)	(35,086)
Minimum lease payments		-	18,860
The above minimum lease payments are payable as follows:			
Not later than one year		-	20,034
Later than 1 year but not later than 5 years		-	-
Later than 5 years		-	-
Total minimum lease payments		-	20,034
Less: Future finance charges			(1,174)
Lease liability recognised in the financial statements		-	18,860
Classified as:			
Current		-	18,860
Non-current		-	-
		-	18,860
The present value of above minimum lease payments are payable as follows:			
Not later than one year			
Later than 1 year but not later than 5 years		-	18,860
Later than 5 years		-	-
		-	18,860

The Council has four lease agreements for motor vehicles. The leases commenced on 14 December 2006 for the period of 4 years.

		2011	2010
The carrying value of the leased assets is as follows:			
Motor vehicles		-	55,584

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	Note	Council 2011 $	Council 2010 $
19 Provisions			
Current			
Long service leave	i	317,980	311,357
Employee benefits	ii	4,414,442	3,980,006
		4,732,422	4,291,363
Non-current			
Refuse restoration		2,456,006	2,392,222
Long service leave	i	171,311	181,545
		2,627,317	2,573,767

Details of movements in provisions:

	Note	2011 $	2010 $
Refuse restoration			
Balance at beginning of financial year		2,392,222	2,315,114
Increase in provision due to unwinding of discount		63,784	77,108
Balance at end of financial year		2,456,006	2,392,222

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is $2,728,612 and this cost is expected to be incurred in 2015.

	Note	2011 $	2010 $
Long service leave			
Balance at beginning of financial year		492,902	801,278
Long service leave entitlement paid		(41,593)	(34,453)
Long service leave entitlement arising		175,283	70,802
Long Service entitlement extinguished		(137,301)	(344,725)
Balance at end of financial year	i	489,291	492,902

i. Refer Note 27 (b) in respect of the correction of the prior period error for the 2010 comparative period

	Note	2011 $	2010 $
Employee Benefits			
Balance at beginning of financial year		3,980,006	-
Prior period error recognised at 01 July 2009	ii	-	3,625,939
Prior period error recognised at 30 June 2010	ii	-	354,067
Employee benefit entitlement arising		434,436	-
Balance at end of financial year		4,414,442	3,980,006

ii. Refer Note 27 (a) in respect of the correction of the prior period error for the 2010 comparative period

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	Note	Council 2011 $	2010 $
20 Asset revaluation surplus			
Movements in the asset revaluation surplus were as follows:			
Balance at beginning of financial year		-	-
Net adjustment to non-current assets at end of period to reflect a change in current fair value:			
Buildings (Community)		48,708,178	-
Less assets identifed in WIP that had previously been capitlised	a.	2,901,773	-
Net Buildings (Community)		45,806,405	-
Buildings (Corporate)		6,877,173	-
add assets identifed in WIP that had previously been capitlised	a.	193,782	-
Net Buildings (Corporate)		7,070,955	-
Recreation Facilities		1,966,432	-
Less assets identifed in WIP that had previously been capitlised	a.	610,167	-
Net Recreation Facilities		1,356,265	-
Roads/ Transport Network		84,655,455	-
Stormwater Drainage Network		1,754,628	-
Flood Mitigation Network		1,281,898	-
Water Supply Network		5,332,403	-
Sewerage Network		4,395,779	-
Bridges		-	-
Wharves, Piers, Jetties and Pontoons		912,024	-
Waste Landfill		-	-
Land assets		20,000	-
Balance at end of financial year		152,585,812	-

a. For the year ended 30 June 2011, the Council undertook an extensive process to identify and revalue each individual asset in all Council locations and on the Torres Strait Islands. During this process, a number of assets were identifed that were already included in the Council asset register with an additional cost component contained in Capital Work In Progress Account. As these assets are measured on a revaluation basis at 30 June 2011, the most appropriate accounting treatment for the additional Capital Work in Progress component was to transfer this component from capital work in progress account to the asset revaluation reserve to offset the valuation increases that occurred on the 30 June 2011.

Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus comprises the following asset categories:

	2011 $	2010 $
Buildings (Community)	45,806,405	-
Buildings (Corporate)	7,070,955	-
Recreation Facilities	1,356,265	-
Roads/ Transport Network	84,655,455	-
Stormwater Drainage Network	1,754,628	-
Flood Mitigation Network	1,281,898	-
Water Supply Network	5,332,403	-
Sewerage Network	4,395,779	-
Bridges	-	-
Wharves, Piers, Jetties and Pontoons	912,024	-
Waste Landfill	-	-
Land assets	20,000	-
	152,585,812	-

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	Note	Council 2011 $	Council 2010 $
21 Retained surplus/(deficiency)			
Movements in the retained surplus were as follows:			
Retained surplus/(deficit) at beginning of financial year		531,892,557	550,435,863
Net result attributable to Council		(8,747,765)	(14,917,367)
Adjustment to opening balance	27 (a) and 27 (c)	27,381,047	(3,625,939)
Retained surplus at end of financial year		550,525,840	531,892,557

22 Commitments for expenditure

Operating leases

	2011 $	2010 $
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Within one year	784,963	721,433
One to five years	3,627,846	3,551,081
More than five years	509,958	1,124,807
	4,922,767	5,397,321

Minimum lease payments are for residential accommodation on Thursday Island, the Council's administration office in Cairns, the Council's store depot in Cairns and a number of vehicles used by Council.

Contractual commitments

	2011 $	2010 $
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Software contract with Civica	719,500	863,402
Rental agreement with Commander	98,460	147,989
	817,960	1,011,391

23 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 2011 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is $286,070.

Long Service Liability Dispute

A former employee of the Council has commenced proceedings in the Queensland Industrial Relations Commission to recover a disputed amount in respect of Long Service Leave entitlements. The Council refuted the claim however is prepared to settle for commercial reasons. The matter has since been settled for an amount of $8,780.

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Claim for Unpaid Project Management and Design Services
A Supplier of building related services to the Council has issued a letter of demand to the Council for services provided undertaken in March 2008. The Council has refuted the letter of demand and the claims made, however is prepared to negotiate a commercial settlement. The matter has since been settled on a commercial in confidence basis.

Maximum Penalties for Failure to Remit Superannuation Contributions on Behalf of Employees to Superannuation Funds
The Council has not remitted an amount of superannuation monies held on behalf of employees for the 30 June 2010 financial year. This amount of $346,002 has been recorded as a Trade and Other payable in the 2011 and previous financial statements. The Council has not remitted this superannuation liability to the superannuation funds as the Council has yet to determine if the employees are entitled to the superannuation benefit and if they are entitled to the benefit, which employees are beneficiaries of the superannuation funds held. The Council has recently increased its resources and has agreed to undertake a project of reviewing past Island Council records to determine if the $346,002 is a payable obligation and is so, which employees are entitled to the funds as beneficiaries. Should the Council find that there is no obligation to remit the funds, the liability will be written back as revenue, however, if there is a obligation to pay the superannuation funds, then the Council could be liable for substantial penalties and interest for late remittance of a superannuation obligation. The Council's estimate of this contingent liability being a maximum additional penalties and interest is $1,060,000.

The individual components of this estimate are:

Superannuation Guarantee Charge (excluding the initial superannuation obligation of $346,002) and interest at 10% per annum plus a administrative fee of $20 per employee per quarter:	$90,000
General interest charge calculated based on the Australian Taxation Office general interest rates for 2010 and 2011:	$100,000
Australian Taxation Office administrative penalty for failure to lodge a Superannuation Guarantee Charge Quarterly Statement calculated at 200% of the Charge:	$870,000

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

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

Guarantee in Respect of Subsidiary Company
The Council in the ordinary course of business has provided a guarantee for borrowings undertaken by a wholly owned subsidiary company. This subsidiary company of the Council was placed into voluntary administration and subsequent creditors voluntary liquidation and is in the process of being wound up. The lender has recourse to the Council in respect of the guarantee provided by Council, however, has yet to exercise this right. In the event that the lender exercises the guarantee, the Council estimates its liability under the guarantee to be $150,000.

24 Superannuation

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

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

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

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

The audited general purpose financial report of the scheme as at 30 June 2010 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the nest asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions. "

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made as at 1 July 2012.

		Council	
		2011	**2010**
	Note	**$**	**$**
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees was:	6	1,340,902	1,653,659

25 Trust funds

Trust funds held for outside parties

	2011 $	2010 $
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		
Island Funeral Funds	370,190	425,499
Church Funds	67,353	78,317
Other Community Funds	200,298	148,955
	637,841	652,771

The Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

Funds held in trust by outside parties

	2011 $	2010 $
DFK Kidsons holding funds for Major Infrastructure Program 2	-	1,045
DFK Kidsons holding funds for Major Infrastructure Program 3	-	7,371,373
DFK Kidsons holding funds for Major Infrastructure Program 4	86,051,453	53,640,522
	86,051,453	61,012,940

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	Note	Council 2011 $	2010 $
26 Reconciliation of net operating surplus for the year to net cash inflow (outflow) from operating activities			
Net operating result		(8,747,765)	(14,917,367)
Non-cash operating items:			
Depreciation and amortisation		21,435,602	21,208,907
Loss on disposal of property, plant and equipment		2,664,539	-
Revaluation adjustments		41,528	-
Asset Conributions in Capital Income		(6,308,708)	350,002
Change in future rehabilitation and restoration costs		63,784	77,108
		17,896,745	21,636,017
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets		-	-
Capital grants and contributions		(5,679,124)	(10,746,945)
Profit retained in joint venture		-	-
		(5,679,124)	(10,746,945)
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		(4,114,012)	(1,156,912)
(Increase)/ decrease in prepayments/accrued income		(31,774)	(68,918)
(Increase)/decrease in inventory		530,389	(168,300)
(Increase)/ decrease in loans to controlled entites		-	187,723
Increase/(decrease) in payables		(1,068,994)	3,023,380
Increase/(decrease) in other provisions		430,825	45,691
		(4,253,566)	1,862,664
Net cash inflow from operating activities		(783,710)	(2,165,631)

27 Correction of error

a. *Employee Benefits Expense*

	As at 30 June 2010	As at 1 July 2009
Employee Benefits Provision	3,980,006	3,625,939

Council has identified that certain employee benefits paid by it and its antecedent Councils may have been mis-calculated. Council is presently undertaking a process to indentify and resolve individual components. In the interim, Council has calculated its maximum exposure to this matter, and recorded this exposure as a current liability in the current year, as well as correcting the comparative financial statements (2010) by adjusting the opening balances as at 1st July 2009, and the relevant expense in that year, as is required in the relevant accounting standard.

	Retrospective Restatement at 1 July 2009
Statement of Financial Position	
Increase in Provisions	3,625,939
Decrease in Retained Surplus/Total Community Equity	(3,625,939)

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	Retrospective Restatement in period ended 30 June 2010
Statement of Comprehensive Income	
Increase in Employee Benefits Expense	354,057
Increase in Net Deficit	(354,057)
Statement of Financial Position	
Increase in Provisions	354,057
Decrease in Retained Surplus/Total Community Equity	(354,057)

b. *Long Service Leave Provision*

At the 30 June 2010, the Council did not discount its Long Service provision to present value as required by AASB 119 Employee Benefits. This error has been corrected by adjusting the comparative amounts for 2009-10 as follows:

	Retrospective Restatement in period ended 30 June 2010
Statement of Comprehensive Income	
Decrease in Employee Benefits Expense	(476,241)
Decrease in Net Deficit	476,241
Statement of Financial Position	
Decrease in Provisions	(476,241)
Increase in Retained Surplus/Total Community Equity	476,241

c. *Property Plant and Equipment*

		As at 30 June 2011	As at 30 June 2010
Contributed Assets	i	10,118,247	-
Previously Unidentified Assets	ii	17,262,800	-
Increase in Property, plant and equipment assets restated at 01 July 2010		27,381,047	-

i. Contributed Assets

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

A significant number of these contributed assets were completed and transferred to the ownership and custody of the Council in previous reporting periods. The Council has not performed a prior period adjustment as there is significant uncertainity of when the contributed assets where transferred to the ownership and control of the Council. Many of these assets are part of large infrastructure projects that are completed over several reporting periods, therefore given the impracticability of detemining period specific effects of this error on comparative information for the prior periods presented, the opening balances of Property, Plant and Equipment assets for the current period have been restated, refer to Note 5 & 15.

This prior period error had the effect of understating property, plant and equipment and retained surplus by $10,118,247. The error has been corrected in the current period by increasing property, plant and equipment and retained surplus by $10,118,247 being the cost as supplied by the Contributor agency/department as the Council believes the provided costs approximate fair value at date of transfer. This adjustment has been made at 1 July 2010.

ii. Previously Unidentified Assets

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ii. For the year ended 30 June 2011, the Council undertook an extensive process to identify and revalue each individual asset in all Council locations and on the Torres Strait Islands. During this process, a significant number of assets were identifed that were not previously included in the Council asset register with many of these assets in existence when the Council was formed by amalgamation on the 15 March 2008.

The Council has not performed a prior period adjustment as it was not practical to do for a number of reasons such as the lack of information to determine when the asset was aquired or brought into existense, and the quality of accounting records from previous Island Councils prevented a reliable determination of the aquisition cost of these assets. These assets have been accounted for at market valuation as at 30 June 2011. It is considered that this is the most appropriate accounting treatment because had these assets been identifed on amalgamation on the 15 March 2008, they would have been measured at fair value through the gain on amalgamation income account.

This prior period error had the effect of understating property, plant and equipment and retained surplus by an unkown amount . The amount is unknown as the fair value of the previously unidentifed assets on amalgamation date of 15 March 2008 could not be reliable determined. The error has been corrected in the current period by increasing property, plant and equipement and retained surplus by $17,262,800 being the assets fair value at 30 June 2011. This adjustment has been made at 01 July 2010.

28 Events after the reporting period

The Council has undertaken a number of initiatives since the reporting period including:

Natural Disaster Relief and Recovery Arrangement (NDRRA)

The local government area of the Torres Strait Island Regional Council experienced two extreme weather events, being Cyclones Tasha and Anthony.

The Council has subsequently estimated damage to Council assets to be in the order $8.7M. The scope of this work is limited to the restoration of TSIRC roads damaged in these events and restoration works at Badu Airport.

An NDRRA grant application has been submitted and is being being reviewed by Queensland Reconstruction Authority (QRA).

Community Police

On 29 August 2011 the State Government announced funding of $2.6M for community policing in the Torres Strait Island Regional Council local government area. In terms of the staffing the funding allows for 38 Community Police officers in the region.

The funding was for one year ending 30 June 2012. The funding allowed the Council to continue to provide Community Police services which includes being the local face of the law and and also generally the first point of contact that many people in the Community have with Police.

Engineering and Administration

On 18 November 2011 the Council received notice from the Department of Local Government and Planning that it was to receive additional funding of $5.1M for the financial year ending 30 June 2012.

The funding was provided for

a) Employment of 45 engineering officers to undertake infrastructure sustainability works; and
b) Employment of up to 25 Officers in administration, internal audit and asset management.

Major Infrastructure Projects

During October 2011, the Badu Island Sewerage extension project was practically complete. This project had a construction cost of $3.2M. The project provided sewerage infrastructure to service blocks within the Badu Community not currently connected to the network. The funding for this project is from the Major Infrastructure Program funded by the Federal and State Governments.

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29 Financial instruments

Torres Strait Island Regional Council's activities expose it to a variety of financial risks including interest rate risk, credit risk, and liquidity risk.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council. The Council minimises its exposure to financial risk in the following ways:

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.

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982*.

Torres Strait Island Regional Council measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Interest rate risk	Sensitivity analysis

Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks or other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated/regulated banks/financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is remote.

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security relating to the financial assets held by the Council.

Council's maximum exposure to credit risk is as follows:

	Note	2011	2010
Financial assets		$	$
Cash and cash equivalents	11	6,395,272	15,162,663
Receivables - other	12	6,081,698	7,582,761
Other credit exposures			
Guarantee	23	436,070	286,070
		12,913,040	23,031,494

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following represents an analysis of the age of the Council's financial assets that are either fully performing, past due or impaired:

30-Jun-11	**Fully performing**	**Past due**		**Impairment**	**Total**
	Less than 30 days	30-90 days	90+ days		
	$	$	$	$	$
Receivables -2011	1,189,511	2,031,243	10,771,843	(7,910,899)	6,081,698
Receivables - 2010	2,968,392	1,177,790	8,606,685	(5,170,106)	7,582,761

Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient cash reserves, in short term accounts, to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk of financial liabilities held by the Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	$	$	$	$	$
2011					
Trade and other payables	5,739,198	-	-	5,739,198	5,739,198
Loans - QTC	70,070	280,280	394,272	744,622	539,524
Finance leases	0			0	0
	5,809,268	280,280	394,272	6,483,820	6,278,721
2010					
Trade and other payables	6,770,133	-	-	6,770,133	6,770,133
Loans - QTC	70,070	280,280	464,342	814,692	574,973
Finance leases	18,860	0	0	18,860	18,860
	6,859,063	280,280	464,342	7,603,685	7,363,966

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

Interest rate risk

The Council is exposed to interest rate risk through its finance lease borrowings, borrowings from the Queensland Treasury Corporation and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing from the Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

The Council does not undertake any hedging of interest rate risk.

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount		Profit		Equity	
	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$
Financial assets	12,476,970	22,745,424	63,953	151,627	63,953	151,627
Financial liabilities	(6,278,721)	(7,363,966)	(5,395)	(5,750)	(5,395)	(5,750)
Net total	6,198,248	15,381,459	58,557	145,877	58,557	145,877

Fair value

The fair values of financial assets and liabilities approximate the carrying amounts shown in the statement of financial position.

QAO
CERTIFIED
STATEMENTS

Torres Strait Island Regional Council
Financial statements
For the year ended 30 June 2011

Management Certificate
For the year ended 30 June 2011

These general purpose financial statements have been prepared pursuant to Section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

In accordance with Section 161 of the Regulation we certify that these general purpose financial statements:

(i) have been prepared in accordance with the relevant accounting documents; and

(ii) accurately reflect the local government's financial performance and position for the financial year.

In addition we certify that, in our opinion:

(i) the prescribed requirements of the Local Government Act 2009 and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the general purpose financial statements, have been prepared in accordance with Australian accounting standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and

(iii) the general purpose financial statements present a true and fair view of the Council's financial position as at 30 June 2011 and of their financial performance and cash flows for the financial year ended on that date.

Mayor	Chief Executive Officer
Date: 23 / 04 / 2012	Date: 23 / 04 / 2012

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Torres Strait Island Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Torres Strait Island Regional Council, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and the *Local Government (Finance, Plans and Reporting) Regulation 2010*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal controls 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

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

Basis for Qualified Opinion

The Council failed to maintain an effective system of internal control and adequate supporting documentation in respect of its payroll function. Accordingly, I am unable to and do not express an opinion in respect to the, completeness, accuracy and validity of the stated employee benefits expense of $23,181,840 (2010: $32,812,490), disclosed in Note 6, the annual leave liability of $1,565,332 (2010: $1,598,027) and the long service leave liability of $489,291 (2010: $492,902), reported in Notes 16 and Note 19 respectively.

Due to weaknesses in the internal controls over cash and cash equivalents and the identification of cash losses totalling $106,112, I am unable to and do not express an opinion on the completeness of the reported cash and cash equivalents balance of $6,395,272, disclosed in Note 11. As a consequence, I am also unable to and do not express an opinion on the fair presentation of the statement of cash flows.

As detailed in Note 1AH, the Council has corrected a number of material prior period errors relating to the initial recognition of various assets and the valuation of road/transport network assets. These assets were brought to account by adjusting the retained surplus and asset revaluation reserve respectively for the fair values of these assets at 30 June 2011. Due to an absence of reliable source data, it was impracticable for the Council to recognise these assets through the retrospective restatement of relevant balances in prior periods. While the Council has made an attempt to restate 1 July 2010 opening balances in Note 15 with respect to the initial recognition of assets of $27,381,047, this adjustment is at the 30 June 2011 values for these assets. In addition, the correction of the prior period revaluation of $84,655,455 has been included in the current year revaluation and has not been adjusted against the opening balance of the road/transport network assets. As a result, depreciation expenses and revaluation adjustments for these assets for the 2010-11 financial year have not been correctly calculated or reported in the financial statements.

As a consequence, I am unable to and do not express an opinion on the following balances -

- the restated opening balances of assets totalling $602,533,014 reported in Note 15
- depreciation expense of $21,435,602 reported in Note 9
- increase in asset revaluation surplus of $152,585,812 (2010: nil) reported in Note 20
- the movements in retained surplus of $27,381,047 (2010: $3,625,939) reported in Note 21

The impact of these issues on the financial report is unable to be quantified due to the absence of reliable data.

The property, plant and equipment balance and associated depreciation expense for 2009-10 were qualified. Despite the Council's attempts to correct the 1 July 2010 opening balance of property, plant and equipment in the current year, these comparative 2010 balances remain qualified.

In my 2009-10 report, I was unable to form an opinion in relation to the completeness and accuracy of rental income of $4,240,732, reported in Note 3(c), nor on both the other debtors balance of $12,752,867 or the allowance for impairment balance of $5,170,106, as disclosed in Note 12. Further, I was unable to express an opinion on the aging analysis of receivables disclosed in Note 29. I am still unable to form an opinion on these 2010 comparative balances reported in 2010-11. The impact of these issues on the financial report is unable to be quantified due to the absence of reliable data.

In my 2008-09 report, I was unable to obtain all the information and explanations I required in order to form an opinion on the financial report of the Torres Strait Island Regional Council because the Council did not maintain effective systems of internal control over its financial operations during the financial period, resulting in a limitation of the scope for the audit. I am still unable to form an opinion on these 2009 comparative balances reported per the statement of financial position at the beginning of the earliest comparative period in the Statement of Financial Position at 30 June 2011.

The effects on the financial report of the failure to correct these misstatements have not been determined.

My report for 2010 was qualified on similar bases and, where identified in the preceding paragraphs, these 2010 comparative amounts and disclosures remain qualified in 2011.

Qualified Opinion

In accordance with s.40 of the *Auditor-General Act 2009,* except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above:

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

  (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Torres Strait Island Regional Council for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

Emphasis of Matter – Inherent Uncertainty Regarding Continuation as a Going Concern

Without further modification to my opinion, attention is drawn to Note 1AF in the financial report which states that the Council is dependent on financial support from the State and Federal governments. Whilst there is no indication that this support will cease in the relevant period there remains significant uncertainty whether Torres Strait Island Regional Council will be able to continue as a going concern given the Council has made significant losses since its establishment on 15 March 2008, and in addition to the net loss reported in the statement of comprehensive income for 2010-11 being $8,747,765 (2010: $14,917,367), the Council continues to forecast further losses in 2012. The Council's cash reserves have also diminished significantly during 2010-11 with a net decrease in cash held of $8,767,391 reported in the statement of cash flows. During 2010-11, the Council also entered negotiations with the Australian Taxation Office to establish a payment plan in order to settle its significant, long outstanding, GST liabilities. Consequently there is material uncertainty as to whether Council will be able to pay its debts as and when they fall due without additional and ongoing financial support being provided by grantors or other bodies.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Torres Strait Island Regional Council for the year ended 30 June 2011. Where the financial report is included on Torres Strait Island Regional Council's website the Council is responsible for the integrity of Torres Strait Island Regional Council's website and I have not been engaged to report on the integrity of Torres Strait Island Regional Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

V P MANERA FCPA
(As delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

DEPUTY AUDITOR GENERAL
27 APR 2012
OF QUEENSLAND

Department of Environment
and Resource Management

Notice

Concurrence Agency Response

This notice is issued by the Department of Environment and Resource Management pursuant to section 287 (concurrence agency response) of the Sustainable Planning Act 2009 ("the Act").

Chief Executive Officer
Torres Strait Island Regional Council
C/- RPS Australia Pty Ltd
PO Box 1949
CAIRNS QLD 4870

Attn: Evan Yelavich
Email: evan.yelavich@rpsgroup.com

cc. Torres Strait Island Regional Council
C/- Aecom Australia Pty Ltd
PO Box 5971
CAIRNS QLD 4870

Attn: Scott Snelling
Email: scott.snelling@aecom.com
Ref: 60150055

Our reference: CNS 023073

Re: Concurrence Agency Response

1. **Application Details**

Assessment Manager Ref.: Acknowledgement Notice dated 21 October 2011

Date application referred to DERM: 2 November 2011

Development approval applied for: Development permit

Aspects of development:

Operational work - Tidal works, or development in a coastal management district	*Sustainable Planning Regulation 2009* - Schedule 7, table 2, item 13	DERM ref. no. – 375207 DERM Permit No. SPCC03303511 Trackjob IC1111CNS0001
Material change of use - Environmentally relevant activities	*Sustainable Planning Regulation 2009* - Schedule 7, table 2, item 1	DERM ref. no. – 375207 DERM Permit No. SPCE03303311 Trackjob IC1111CNS0001

Development descriptions: Material Change of Use and Operational Works for New Sewerage Treatment Plant

Property/Location description: Part of Lot 6 on TS166
Located on Poruma Island.

2. The Chief Executive, Department of Environment and Resource Management (DERM) concurrence agency response for each of the concurrence agency referral jurisdictions for the aspects of development involved with the application is to tell the assessment manager as follows.

(a)

Operational work - Tidal works, or development in a coastal management district	*Sustainable Planning Regulation 2009* - Schedule 7, table 2, item 13	DERM ref. no. – 375207 DERM Permit No. SPCC03303511 Trackjob IC1111CNS0001

Conditions must attach to any development approval, and those conditions and the following plans are attached to this Notice (Attachment 1) for the above referral jurisdiction.

Document No.	Document Name	Date
60150055-28 Rev 0	Poruma Island Sewerage Scheme Ocean Outfall Pipeline Layout Plan by AECOM	8/8/2011
60150055-29 Rev 0	Poruma Island Sewerage Scheme Ocean Outfall Pipeline Longitudinal Section – Sheet 1 of 2 by AECOM	8/8/2011
60150055-30 Rev 0	Poruma Island Sewerage Scheme Ocean Outfall Pipeline Longitudinal Section – Sheet 2 of 2 by AECOM	8/8/2011
60150055-33 Rev 0	Poruma Island Sewerage Scheme Ocean Outfall Details by AECOM	8/8/2011
P-1109-037-02-05 Rev. 0	Poruma STP Preliminary P & ID by Simmonds & Bristow Pty Ltd	05/10/11

(b)

Material change of use - Environmentally relevant activities	*Sustainable Planning Regulation 2009* - Schedule 7, table 2, item 1	DERM ref. no. – 375207 DERM Permit No. SPCE03303311 Trackjob IC1111CNS0001

Conditions must attach to any development approval, and those conditions are attached to this Notice (Attachment 2) for the above referral jurisdiction.

3. **General advice to assessment manager**

Pursuant to sections 334 and 363 of the Act, a copy of a decision notice or negotiated decision notice issued by the assessment manager must be forwarded to DERM as a referral agency for the relevant application at the address stated below <u>and</u> an electronic copy to *eco.access@derm.qld.gov.au*.

The State's Native Title Work Procedures provide that responsibility for assessment of native title issues for an IDAS application rests with the assessment manager. Therefore, DERM as a referral agency for the relevant application has not provided notification to native title parties.

Delegate:
Cristina Cochennec
Natural Resource Officer
Regional Planning & Coordination
North Region

Delegate for Chief Executive,
Department of Environment of Resource Management

10 February 2012

Enquiries:
Geoffrey Smith
Department of Environment and Resource Management
187-209 Stanley Street, Townsville, Q 4810
PO Box 5318, Townsville, Q 4810
Phone: (07) 4799 7032
Fax: (07) 4799 7641
Email: geoffrey.t.smith@derm.qld.gov.au

Attachments

The parts of this Notice referred to above for each of the DERM referral jurisdictions involved with the application

Attachment 1

Department of Environment
and Resource Management

Sustainable Planning Act 2009

DERM Permit [1] number: SPCC03303511

This DERM permit replaces the original issued on 6 February 2012 due to an administrative error.

Assessment manager reference (if any):	Torres Strait Island Regional Council
DERM Reference:	NOR/088142
Date application received:	2 November 2011
Permit type:	concurrence agency response
Date of decision:	9 February 2012
Decision:	For a **concurrence agency response** conditions that must attach to any development approval
Relevant laws and policies:	*Coastal Protection and Management Act 1995* and any related statutory instruments and subordinate legislation
Jurisdiction(s):	Operational Work - Prescribed Tidal Works; *Sustainable Planning Regulation 2009* - Schedule 7, Table 2, Item 13

Development Description(s)

Property/Location		**Development**
Poruma Island, Central Group of Torres Strait Islands	Lot 6 Plan TS166	Operational Work - Prescribed Tidal Works (Ocean Pipeline & Outfall)

Reason(s) for inclusion of conditions

In accordance with section 289 of the *Sustainable Planning Act 2009*, the reason(s) for inclusion of conditions stated in this permit required by the concurrence agency response for the application are as follows:

The Department of Environment and Resource Management is a concurrence agency under the *Sustainable*

[1] Permit includes licences, approvals, permits, authorisations, certificates, sanctions or equivalent/similar as required by legislation administered by the Department of Environment and Resource Management.

Planning Act 2009 for coastal management under the *Coastal Protection and Management Act 1995*, excluding amenity or aesthetic significance or value.

Delegate
Mark Cavicchiolo
Delegate, Chief Executive administering the *Coastal Protection and Management Act 1995*,
Department of Environment and Resource Management

9 February 2012

CONDITIONS

PC1 All works are to be constructed in accordance with the attached approved drawings and specifications listed in the approved plans section in the notice attached to this concurrence agency response.

PC2 All temporary works associated with the construction of the pipeline is to be removed from the site at the completion of the works and all wastes shall be collected from the site by the permittee and disposed of at a licensed waste facility.

PC3 Disturbed areas must be rehabilitated in a manner such that:
(a) potential for erosion of the site is minimised; and
(b) the final landform is stable, re-profiled and not subject to slumping.

PC4 The chief executive administering the *Coastal Protection and Management Act 1995* may order the works to be removed or modified within a reasonable time if the works have or are likely to have a significant effect on coastal management because the works:
(a) create a navigation hazard or other danger to the public; or
(b) cause erosion or land degradation; or
(c) are unstable or have not been constructed according to the approved plans; or
(d) is having a significant effect on coastal management.

PC5 All reasonable and practicable measures must be taken to prevent pollution of adjacent waters as a result of silt run-off, oil and grease spills from machinery, concrete truck washout and the like. Concrete agitator wash out must only be conducted in a specified area to facilitate the removal of waste concrete from the area to landfill. Wastewater from cleaning equipment must not be discharged directly or in-directly to any watercourses or stormwater systems.

DEFINITIONS

Words and phrases used throughout this permit[1] are defined below. Where a definition for a term used in this permit[1] is sought and the term is not defined within this permit[1] the definitions provided in the relevant legislation shall be used.

"administering authority" means the Department of Environment and Resource Management or its successor.

"approval" means 'notice of development application decision' or 'notice of concurrence agency response' under the *Integrated Planning Act 1997.*

"approved plans" means the plans and documents listed in the approved plans section in the notice attached to this development approval.

"Department of Environment and Resource Management" means the Department or agency (whatever called) administering the *Coastal Protection and Management Act 1995* or the *Environmental Protection Act 1994.*

"erosion prone area" means an area declared to be an erosion prone area under section 70(1) of the *Coastal Protection and Management Act 1995.*

"high water mark" means the ordinary high water mark at spring tides.
"

"protected area" means –

- a protected area under the *Nature Conservation Act 1992*; or
- a marine park under the *Marine Parks Act 1992*; or
- a World Heritage Area.

"site" means land or tidal waters on or in which it is proposed to carry out the development approved under this development approval.

"tidal water" means the sea and any part of a harbour or watercourse ordinarily within the ebb and flow of the tide at spring tides.
"watercourse" means a river, creek or stream in which water flows permanently or intermittently-

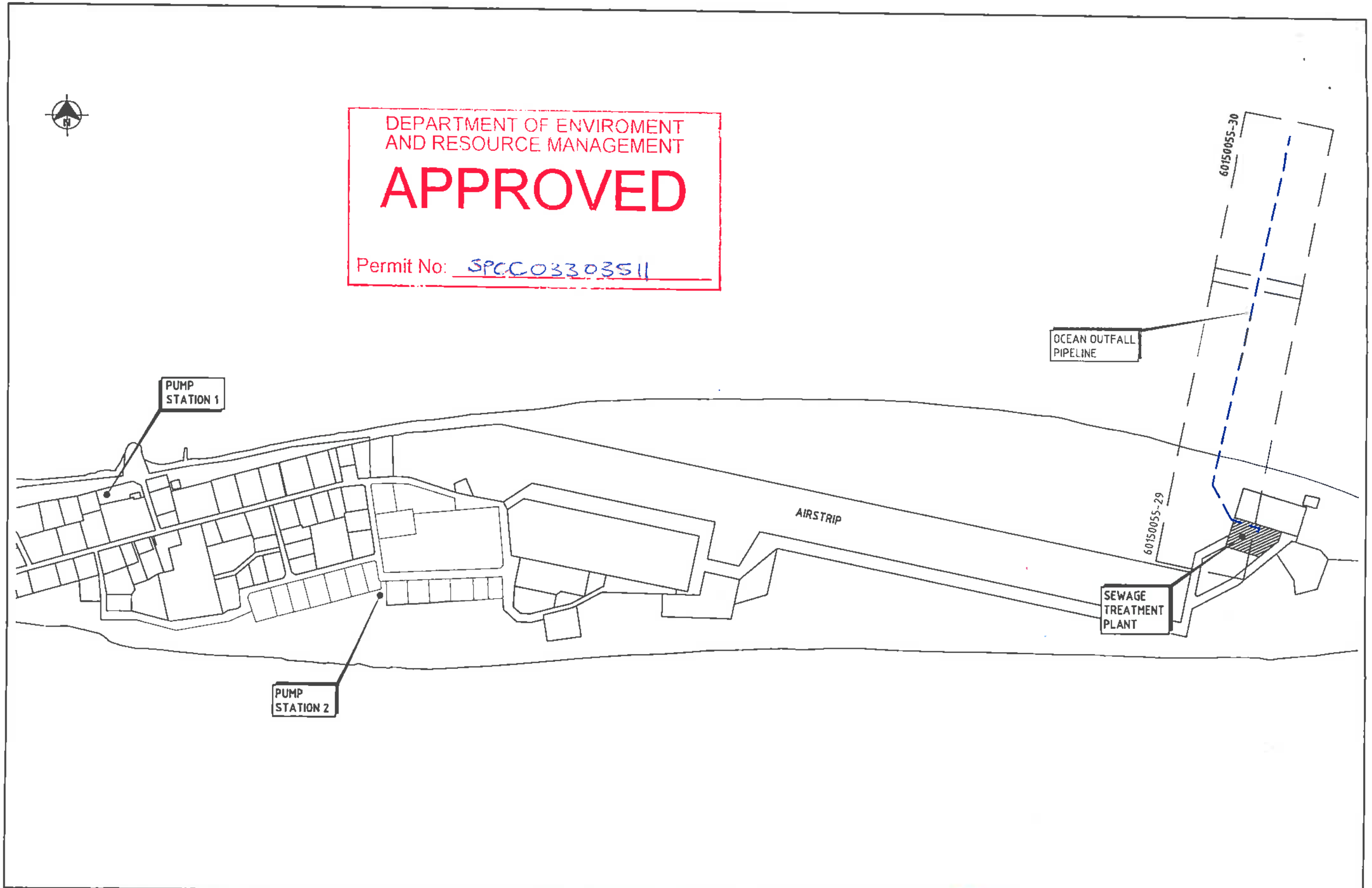
- in a natural channel, whether artificially improved or not; or
- in an artificial channel that has changed the course of the watercourse.

"waters" includes river, stream, lake, lagoon, pond, swamp, wetland, unconfined surface water, unconfined water natural or artificial watercourse, bed and bank of any waters, dams, non-tidal or tidal waters (including the sea), stormwater channel, stormwater drain, roadside gutter, stormwater run-off, and groundwater and any part-thereof.

"works" or "operation" means the development approved under this development approval.

"you" means the holder of this development approval or owner / occupier of the land which is the subject of this development approval.

END OF CONDITIONS



TORRES STRAIT ISLAND REGIONAL COUNCIL

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LAYOUT PLAN

AECOM

RPEQ No. 5587
AECOM Australia Pty Ltd A.B.N. 20 093 846 925

60150055-28

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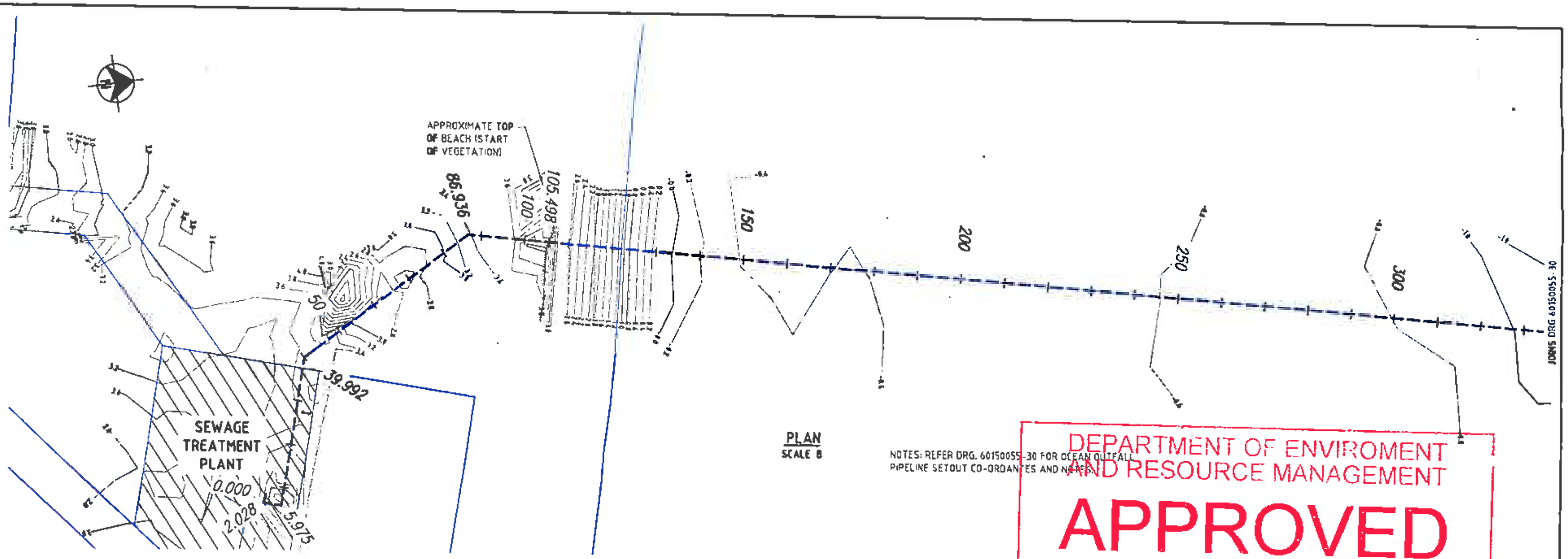
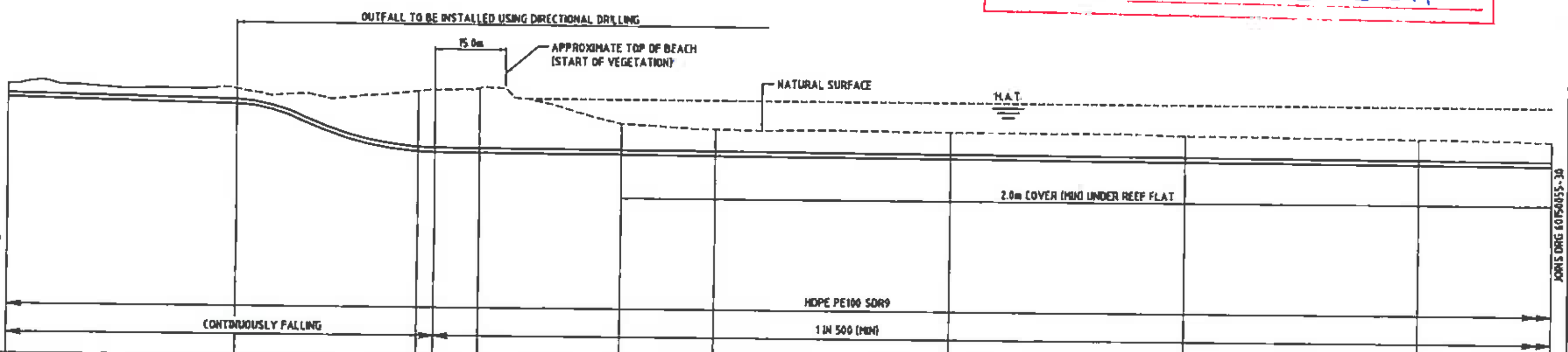
No.	BY	DATE	DESCRIPTION	APPD
0			ORIGINAL ISSUE	



PLAN
SCALE B

NOTES: REFER DRG. 60150055-30 FOR OCEAN OUTFALL PIPELINE SETOUT CO-ORDANATES AND NOTES

DEPARTMENT OF ENVIROMENT AND RESOURCE MANAGEMENT
APPROVED
Permit No: SPCC 03303511



NOTES
1. HIGHEST ASTRONOMICAL TIDE (H.A.T.) = 2.64m
2. HIGHEST ASTRONOMICAL TIDE ~100yr (H.A.T.~100) = 3.44m
3. HIGH HAZARD STORM SURGE LEVEL = 3.64m
4. LOW HAZARD STORM SURGE LEVEL = 4.64m
5. LOWEST ASTRONOMICAL TIDE (L.A.T.) = -1.16m

DATUM R.L. -25.000

EXISTING SURFACE LEVELS	3.806	3.456	3.366	3.467	3.746	0.171	-0.407	-0.460	-0.653	-0.802	-1.014
INVERT LEVELS (APPROX.)	2.347	1.883	-3.043	-3.122	-3.141	-3.201	-3.241	-3.341	-3.441	-3.541	-3.598
CHAINAGE	0.000	41.509	86.936	90.698	100.080	130.000	150.000	200.000	250.000	300.000	328.509

OCEAN OUTFALL

AECOM

AECOM Australia Pty Ltd A.B.N. 20 093 846 925

Torres Strait Island

TORRES STRAIT ISLAND REGIONAL COUNCIL

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LONGITUDINAL SECTION - SHEET 1 OF 2

60150055-29

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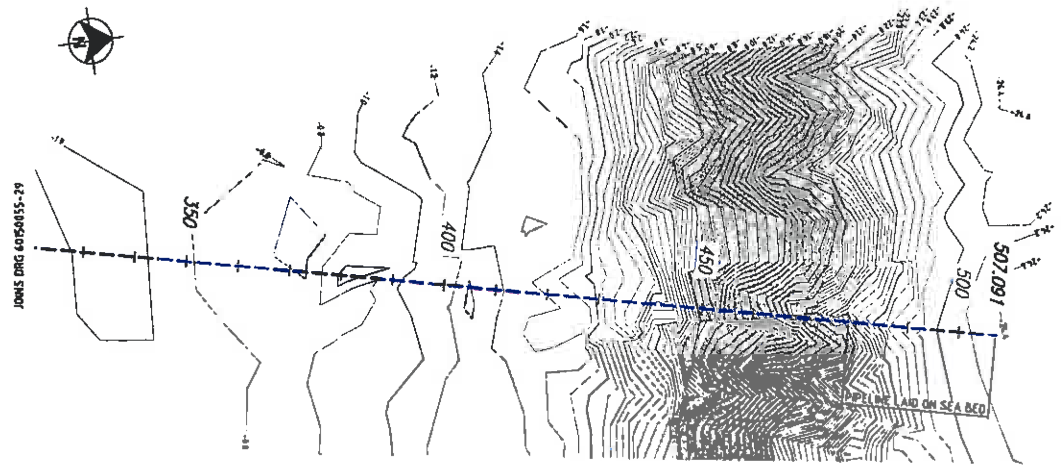


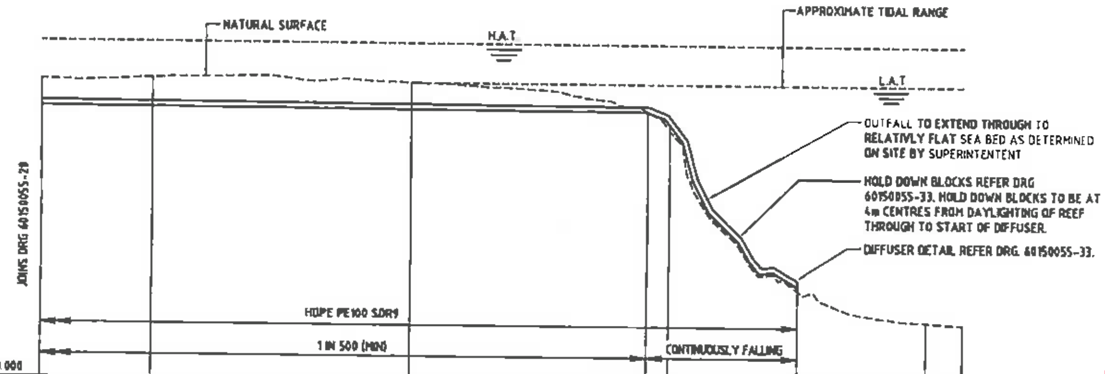
PLAN
SCALE B

OCEAN OUTFALL PIPELINE

SETOUT CO-ORDINATES		
CHAINAGE	EASTING	NORTHING
0.000 *	727502.506	8888324.598
2.028 *	727504.531	8888324.020
5.975 *	727505.637	8888327.809
39.992 *	727473.034	8888337.492
86.936 *	727450.049	8888378.429
105.498 *	727454.034	8888396.558
507.091 *	727540.251	8888788.788

NOTES

- THE DISTANCES SHOWN ARE ARBITRARY CENTRELINE DISTANCES ALONG THE PIPELINE ROUTE.
- THE PIPELINE IS TO BE CONSTRUCTED ON CENTRELINE AS DETAILED. HORIZONTAL PIPE DEFLECTIONS, 45° OR LESS TO BE ACHIEVED BY BENDING POLYETHYLENE PIPE TO A MIN. RADIUS AS RECOMMENDED BY MANUFACTURER. DEFLECTIONS GREATER THAN 45° ACHIEVED BY PROPRIETARY BENDS.
- VERTICAL ALIGNMENT OF THE PIPELINES IS TO FACILITATE
  - 2.0m MIN. COVER UNDER REEF FLAT
  - THE RELEASE OF ENTRAPPED AIR
  - THE DRAINAGE OF THE PIPELINE FOR MAINTENANCE WORK
- PIPELINE MARKER POSTS REFER FNQROC STD DWG. S2011 TO BE INSTALLED AT ALL CHANGES OF DIRECTION UP TO CHAINAGE 70m
- (*) PIPE LOCATION INDICATIVE ONLY. FINAL PIPE LOCATION TO BE CONFIRMED ON SITE BY SUPERINTENDENT.



DATUM R.L. -30.000

EXISTING SURFACE LEVELS	-1.014	-0.834	-1.149	-1.872	-5.600	-21.141	-24.127	-24.338
INVERT LEVELS (APPROX.)	-3.598	-3.641	-3.741	-1.873	-5.017	-20.711		
CHAINAGE	328.509	350.000	400.000	445.826	450.000	475.833	500.000	507.091

OCEAN OUTFALL

DEPARTMENT OF ENVIROMENT AND RESOURCE MANAGEMENT
APPROVED
Permit No: SPCC03303511

This drawing is confidential and shall only be used for the purposes of this project.

No.	BY	DATE	DESCRIPTION	APPD
0			ORIGINAL ISSUE	

REVISIONS

DESIGNED	M.Hughes	CHECKED	B.Hayes / S.Keating
DRAWN	H.Evans	CHECKED	B.Hayes
APPROVED		DATE	

AECOM
RPEQ No. 5587
AECOM Australia Pty Ltd A.B.N. 20 093 846 925

Torres Strait Island

TORRES STRAIT ISLAND REGIONAL COUNCIL
PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LONGITUDINAL SECTION - SHEET 2 OF 2
60150055-30
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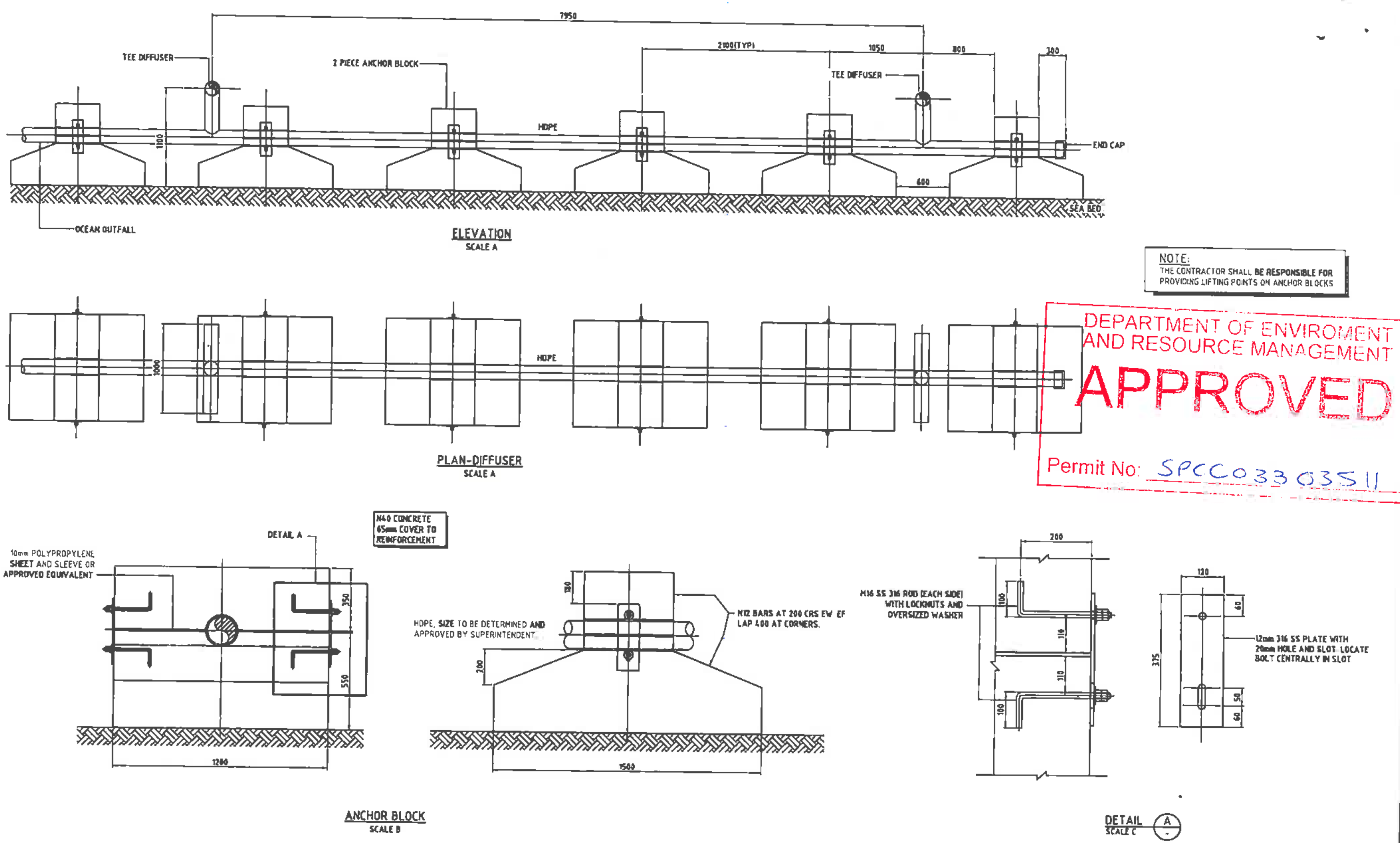


NOTE:
THE CONTRACTOR SHALL BE RESPONSIBLE FOR
PROVIDING LIFTING POINTS ON ANCHOR BLOCKS

DEPARTMENT OF ENVIROMENT
AND RESOURCE MANAGEMENT
APPROVED
Permit No: SPCC03303511

No.	BY	DATE	DESCRIPTION	APPD
0			ORIGINAL ISSUE	

REVISIONS

SCALE A 1:25 — FULL SIZE A1
SCALE B 1:10 — FULL SIZE A1
SCALE C 1:5 — FULL SIZE A1

DESIGNED	M.Hughes	CHECKED	B.Hayes / K.Keeling
DRAWN	M.Cross	CHECKED	B.Hayes
APPROVED	J.Jones	DATE	5/8/2011

AECOM
RPEQ No. 5587
AECOM Australia Pty Ltd A.B.N. 20 093 846 925

Torres Strait Island Regional Council

TORRES STRAIT ISLAND REGIONAL COUNCIL
PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL DETAILS

Drg No. 60150055-33 Rev 0

Attachment 2

Department of Environment
and Resource Management

Sustainable Planning Act 2009

DERM Permit [1] number: SPCE03303311

This permit replaces the original issued on 6 February 2012 due to an administrative error.

Assessment manager reference (if any):	Torres Strait Island Regional Council
DERM Reference:	NOR/088142
Date application received:	2 November 2011
Permit type:	concurrence agency response, development permit,
Date of decision:	9 February 2012
Decision:	For a **concurrence agency response** conditions that must attach to any development approval
Relevant laws and policies:	*Environmental Protection Act 1994* and any related statutory instruments and subordinate legislation
Jurisdiction(s):	Material change of use - Environmentally relevant activities. *Sustainable Planning Regulation 2009* - Schedule 7, Table 2, Item 1

Development Description(s)

Property/Location		Development
Poruma Island, Central Group of Torres Strait Islands	Lot 6 Plan TS166	ERA 63 (2B) - operating sewage treatment works, other than no-release works, with a total daily peak design capacity of more than 100 to 1500EP

Reason(s) for inclusion of conditions

In accordance with section 289 of the *Sustainable Planning Act 2009*, the reason(s) for inclusion of conditions stated in this permit required by the concurrence agency response for the application are as follows.

[1] Permit includes licences, approvals, permits, authorisations, certificates, sanctions or equivalent/similar as required by legislation administered by the Department of Environment and Resource Management.

The conditions are included pursuant to section 73B of the Environmental Protection Act 1994.

Delegate
Mark Cavicchiolo
Delegate, Chief Executive administering the *Environmental Protection Act 1994*
Department of Environment and Resource Management

9 February 2012

CONDITIONS

Agency Interest: General

G1 Prevent and/or minimise likelihood of environmental harm.

In carrying out an ERA to which this approval relates, all reasonable and practicable measures must be taken to prevent and / or to minimise the likelihood of environmental harm being caused.

G2 Maintenance Of Measures, Plant and Equipment.

The operator of an ERA to which this approval relates must:
(a) install all measures, plant and equipment necessary to ensure compliance with the conditions of this approval; and
(b) maintain such measures, plant and equipment in a proper and efficient condition; and
(c) operate such measures, plant and equipment in a proper and efficient manner.

G3 Records.

Record, compile and keep all monitoring results required by this approval and present this information to the administering authority when requested.

G4 Site Based Management Plan.

From commencement of an ERA to which this approval relates, a site based management plan (SBMP) must be implemented. The SBMP must identify all sources of environmental harm, including but not limited to the actual and potential release of all contaminants, the potential impact of these sources and what actions will be taken to prevent the likelihood of environmental harm being caused. The SBMP must also provide for the review and 'continual improvement' in the overall environmental performance of all ERAs that are carried out.

The SBMP must address the following matters:
(a) Environmental commitments - a commitment by senior management to achieve specified and relevant environmental goals.
(b) Identification of environmental issues and potential impacts.
(c) Control measures for routine operations to minimise likelihood of environmental harm.
(d) Contingency plans and emergency procedures for non-routine situations.
(e) Organisational structure and responsibility.
(f) Effective communication.
(g) Monitoring of contaminant releases.
(h) Conducting environmental impact assessments.
(i) Staff training.
(j) Record keeping.
(k) Periodic review of environmental performance and continual improvement.

G5 The site based management plan must not be implemented or amended in a way that contravenes any condition of this approval.

G6 All records required by this approval must be kept for 5 years.

G7 Annual Monitoring Report.

An annual monitoring report must be prepared each year and presented to the administering authority when requested. This report shall include but not be limited to:

a) a summary of the previous twelve (12) months monitoring results obtained under any monitoring programs required under this approval and, in graphical form showing relevant limits, a comparison of the previous twelve (12) months monitoring results to both this approvals limits and to relevant prior results;
b) an evaluation/explanation of the data from any monitoring programs;
c) a summary of any record of quantities of releases required to be kept under this approval;
d) a summary of the record of equipment failures or events recorded for any site under this approval;
e) an outline of actions taken or proposed to minimise the environmental risk from any deficiency identified by the monitoring or recording programs;
f) the number of domestic tenements newly connected to the sewage treatment works during the previous twelve (12) months;
g) the progressive total number of connections; and
h) a summary of any trade waste agreements entered into or amended during the year, including the nature of the industry.

G8 Notification.

Any emergency, incident or event, which results in the release of contaminants not in accordance with, or reasonably expected to be in accordance with the conditions of this permit, must be reported by telephone to the administering authority's pollution hotline or the district office located in the area where the release occurred. Any such release must be reported as soon as practicable, but no later than twenty-four (24) hours after the holder of the development permit becomes aware of the release.

G9 Information to Follow Notification.

Within fourteen (14) days of any notification advice in accordance with Condition G8, a written notice detailing the following information must be provided to the administering authority:

a) the name of the operator, including their permit / registration number;
b) the name and telephone number of a designated contact person;
c) quantity and substance released;
d) vehicle and registration details;
e) person/s involved (driver and any others);
f) the location and time of the release;
g) the suspected cause of the release;
h) a description of the effects of the release;
i) the results of any sampling performed in relation to the release,
j) actions taken to mitigate any environmental harm caused by the release; and
k) proposed actions to prevent a recurrence of the release.

G10 Monitoring.

A competent person(s) must conduct any monitoring required by this approval.

G11 Equipment Calibration.

All instruments, equipment and measuring devices used for measuring or monitoring in accordance with any condition of this approval must be calibrated, and appropriately operated and maintained.

R

G12 Trained / Experienced Operator(s).

The daily operation of the waste water treatment system and pollution control equipment must be carried out by a person(s) with appropriate experience and/or qualifications to ensure the effective operation of that treatment system and control equipment.

G13 Spill Kit.

An appropriate spill kit, personal protective equipment and relevant operator instructions/emergency procedure guides for the management of wastes and chemicals associated with the ERA must be kept at the site, and in each vehicle used if the activity is a mobile ERA.

G14 Spill Kit Training.

Anyone operating under this approval must be trained in the use of the spill kit.

G15 Alterations

No change, replacement or operation of any plant or equipment is permitted if the change, replacement or operation of the plant or equipment increases, or is likely to substantially increase, the risk of environmental harm above that expressly provided for by this development approval.

Agency Interest: Air

A1 When requested by the administering authority, dust and particulate monitoring must be undertaken to investigate any complaint of environmental nuisance caused by dust and/or particulate matter, and the results notified within 14 days to the administering authority following completion of monitoring. Monitoring must be carried out at a place(s) relevant to the potentially affected dust sensitive place and at upwind control sites and must include:

a) for a complaint alleging dust nuisance, dust deposition; and
b) for a complaint alleging adverse health effects caused by dust, the concentration per cubic metre of particulate matter with an aerodynamic diameter of less than 10 micrometre (μm) (PM10) suspended in the atmosphere over a 24hr averaging time.

A2 Nuisance.

The release of noxious or offensive odours or any other noxious or offensive airborne contaminants resulting from the activity must not cause a nuisance at any nuisance sensitive or commercial place.

Agency Interest: Land

L1 Spillage of all chemicals and fuels must be contained within an on-site containment system and controlled in a manner that prevents environmental harm.
NOTE: All petroleum product storage's must be designed, constructed and maintained in accordance with AS 1940 - Storage and Handling of Flammable and Combustible Liquids.

L2 Provision Of Treated Effluent To Other Persons.

If responsibility of the treated effluent is given or transferred to another person:
(a) the responsibility of such effluent must only be given or transferred in accordance with a written agreement (the third party agreement);
(b) include in the third party agreement a commitment from the person utilising the effluent to use effluent in such a way as to prevent environmental harm or public health incidences and specifically make the persons aware of the General Environmental Duty (GED) under section 319 of the Environmental Protection Act 1994, environmental sustainability of any effluent disposal and protection of environmental values of waters; and
(c) upon being notified or otherwise becoming aware that the person's use of effluent is causing or threatens to cause environmental harm or is posing a human health risk, and if the person does not rectify the situation upon written request, the giving and transferring responsibility for such effluent must cease.

L3 Preventing Contaminant Release To Land.

Contaminants must not be released to land.

Agency Interest: Noise

N1 Noise Nuisance.

Noise from the ERA must not cause an environmental nuisance at any nuisance sensitive place or commercial place

N2 All noise from activities must not exceed the levels specified in Table 1 - *Noise limits* at any nuisance sensitive or commercial place.

N3 Noise Monitoring.

When requested by the administering authority, noise monitoring must be undertaken to investigate any complaint of noise nuisance, and the results notified within 14 days to the administering authority. Monitoring must include:
- LA 10, adj, 10 mins
- LA 1, adj, 10 mins
- the level and frequency of occurrence of impulsive or tonal noise;
- atmospheric conditions including wind speed and direction;
- effects due to extraneous factors such as traffic noise; and
- location, date and time of recording.

N4 The method of measurement and reporting of noise levels must comply with the latest edition of the administering authorities Noise Measurement Manual.

Agency Interest: Social

S1 Complaint Response.

The operator of the ERA must record the following details for all complaints received and provide this

information to the administering authority on request:
a) Time, date, name and contact details of the complainant;
b) reasons for the complaint;
c) any investigations undertaken;
d) conclusions formed; and
e) any actions taken.

Agency Interest: Water

WA1 Monitoring.

Monitoring of treated sewage effluent must be undertaken from monitoring point MP1 as delineated in approved plan Drawing No. P-1109-037-02-05 Rev 0.

WA2 Monitoring must be undertaken and records kept of contaminant releases to waters from MP1 for the quality characteristics and not less frequently than specified in Table 2 - *Contaminant release limits to water.* All determinations of the quality of contaminants released must be:
a) made in accordance with methods prescribed in the latest edition of the Department of Environment and Resource Management Monitoring and Sampling Manual 2009 and Environmental Protection (Water) Policy 2009; and
b) carried out on samples that are representative of the discharge.

WA3 Erosion protection measures and sediment control measures must be implemented and maintained to minimise erosion and the release of sediment.

WA4 The total quantity of contaminants released to waters must not exceed the respective quantities stated in Table 3 - *Maximum permitted quantity of release* on any dry weather day or on any one day.

WA5 The daily volume of contaminants released to waters must be determined or estimated by an appropriate method approved by the administering authority, for example a flow meter, and records kept of such determinations and estimates.

WA6 All contaminants must be released from the end of the ocean outfall pipeline through a suitable diffuser at the location identified in approved plans Drawing Nos. 60150055-29 Rev 0 and 60150055-30 Rev 0.

WA7 Stormwater Management.
There must be no release of stormwater runoff that has been in contact with any contaminants at the site to any waters, roadside gutter or stormwater drain.

WA8 Contaminant And Sewage Pump Station.

Contaminant pumping stations must be fitted with stand-by pumps and pump-failure alarms as well as high level alarms to warn of imminent pump station overflow. All alarms must be able to operate without mains power.

Table 1 - Noise limits

Noise level dB(A) measured as	Monday to Saturday			Sundays and public holidays		
	7am - 6pm	6pm - 10pm	10pm - 7am	9am - 6pm	6pm - 10pm	10pm - 9am
	Noise measured at a 'Noise sensitive place'					
$L_{A10, adj, 10 mins}$	55	50	40	55	50	40
$L_{A1, adj, 10 mins}$	60	55	45	60	55	45
	Noise measured at a 'Commercial place'					
$L_{A10, adj, 10 mins}$	60	55	50	60	55	50
$L_{A1, adj, 10 mins}$	65	60	50	65	60	50

Table 2 - Contaminant release limits to water

Monitoring Location	Quality Characteristics	Units	Release Limit				Monitoring Frequency
			Minimum	50th Percentile	80th Percentile	Maximum	
MP1 *(MP1 relates to the final effluent sample point referred on drawing no. P-1109-037-02-05 Rev O)*	5-day Biochemical Oxygen Demand	mg/l	-	20	-	60	Monthly
	Suspended Solids	mg/l	-	-	30	90	Monthly
	pH	pH units	6.5	-	-	8.5	Weekly
	Dissolved Oxygen	mg/l	4	-	-	-	Monthly
	Ammonia Nitrogen	mg/l	-	5	-	8	Monthly
	Total Nitrogen	mg/l	-	15	-	30	Monthly
	Total Phosphorus	mg/l	-	8	-	15	Monthly
	Oil and Grease	mg/l		7.5		10	Monthly
	Faecal Coliforms	cfu/ 100ml	-	150	-	600	Monthly
	Enterococci[2]	cfu/ 100ml		40		200	Monthly

Table 3 - Maximum permitted quantity of release

Release point	Maximum release on any dry weather day	Maximum release on any one day
End of sewage outfall pipe	100,170 L	500,850 L

[2] Enterococci organisms may be monitored as an alternative to faecal coliforms once a reliable correlation has been determined through analysis over a minimum period of 12 months of treated effluent monitoring data to establish an equivalent limit for Enterococci and with the agreement of the administering authority.

DEFINITIONS

Words and phrases used throughout this permit[1] are defined below. Where a definition for a term used in this permit[1] is sought and the term is not defined within this permit[1] the definitions provided in the relevant legislation shall be used.

"administering authority" means the Department of Environment and Resource Management or its successor.

"annual return" means the return required by the annual notice (under section 316 of the *Environment Protection Act 1994*) for the section 73F registration certificate that applies to the development approval.

"approval" means 'notice of development application decision' or 'notice of concurrence agency response' under the *Sustainable Planning Act 2009*.

"approved plans" means the plans and documents listed in the approved plans section in the notice attached to this development approval.

"authorised place" means the place authorised under this development approval for the carrying out of the specified environmentally relevant activities.

"dwelling" means any of the following structures or vehicles that is principally used as a residence –
- a house, unit, motel, nursing home or other building or part of a building;
- a caravan, mobile home or other vehicle or structure on land;
- a water craft in a marina.

"intrusive noise" means noise that, because of its frequency, duration, level, tonal characteristics, impulsiveness or vibration –
- is clearly audible to, or can be felt by, an individual; and
- annoys the individual.
- In determining whether a noise annoys an individual and is unreasonably intrusive, regard must be given to Australian Standard 1055.2 – 1997 Acoustics – Description and Measurement of Environmental Noise Part 2 – Application to Specific Situations.

"$L_{A\,10,\,adj,\,10\,mins}$" means the A-weighted sound pressure level, (adjusted for tonal character and impulsiveness of the sound) exceeded for 10% of any 10 minute measurement period, using Fast response.

"$L_{A\,1,\,adj,\,10\,mins}$" means the A-weighted sound pressure level, (adjusted for tonal character and impulsiveness of the sound) exceeded for 1% of any 10 minute measurement period, using Fast response.

"$L_{A,\,max\,adj,\,T}$" means the average maximum A-weighted sound pressure level, adjusted for noise character and measured over any 10 minute period, using Fast response.

"land" in the "land schedule" of this document means land excluding waters and the atmosphere.

"mg/L" means milligrams per litre.

"noxious" means harmful or injurious to health or physical well being.

"NTU" means nephelometric turbidity units.

"nuisance sensitive place" includes –
- a dwelling, residential allotment, mobile home or caravan park, residential marina or other residential premises; or
- a motel, hotel or hostel; or
- a kindergarten, school, university or other educational institution; or
- a medical centre or hospital; or
- a protected area under the *Nature Conservation Act 1992*, the *Marine Parks Act 1992* or a World Heritage Area; or
- a public thoroughfare, park or gardens; or
- a place used as a workplace, an office or for business or commercial purposes and includes a place within the curtilage of such a place reasonably used by persons at that place.

"offensive" means causing offence or displeasure; is disagreeable to the sense; disgusting, nauseous or repulsive.

"site" means land or tidal waters on or in which it is proposed to carry out the development approved under this development approval.

"tidal water" means the sea and any part of a harbour or watercourse ordinarily within the ebb and flow of the tide at spring tides.

"waters" includes river, stream, lake, lagoon, pond, swamp, wetland, unconfined surface water, unconfined water natural or artificial watercourse, bed and bank of any waters, dams, non-tidal or tidal waters (including the sea), stormwater channel, stormwater drain, roadside gutter, stormwater run-off, and groundwater and any part-thereof.

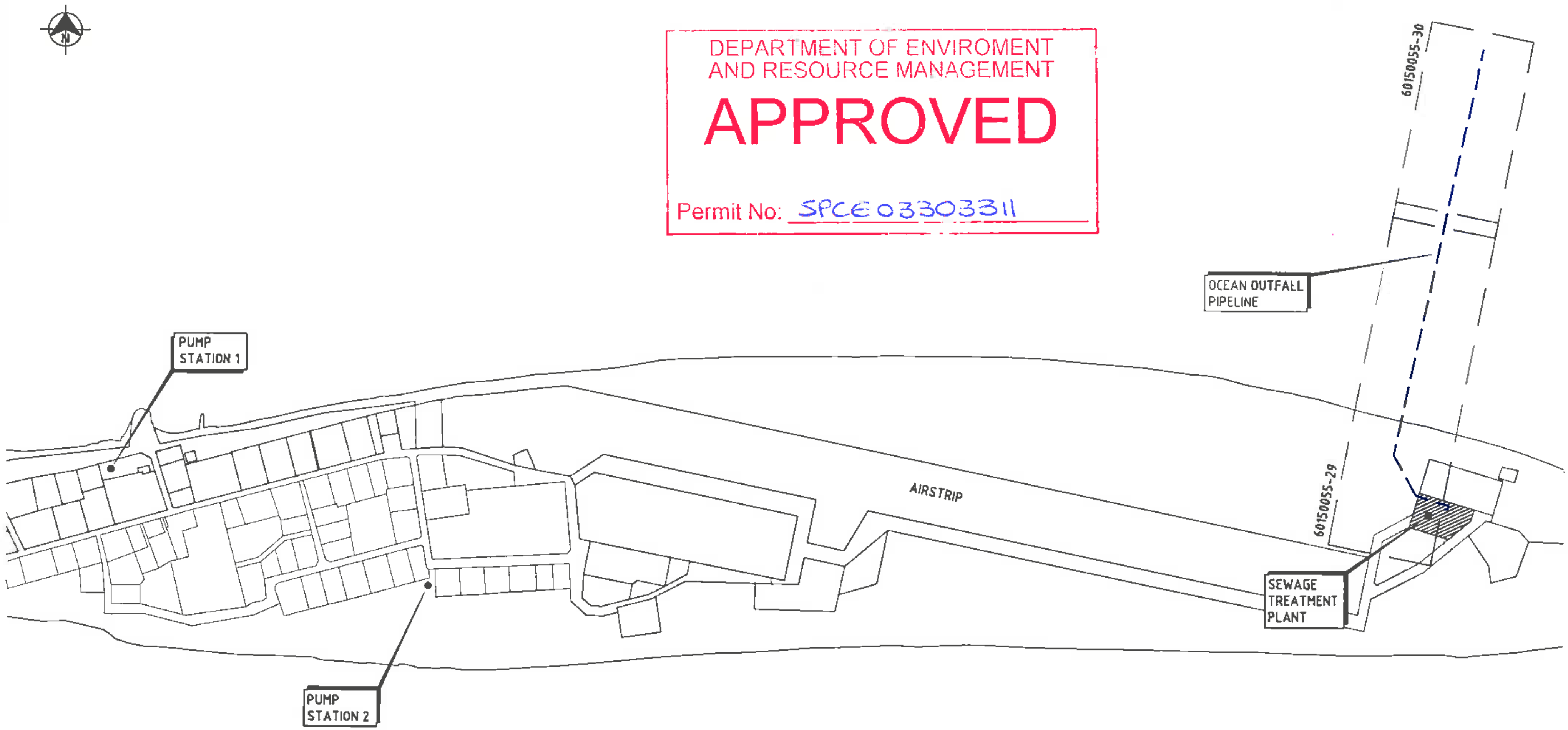
"works" or "operation" means the development approved under this development approval.

"you" means the holder of this development approval or owner / occupier of the land which is the subject of this development approval.

"50th percentile" means not more than three (3) of the measured values of the quality characteristic are to exceed the stated release limit for any six (6) consecutive samples for a release/monitoring point at any time during the environmental activity(ies) works.

"80th percentile" means not more than one (1) of the measured values of the quality characteristic is to exceed the stated release limit for any five (5) consecutive samples for a sampling point at any time during the environmental activity(ies) works

END OF CONDITIONS



DEPARTMENT OF ENVIROMENT AND RESOURCE MANAGEMENT

APPROVED

Permit No: SPCE 0330 3311

AECOM

RPEQ No. 5587
AECOM Australia Pty Ltd A.B.N. 20 093 846 925

Torres Strait Island Regional Council

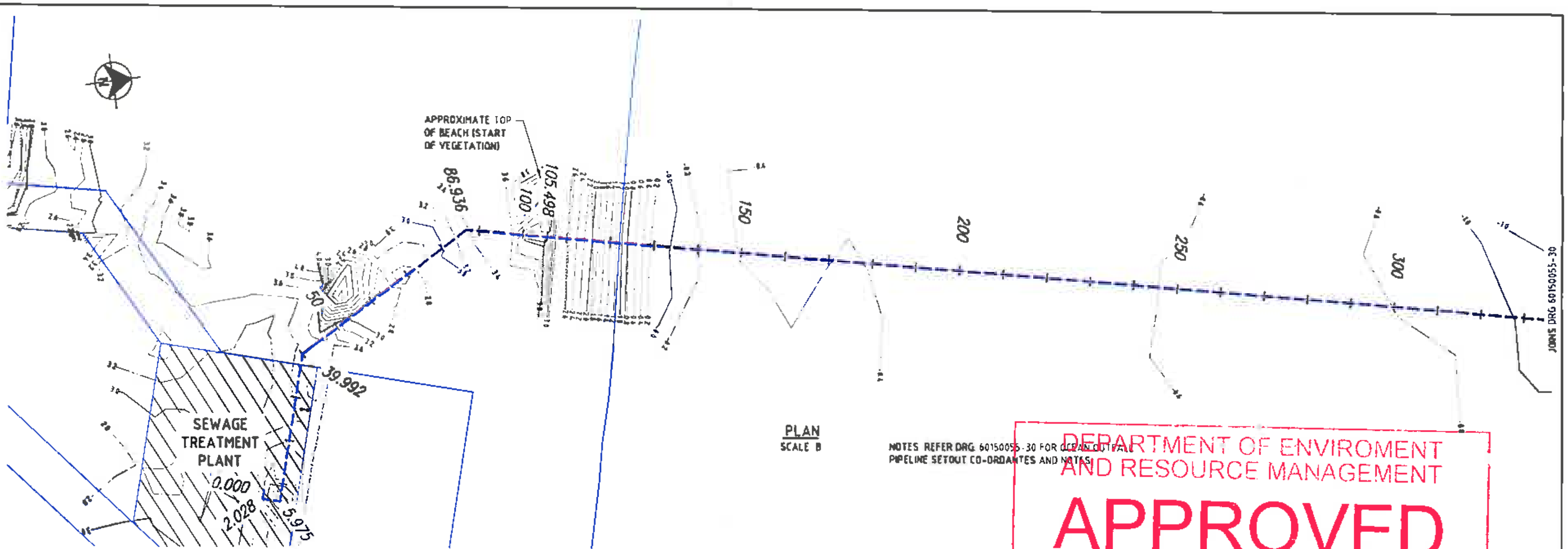
TORRES STRAIT ISLAND REGIONAL COUNCIL

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LAYOUT PLAN

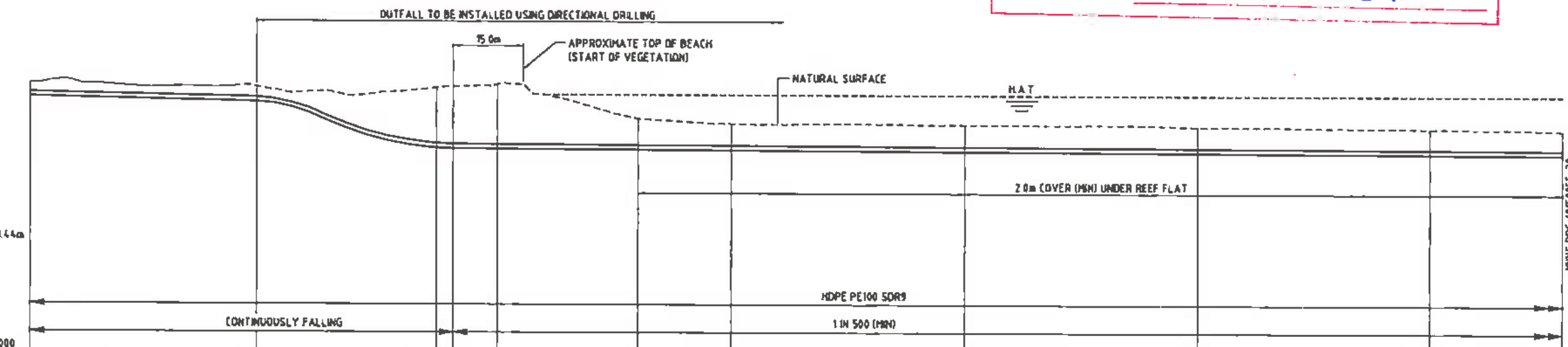
60150055-28

0

No.	BY	DATE	DESCRIPTION	APPD
0			ORIGINAL ISSUE	



DEPARTMENT OF ENVIROMENT AND RESOURCE MANAGEMENT
APPROVED
Permit No: SPCE03303311



NOTES

1. HIGHEST ASTRONOMICAL TIDE (H.A.T.) = 2.64m
2. HIGHEST ASTRONOMICAL TIDE -100yr (H.A.T.-100) = 3.44m
3. HIGH HAZARD STORM SURGE LEVEL = 3.64m
4. LOW HAZARD STORM SURGE LEVEL = 4.64m
5. LOWEST ASTRONOMICAL TIDE (L.A.T.) = -1.16m

DATUM R.L. -75.000

EXISTING SURFACE LEVELS	3.806	3.456	3.366	3.467	3.746	0.111	-0.407	-0.460	-0.653	-0.802	-1.016
INVERT LEVELS (APPROX.)	2.347	1.863	-3.043	-3.122	-3.161	-3.201	-3.241	-3.341	-3.441	-3.541	-3.598
CHAINAGE	0.000	48.509	86.936	90.498	100.000	130.000	150.000	200.000	250.000	300.000	328.509

OCEAN OUTFALL

DESIGNED	M.Evans	CHECKED	B.Hayes / W.Hughes
DRAWN	M.Evans	CHECKED	B.Hayes
APPROVED	J.Avery	DATE	6/9/2011

B — ORIGINAL ISSUE

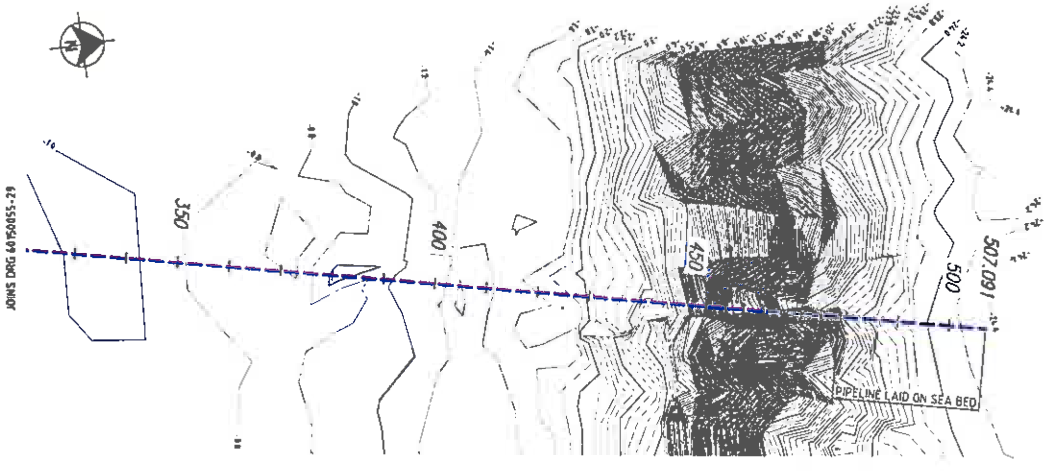
AECOM
RPEQ No. 5587
AECOM Australia Pty Ltd A.B.N. 20 093 846 925

Torres Strait Island Regional Council

TORRES STRAIT ISLAND REGIONAL COUNCIL

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LONGITUDINAL SECTION - SHEET 1 OF 2

60150055-29 B



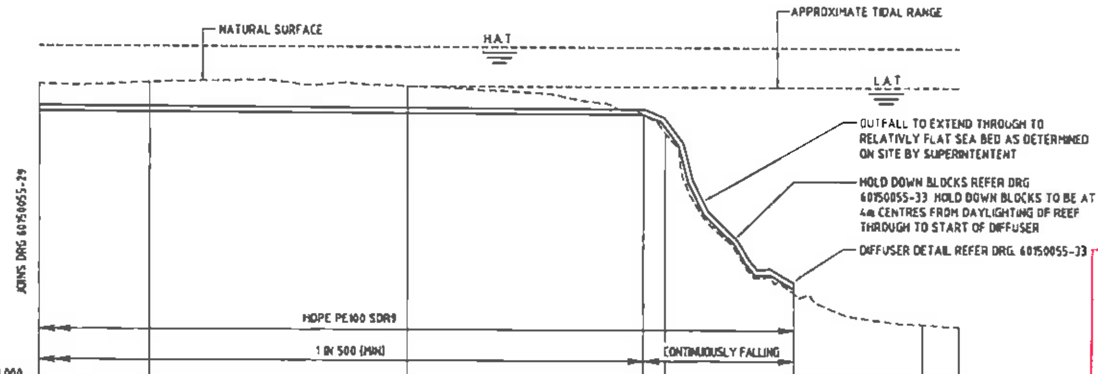
PLAN
SCALE B

OCEAN OUTFALL PIPELINE

SETOUT CO-ORDINATES		
CHAINAGE	EASTING	NORTHING
0 000 *	727502 584	8888324 598
2 028 *	727504 531	8888324 020
5 975 *	727505 637	8888327 809
39 992 *	727473 034	8888337 492
86 936 *	727450 049	8888378 429
105 498 *	727454 034	8888396 558
507 091 *	727540 251	8888788 788

NOTES

- THE DISTANCES SHOWN ARE ARBITRARY CENTRELINE DISTANCES ALONG THE PIPELINE ROUTE
- THE PIPELINE IS TO BE CONSTRUCTED ON CENTRELINE AS DETAILED HORIZONTAL PIPE DEFLECTIONS, 45° OR LESS TO BE ACHIEVED BY BENDING POLYETHYLENE PIPE TO A MIN. RADIUS AS RECOMMENDED BY MANUFACTURER. DEFLECTIONS GREATER THAN 45° ACHIEVED BY PROPRIETARY BENDS
- VERTICAL ALIGNMENT OF THE PIPELINES IS TO FACILITATE
  - 2.0m MIN. COVER UNDER REEF FLAT
  - THE RELEASE OF ENTRAPPED AIR
  - THE DRAINAGE OF THE PIPELINE FOR MAINTENANCE WORK
- PIPELINE MARKER POSTS REFER FNQROC STD DWG. S2011 TO BE INSTALLED AT ALL CHANGES OF DIRECTION UP TO CHAINAGE 70m
- (*) PIPE LOCATION INDICATIVE ONLY. FINAL PIPE LOCATION TO BE CONFIRMED ON SITE BY SUPERINTENDENT



DATUM R.L. -30.000

EXISTING SURFACE LEVELS	-1.014	-0.834	-1.149	-1.873	-5.680	-21.161	-24.127	-24.338
INVERT LEVELS (APPROX)	-3.598	-3.641	-3.741	-1.873	-5.017	-20.71		
CHAINAGE	328.509	350.000	400.000	445.826	450.000	475.033	500.000	507.091

OCEAN OUTFALL

DEPARTMENT OF ENVIROMENT AND RESOURCE MANAGEMENT

APPROVED

Permit No: SPCE03303311

This drawing is confidential and shall only be used for the purposes of this project

REVISIONS

No.	BY	DATE	DESCRIPTION	APPD
0			ORIGINAL ISSUE	

SCALE B

HORIZONTAL

VERTICAL

DESIGNED	W.Hayes	CHECKED	B.Hayes / S.Sterling
DRAWN	H.Cfarb	CHECKED	B.Hayes
APPROVED	J.Jones	DATE	8/9/2011

AECOM

RPEQ No. 5587
AECOM Australia Pty Ltd A.B.N. 20 093 846 925

Torres Strait Island

TORRES STRAIT ISLAND REGIONAL COUNCIL

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LONGITUDINAL SECTION - SHEET 2 OF 2

60150055-30

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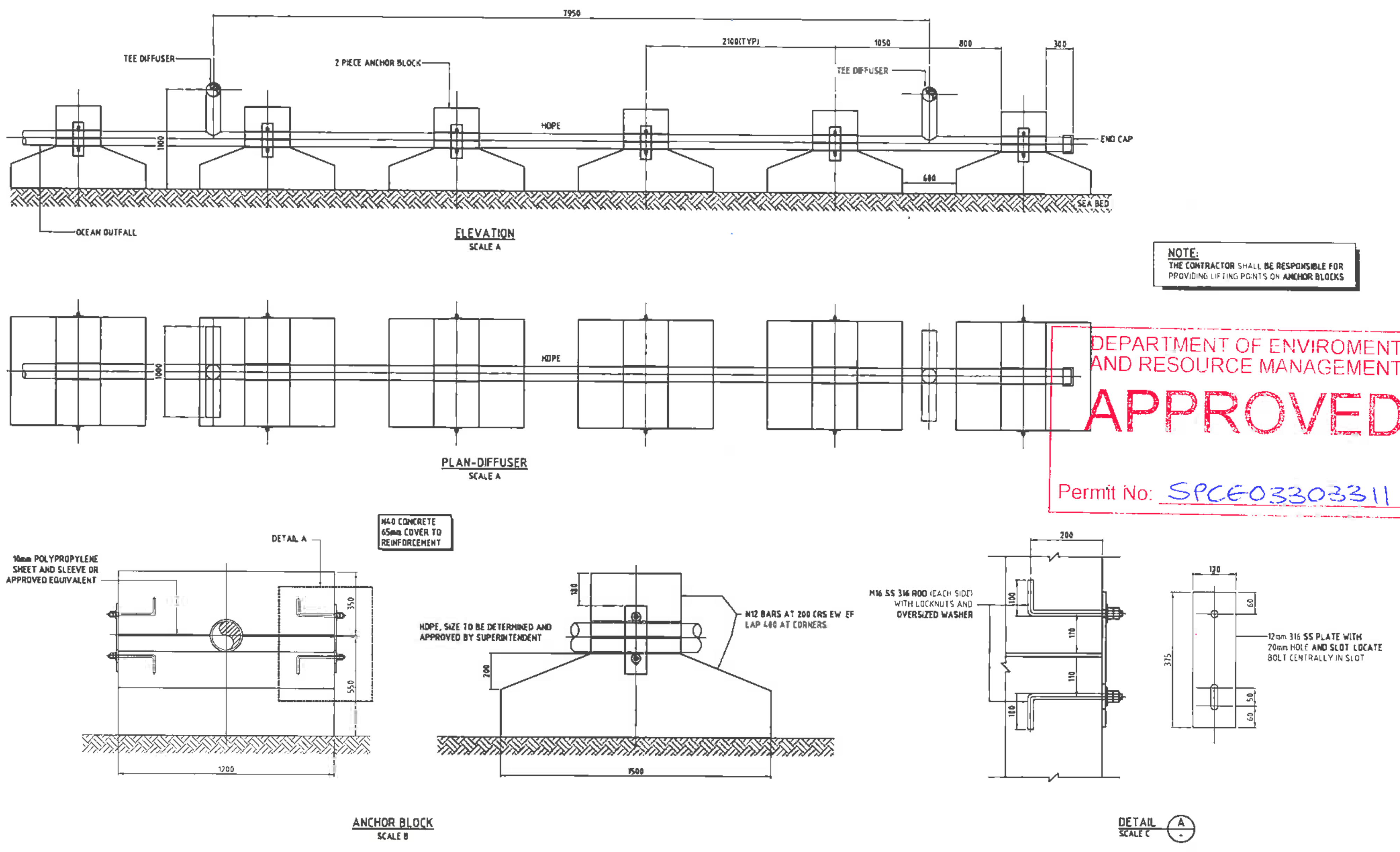

NOTE:
THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING LIFTING POINTS ON ANCHOR BLOCKS

DEPARTMENT OF ENVIROMENT AND RESOURCE MANAGEMENT

APPROVED

Permit No: SPCE03303311

REVISIONS

No.	BY	DATE	DESCRIPTION	APP'D
0			ORIGINAL ISSUE	

SCALE A 1 : 20 FULL SIZE A1
SCALE B 1 : 10 FULL SIZE A1
SCALE C 1 : 5 FULL SIZE A1

DESIGNED	W.Mayers	CHECKED	B.Mayers / E.Keating
DRAWN	H.Craze	CHECKED	B.Mayers
APPROVED	J.Jones	DATE	8/8/2011

RPEQ No. 5587
AECOM Australia Pty Ltd ABN 20 093 846 925

AECOM

Torres Strait Island Regional Council

TORRES STRAIT ISLAND REGIONAL COUNCIL

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL DETAILS

Plan 31 of 33

60150055-33

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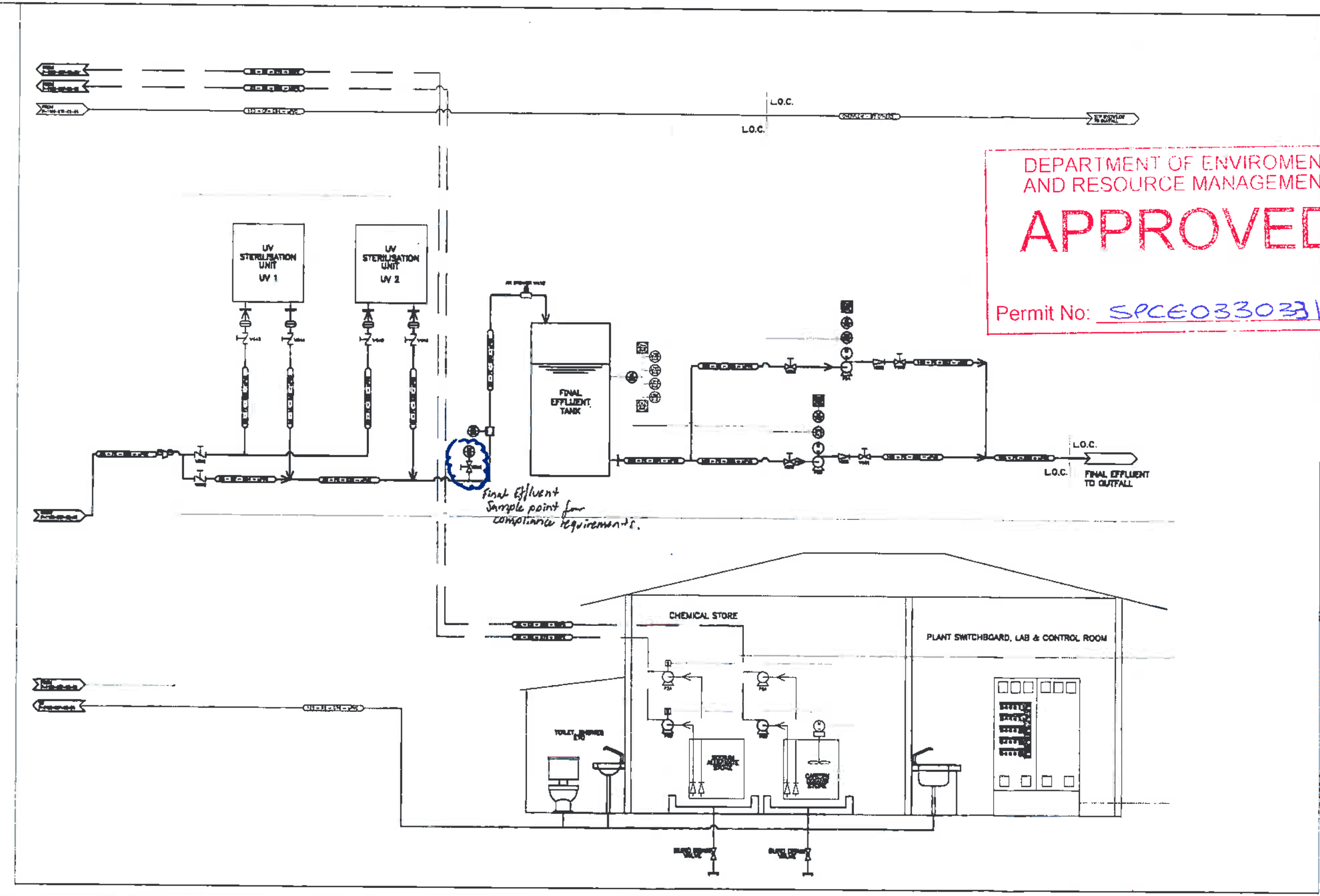


DEPARTMENT OF ENVIROMENT AND RESOURCE MANAGEMENT

APPROVED

Permit No: SPCE03303311

CLIENT DETAILS	JOB NAME	REVISION SCHEDULE				
EPCO AUSTRALIA	PORUMA SEWERAGE SCHEME STP	0	05/10/11	INITIAL VERSION	TA	
		REV	DATE	COMMENTS	INITL.	

DATUM: -
DESIGNED: TA
DRAWN: TA
CHECKED: -
SIGNED:
DATE:

Simmonds & Bristow Pty. Ltd.
WATER & ENVIRONMENTAL ANALYSTS & CONSULTANTS
... Helping you make good clean water
A.C.N. 010 252 418

DRAWING TITLE: PORUMA STP PRELIMINARY P & ID
SCALE: NTS
JOB/PROPOSAL No: P-1109-037-02
DRAWING STATUS: PRELIMINARY
PLOT NUMBER: DATE 05/10/11
DWG No: P-1109-037-02-05
REV: 0

2010

2011

Torres Strait Island Regional Council Annual Report

ANNUAL REPORT

2010-2011

Torres Strait Island
REGIONAL COUNCIL

Torres Strait Island Regional Council
2010 2011

Contents

The Torres Strait Island Regional Council

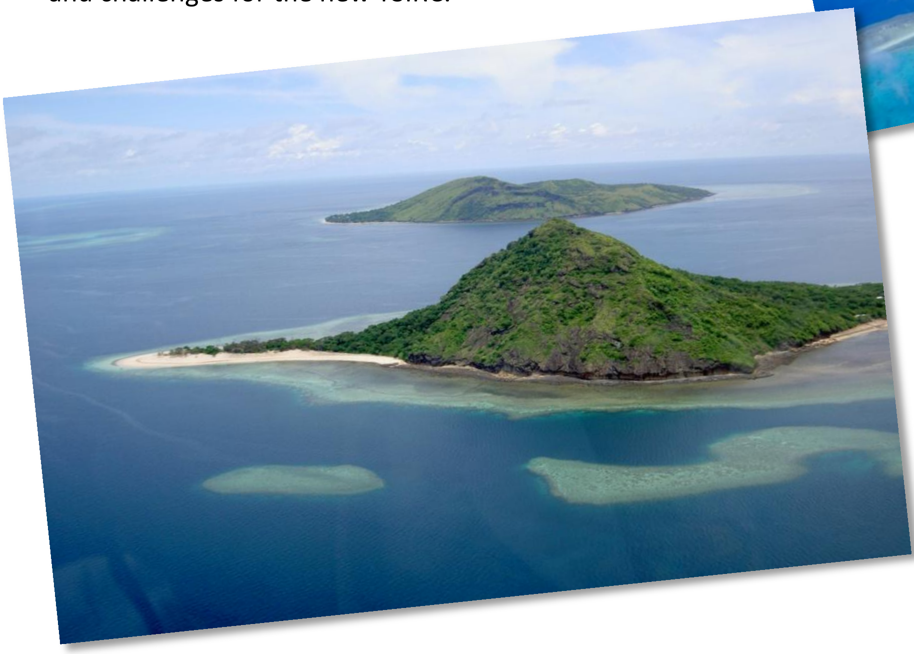
This year, the Torres Strait Island Regional Council (TSIRC) celebrated its third birthday.
Formed in 2008 as part of the Queensland Government's local council amalgamation policy, the TSIRC is an entirely new local council governed under the *Local Government Act 1993.*

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

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

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

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



TSIRC Services

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

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

Some examples of the services TSIRC provide are:

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

Mayor's Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mayor Fred Gela

CEO's Report

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

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

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

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

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

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

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

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

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

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

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

John Scarce

Equal Opportunity Policy and Plan

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

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

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

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

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

Implementing Community & Corporate Plan's

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

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

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

	- Lagoon covers at Mabuiag Island, Warraber Island, Poruma Island; - 4 new portable desalination plants; - Resealing of Council's airports; - Roadworks at Darnley Island, St Pauls Community, Mabuiag Island, Kubin Community, Saibai Island, Boigu Island; - New water facilities under construction for Hammond Island, Mabuiag Island, Saibai Island, Mer Island Ugar Island,Masig Island, Warraber Island, Iama Island, Poruma Island; - Dauan Island water main replacement; - New airport fencing at Badu Island, Kubin community, Mabuiag Island and Saibai Island and programmed construction at Poruma Island, Darnley Island and Mer Island; - New Helipad at Poruma Island; - Regular Road Maintenance; - Water and Sewerage system operation; - Warraber Island Sewerage; - St Pauls Community Sewerage; - Kubin Community Sewerage; - Masig Island Sewerage; - Mabuiag Island Sewerage; - Establishment of an operating "plant pool"
Public Health	- Established Torres Strait Round table - Funding committed for Asbestos and Fire Safety on all islands; - Environment and Health Annual Work Plan - Health Lifestyle Officer program
Community Development	- 20 Year Community Plan (2009 – 2029) - 5 Year Corporate Plan (2009 – 2014) - Established Torres Strait Round table - Remote Indigenous Radio Operators/programs
Human Services	- Home based care through Home and Community Care program - Child care services delivered at Badu Island, Kubin Community, Warraber Island, Poruma Island, Masig Island - After school and vacation care program delivered at Hammond

Housing for people living in its area	National Partnership on Remote Indigenous Housing - $400M over 10 years for new and upgrade of social housing; Social Housing Indigenous Land Use Agreements progressed by Prescribed Body Corporates, Torres Strait Regional Authority and Council; Petitioning Department of Environment Resource Management to assess pending Katter Leases Home Ownership Team introduced 2011; Formal recognition of Native Title by Council in its tenure policies
Population Change	Sustainable Land Use Management Plans for all communities; Planning Scheme development commenced; Regional Indigenous Land Use Agreements progressed by Prescribed Body Corporates, Torres Strait Regional Authority and Council
Governance	Complex amalgamation transition; Local Laws adopted; Appointment and training of Authorised Persons; New Policing model Progress the desire to Territory Government Influenced the development of the new LG Act 2009 Memorandum Of Agreement with Torres Strait Regional Authority; Realignment of employment structure across organisation; Implementation of SAFEPLAN; Implementation of administrative policies; Implementation of Complaints Management and Handling procedures Continue to work on alternative transport feasibility Lobbied for schedules and subsidised flights Deliver evidence to Parliamentary committees to influence reforms

Introducing the Councillor's

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

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

Remuneration

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

Superannuation:

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

Resolutions relating to Councillor Remuneration:

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

Senior contract employee remuneration:

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

Council Meetings Attended:

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

Complaints, Orders & Investigations

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

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

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

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

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

TSIRC 2010-11 complaints, orders & investigations:

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

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

Disclosure of cross subsidies:

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

Length of roads controlled by Council:

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

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

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

Names of shareholders delegates of TSIRC for its LGOCs:
For the period ending 30 June 2011, the Council controlled no LGOC's.

List of all business activities (National Competition Policy):
The Council had no identified business activities for the period ending 30 June 2011.

Overseas Travel:
Nil

Special Rates and Charges:
The Council levied no special rates or charges on land for the period ending 30 June 2010.

Rates Rebates and Concessions:
The Council did not levy general rates – therefore, no rebates or concessions were applied.

Registers:
The Council keeps the following registers open to public inspection:

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

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

Invitations to Change Tenders:
Nil

Council's Borrowing Policy:

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

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

Borrowings will be "matched" with the profile of the asset;

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

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

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

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

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

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

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

A summary of all concessions for rates and charges granted by the local government:
TSIRC does not charge its constituents rate fees.

Summary of Expenditure, Hospitality, Advertising and Grants:

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

Summary of Expenditure on consultants:

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

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

Expense Reimbursement Policy

Commencement

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

Background

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

Purpose

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

Statement of Principles

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

• Reasonable expenses reimbursement to councillors

• Public accountability and transparency

• Public perceptions and community expectations

• No private benefit to be derived

• Equity and participation

Payment of Expenses

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

• The limits outlined in this policy and

• Council endorsement by resolution.

Expense Categories

Representing Council

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

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

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

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

Professional development

A local government will reimburse expenses incurred for:

• <u>Mandatory professional development</u>

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

• <u>Discretionary professional development</u>

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

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

Travel as required to represent council

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

- A councillor is an official representative of council and
- The activity/event and travel have been endorsed by resolution of council or
- The mayor & CEO consider necessary to incur the travel on behalf of council

Councillors are to travel via the most direct route, using the most economical and efficient mode of transport.

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

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

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

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

Travel bookings

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

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

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

Travel transfer costs

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

Example: Trains, taxis, buses and ferry fares

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

Private vehicle usage

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

• Travel has been endorsed by council resolution or

▪ The Mayor & CEO consider it appropriate
• Claim for mileage is substantiated with log book details and

• Total travel claim does not exceed the cost of the same travel using economy flights plus the cost of taxi transfers.

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

Accommodation

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

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

Meals

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

• The meal was not provided:

- Within the registration costs of the approved activity/event

- During an approved flight

- Any time Councillor is on Council Business

No alcohol will be paid for by council.

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

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

- **Incidental allowance**

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

Hospitality

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

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

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

Provision of Facilities

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

Private use of Council owned facilities

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

Facilities Categories

Administrative tools

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

Administrative tools include:

- Office space and meeting rooms
- Computers
- Stationery

• Access to photocopiers

• Printers

• Facsimile machines

• Publications

• Use of council landline telephones and internet access in council offices.

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

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

Maintenance costs of council owned equipment

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

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

Name Badge and uniform

The Council will provide Councillors with a name badge

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

Use of council vehicles on council business

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

Private use of vehicles

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

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

Telecommunication needs – mobile devices

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

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

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

Insurance cover

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

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

Fuel costs

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

Certification

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

John Scarce

CHIEF EXECUTIVE OFFICER

Community Financial Report

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

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

The Income Statement

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

The Balance Sheet

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

The Statement of Changes in Equity

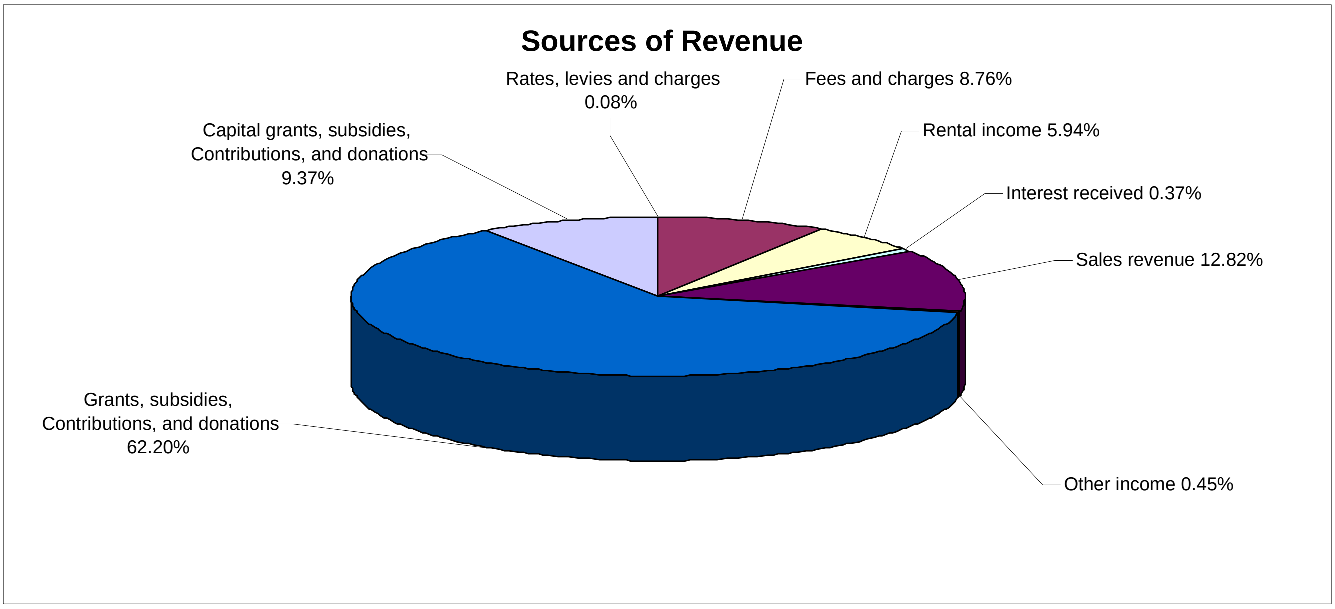
This statement shows the movements between elements of Community Equity shown in the Balance Sheet.

The Statement of Cash flows

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

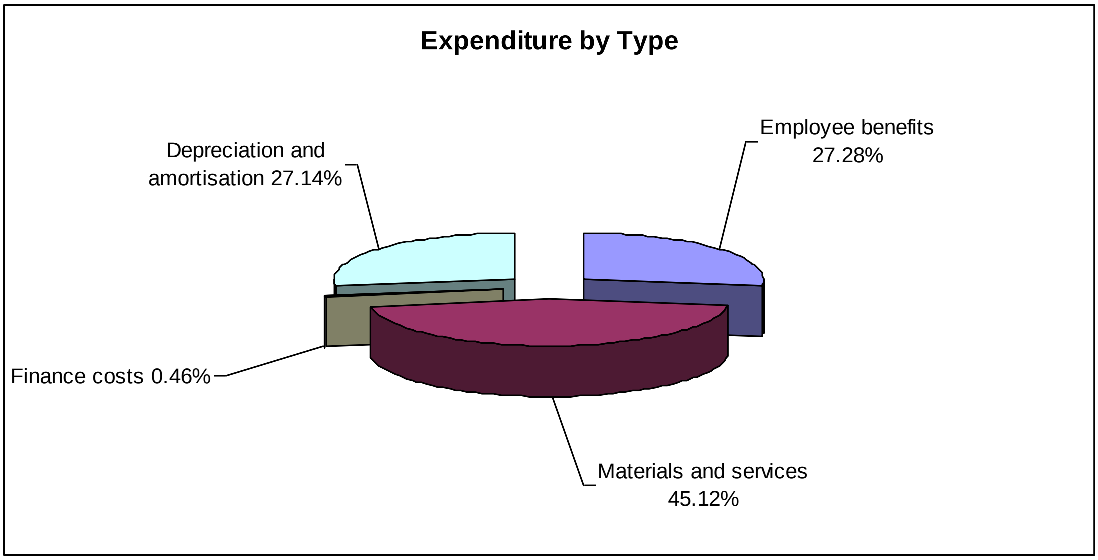
THE INCOME STATEMENT

Revenue – where did the dollars come from?



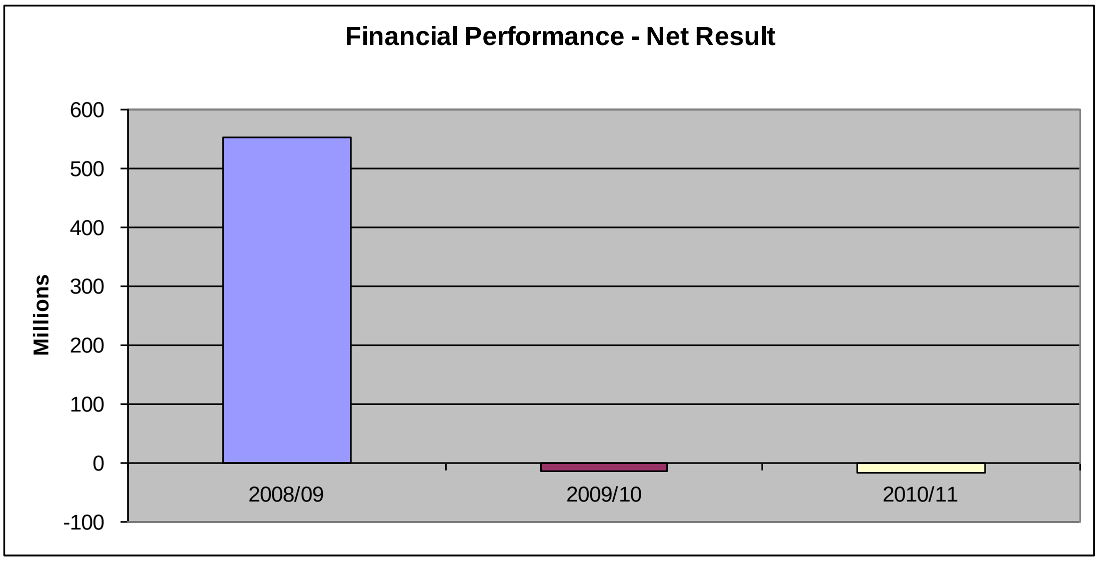
Council received $60 million in revenue during 2010/2011. This was primarily from Grants, Subsidies, Contributions and Donations of $37 million which accounted for 62% of total revenue. Capital grants made up 9% of revenue. The remaining revenue is sourced from interest revenue, rental income, fees and sales revenue.

Expenses – where the dollars were spent?



Total expenses of $76 million were incurred during July 2010 and June 2011, which were primarily for employee costs of $21 million and materials and services of $34 million which together made up 72% of total expenditure. The remaining expenditure is made up of depreciation and amortisation and finance costs.

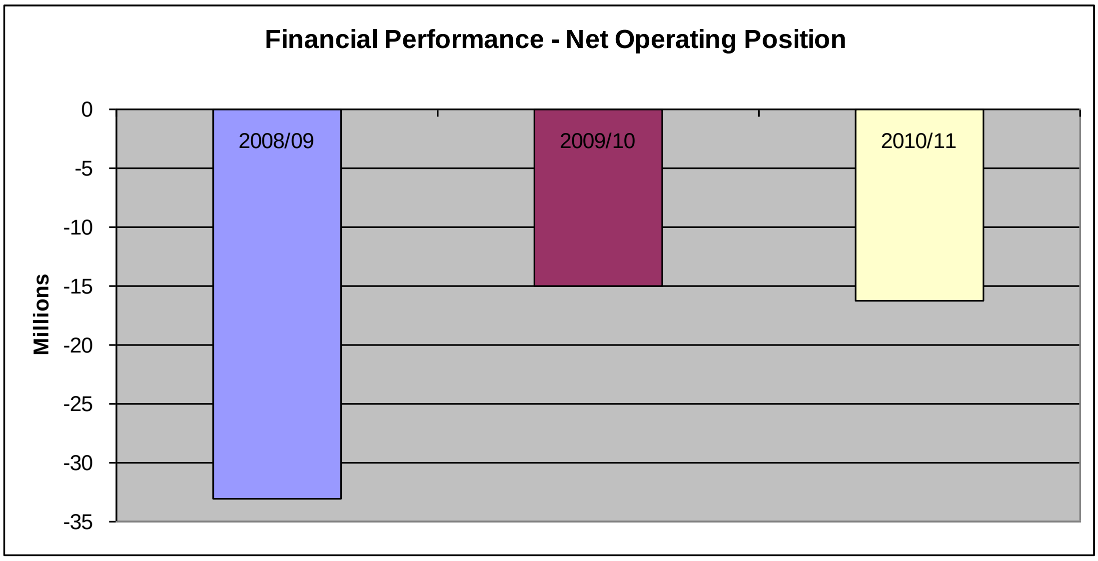
Net Result attributable to Council



The net result is the difference between revenue received and the operating expenses incurred by Council throughout the year on an accrual basis. The 2010/2011 net result is $-16.2 million which indicates that revenue is $16.2 million less than expenses.

Therefore, the surplus is not actual cash, but rather fixed assets in the form of, for example – water and sewage treatment plants, roads and buildings.

Operating Position



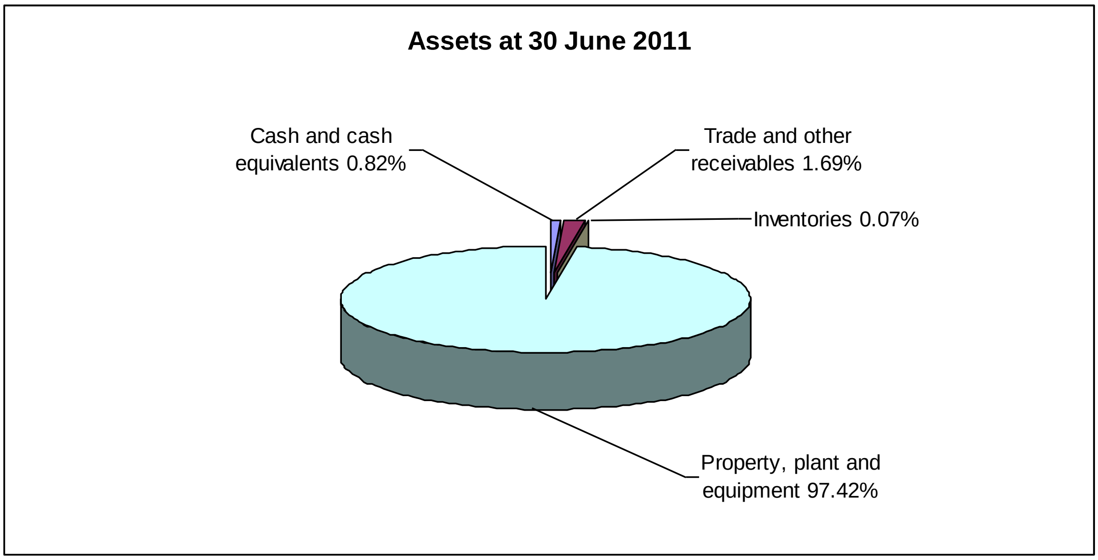
The operating position is calculated by taking total operating expenditure from the total operating revenue. Operating revenue in this calculation does not include any revenue for capital projects.

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

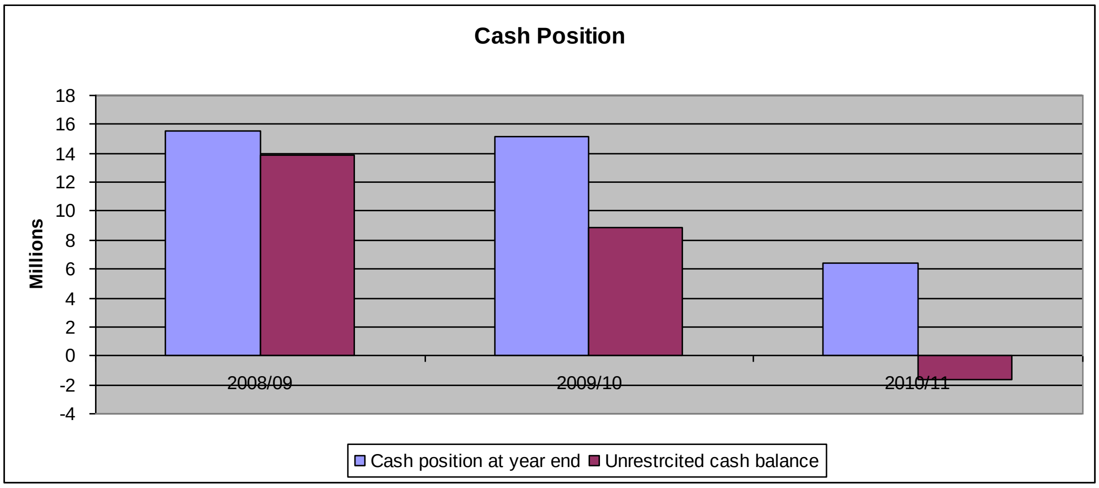
The Council is showing a loss level in terms of operating position, principally due to recognition of depreciation (or consumption of assets).

THE BALANCE SHEET

Assets – what we own and what is owing to us

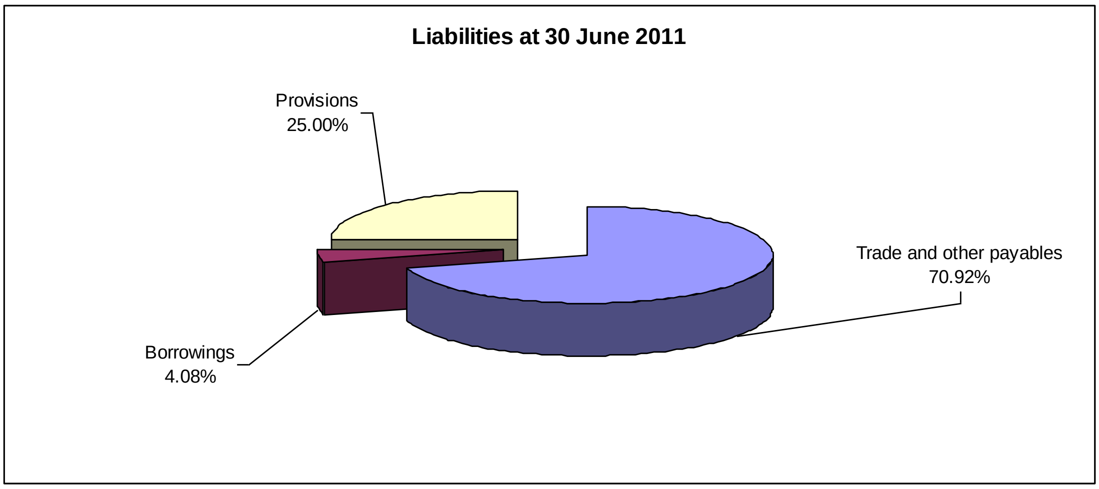


The major components of assets include property, plant and equipment, land, roads, water and sewerage, housing and cash assets. These assets represent 98% of all assets.



The cash position at 30 June 2011 was $6.3 million. The unrestricted cash balance (total cash less constrained grant funds) was $-1.6 million.

Liabilities – what we owe



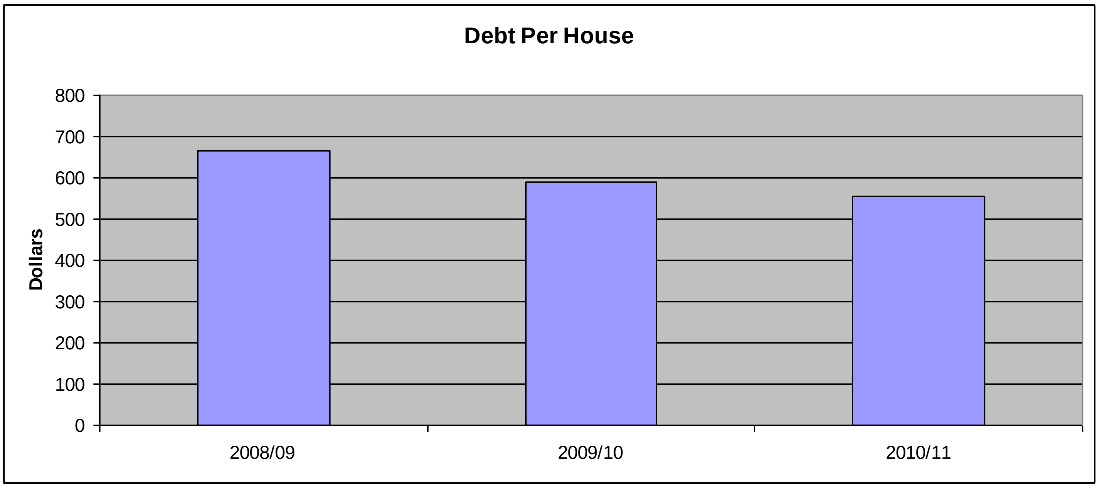
Council's liabilities include loans, amounts owing to suppliers, and amounts owing to employees for leave entitlements. Total liabilities at 30 June 2011 were $13.2 million.

QUEENSLAND TREASURY DEBT

Council's current borrowing policy requires:

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

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



The debt per community house is $555 at 30 June 2011.

CONCLUSION

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

FINANCIAL MANAGEMENT SUSTAINABILITY

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

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

The Department has published a number of Financial Ratios as measures of sustainability.

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

Sustainability Indicators				
Ratio	**Calculation**	**Information**	**Target**	**Actual**
Working Capital Ratio	Current Assets / Current Liabilities	This is an indicator of the management of working capital. Measures the extent to which a council has liquid assets available to meet short term financial obligations.	Greater than 1:1	2:2
Operating Surplus Ratio	Net Operating Surplus / Total Operating Revenue	This is an indicator of the extent to which revenues raised covers operational expenses or are available for capital funding.	Between 0% and 15%	-26.83%
Net Financial Liabilities Ratio	Total Liabilities - Current Assets / Total Operating Revenue	This is an indicator of the extent to which the net financial liabilities of council can be serviced by its operating revenues.	Not Greater than 60%	-11.49%
Interest Coverage Ratio	Net Interest Expense on Debt / Total Operating Revenue	This ratio indicates the extent to which council's operating revenues are committed to interest expense.	Between 0% and 10%	0.06%

Sustainability Indicators				
Ratio	**Calculation**	**Information**	**Target**	**Actual**
Asset Sustainability Ratio	Capital Expenditure on Replacement Assets / Depreciation Expense	This is an approximation of the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives.	Greater than 90%	70.87%

Asset Renewal Funding Ratio	Net Present Value of Planned Capital Expenditure on Renewals over 10 years ———————————— Net Present Value of Required Capital Expenditure on Renewals	This represents the extent to which the required capital expenditures on renewals have been incorporated into the 10 Year Financial Model of Council.	Greater than 90%	Due to Grant Funding uncertaintly it is not possible to calculate this indicator.

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

Local Government Finance Standard 2005 s.23(1)/(2)(b):

(1) This section states particular matters that a local government's annual report for a financial year must contain.

(2) The matters are –

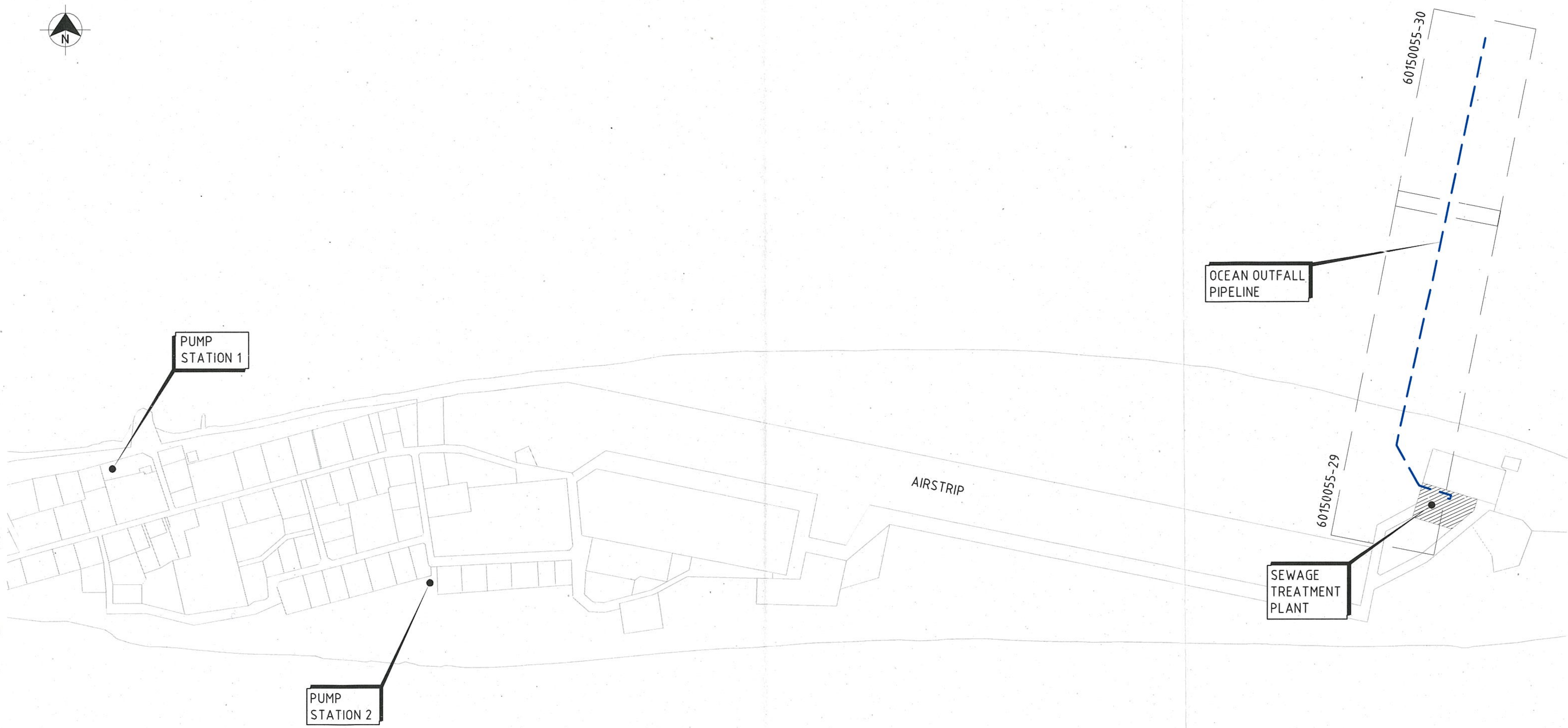
(b) a community financial report that is –

(i) consistent with, but not part of, the local government's financial statements: and

(ii) in a form that is readily understood by the community.

(3) In this section –

"community financial report" means a report containing a summary and analysis of the local government's financial performance and position for the financial year.



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Scale

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DRAWN	H.Craze	CHECKED	B.Hayes
APPROVED	J.Jentz *	DATE	8/8/2011

Cad ref: J:\60150055_01\5. CAD\5.3 Working\Drawings\60150055-28.dwg
Last modified: 08 Aug 11 - 14:38

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Torres Strait Island REGIONAL COUNCIL

TORRES STRAIT ISLAND REGIONAL COUNCIL

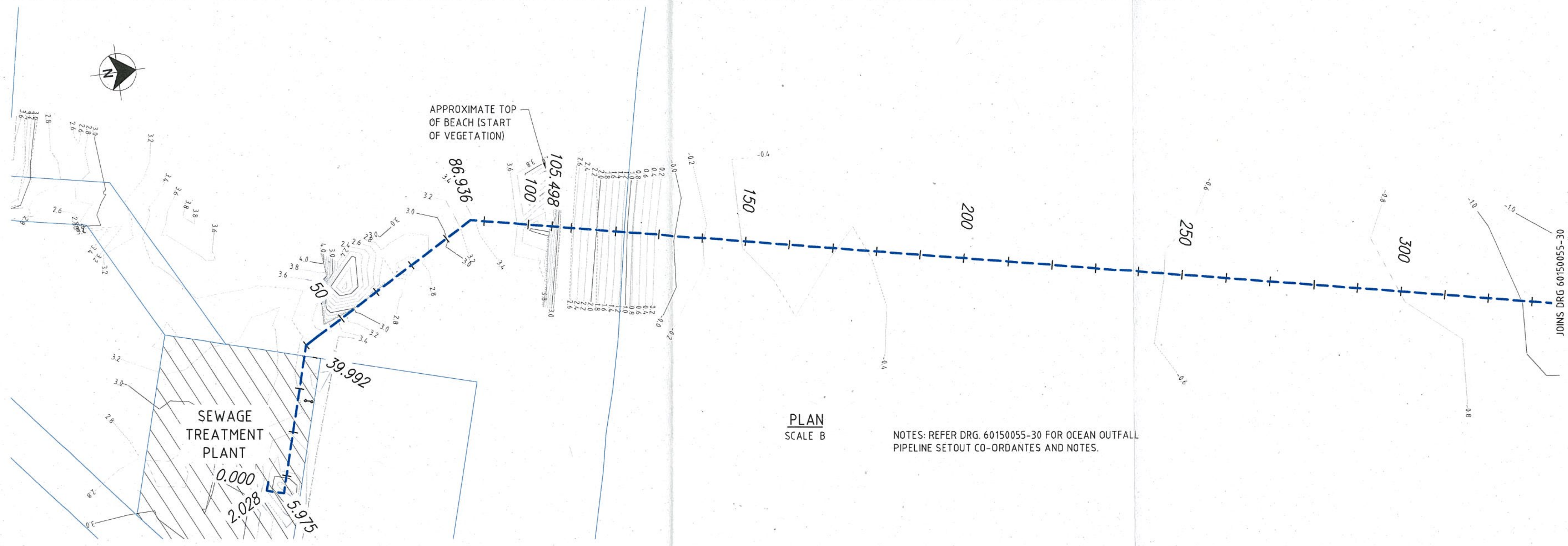
Plan 28 of 33

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LAYOUT PLAN

Status

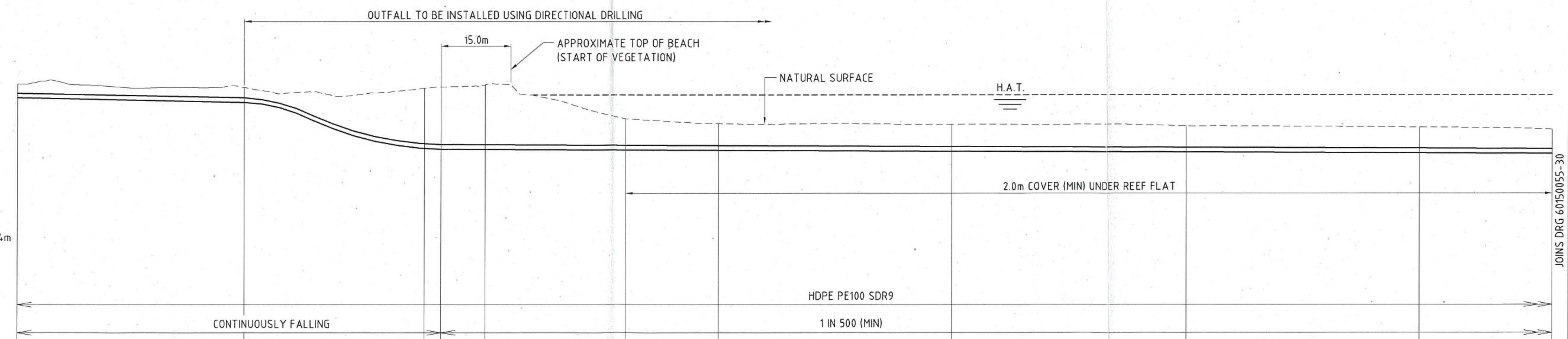
Drg No. 60150055-28

Rev. 0



PLAN
SCALE B

NOTES: REFER DRG. 60150055-30 FOR OCEAN OUTFALL PIPELINE SETOUT CO-ORDANTES AND NOTES.



NOTES

1. HIGHEST ASTRONOMICAL TIDE (H.A.T.) = 2.64m
2. HIGHEST ASTRONOMICAL TIDE -100yr (H.A.T.-100) = 3.44m
3. HIGH HAZARD STORM SURGE LEVEL = 3.64m
4. LOW HAZARD STORM SURGE LEVEL = 4.64m
5. LOWEST ASTRONOMICAL TIDE (L.A.T.) = -1.16m

DATUM R.L. -25.000

EXISTING SURFACE LEVELS	3.806	3.456	3.366	3.467	3.746	0.111	-0.407	-0.460	-0.653	-0.802	-1.014
INVERT LEVELS (APPROX.)	2.347	1.863	-3.043	-3.122	-3.141	-3.201	-3.241	-3.341	-3.441	-3.541	-3.598
CHAINAGE	0.000	48.509	86.936	90.498	100.000	130.000	150.000	200.000	250.000	300.000	328.509

OCEAN OUTFALL

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Scale

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HORIZONTAL 0 10 20 25m 1:1000 (A3) 1:500 (A1)

VERTICAL 0 10 20 25m 1:100 (A3) 1:50 (A1)

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APPROVED	J.Jentz *	DATE	8/8/2011

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Torres Strait Island REGIONAL COUNCIL

TORRES STRAIT ISLAND REGIONAL COUNCIL

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LONGITUDINAL SECTION - SHEET 1 OF 2

Status

Drg No. 60150055-29

Rev. 0

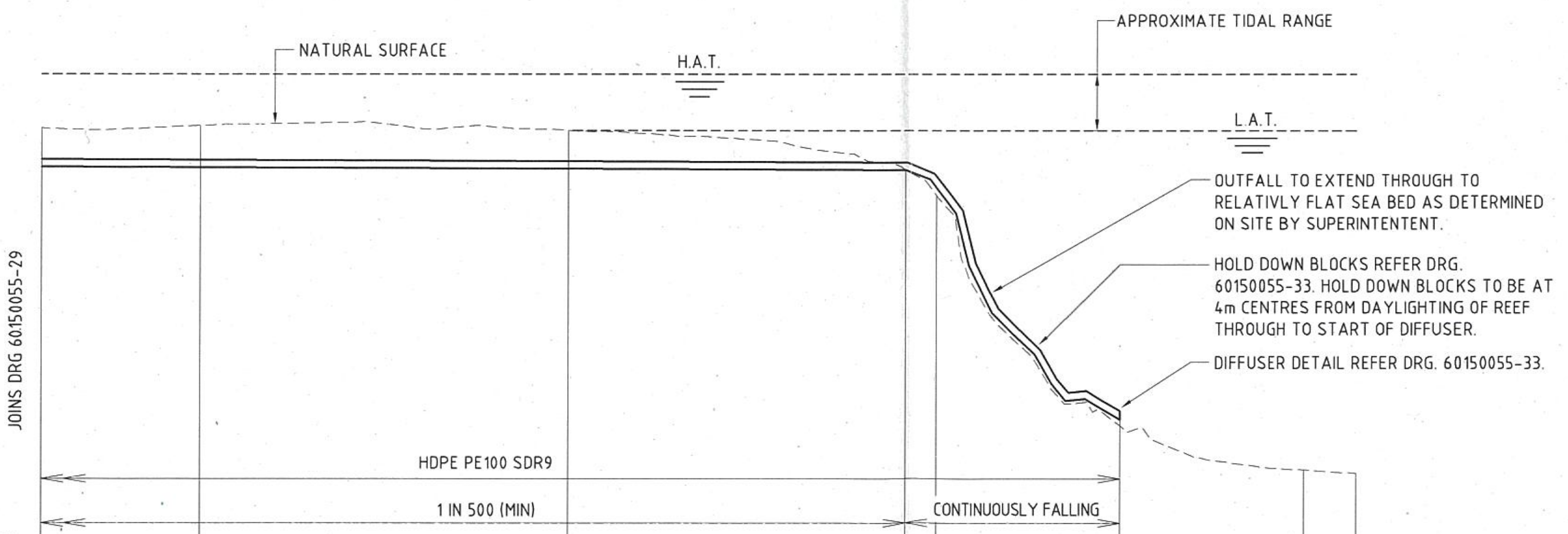
PLAN
SCALE B

OCEAN OUTFALL PIPELINE

SETOUT CO-ORDINATES		
CHAINAGE	EASTING	NORTHING
0.000 ✳	727502.586	8888324.598
2.028 ✳	727504.531	8888324.020
5.975 ✳	727505.637	8888327.809
39.992 ✳	727473.034	8888337.492
86.936 ✳	727450.049	8888378.429
105.498 ✳	727454.034	8888396.558
507.091 ✳	727540.251	8888788.788

NOTES

- THE DISTANCES SHOWN ARE ARBITRARY CENTRELINE DISTANCES ALONG THE PIPELINE ROUTE.
- THE PIPELINE IS TO BE CONSTRUCTED ON CENTRELINE AS DETAILED. HORIZONTAL PIPE DEFLECTIONS, 45° OR LESS TO BE ACHIEVED BY BENDING POLYETHYLENE PIPE TO A MIN. RADIUS AS RECOMMENDED BY MANUFACTURER. DEFLECTIONS GREATER THAN 45° ACHIEVED BY PROPRIETARY BENDS.
- VERTICAL ALIGNMENT OF THE PIPELINES IS TO FACILITATE:
  - 2.0m MIN. COVER UNDER REEF FLAT
  - THE RELEASE OF ENTRAPPED AIR
  - THE DRAINAGE OF THE PIPELINE FOR MAINTENANCE WORK
- PIPELINE MARKER POSTS REFER FNQROC STD. DWG. S2011 TO BE INSTALLED AT ALL CHANGES OF DIRECTION UP TO CHAINAGE 70m.
- (✳) PIPE LOCATION INDICATIVE ONLY. FINAL PIPE LOCATION TO BE CONFIRMED ON SITE BY SUPERINTENDENT.



DATUM R.L. -30.000

EXISTING SURFACE LEVELS	-1.014	-0.834	-1.149	-1.873	-5.680	-21.141	-24.127	-24.338
INVERT LEVELS (APPROX.)	-3.598	-3.641	-3.741	-1.873	-5.017	-20.71		
CHAINAGE	328.509	350.000	400.000	445.826	450.000	475.033	500.000	507.091

OCEAN OUTFALL

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Scale
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HORIZONTAL 0 10 20 25m 1:1000 (A3) 1:500 (A1)
VERTICAL 0 1.0 2.0 2.5m 1:100 (A3) 1:50 (A1)

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APPROVED	J.Jentz ✱	DATE	8/8/2011

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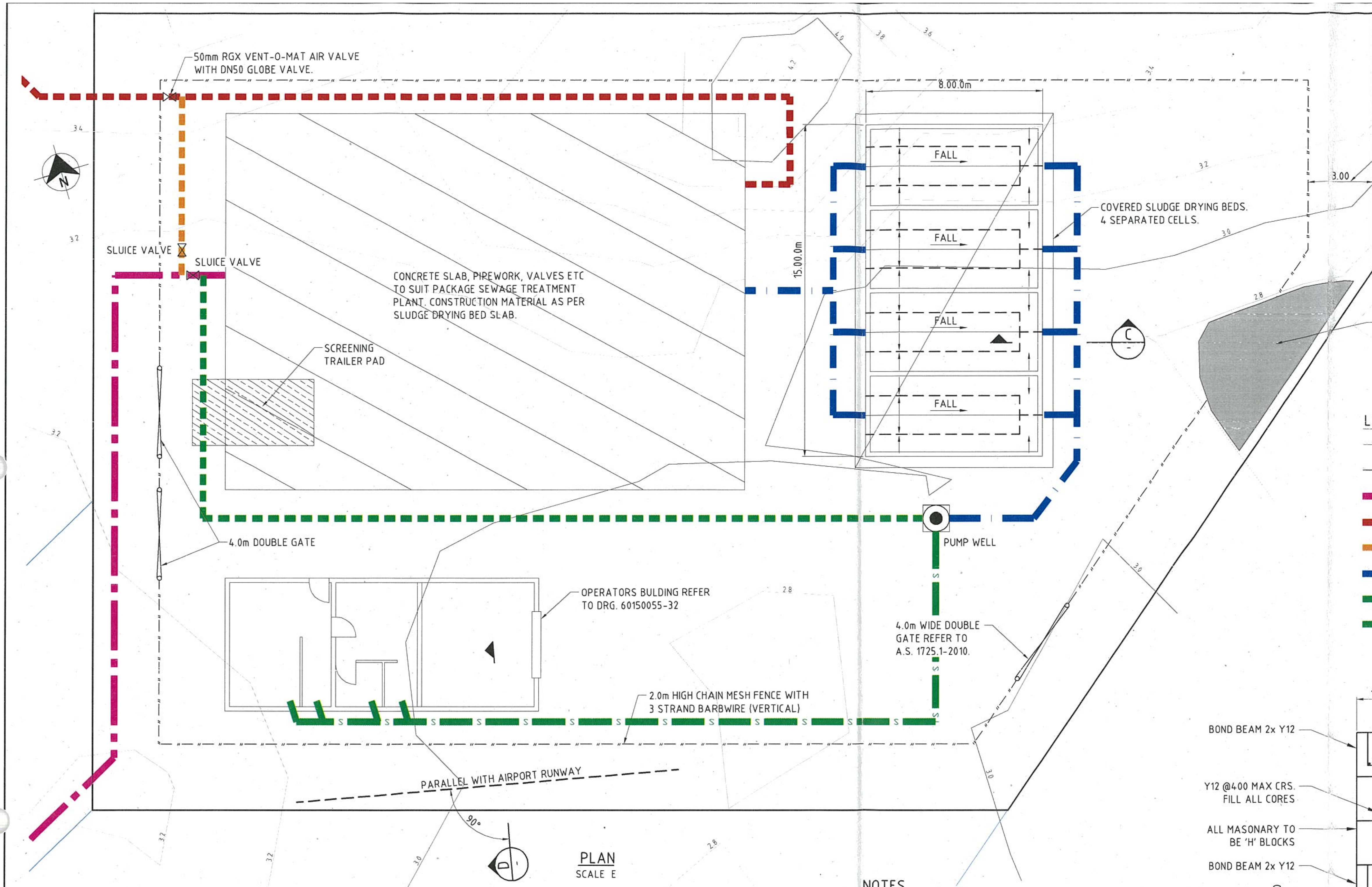
Torres Strait Island REGIONAL COUNCIL

TORRES STRAIT ISLAND REGIONAL COUNCIL
Plan 30 of 33

PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL PIPELINE
LONGITUDINAL SECTION - SHEET 2 OF 2

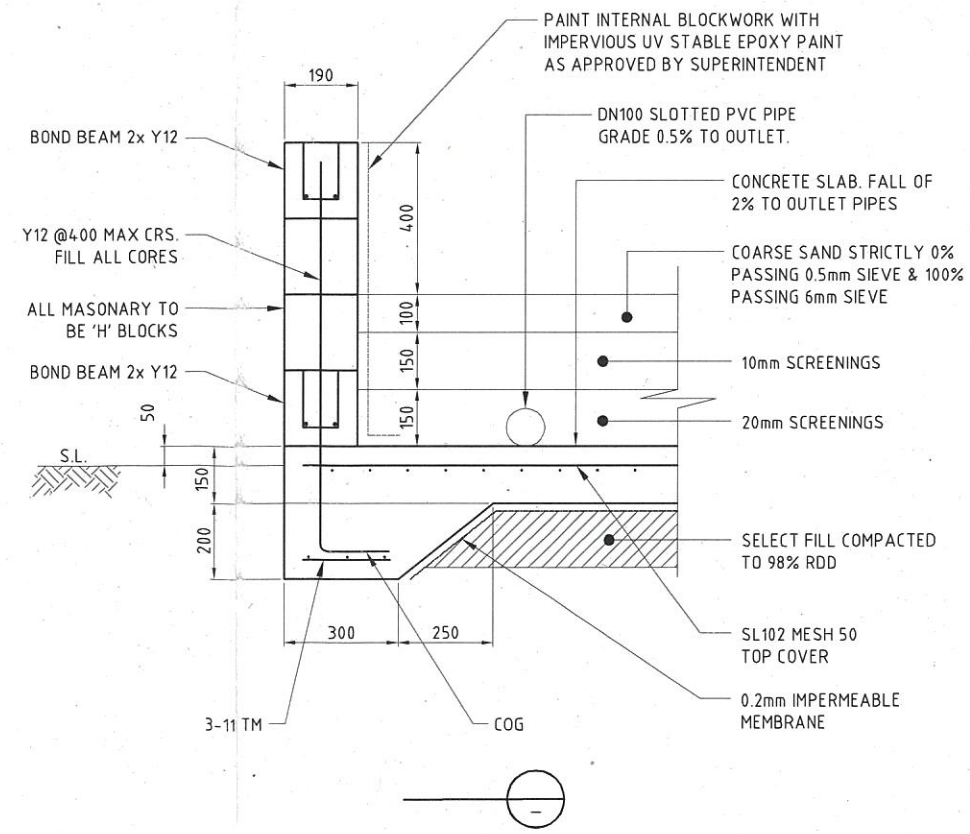
Status
Drg No 60150055-30
Rev. 0



PLAN
SCALE E

LEGEND

- EXISTING CONTOURS (0.5m INTERVAL)
- PROPOSED FENCE AROUND BOUNDARY OF STP
- RISING MAIN
- OCEAN OUTFALL
- STP BYPASS LINE
- SLUDGE LINE
- SLUDGE RETURN LINE
- WASTEWATER FROM OPERATORS BUILDING



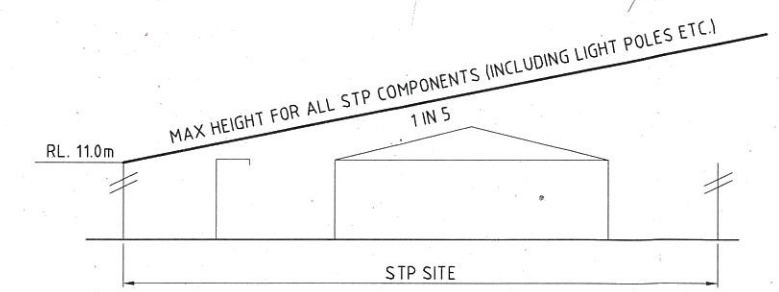
NOTES

- FINAL STP LAYOUT TO BE CONFIRMED ON SITE AND APPROVED BY SUPERINTENDENT.
- ALL CONCRETE TO BE CLASS N40. CONCRETE SLAB BELOW SLUDGE DRYING BED TO FALL 2% TOWARDS OUTLET PIPES.
- PLAN DIMENSIONS AND ALL RL'S ARE IN METRES.
- SECTION DIMENSIONS ARE IN MILLIMETRES.
- ALL WATER RETAINING STRUCTURES (TANKS ETC) TO BE ABLE TO BE COMPLETELY DRAINED IF REQUIRED.
- ALL ELECTRICAL COMPONENTS, WIRING, PUMPS ETC. TO BE WATER PROOFED FOR SUBMERGENCE WITH SEA WATER (IP68-3m) BELOW RL 4.0m (OR RAISED ABOVE RL 4.0m)

FINAL LOCATION OF STP SITE TO BE CONFIRMED ON SITE. SIZE OF STP CONCRETE PAD TO BE VARIED TO SUIT THE APPROVED STP.

CONCRETE NOTES (GENERAL)

- CONCRETE, CONCRETE WORK AND STEEL REINFORCEMENT SHALL CONFORM TO A.S.3600, CONCRETE STRUCTURES.
- MAXIMUM SLUMP = 80 ± 15MM U.O.N.
- MAXIMUM NOMINAL SIZE OF AGGREGATE = 20MM.
- EXPOSURE CLASSIFICATION FOR DURABILITY
  MEMBERS IN CONTACT WITH GROUND - A2
  MEMBERS IN ABOVE GROUND EXTERIOR ENVIRONMENT - B2
- PROVIDE ALL EXPOSED EDGES AND CORNERS WITH 20MM CHAMFERS OR FILLETS U.O.N.
- COVER TO REINFORCEMENT - 50MM.
- CONCRETE TO BE CURED USING AN APPROVED CURING COMPOUND OR MOIST CURED FOR 7 DAYS.



SECTION D
N.T.S.

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Scale

SCALE E 0 1 2 3 4 5m 1:200 (A3) 1:100 (A1)

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Torres Strait Island Regional Council

TORRES STRAIT ISLAND REGIONAL COUNCIL

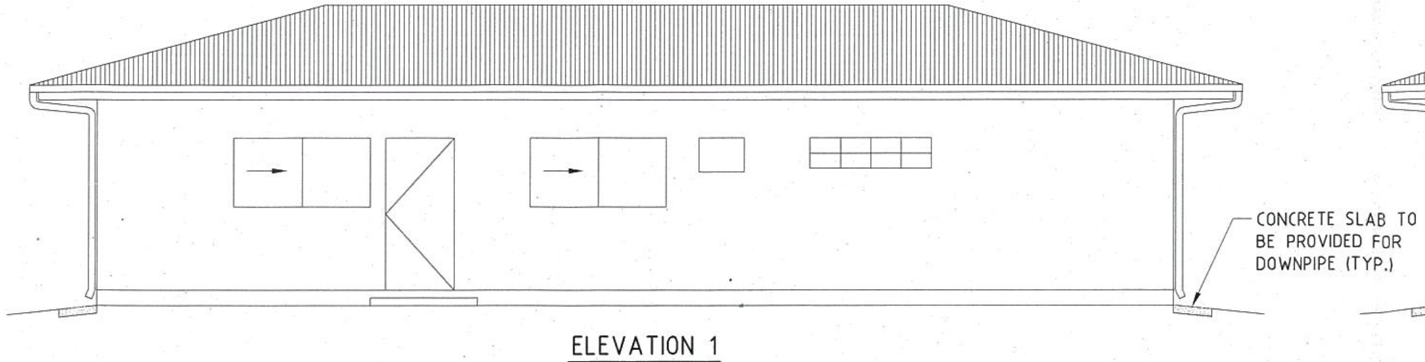
Plan 31 of 33

PORUMA ISLAND SEWERAGE SCHEME
SEWAGE TREATMENT PLANT
LAYOUT PLAN

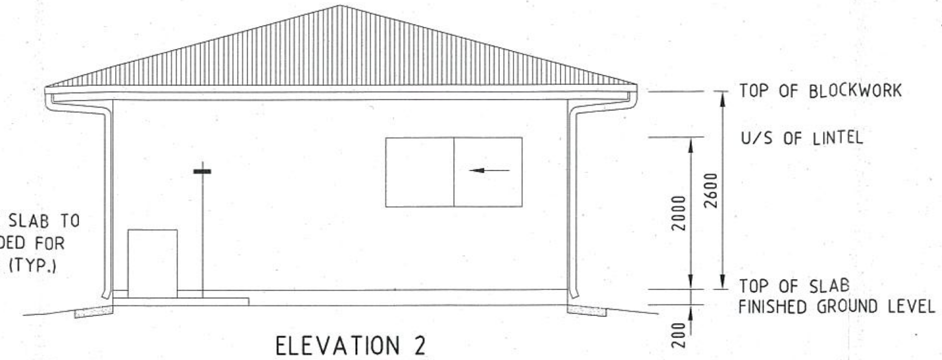
Status

Drg No. 60150055-31

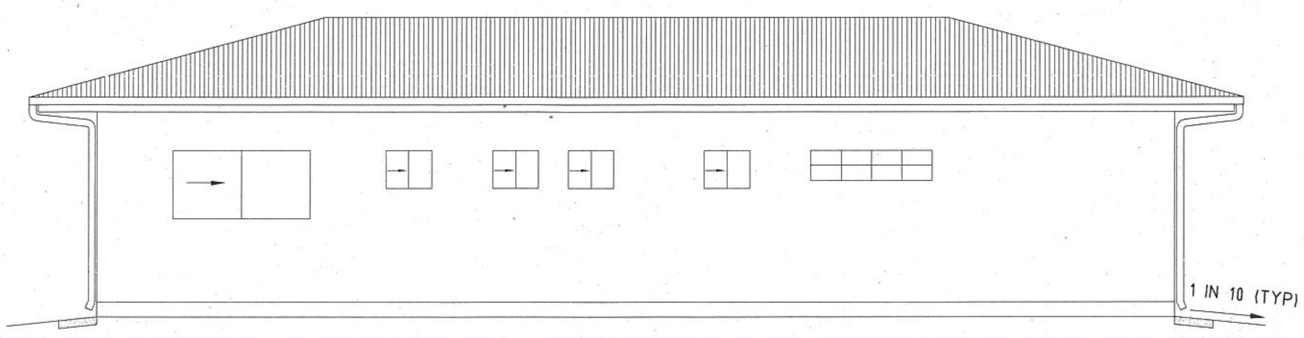
Rev 0



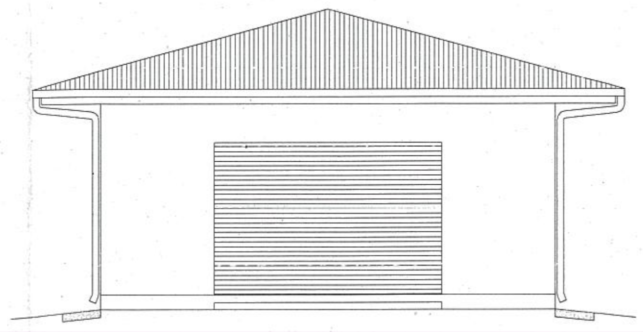
ELEVATION 1



ELEVATION 2

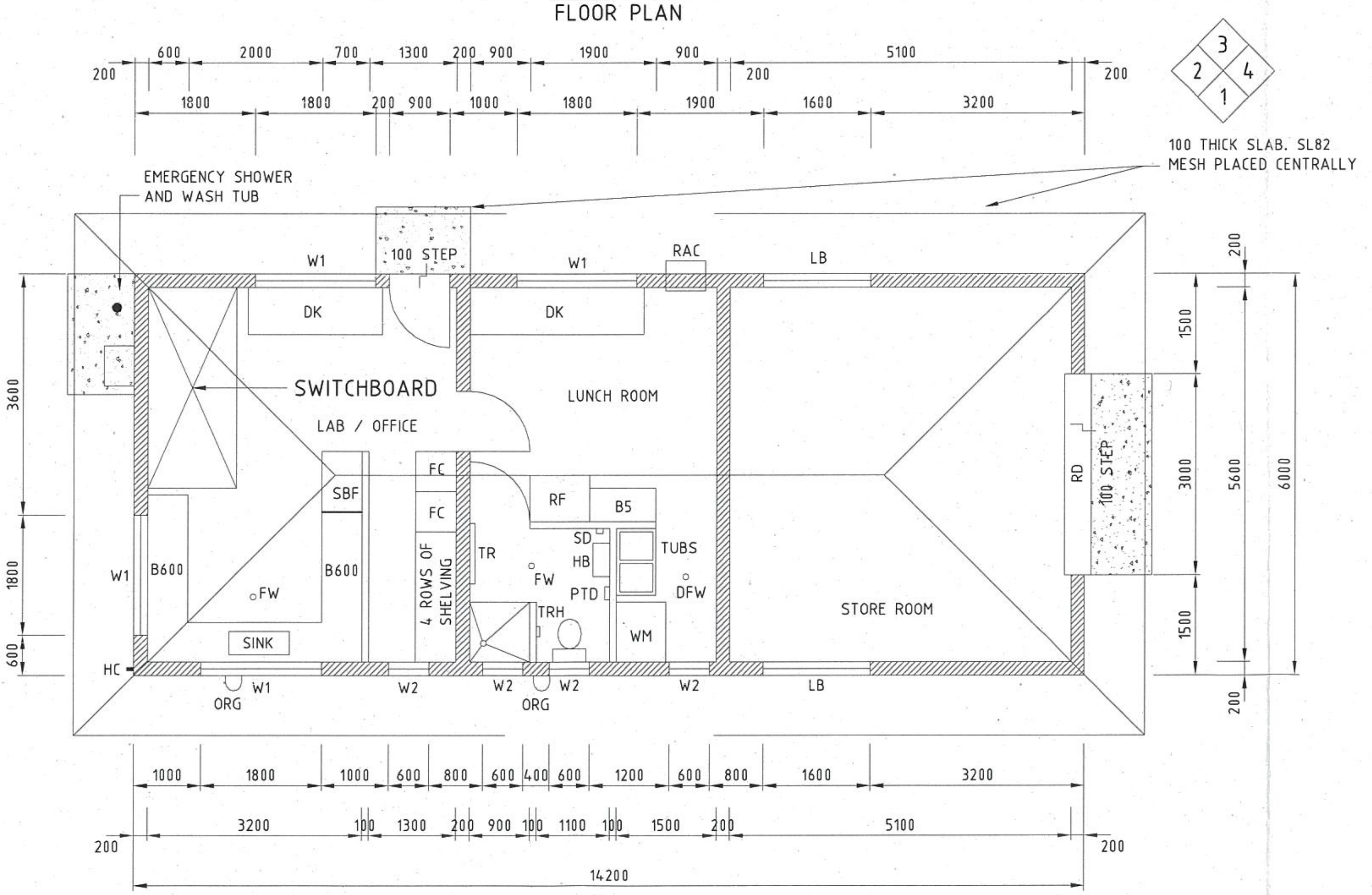


ELEVATION 3



ELEVATION 4

FLOOR PLAN



NOTES - ELECTRICAL

1. ALL CONDUITS TO BE FITTED WITH LONG RADIUS BENDS AND DRAW WIRES. CAP ALL CONDUITS IMMEDIATELY AFTER INSTALLATION TO PREVENT ENTRY OF RAINWATER AND VERMIN.
2. PROVIDE RCO PROTECTION FOR ALL CIRCUITS SUPPLYING SOCKET OUTLETS. RCO's SHALL HAVE 30mA SENSITIVITY TO AS3000.
3. ROOM AIR CONDITIONER LOCATION TO BE CONFIRMED ON SITE DURING CONSTRUCTION.
4. CONTRACTOR TO DETERMINE SUITABLE LOCATION FOR ROOM AIR CONDITIONER AND ELECTRICAL OUTLET FOR LAB/OFFICE AND CONFIRM WITH SUPERINTENTENT.

LEGEND - FURNITURE

DK	DESK - 2100x700
FC	4 DRAW FILING CABINETS
SBF	SMALL BAR FRIDGE
RF	REFRIGERATOR
B500	BENCH 500 WIDE
B600	BENCH 600 WIDE

LEGEND - FITTINGS

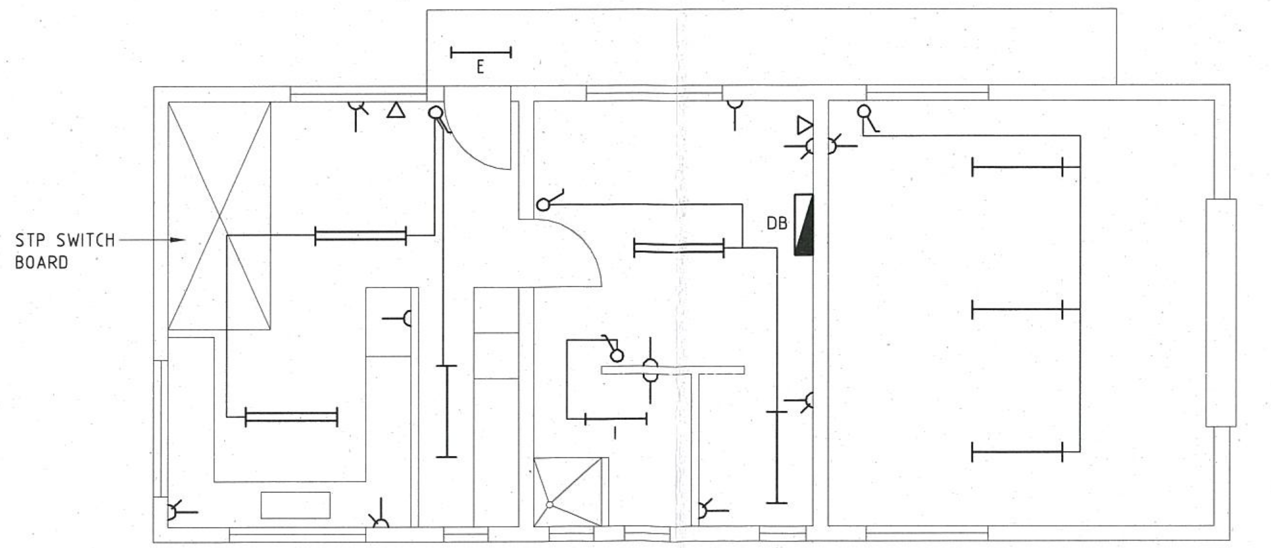
ORG	OVERFLOW RELIEF GULLY
FW	FLOOR WASTE
DFW	DRY FLOOR WASTE
HC	HOSE COCK
TR	TOWEL RAIL
SD	SOAP DISPENSER
HB	HAND BASIN
PTD	PAPER TOWEL DISPENSER
TRH	TOILET ROLL HOLDER

WINDOW / DOOR SCHEDULE

W1	1800x900 ALUMINIUM FRAMED SLIDING GLASS
W2	600x500 ALUMINIUM FRAMED SLIDING OBSCURE
LB	GLASS
RD	1600x400 CONCRETE MASONRY LOUVRE BLOCK ROLLER DOOR. INSTALL AS PER MANUFACTURERS
D1	SPECIFICATIONS 2000x900 WEATHERPROOF SOLID CORE EXTERNAL
D2	DOOR INSTEEL FRAME
D3	2000x800 INTERNAL ACCESS DOOR IN STEEL FRAME 3000x2000 STEEL ROLLER DOOR INSTALLED AS PER MANUFACTURERES SPECIFICATIONS

LEGEND - ELECTRICAL

E	18W WEATHER PROOF VANDAL RESISTANT FLUORESCENT BATTEN, SEALED AGAINST SOFFIT TO PREVENT ENTRY OF INSECTS. PIERLITE OR APPROVED EQUIVALENT
	36W SURFACE MOUNTED PRISMATIC DIFFUSED FLUORESCENT BATTEN PIERLITE
	2x36W SURFACE MOUNTED PRISMATIC DIFFUSED FLUORESCENT BATTEN PIERLITE
I	18W SURFACE MOUNTED PRISMATIC DIFFUSED FLUORESCENT BATTEN PIERLITE
DB	21 POLE LOAD CENTRE WITH HIGH IMPACT POLYCARBONATE ENCLOSURE, 40A MAIN SWITCH AND DIN STYLE CIRCUIT BREAKERS TO SERVE LIGHTING AND POWER CIRCUITS
	DOUBLE 10A GENERAL PURPOSE OUTLET, WHITE FLUSH MOUNTING PLATE
	SINGLE 10A GENERAL PURPOSE OUTLET, WHITE FLUSH MOUNTING PLATE
▽	TELEPHONE/FAX OUTLET FLUSH MOUNTING PLATE TO MAIN LIGHT SWITCHES



ELECTRICAL PLAN

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Scale

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APPROVED	J.Jentz	DATE	8/8/2011

Last modified: 08 Aug 11 - 14:39

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Torres Strait Island REGIONAL COUNCIL

TORRES STRAIT ISLAND REGIONAL COUNCIL

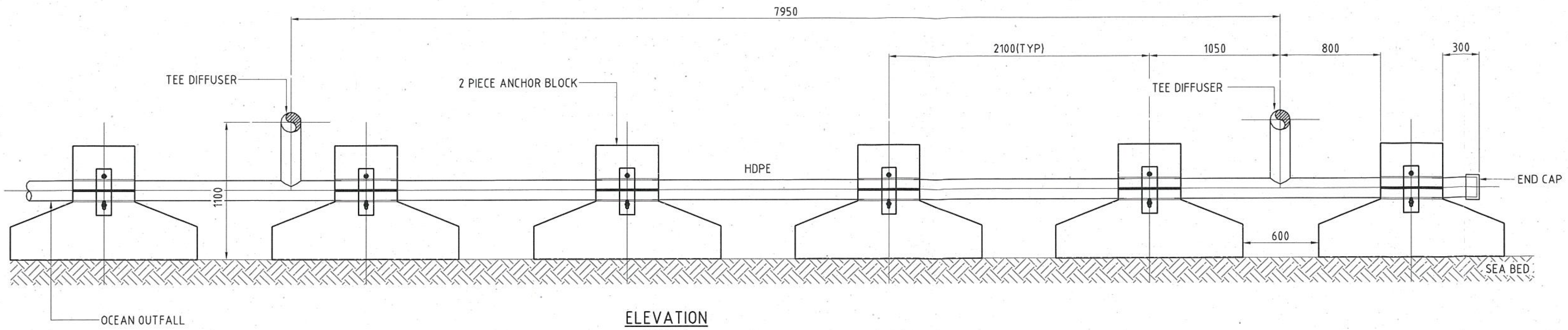
Plan 32 of 33

PORUMA ISLAND SEWERAGE SCHEME
SEWAGE TREATMENT PLANT
OPERATORS BUILDING

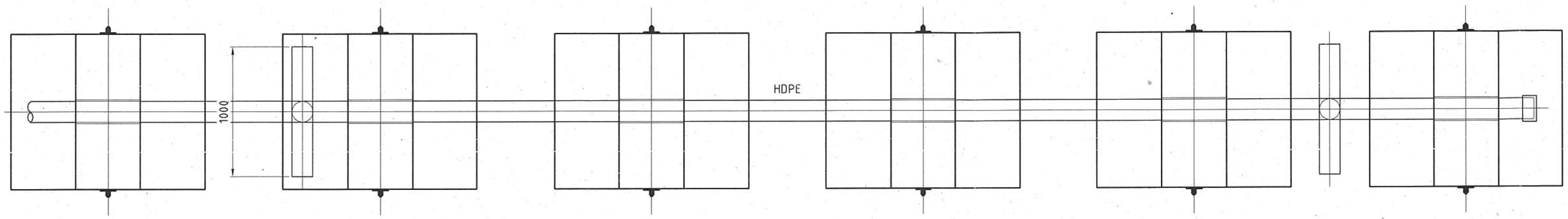
Status

Drg No. 60150055-32

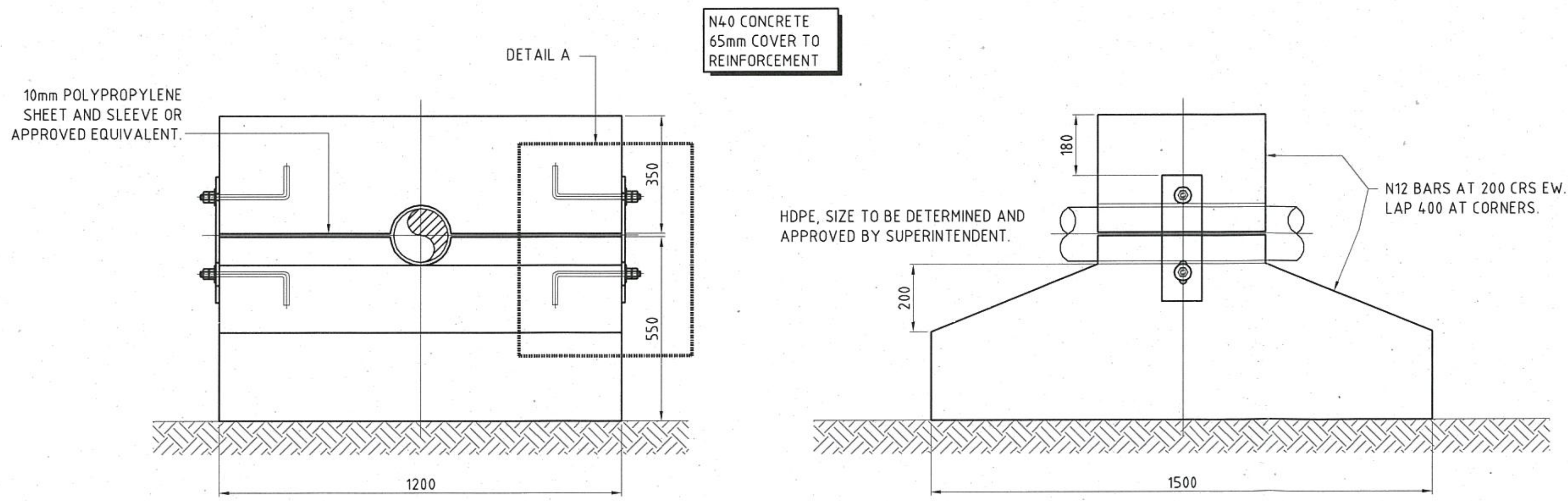
Rev 0



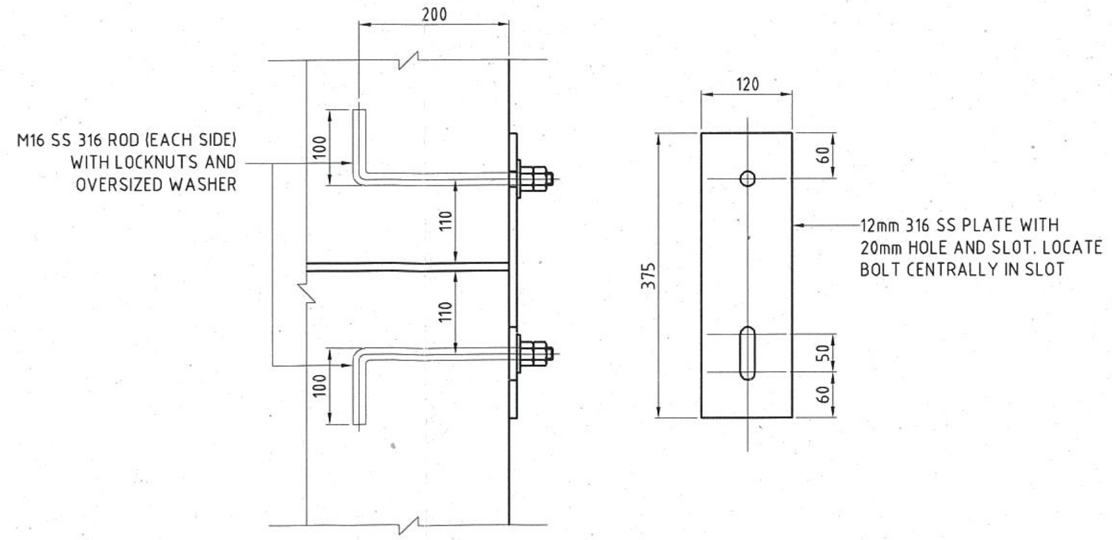
ELEVATION
SCALE A



PLAN-DIFFUSER
SCALE A



ANCHOR BLOCK
SCALE B



DETAIL A
SCALE C

NOTE:
THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROVIDING LIFTING POINTS ON ANCHOR BLOCKS

REVISIONS

No.	BY	DATE	DESCRIPTION	APPD
0			ORIGINAL ISSUE	

Scale
SCALE A: 200 0 200 400 600 800 1000mm — 1 : 20 FULL SIZE A1
SCALE B: 100 0 100 200 300 400 500mm — 1 : 10 FULL SIZE A1
SCALE C: 50 0 100 200mm — 1 : 5 FULL SIZE A1

THE SIGNING OF THIS TITLE BLOCK CONFIRMS THE DESIGN AND DRAFTING OF THIS PROJECT HAVE BEEN PREPARED AND CHECKED IN ACCORDANCE WITH THE AECOM QUALITY ASSURANCE SYSTEM TO ISO 9001-2000

DESIGNED	W.Hughes	CHECKED	B.Hayes / S.Snelling
DRAWN	H.Craze	CHECKED	B.Hayes
APPROVED	J.Jentz *	DATE	8/8/2011

Cad ref: J:\60150055_0115. CAD\5.3 Working\Drawings\60150055-33.dwg * DENOTES SIGNATURE ON ORIGINAL DRAWING ONLY
Last modified: 08 Aug 11 - 14:35

AECOM
RPEQ No. 5587
AECOM Australia Pty Ltd A.B.N. 20 093 846 925

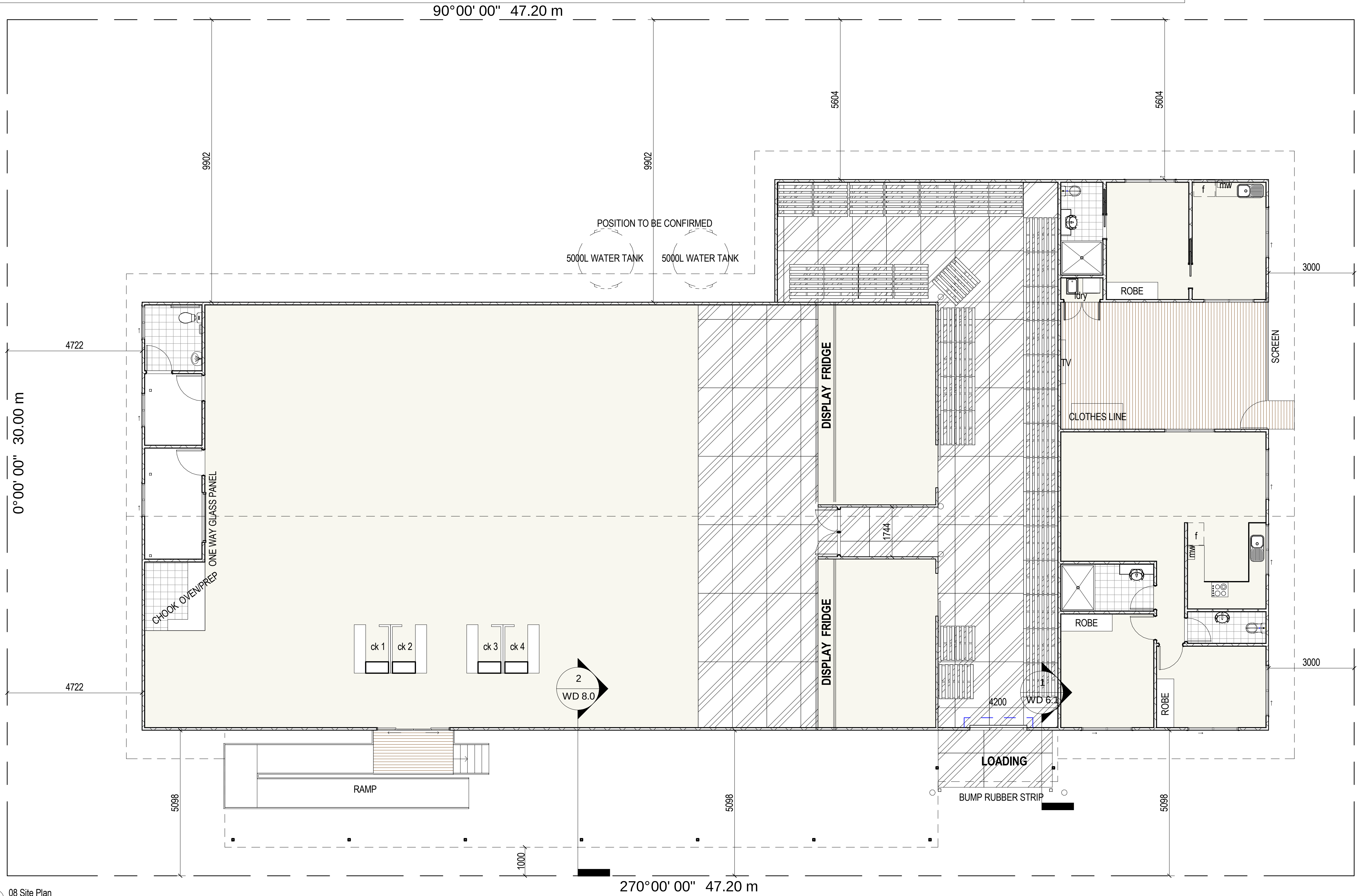
Torres Strait Island REGIONAL COUNCIL

TORRES STRAIT ISLAND REGIONAL COUNCIL — Plan 33 of 33
PORUMA ISLAND SEWERAGE SCHEME
OCEAN OUTFALL DETAILS

Status
Drg No 60150055-33
Rev 0

PRELIMINARY DRAWINGS

Revision Number	Revision Date	Revision Description



1 08 Site Plan
1 : 125

GATEWAY CONSTRUCTIONS

HIA GreenSmart® PROFESSIONAL

QBSA 701600 Division of Margach Builders Pty Ltd ABN 11 078 363 729 ACN 078 363 729

T 1300 830 127 F 07 4035 3331 E office@gatewayconstructions.com ADDRESS 139 - 143 Hartley Street Portsmith, CAIRNS Qld 4870

Project	Client	Drawn	Project No.
SAIBIA STORE	IBIS	BT	GW-O11-034/R1
Location	**Drawing**	**Checked**	**Sheet No.** / **Revision**
SAIBIA ISLAND	SITE PLAN	JM	WD 1.0

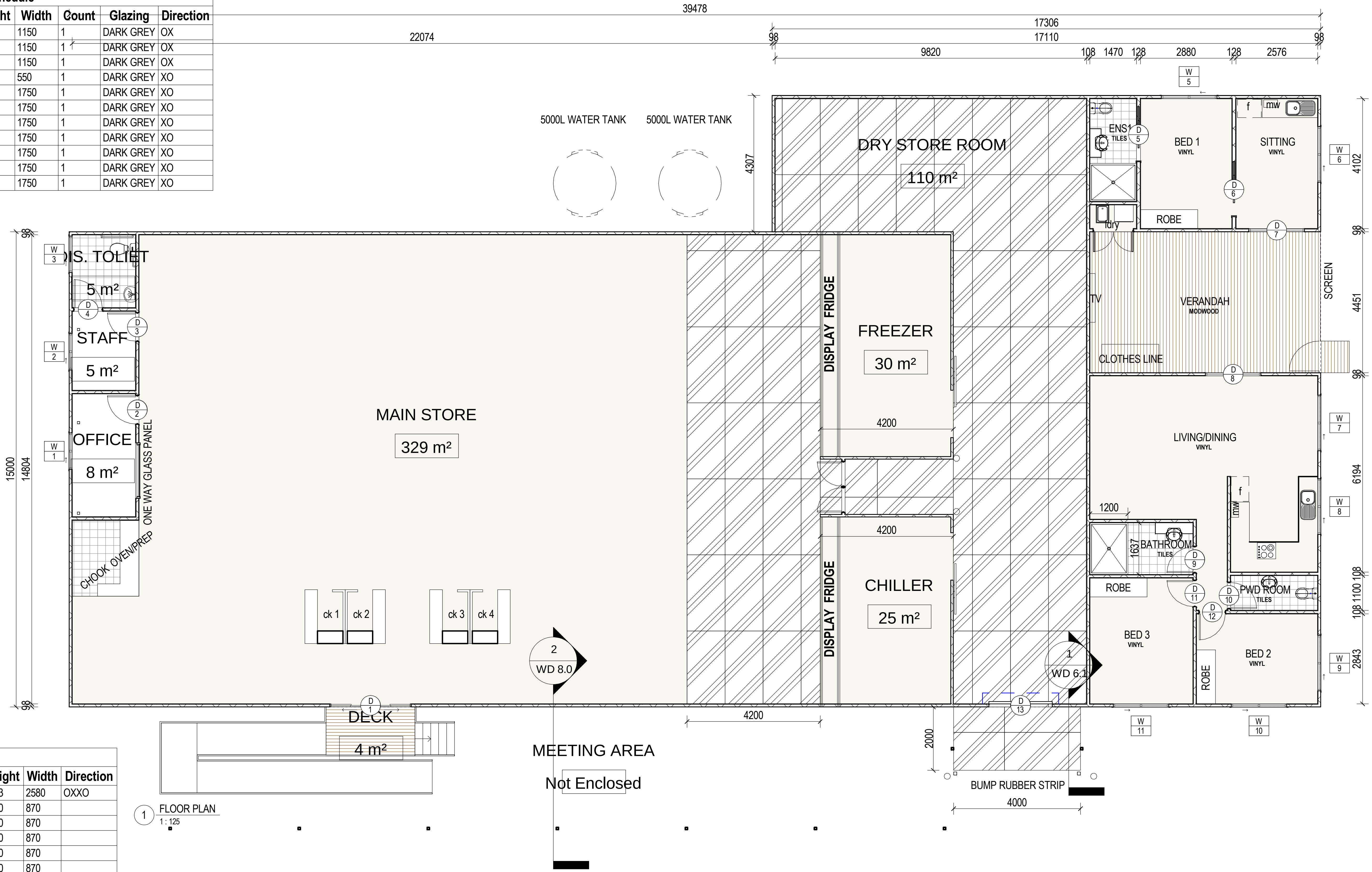
18/01/2012 3:46:18 PM

PRELIMINARY DRAWINGS

Revision Number	Revision Date	Revision Description

Window Schedule

No.	Family	Height	Width	Count	Glazing	Direction
1	Alluminium Frame - Sliding Glass Window	975	1150	1	DARK GREY	OX
2	Alluminium Frame - Sliding Glass Window	975	1150	1	DARK GREY	OX
3	Alluminium Frame - Sliding Glass Window	975	1150	1	DARK GREY	OX
4	Sliding Window	600	550	1	DARK GREY	XO
5	Alluminium Frame - Sliding Glass Window	975	1750	1	DARK GREY	XO
6	Alluminium Frame - Sliding Glass Window	975	1750	1	DARK GREY	XO
7	Alluminium Frame - Sliding Glass Window	975	1750	1	DARK GREY	XO
8	Alluminium Frame - Sliding Glass Window	975	1750	1	DARK GREY	XO
9	Alluminium Frame - Sliding Glass Window	975	1750	1	DARK GREY	XO
10	Alluminium Frame - Sliding Glass Window	975	1750	1	DARK GREY	XO
11	Alluminium Frame - Sliding Glass Window	975	1750	1	DARK GREY	XO



1 FLOOR PLAN
1 : 125

Door Schedule

No.	Family	Height	Width	Direction
1	Sliding Door - 4 Panel (AUS)	2143	2580	OXXO
2	920 Timber Frame Door	2040	870	
3	920 Timber Frame Door	2040	870	
4	920 Timber Frame Door	2040	870	
5	Cavity Sliding	2040	870	
6	Cavity Sliding	2040	870	
7	Alluminium Frame - Double Sliding Glass Door	2100	1750	XO
8	Alluminium Frame - Double Sliding Glass Door	2100	1750	OX
9	920 Timber Frame Door	2040	870	
10	920 Timber Frame Door	2040	870	
11	920 Timber Frame Door	2040	870	
12	920 Timber Frame Door	2040	870	
13	RVM Roller Shutter	2000	2000	

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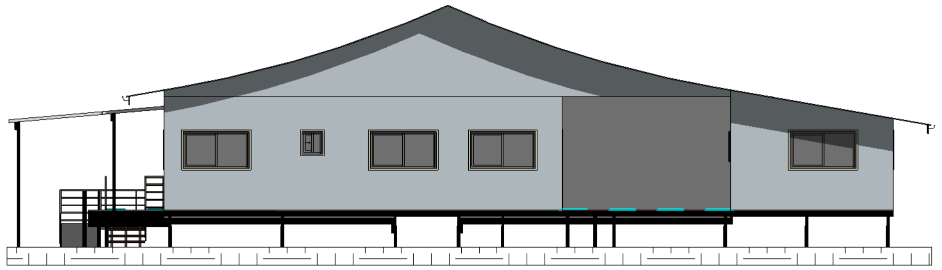
Project	Client	Drawn	Project No.
SAIBIA STORE	IBIS	BT	GW-O11-034/R1
Location	**Drawing**	**Checked**	**Sheet No.**
SAIBIA ISLAND	FLOOR PLAN	Checker	WD 2.0

Revision

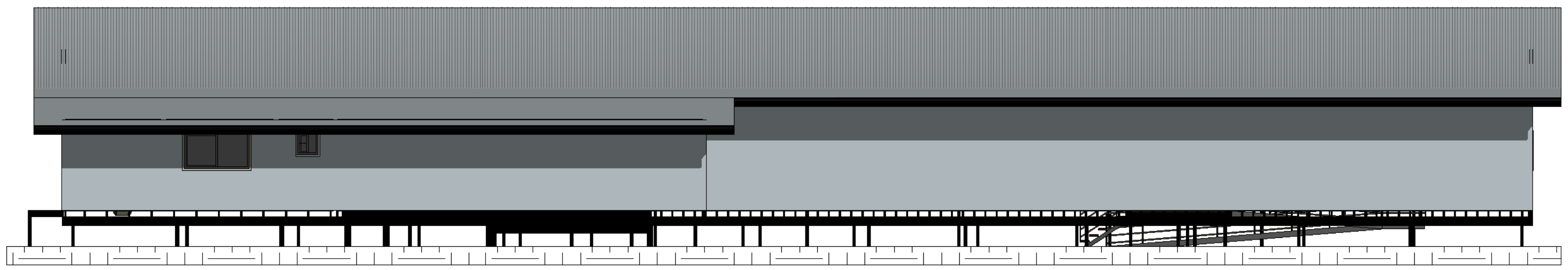
18/01/2012 3:46:20 PM

PRELIMINARY DRAWINGS

Revision Number	Revision Date	Revision Description

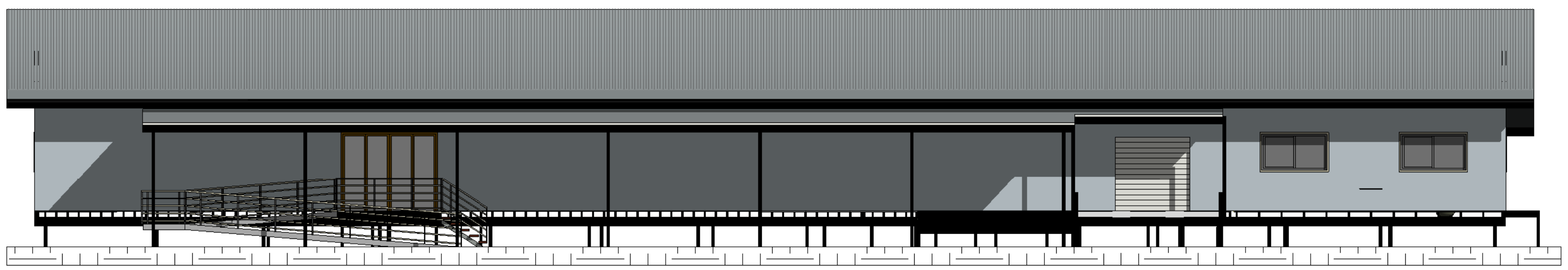


1 Elevation A
1 : 200



2 Elevation B
1 : 200

3 Elevation C
1 : 200



4 Elevation D
1 : 200

ELEVATION & SECTION FINISHES LEGEND

V	RV Ventilator
CT1	CORNER TRIM
EB1	EAVE BEAM
FB	FASCIA BEAM
FC	EASY LAP 9.0mm
NGL	NATURAL GROUND LEVEL
OB1	OVER BATTEN
PF1	PLINTH FLASHING - FOLDED COLORBOND SHEET
RS1	COLORBOND CUSTOM ORB
MS	HARDIES PRIMELINE WEATHER BOARD

EXTERNAL PAINTING & COLOUR SCHEDULE BLUE COLOUR SCHEME

ITEM	DESCRIPTION	COLOUR
WINDOWS & DOORS		
AS MARKED ON WORKING DRAWINGS AND SCHEDULE	ALUMINIUM FRAMES GLASS	BLACK DARK GREY GLASS
WALLS		
GENERALLY	FC SHEETING OR EASYLAP MAIN SHEETING (WEATHERTEX) WINDOW AND CORNER TRIMS,COVERSTRIP	WINDSPRAY DEEP OCEAN SURFMIST
ROOFS GENERALLY	COLOURBOND CUSTOMORB SOLARSPAN ALL FOLDED COLOURBOND SHEETING EAVE BEAMS & FACSIA	SHALE GREY SURFMIST MONUMENT MONUMENT
FLOORS & DECKS GENERALLY	DECKS (MODWOOD) STEEL POSTS	BLACKBEAN GALVANISED

TBA

INTERNAL PAINTING & COLOUR SCHEDULE

ITEM	DESCRIPTION	COLOUR
WALLS		
GENERALLY	19MM LAMINEX TT PARTICAL BOARD SHOWER CUBICAL	SURFMIST WHITE
FLOORS		
GENERALLY	VINYL CERAMIC TILES WET AREA WALL TILES SKIRTING	TIMBER PLANK PENNANT BEIGE GLOSS WHITE SURFMIST

TBA

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Project	Client	Drawn	Project No.
SAIBIA STORE	IBIS	Author	GW-O11-034/R1
Location	**Drawing**	**Checked**	**Sheet No.**
SAIBIA ISLAND	ELEVATIONS	Checker	WD 3.0

Revision

18/01/2012 3:46:24 PM

COMMUNITY FINANCIAL REPORT FOR THE PERIOD
1 July 2010 to 30 June 2011

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

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

The Income Statement

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

The Balance Sheet

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

The Statement of Changes in Equity

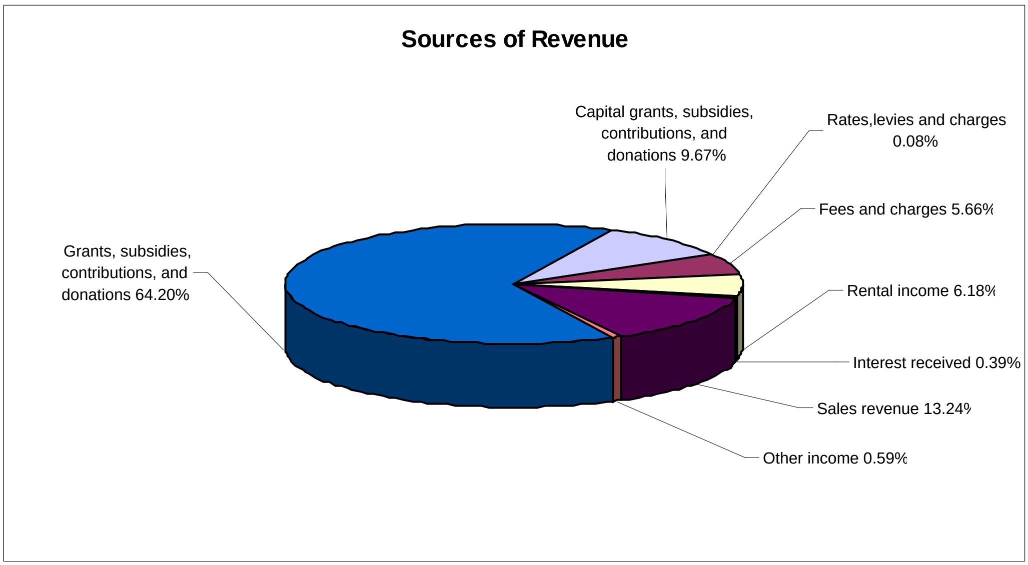
This statement shows the movements between elements of Community Equity shown in the Balance Sheet.

The Statement of Cash flows

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

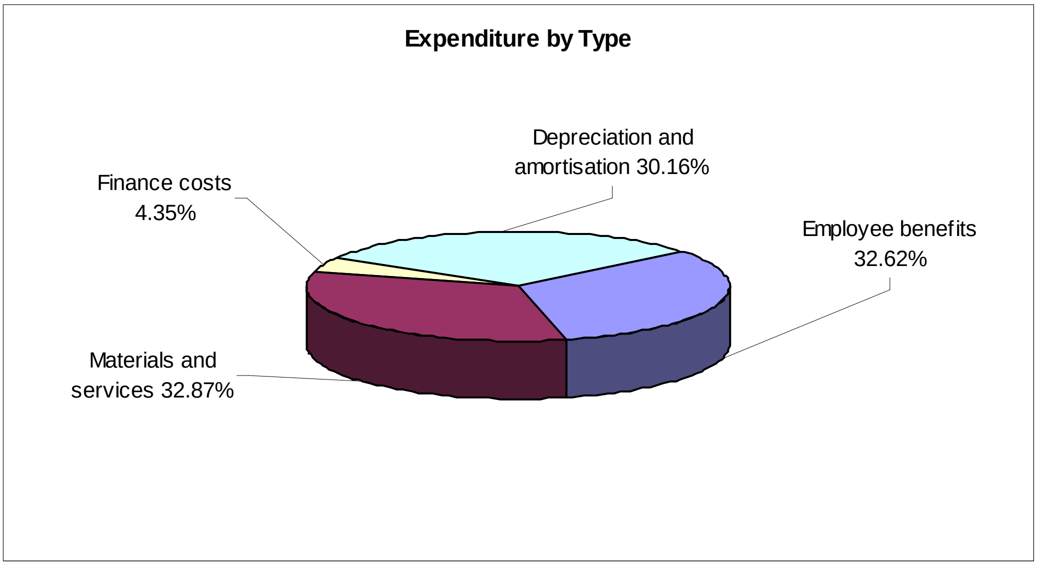
THE INCOME STATEMENT

Revenue – where did the dollars come from?



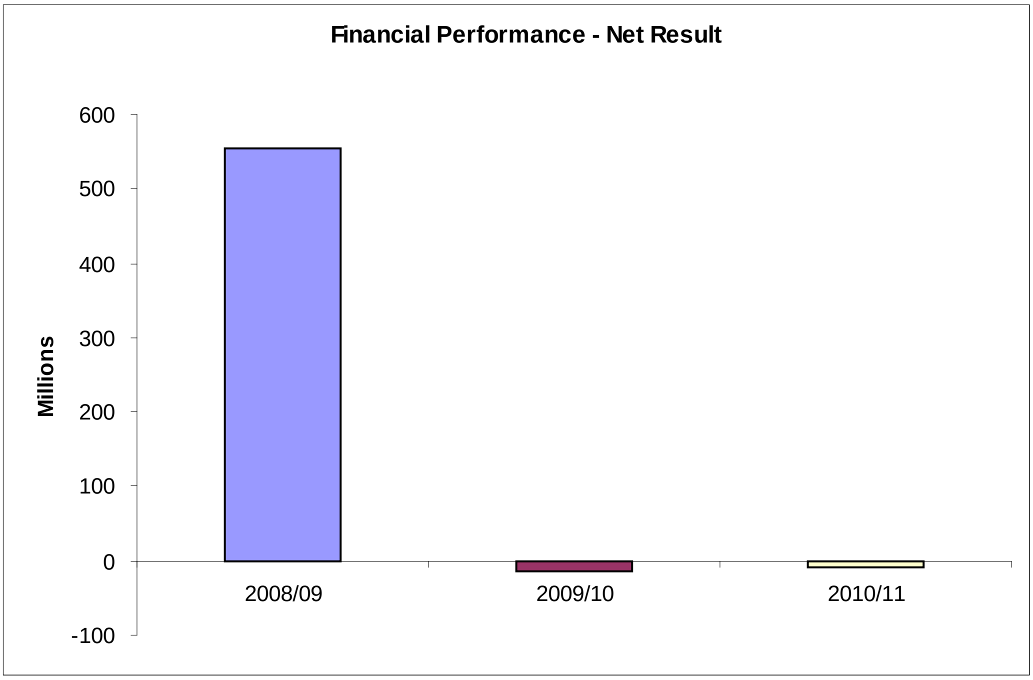
Council received $60 million in revenue during 2010/2011. This was primarily from Grants, Subsidies, Contributions and Donations of $38 million which accounted for 64% of total revenue. Capital grants made up 10% of revenue. The remaining revenue is sourced from interest revenue, rental income, fees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

Expenses – where the dollars were spent?



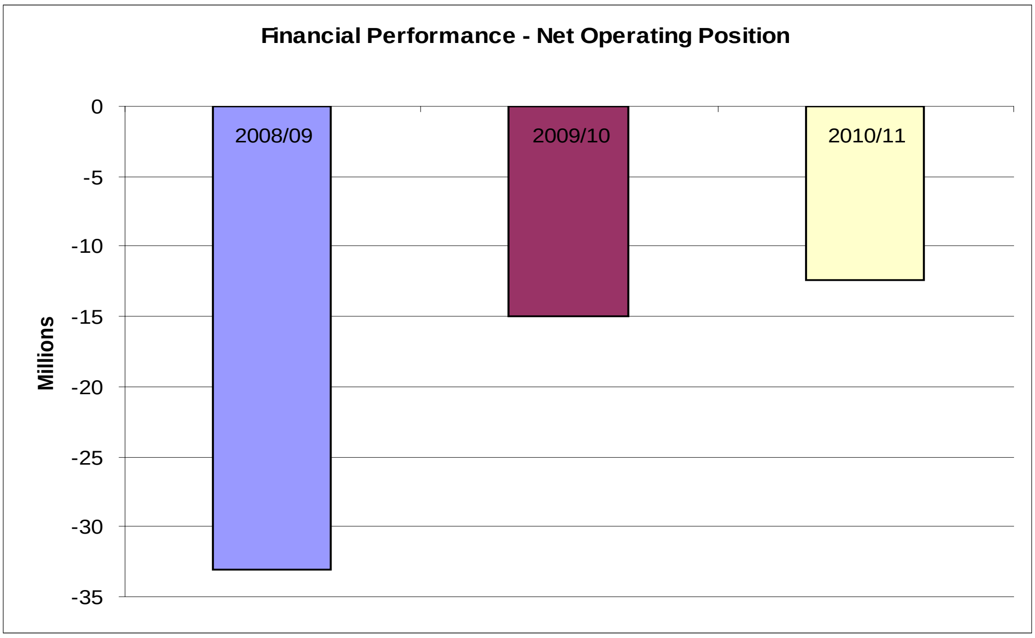
Total expenses of $71 million were incurred during July 2010 and June 2011, which were primarily for employee costs of $23 million and materials and services of $23 million which together made up 65% of total expenditure. The remaining expenditure is made up of depreciation and amortisation and finance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

Net Result attributable to Council



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

Operating Position



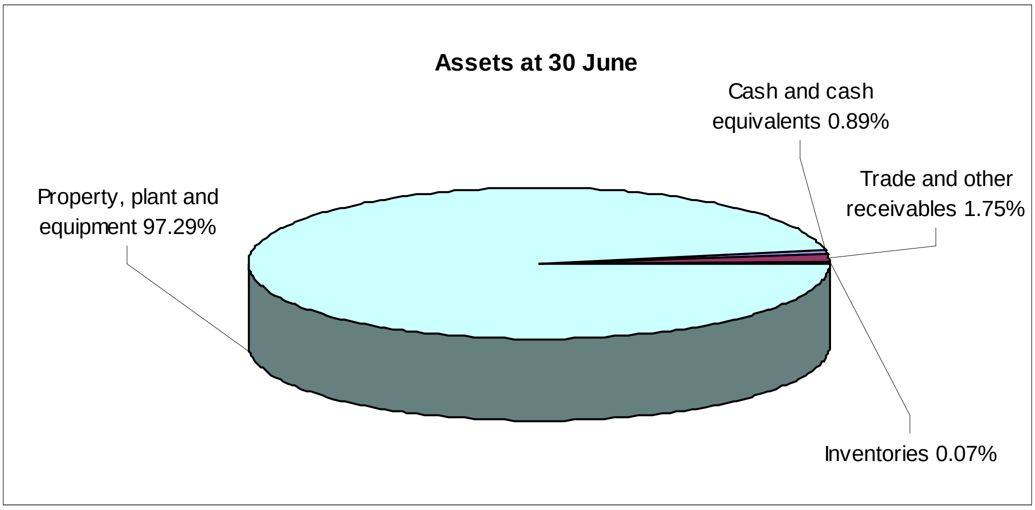
The operating position is calculated by taking total operating expenditure from the total operating revenue. Operating revenue in this calculation does not include any revenue for capital projects.

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

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

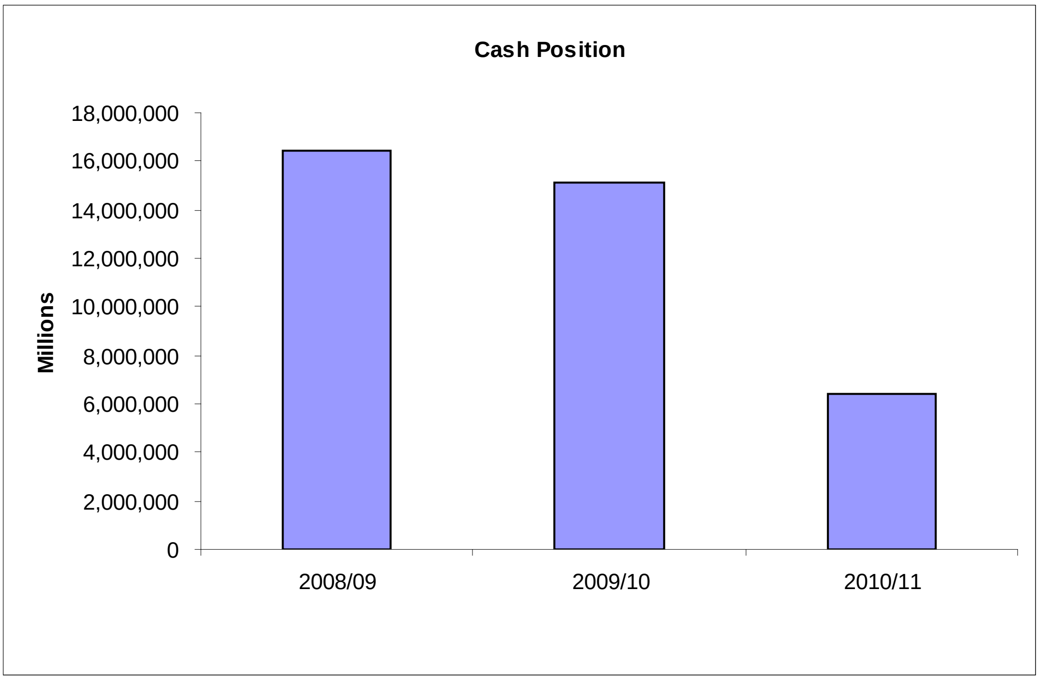
THE BALANCE SHEET

Assets – what we own and what is owing to us



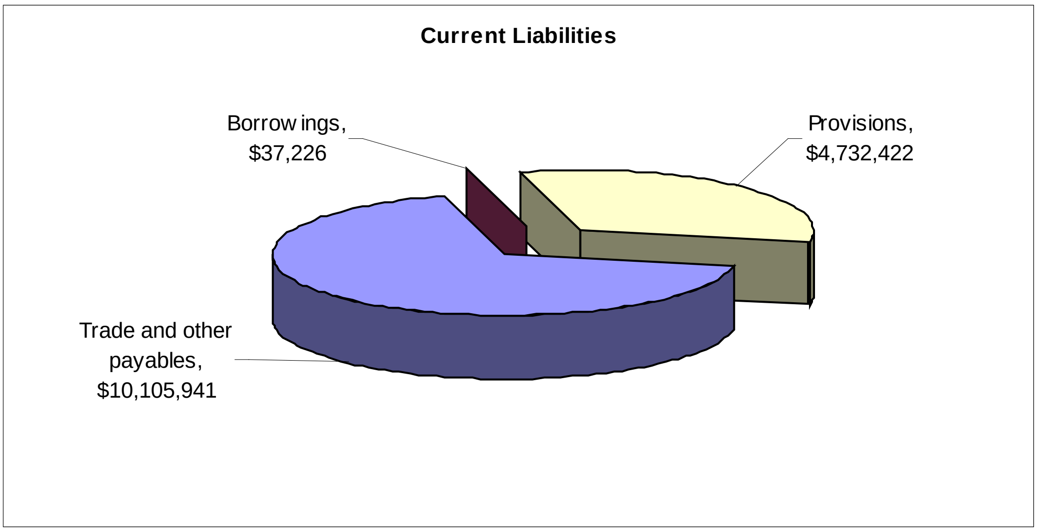
The major components of assets include property, plant and equipment, land, roads, water and sewerage, housing and cash assets. These assets represent 98% of all assets.

Cash



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

Liabilities – what we owe



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

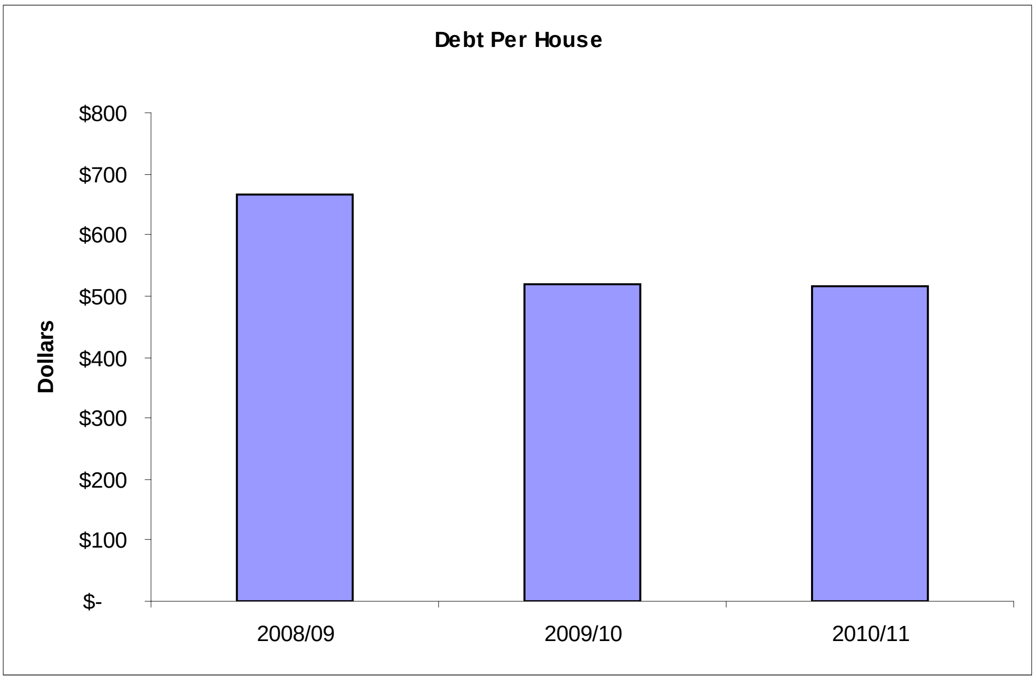
QUEENSLAND TREASURY DEBT

Council's current borrowing policy requires:

- No use of long term debt to finance operating activities or recurrent expenditure;

- Priority will be given in any borrowing program to income producing assets;

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



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

CONCLUSION

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

FINANCIAL MANAGEMENT SUSTAINABILITY

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

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

The Department has published a number of Financial Ratios as measures of sustainability.

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

Sustainability Indicators

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

Sustainability Indicators

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

Relevant Measures of Financial Sustainability

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

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

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

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

103 Preparation of community financial report

(1) A local government must prepare a community financial report for each financial year.

(2) The community financial report for a financial year must—

(a) contain a summary and an analysis of the local government's financial performance and position for the financial year; and

(b) be consistent with the general purpose financial statement for the financial year; and

(c) include the relevant measures of financial sustainability for the financial year; and

(d) be in a form that can be easily understood by the community.

Financial Management Strategy

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

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

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

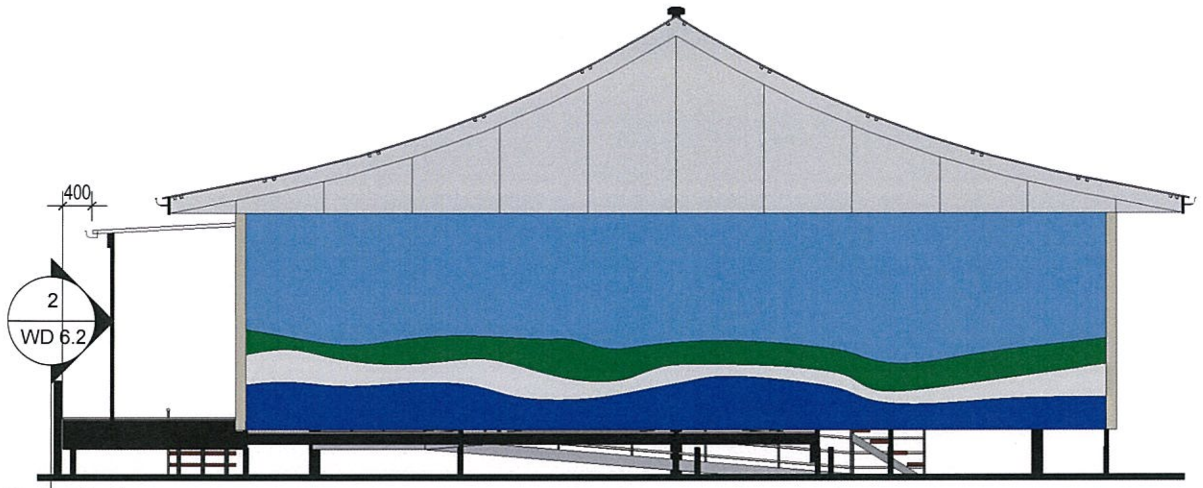
1. Maintain Council's revenue neutral budget position;
2. Implement an investment management strategy;
3. Concentrate further on own source revenue initiatives including strengthening the Debt Recovery process;
4. Bring the budget to a balanced position with regard to service delivery on the ground;

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

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

WORKING DRAWINGS

Revision Number	Revision Date	Revision Description
1	13/01/2012	1ST ISSUE TO ALL DEPARTMENTS



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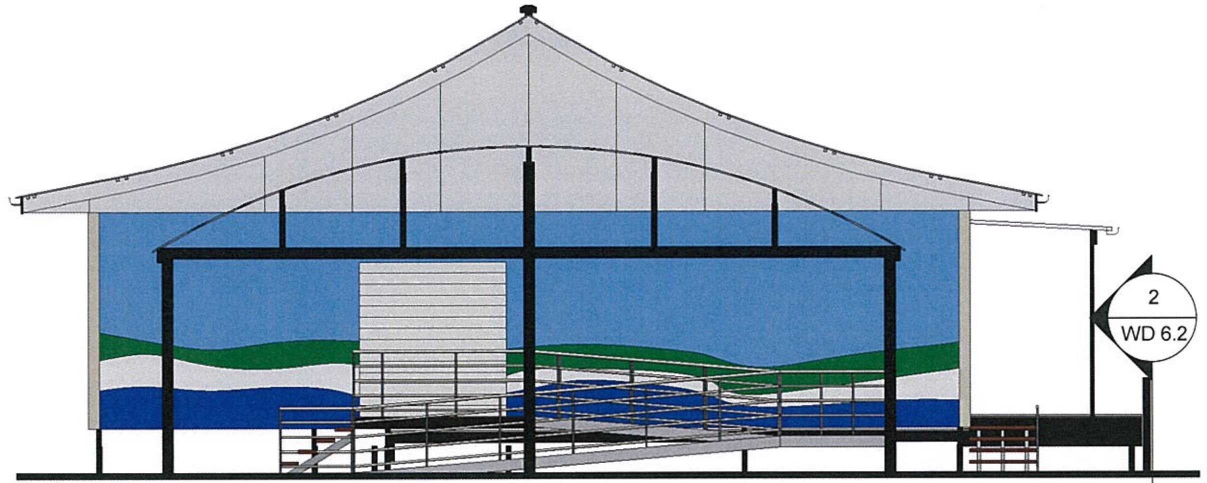

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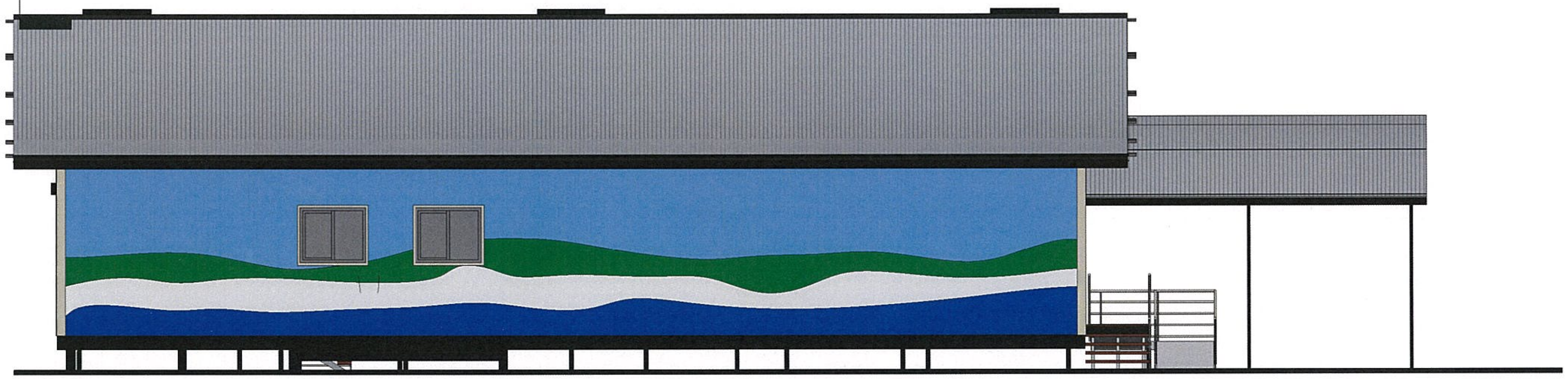

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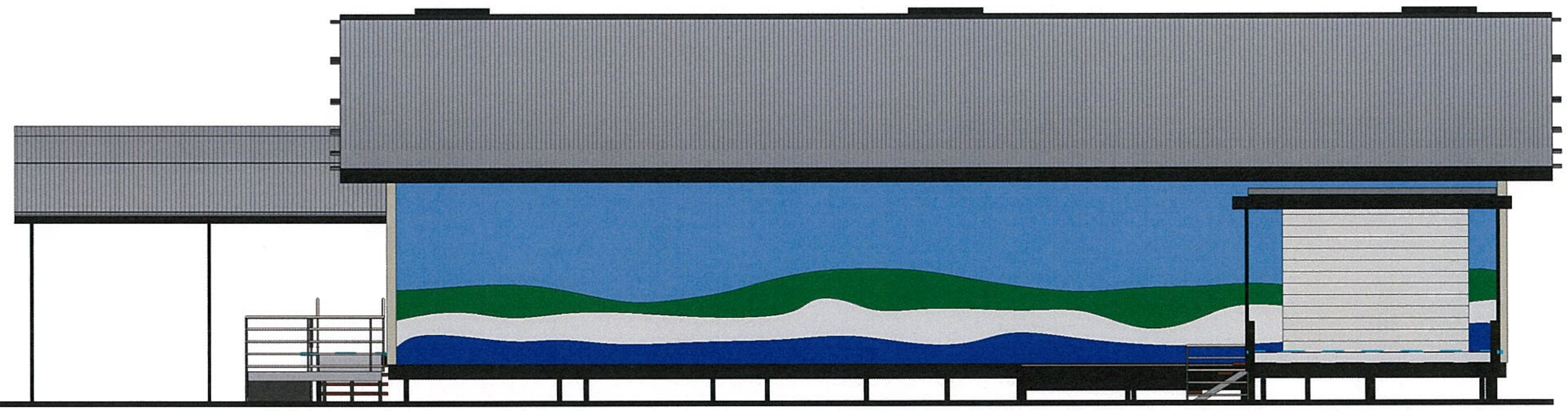

4 Elevation D
1 : 100

ELEVATION & SECTION FINISHES LEGEND

V	RV Ventilator
CT1	CORNER TRIM
EB1	EAVE BEAM
FB	FASCIA BEAM
FC	EASY LAP 9.0mm
NGL	NATURAL GROUND LEVEL
OB1	OVER BATTEN
PF1	PLINTH FLASHING - FOLDED COLORBOND SHEET
RS1	COLORBOND CUSTOM ORB
MS	HARDIES PRIMELINE WEATHER BOARD

EXTERNAL PAINTING & COLOUR SCHEDULE COLOUR SCHEME

ITEM	DESCRIPTION	COLOUR
WINDOWS & DOORS		
AS MARKED ON WORKING DRAWINGS AND SCHEDULE	ALUMINIUM FRAMES GLASS	BLACK DARK GREY GLASS
WALLS		
GENERALLY	FC SHEETING OR EASYLAP MAIN SHEETING (WEATHERTEX) WINDOW AND CORNER TRIMS,COVERSTRIP	WINDSPRAY DEEP OCEAN SURFMIST
ROOFS		
GENERALLY	COLOURBOND CUSTOMORB SOLARSPAN ALL FOLDED COLOURBOND SHEETING EAVE BEAMS & FACSIA	SHALE GREY SURFMIST MONUMENT MONUMENT
FLOORS & DECKS		
GENERALLY	DECKS (MODWOOD) STEEL POSTS	BLACKBEAN GALVANISED

TBA

INTERNAL PAINTING & COLOUR SCHEDULE

ITEM	DESCRIPTION	COLOUR
WALLS		
GENERALLY	19MM LAMINEX TT VERTICAL BOARD SHOWER CUBICAL	SURFMIST WHITE
FLOORS		
GENERALLY	VINYL CERAMIC TILES WET AREA WALL TILES SKIRTING	TIMBER PLANK PENNANT BEIGE GLOSS WHITE SURFMIST

TBA

GATEWAY CONSTRUCTIONS HIA GreenSmart® PROFESSIONAL

QBSA 701600 Division of Margach Builders Pty Ltd ABN 11 078 363 729 ACN 078 363 729
T 1300 830 127 F 07 4035 3331 E office@gatewayconstructions.com ADDRESS 139 - 143 Hartley Street Portsmith, CAIRNS Qld 4870

Project	Client	Drawn	Project No.	
300 STORE	IBIS	BT	GW-O11-036	
Location	**Drawing**	**Checked**	**Sheet No.**	**Revision**
DAUAN ISLAND	ELEVATIONS	JM	WD 3.0	1

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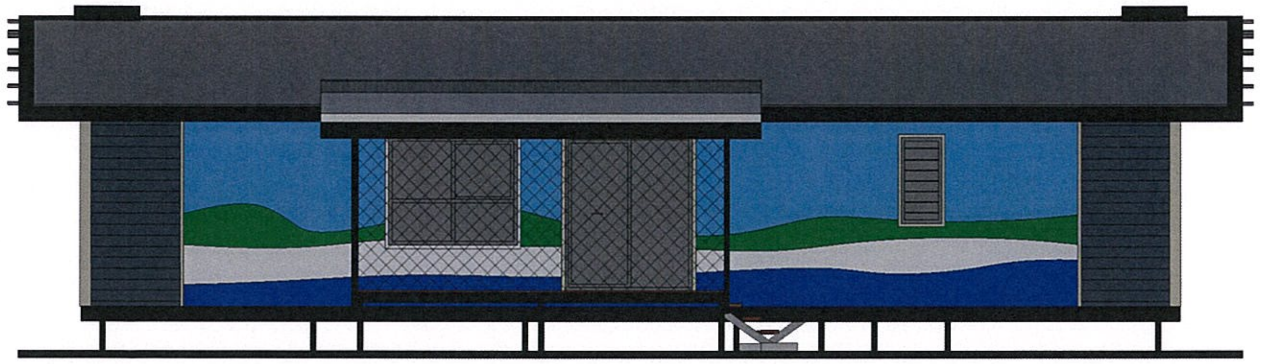
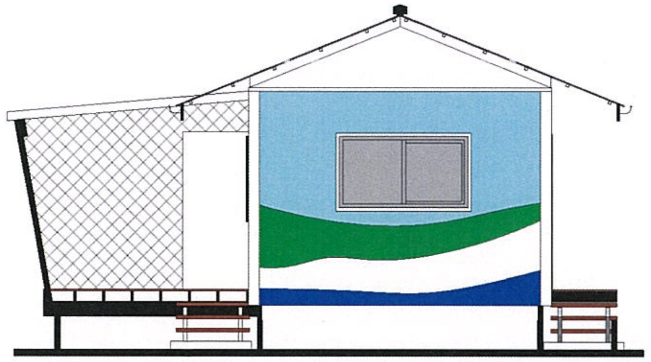
WORKING DRAWINGS

Revision Number	Revision Date	Revision Description
1	13/01/2012	1ST ISSUE

WIND RATING = C2



1 Elevation 1 - a
1 : 100



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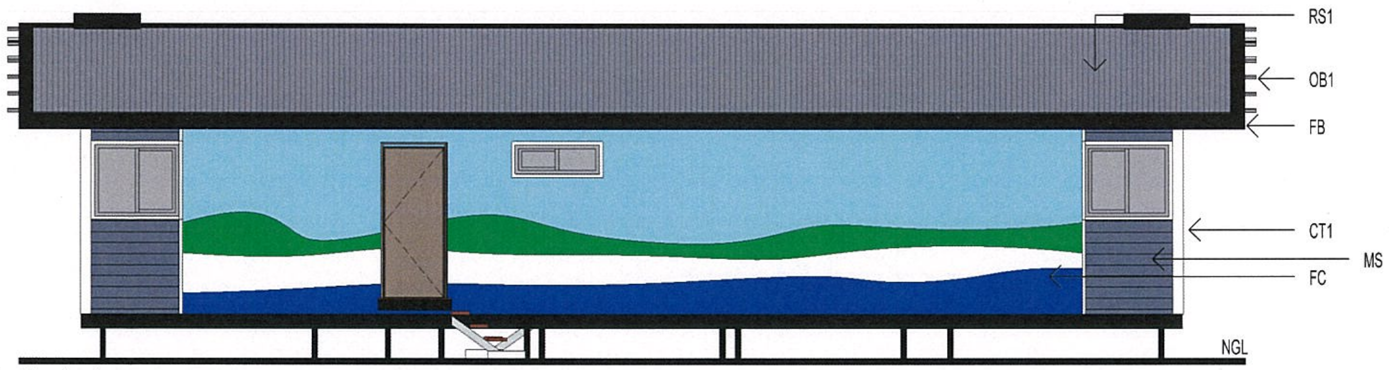
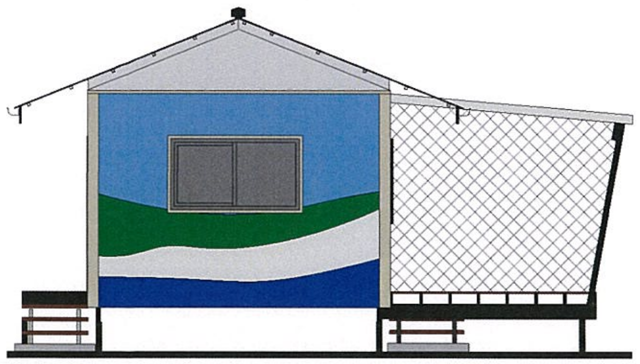


3 Elevation 3 - a
1 : 100



4 Elevation 4 - a
1 : 100

ELEVATION & SECTION FINISHES LEGEND

V	RV Ventilator
CT1	CORNER TRIM
EB1	EAVE BEAM
FB	FASCIA BEAM
FC	EASY LAP 9.0mm
NGL	NATURAL GROUND LEVEL
OB1	OVER BATTEN
PF1	PLINTH FLASHING - FOLDED COLORBOND SHEET
RS1	COLORBOND CUSTOM ORB
MS	HARDIES PRIMELINE WEATHER BOARD

EXTERNAL PAINTING & COLOUR SCHEDULE BLUE COLOUR SCHEME

ITEM	DESCRIPTION	COLOUR
WINDOWS & DOORS		
AS MARKED ON WORKING DRAWINGS AND SCHEDULE	ALUMINIUM FRAMES GLASS	BLACK DARK GREY GLASS
WALLS		
GENERALLY	FC SHEETING OR EASYLAP MAIN SHEETING (WEATHERTEX) WINDOW AND CORNER TRIMS,COVERSTRIP	WINDSPRAY DEEP OCEAN SURFMIST
ROOFS GENERALLY	COLOURBOND CUSTOMORB SOLARSPAN ALL FOLDED COLOURBOND SHEETING EAVE BEAMS & FACSIA	SHALE GREY SURFMIST MONUMENT MONUMENT
FLOORS & DECKS GENERALLY	DECKS (MODWOOD) STEEL POSTS	BLACKBEAN GALVANISED

TBA

INTERNAL PAINTING & COLOUR SCHEDULE

ITEM	DESCRIPTION	COLOUR
WALLS		
GENERALLY	19MM LAMINEX TT VERTICAL BOARD SHOWER CUBICAL	SURFMIST WHITE
FLOORS		
GENERALLY	VINYL CERAMIC TILES WET AREA WALL TILES SKIRTING	TIMBER PLANK PENNANT BEIGE GLOSS WHITE SURFMIST

TBA

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Project	Client	Drawn	Project No.	
2 BEDROOM HOUSE	IBIS	BT	GW-O11-036	
Location	**Drawing**	**Checked**	**Sheet No.**	**Revision**
DAUAN ISLAND	ELEVATIONS	JM	WD 3.0	1

13/01/2012 3:25:25 PM

Queensland Government

3 November 2011

Mr Scott Snelling
AECOM
Principle Engineer
PO Box 5971
Cairns QLD 4870

Dear Mr Snelling

Re: Tidal Works Application Proposed – Sewage Treatment Plant Outfall at Poruma Island, described as Part of Lot 6 on TS166 and Adjacent Coastal Waters.

Thank you for your email of 01/11/2011 about your proposal to construct a Sewerage Treatment Plan Outfall at the location mentioned above.

As a concurrence agency, Maritime Safety Queensland has no objection to the proposal provided the following navigation and marine safety conditions are addressed.

1) The contractor must build the outfall according to AECOM Drawing No 60150055-28-29-30 attached to your email dated 01/11/2011.

2) Any obstructions and debris encountered during construction must be disposed of at your own cost.

3) Any ships and equipment you or your agent use must comply with the Transport Operations (Marine Safety) Act 1994, the Transport Operations (Marine Safety) Regulation 2004 and the Transport Operations (Marine Pollution) Act 1995.

4) Any ships using this structure must comply with the Transport Operations (Marine Safety) Act 1994 and the Transport Operations (Marine Safety) Regulations 2004.

5) The contractor must construct the outfall within two years from the date of approval. If construction is not completed, you will need additional or amended comments from the Regional Harbour Master.

Department of Transport and Main Roads
Maritime Safety Queensland
Maritime Operations Cairns
100-106 Tingira Street
Portsmith Queensland 4870
PO Box 1787 Cairns Queensland 4870

Our ref 215/00509
Your ref
Enquiries Brett Huxham
Telephone **+61 7 4052 7412**
Facsimile +61 7 4052 7451
Website www.msq.qld.gov.au
Email rhmcairns@msq.qld.gov.au

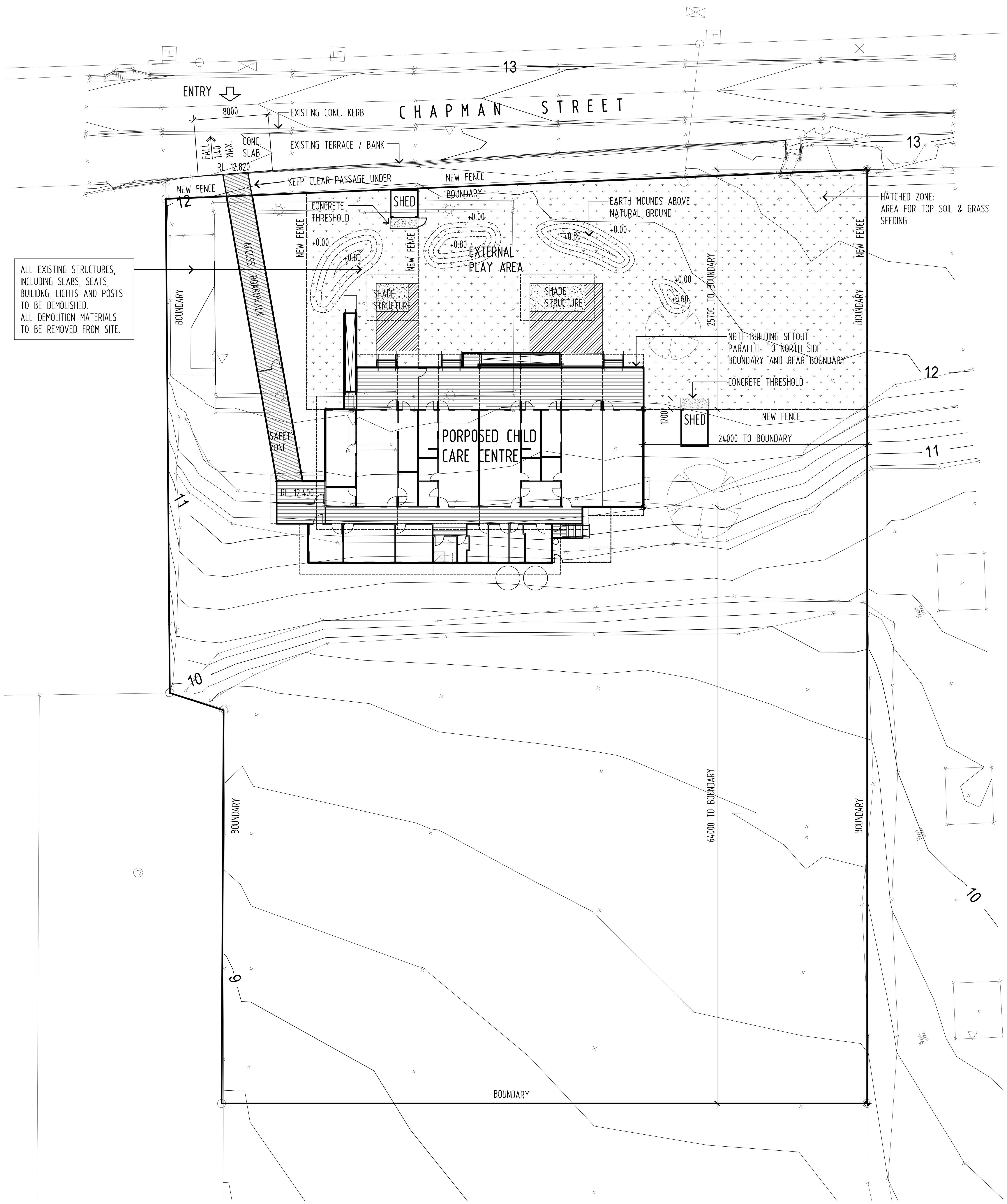
6) All flood lighting or other lighting, except navigational lighting, installed on structures of surrounds must be shielded to seaward and operated in a manner as not to cause a navigation hazard of problem.

Maritime Safety Queensland does not need to be further consulted if all of the above conditions are met.

Yours sincerely

for RHM

Captain Alan Boath
Regional Harbour Master (Cairns)



01 LOCATION / SITE PLAN

SCALE 1:250 @ A1, 1:500 @ A3

FIRE HAZARD PROPERTIES:

EARLY FIRE HAZARD PROPERTIES FOR MATERIALS, LININGS & SURFACE FINISHES TO BE IN ACCORDANCE WITH BCA CLAUSE C1.10, SPEC C1.10.

IDENTIFICATION SIGNAGE FOR ACCESS FACILITIES:

PROVIDE SIGNAGE TO FACILITIES REQUIRED FOR PEOPLE WITH DISABILITIES IN ACCORDANCE WITH BCA CLAUSE D3.6, INCLUDING TO CARPARKING & TOILET/SHR FACILITIES. AND IN ACCORDANCE WITH AS 1428.1 2009
PROVIDE BRAIL & TACTILE SIGNAGE TO MALE, FEMALE & UNISEX FACILITIES IN ACCORDANCE WITH BCA CLAUSE C3.6.

ACCESS FOR PEOPLE WITH DISABILITIES:

COMPLY WITH ALL REQUIREMENTS OF THE BCA AND AS1428.1 2009 & AS1428.4 2002, INCLUDING;
DOOR OPENINGS, REFER TO DOOR SCHEDULE.
DOOR LATCHES TO HAVE LEVER ACTION HANDLES, MOUNTED AT 1000 AFL.
UNLESS NOTED OTHERWISE, REFER TO DOOR SCHEDULE.
DOOR CLOSERS OPERATING FORCE WITHIN AS1428 ALLOWANCES.
PROVIDE REQUIRED CIRCULATION SPACE THROUGHOUT THE BUILDING.
TOILETS, SHOWERS, RAMPS & STAIRS TO COMPLY WITH AS 1428.1.
TACTILE GROUND SURFACE INDICATORS TO BE PROVIDED IN ACCORDANCE WITH BCA & AS 1428.4.

FIRE EXITS:

PROVIDE LEVER ACTION HANDLES AND COMPLYING LATCHES TO REQUIRED FIRE EXIT DOORS AND DOORS IN PATH OF TRAVEL, ALL TO COMPLY WITH BCA CLAUSE D2.21.

FIRE EXTINGUISHERS:

PROVIDE FIRE EXTIGUISHERS TO COMPLY WITH BCA CLAUSE E1.6, TABLE E1.6 AND AS 2444.

EMERGENCY LIGHTING:

INSTALLATION OF EMERGENCY LIGHTING AND EXIT LIGHTING TO COMPLY WITH AS/NZS 2293.1
EMERGENCY LIGHTING TO BE INSTALLED IN ALL PATHS OF TRAVEL AND AS REQUIRED BY BCA CLAUSE E4.2. EMERGENCY LIGHTING TO BE PROVIDED IN EVERY ROOM WITH PUBLIC ACCESS. REFER ELECTRICAL ENGINEER'S DOCUMENTS.

MECHANICAL INSTALLATIONS:

INSTALL AIR-CONDITIONING, MECHANICAL VENTILATION & EXHAUST SYSTEMS TO COMPLY WITH AS 1668.2 & AS/NZS 3666.1.

WATERPROOFING WET-AREAS:

WATERPROOF WET-AREAS INCLUDING FLOORS, WALLS, JUNCTIONS & PENETRATIONS TO AS 3740. TYPICALLY ALLOW FOR FLOOR SETDOWN TO ACHIEVE REQUIRED FALLS TO FLOOR WASTES. ALL FLOOR WASTES SHALL BE APPROVED 'PUDDLE-FLANGE' TYPE. (TO SUIT VINYL FLOOR INSTALLATION)

BLDG SUSTAINABILITY & ENERGY EFFICIENCY:

COMPLY WITH BCA PART-J FOR CLASS-2 TO CLASS-9 BLDGS.
COMPLY WITH QLD DEVELOPMENT CODE SECTION MP4.1.
PROVIDE ROOF & WALL INSULATION TO COMPLY WITH THE ABOVE.
PROVIDE WALL & WINDOW SHADING (OVERHANGS, AWNINGS & SCREENS) AS SHOWN ON DWGS.

TERMITE MANAGEMENT SYSTEM:

PROVIDE TERMITE MANAGEMENT SYSTEM (OR SYSTEMS) TO COMPLY WITH BCA REQUIREMENTS. ALL SUPPLIERS AND INSTALLERS WILL BE REQUIRED TO PROVIDE WRITTEN CERTIFICATION FOR COMPLIANCE WITH THE ABOVE REQUIREMENTS.

COMPLIANCE:

BUILDING TO COMPLY WITH BCA AND ALL RELEVANT CODES (INCLUDING DISABLED ACCESS CODE AS 1428.1.)
COMPLY WITH QUEENSLAND DEVELOPMENT CODE, INCLUDING BUT NOT LIMITED TO:
MP 4.3 - ALTERNATIVE WATER SOURCES - COMMERCIAL BUILDINGS
MP 5.1 - WORKPLACES
MP 5.4 - CHILD CARE CENTRES
COMPLY WITH ANY LOCAL COUNCIL REQUIREMENTS AND TRANSPORT REGULATIONS.

DRAWINGS TO BE READ IN CONJUNCTION WITH ARCH. SPECIFICATION AND ROOM DATA SHEETS.

SITE ANALYSIS:

SITE AREA (proposed boundary to follow existing fenceline)	7150.8 sq.m
BUILDING AREA (Incl. decking, ramps, entry walkway & stairs) (Excl. solid shade structures & storage sheds)	805.0 sq.m
SOLID SHADE STRUCTURE AREA	67.5 sq.m
STORAGE SHED AREA (combined)	21.0 sq.m
SITE COVER (area under impervious roof) (Incl. ext'l covered play area's, entry & breezeway, solid shade structures & storage sheds) (Excl. ramps, walkway, stairs & eaves overhang)	10.77 % (770.06 / 7150.8 x 100)
No. OF STOREYS	1
MAX. HEIGHT ABOVE NATURAL GROUND (add nom. 600mm for alternative breezeway roof detail)	5.5 m approx.
No. OF ON-SITE CARPARKING SPACES	0

SITE FROM CHAPMAN STREET LOOKING TO NORTH EAST

SITE FROM BOTTOM OF BANK AT MIDDLE OF NORTHERN BOUNDARY LOOKING TO SOUTH EAST

Do not scale from this drawing
Use only dimensions provided
Verify all dimensions on site

AMENDMENTS

ISSUE	DESCRIPTION	DATE
A	ISSUED FOR TENDER	22.11.11
B	ISSUED FOR TENDER	25.11.11

LEGEND:

H	IN-GROUND HYDRANT
PP	POWER POLE
MH	SEWER MAN HOLE
TEL	TELSTRA PIT
WM	WATER METER

10m -5 0 5 10m
SCALE 1:250 @ A1, 1:500 @ A3

north

CLIENT
THINC PROJECTS

PROJECT
REMOTE CRECHES- BADU ISLAND

LOCATION
CHAPMAN STREET, BADU ISLAND

DRAWN TT
CHECKED
SCALE AS SHOWN

KEN TIPPETT & ARTHUR SCHROCK ARCHITECTS PTY.LTD.
A.C.N. 010 750 759
BELROWES PLACE, 49 BUNDOCK ST
BELGIAN GARDENS
P.O. BOX 76, BELGIAN GARDENS
Qld. 4810
TELEPHONE (07) 47 723044
FACSIMILE (07) 47 723538
E-MAIL tsa@TSArch.com.au
TSA
tippett schrock architects

TENDER ISSUE
NOT FOR CONSTRUCTION

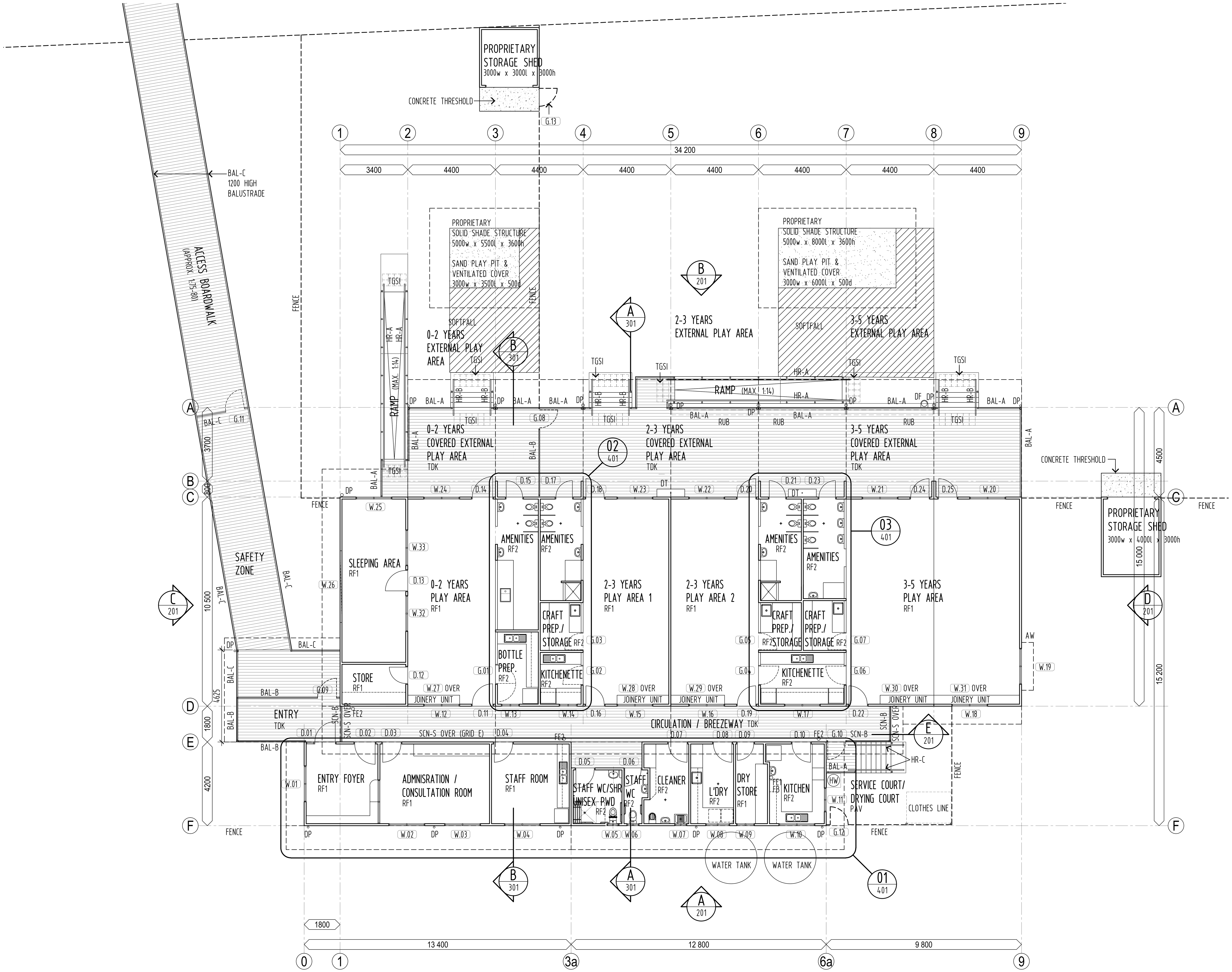
SHEET TITLE
LOCATION / SITE PLAN

DRAWING NO
THI1101_BAD_WD-001 B

Do not scale from this drawing
Use only dimensions provided
Verify all dimensions on site

AMENDMENTS

ISSUE	DESCRIPTION	DATE
A	ISSUED FOR TENDER	22.11.11
B	ISSUED FOR TENDER	25.11.11



01 **FLOOR PLAN**
SCALE 1:100 @A1, 1:200 @A3

LEGEND - ROOM LAYOUT:

AW	WINDOW AWNING
BAL-A	BALUSTRADE TYPE A - 1000H.
BAL-B	BALUSTRADE TYPE B - 1500H.
BAL-C	BALUSTRADE TYPE C - 1200H.
BSN	BASIN
CPT	CARPET
CT	CERAMIC TILES
DF	DRINKING FOUNTAIN
DT	DRINKING TROUGH
FB	FIRE BLANKET
FE	FIRE EXTINGUISHER (TYPE 1 OR 2)
FW	FLOOR WASTE
HR-A	HANDRAIL TYPE A DOUBLE HANDRAIL (1000+700 H.) WITH TOE RAIL
HR-B	HANDRAIL TYPE B DOUBLE HANDRAIL (1000+700 H.)
HR-C	HANDRAIL TYPE C SINGLE HANDRAIL (1000 H.)
HW	HOT WATER UNIT
RUB	ROLL-UP BLIND, REFER SPEC.
SCN-B	SCREEN - STEEL BATTENED
SCN-S	SCREEN - SECURITY, CRIMSAFE OR EQ.
SHU	SHELVING UNIT
TDK	TIMBER DECKING
TGSI	TACTILE GROUND SURFACE INDICATOR
VS	VINYL SHEET FLOORING

-1m 0 1 2 3 4 5 6m
SCALE 1:100 @ A1, 1:200 @ A3

ALL WALL, FLOOR AND ROOF CONSTRUCTION TO BE CONFIRMED WITH SELECTED MANUFACTURER AND STRUCTURAL ENGINEER.
ALL DIMENSIONS SHOWN ARE NOMINAL ONLY AND MUST BE CONFIRMED PRIOR TO CONSTRUCTION.

NOTE:

BUILDING TO COMPLY WITH BCA AND ALL RELEVANT CODES (INCLUDING DISABLED ACCESS CODE AS 1428.1.)
COMPLY ALSO WITH QUEENSLAND DEVELOPMENT CODE AND ANY LOCAL COUNCIL REQUIREMENTS AND TRANSPORT REGULATIONS.

BUILDING FABRIC (WALLS, ROOF & FLOOR) TO COMPLY WITH BCA SECTION J - ENERGY EFFICIENCY REQUIREMENTS.

REFER TO WD-001 FOR TYPICAL NOTES.

TENDER ISSUE
NOT FOR CONSTRUCTION

CLIENT
THINC PROJECTS

PROJECT
REMOTE CRECHES-
BADU ISLAND

LOCATION
CHAPMAN STREET,
BADU ISLAND

DRAWN	TT
CHECKED	
SCALE	AS SHOWN

KEN TIPPETT & ARTHUR SCHROCK ARCHITECTS PTY.LTD.
A.C.N. 010 750 759

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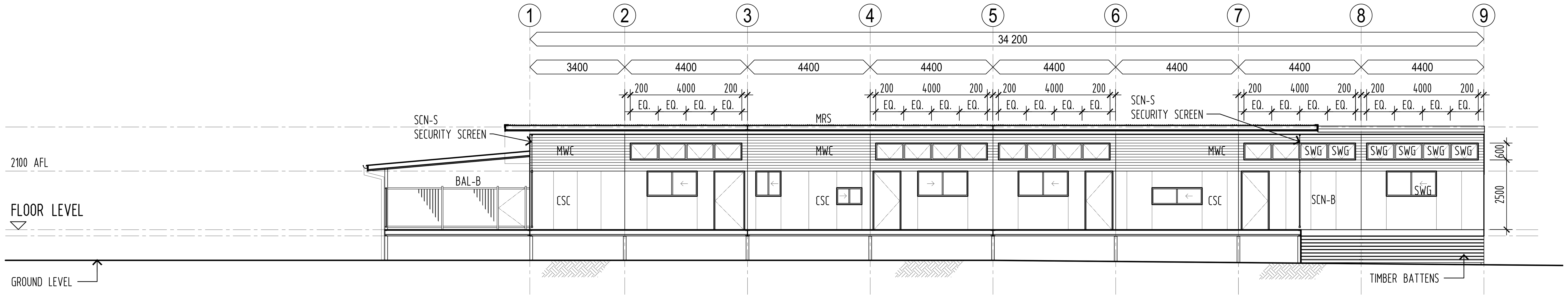
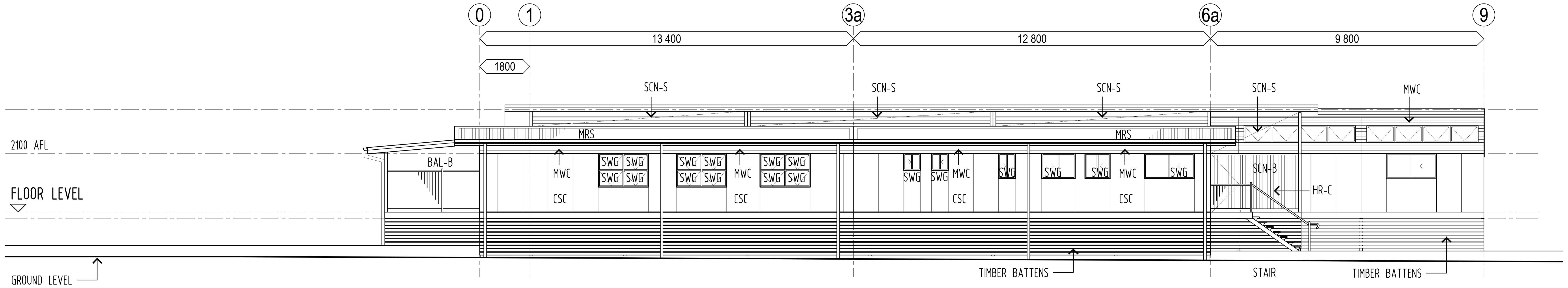
tippett schrock architects

SHEET TITLE
FLOOR PLAN

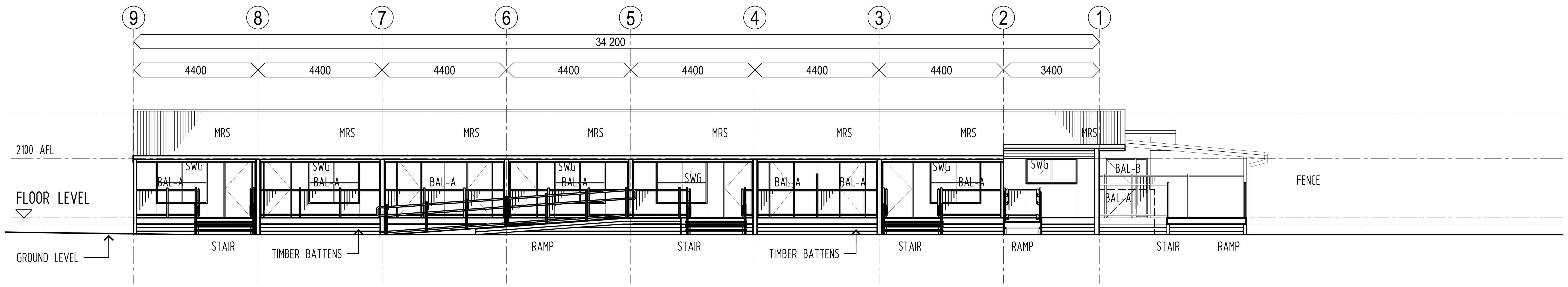
DRAWING NO
THI1101_BAD_WD-101 B



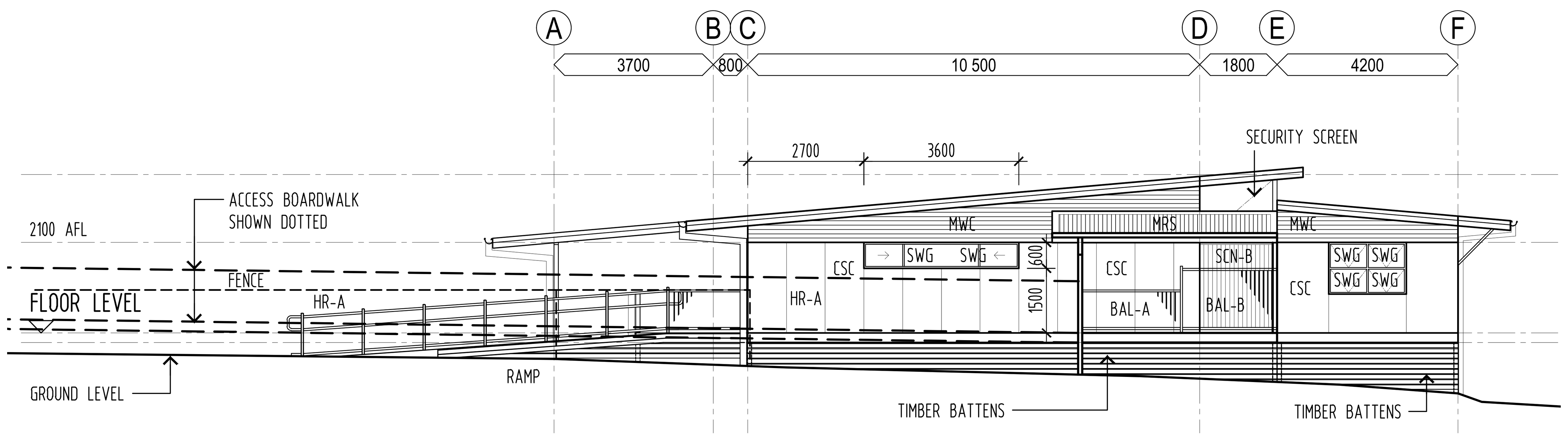
ELEVATION E
SOUTH EAST ELEVATION, THROUGH CORRIDOR
SCALE 1:100 @ A1, 1:200 @ A3



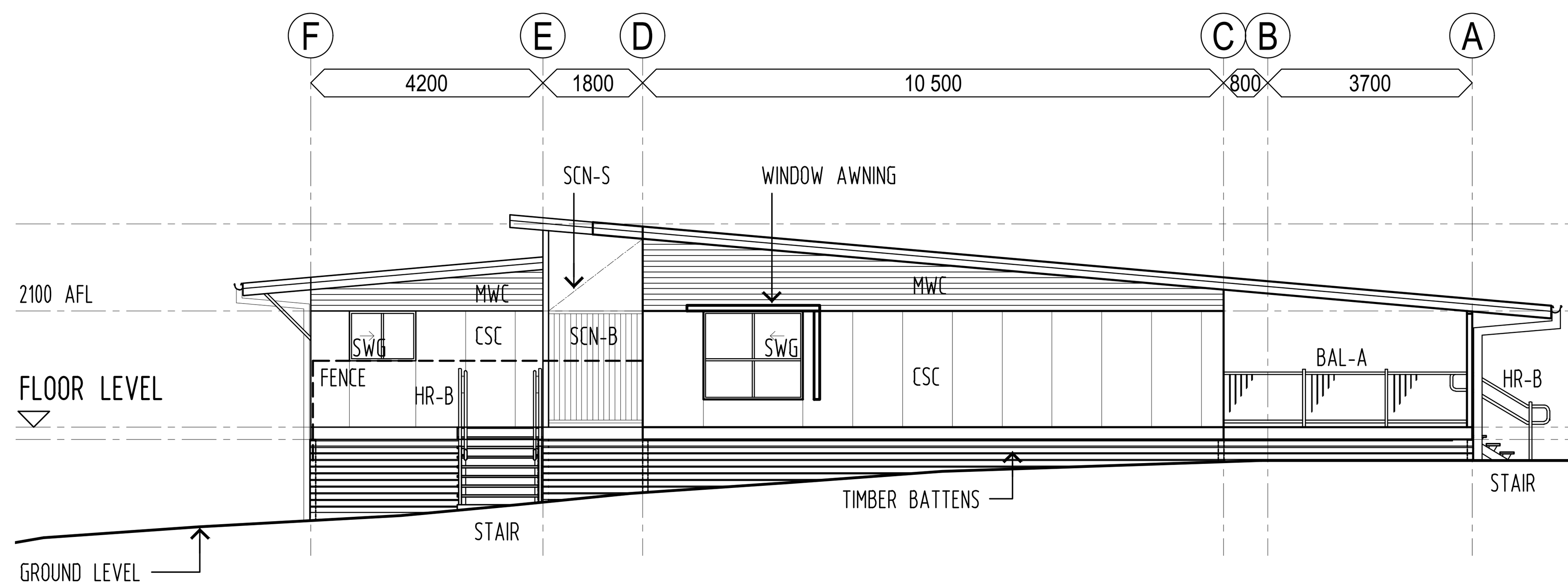
ELEVATION A
SOUTH EAST ELEVATION
SCALE 1:100 @ A1, 1:200 @ A3



ELEVATION B
NORTH WEST ELEVATION
SCALE 1:100 @ A1, 1:200 @ A3



ELEVATION C
SOUTH WEST ELEVATION
SCALE 1:100 @ A1, 1:200 @ A3



ELEVATION D
NORTH EAST ELEVATION
SCALE 1:100 @ A1, 1:200 @ A3

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Use only dimensions provided
Verify all dimensions on site

AMENDMENTS

ISSUE	DESCRIPTION	DATE
A	ISSUED FOR TENDER	22.11.11
B	ISSUED FOR TENDER	25.11.11

LEGEND:

BAL-A	BALUSTRADE TYPE A - 1000H.
BAL-B	BALUSTRADE TYPE B - 1500H.
CSC	COMPRESSED FIBRE CEMENT CLADDING
HR-A	HANDRAIL TYPE A DOUBLE HANDRAIL (1000+700 H.) WITH TOE RAIL
HR-B	HANDRAIL TYPE B DOUBLE HANDRAIL (1000+700 H.)
HR-C	HANDRAIL TYPE C SINGLE HANDRAIL (1000 H.)
MRS	METAL ROOF SHEETING
MWC	METAL WALL CLADDING
SCN-B	SCREEN - STEEL BATTENED
SCN-S	SCREEN - SECURITY, CRIMSAFE OR EQ.
SWG	SECURITY WINDOW GRILLE

-1m 0 1 2 3 4 5 6m
SCALE 1:100 @ A1, 1:200 @ A3

CLIENT
THINC PROJECTS

PROJECT
REMOTE CRECHES- BADU ISLAND

LOCATION
CHAPMAN STREET, BADU ISLAND

DRAWN TT
CHECKED
SCALE AS SHOWN

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SHEET TITLE
ELEVATIONS

TENDER ISSUE
NOT FOR CONSTRUCTION

DRAWING NO
THI1101_BAD_WD-201 B

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AMENDMENTS		
ISSUE	DESCRIPTION	DATE
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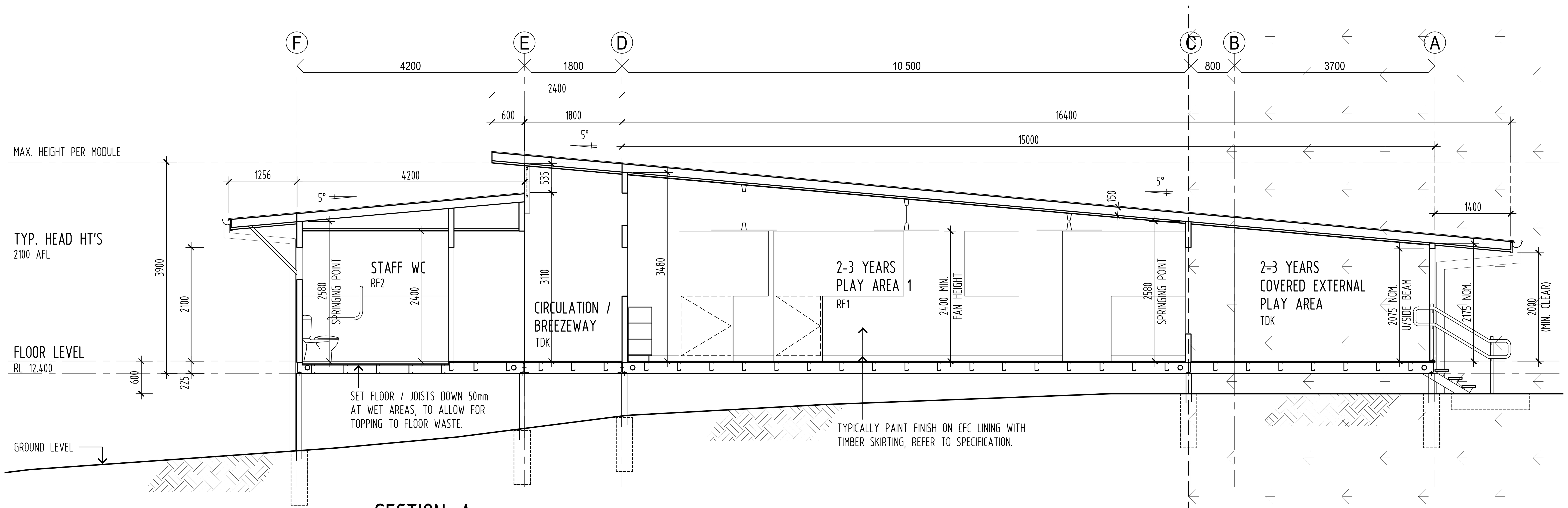
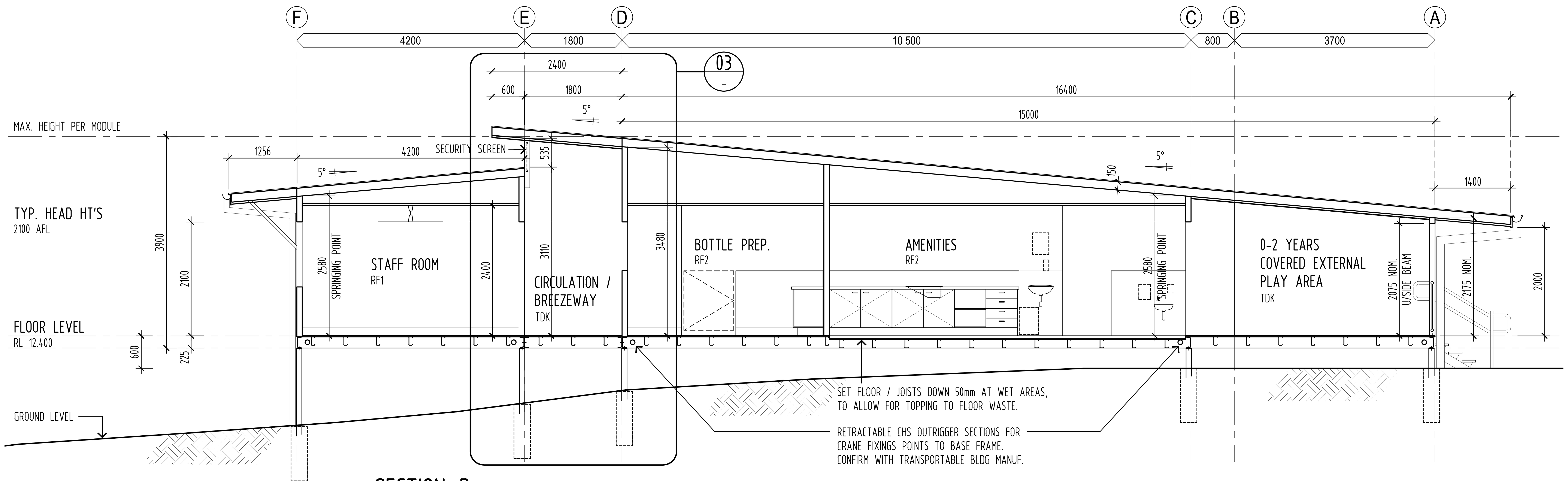
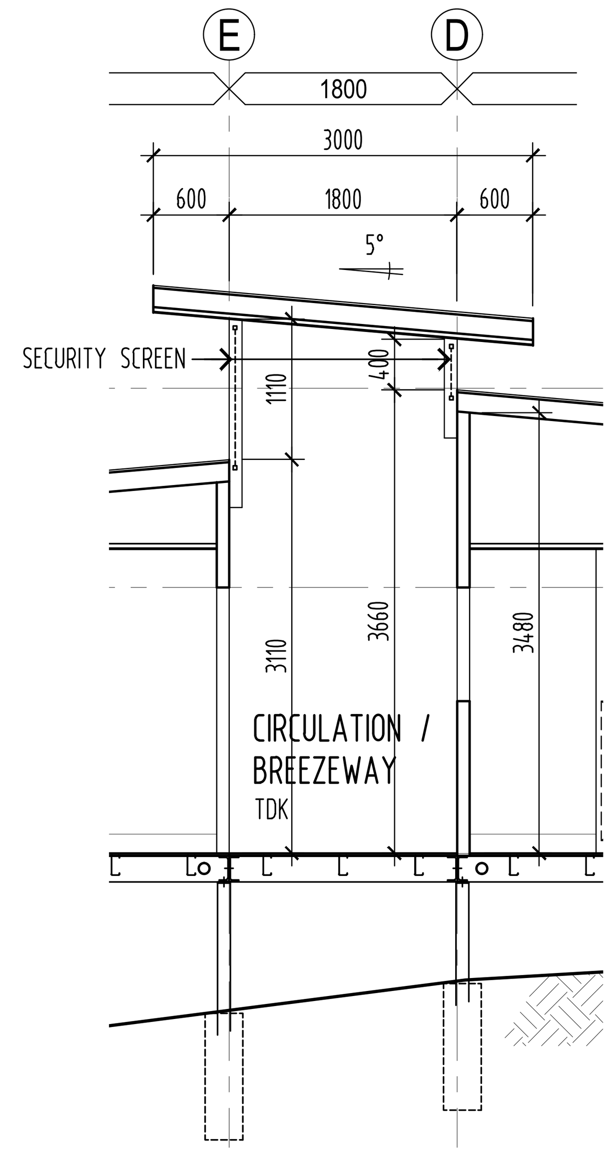
B	ISSUED FOR TENDER	25.11.11



01 SECTION A
SCALE 1:50 @ A1, 1:100 @ A3



02 SECTION B
SCALE 1:50 @ A1, 1:100 @ A3



03 SECTION
ALTERNATIVE DETAIL
SCALE 1:50 @ A1, 1:100 @ A3

ALL WALL, FLOOR AND ROOF CONSTRUCTION TO BE CONFIRMED WITH SELECTED MANUFACTURER AND STRUCTURAL ENGINEER.
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NOTE:

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BUILDING FABRIC (WALLS, ROOF & FLOOR) TO COMPLY WITH BCA SECTION J - ENERGY EFFICIENCY REQUIREMENTS.

REFER TO WD-001 FOR TYPICAL NOTES.

LEGEND:

CT CERAMIC TILE
RF1 RESILIENT FLOORING TYPE 1
RF2 RESILIENT FLOORING TYPE 2
TDK TIMBER DECKING

-1m 0 1 2m
SCALE 1:50 @ A1, 1:100 @ A3

CLIENT
THINC PROJECTS

PROJECT
REMOTE CRECHES-BADU ISLAND

LOCATION
CHAPMAN STREET, BADU ISLAND

DRAWN TT
CHECKED
SCALE AS SHOWN

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TENDER ISSUE
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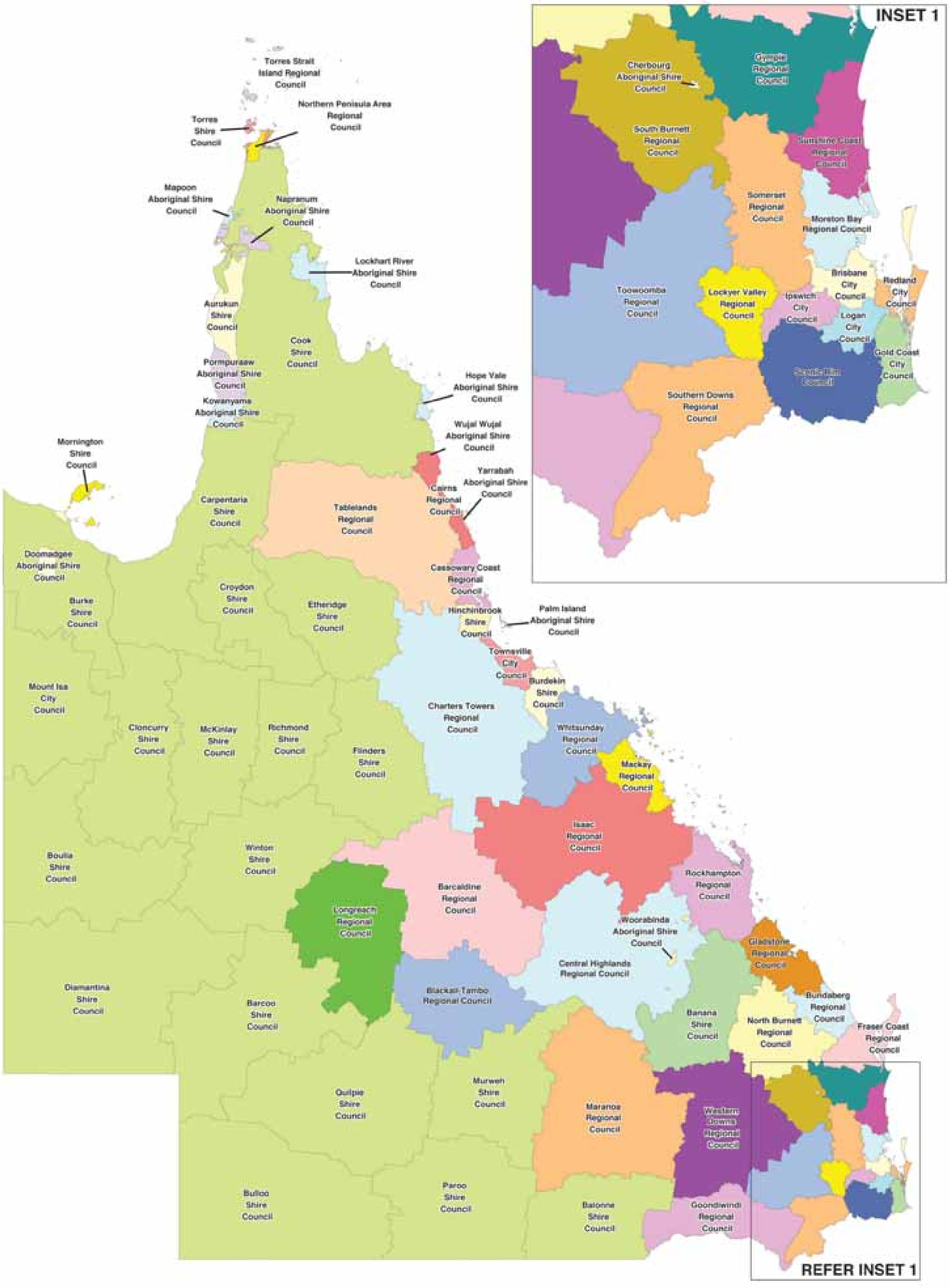
SHEET TITLE
SECTIONS

DRAWING NO
THI1101_BAD_WD-301 B

Local Government Remuneration and Discipline Tribunal Report 2011

Local Government
Remuneration and
Discipline Tribunal

Local Governments in Queensland



Local Government
Remuneration and
Discipline Tribunal

1 December 2011

The Honourable Paul Lucas MP
Attorney-General, Minister for Local Government
and Special Minister of State
Level 12, Executive Building
100 George Street
Brisbane QLD 4000

Dear Minister

On 30 November 2011 the Local Government Remuneration and Discipline Tribunal concluded a review of the categories of Local Governments and the assignment of Local Governments to categories. In addition it determined the levels of remuneration that will be paid to Mayors, Deputy Mayors and Councillors in 2012.

Our determinations on these matters, as well as the remuneration schedule to apply in 2012, are included in the enclosed Report and we commend them for your further action.

Yours sincerely

Deputy President Adrian Bloomfield **Chairperson**	Bob Longland **Member**	Margaret McLennan **Member**

PO Box 15009
City East Queensland 4002
Telephone 1800 030 114
Website www.dlgp.qld.gov.au/lgrdt

This Report is available for downloading from the Tribunal's website at www.dlgp.qld.gov.au/local-government-remuneration-and-discipline/tribunal-reports.html.

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Contents

Figures

Table

2011 Report at a glance

Remuneration matters

The *Local Government (Operations) Regulation 2010* (the Regulation) requires the Local Government Remuneration and Discipline Tribunal (the Tribunal) to determine by 1 December each year the remuneration to be paid in the following calendar year to Mayors, Deputy Mayors and Councillors for all Councils in Queensland (except Brisbane City Council). At the time of releasing its 2010 Report, the Tribunal announced it was planning to undertake a full review during 2011 of the categories of Local Governments as well as the category to which each Council is assigned. Section 40(3) of the Regulation requires this to occur at least every four years.

As a result of the 2011 review of categories, the Tribunal has decided not to change the ten categories which were originally established by the Local Government Remuneration Tribunal (the former tribunal) in 2007. Following the review of the category to which each Council is assigned, the Tribunal has adjusted the category assigned to Somerset, Gympie and Tablelands Regional Councils, assigning them to Category 4. The adjustments will take effect from 1 January 2012. In accordance with decisions previously taken by the Tribunal, Councillors elected to the Gympie and Tablelands Regional Councils will continue to be entitled to the remuneration set for Category 5 Councils until the conclusion of the quadrennial elections in 2012 as defined in section 7 of the *Local Government Electoral Act 2011* (the Electoral Act).

As required by section 41 of the Regulation, the Tribunal has determined the remuneration that is payable to Councillors in each category from 1 January 2012. In making this decision, the Tribunal has had regard to the responsibilities of Councillors, community expectations communicated to the Tribunal during its 2011 consultation process and issues of affordability.

In giving effect to its 2011 remuneration decision, the Tribunal has decided to maintain the practice of setting remuneration levels for Councillors based on percentages of the annual base salary payable to a Member of the Queensland Legislative Assembly (MP).

From 1 January 2012 the Tribunal has decided to discontinue the practice of setting remuneration ranges for each level of Councillor and establish a single remuneration level for Mayors, Deputy Mayors and Councillors in each category of Council. With the transfer to single remuneration levels, the Tribunal has decided to establish rates which are close to the mid-point of the previously established ranges consistent with the progressive nature of the categories. The Tribunal notes that this decision will result in a reduction in remuneration for a number of Councillors. The Tribunal notes further that this is a consequence of the practice of about half of the Councils availing themselves of the maximum level in the ranges previously established.

For 2012 the reference rate used to calculate remuneration levels has been increased from $133,800 to $137,149, equating to 2.5% - the same increase granted to MPs earlier this year. The Tribunal notes that section 43 of the Regulation provides an opportunity for Councils to make a submission to the Tribunal to increase or decrease the remuneration levels in exceptional circumstances.

In making its determination the Tribunal has also recognised the need to adjust the remuneration level for Category 1 Mayors based on workload factors and has aligned their remuneration with Category 2 Mayors. Similarly, it has provided for an adjustment to the level that will apply to Category 1 Deputy Mayors.

Discipline matters

During 2011 the Tribunal finalised eight complaints alleging serious misconduct that had been referred to it. Six of these cases related to allegations of breaches of confidentiality and the remaining two related to unauthorised use of Council funds. Five of these eight complaints were sustained by the Tribunal.

As at 1 December 2011, the Tribunal has finalised all referrals received from the Chief Executive of the Department of Local Government and Planning and has not received any referrals from Brisbane City Council.

1. The Tribunal

The Tribunal is an independent entity established under the *Local Government Act 2009* (the Act) and replaced the former tribunal which had been established in 2007 under the *Local Government Act 1993* (the 1993 Act).

In 2011 and as required by the *Public Sector Ethics Act 1994*, the Tribunal has obtained the Minister's approval for a Code of Conduct. The Code of Conduct that applies to Tribunal Members is based on the core values of impartiality, independence and integrity and is available for review from the Tribunal's website at www.dlgp.qld.gov.au/lgrdt.

Members of the Tribunal

On 10 June 2010 Her Excellency the Governor approved the appointment of the Chairperson and Members of the Tribunal for four years from 1 July 2010. The Chairperson and two other Members of the Tribunal are:

Chairperson – Deputy President Adrian Bloomfield

Adrian Bloomfield is a Deputy President of the Queensland Industrial Relations Commission. Prior to joining the Queensland Industrial Relations Commission in 1993, Deputy President Bloomfield was the Director, Queensland Branch of Metal Trades Industry Association of Australia (now Australian Industry Group). He also has an accountancy background having held chartered accountancy positions in Australia and New Zealand.

Deputy President Bloomfield was the Chairperson of the former tribunal and brings to the Tribunal extensive knowledge of and experience in industrial relations, local government, public administration and as a chartered accountant.

Member – Bob Longland

Bob Longland is a Casual Commissioner on the Local Government Change Commission. In 2009 he was a member of the Premier's Roundtable on Integrity and Accountability in Government and in 2007 was the Chairperson of the Local Government Reform Commission. Bob is active in community affairs and is currently a Member of the Queensland Board of the Physiotherapists Board of Australia.

Bob's career includes 19 years in combat support roles with the RAAF throughout Australia and the USA. He joined the Australian Electoral Commission in 1988 and headed its Queensland office from 1990 to 2002 and was Queensland's Electoral Commissioner from 2002 to 2006.

Prior to his appointment to the Tribunal he conducted a number of Local Government code of conduct reviews for the Brisbane City Council and other South East Queensland Councils as a Member of the South-East Queensland and Brisbane City Council Conduct Review Panels. Bob brings to the Tribunal extensive knowledge of and experience in local government, community affairs, investigations, public administration and public sector ethics.

Member – Margaret McLennan

Margaret McLennan currently serves as a Sessional Member of the Queensland Civil and Administrative Tribunal. From 2004 to 2009 she served as a Member and then Senior Member of the Misconduct Tribunal which heard and determined charges of a disciplinary nature of official misconduct made against members of the police service. From 1995 to 2002 she held the position of a Legal Member in the Social Security Appeals Tribunal (Commonwealth).

Margaret McLennan was admitted as a Barrister of the Supreme Court of Queensland and the High Court of Australia. Her legal career includes Commonwealth agency employment in taxation and administrative merits review. Margaret also has a background in education having held teaching and management positions in Australia and Canada.

Prior to her appointment to the Tribunal she was Convenor of the South East Queensland Local Government Conduct Review Panel. Margaret brings to the Tribunal extensive knowledge of and experience in law, local government and public administration.

Figure 1 The Tribunal

The Tribunal, from left to right: Bob Longland (Member), Adrian Bloomfield (Chairperson) and Margaret McLennan (Member).

Responsibilities of the Tribunal

Sections 176 and 183 of the Act give the Tribunal responsibilities for:

- establishing categories of Local Governments
- deciding which category each Local Government belongs to
- deciding the remuneration payable to the Councillors in each of those categories
- hearing and deciding the most serious complaints of misconduct against Councillors
- undertaking any other functions that the Minister directs.

Remuneration function and jurisdiction

The Act provides the Tribunal with jurisdiction for Local Government remuneration matters for all Queensland Councils other than Brisbane City Council.

For the purpose of establishing categories of Local Governments the Regulation requires the Tribunal to have regard to defined criteria. These criteria are contained in Figure 2.

Figure 2 **The criteria for establishing categories of Local Governments**
(Section 39 of the Regulation)

In establishing categories of Local Governments, the Tribunal must have regard to the following criteria—

(a) the size, and geographical and environmental terrain, of Local Government areas

(b) the population of Local Government areas, including the areas' demographics, the spread of population serviced by the Local Governments and the extent of the services the Local Governments provide

(c) the size of Local Governments and the workload associated with particular sizes, including whether Councillors of the Local Governments hold office on a full-time or part-time basis

(d) the diversity, including cultural diversity, of Local Governments' communities

(e) the extent of development of Local Government areas, including economic and community development, infrastructure and industry

(f) other matters the Tribunal considers relevant to the effectiveness, efficiency and sustainability of Local Governments.

After determining the categories of Local Governments, the Regulation requires the Tribunal to assign each Local Government to a category and annually, on or before 1 December each year, decide the remuneration to be paid to Mayors, Deputy Mayors and Councillors in the following calendar year.

The Regulation also requires the Tribunal to review the categories at least every four years to determine whether the categories and the assignment of Local Governments to those categories require amendment. Sections 2, 6, 7, 8 and 9 of this Report detail relevant issues considered and determined by the Tribunal in 2011.

In addition, the Regulation allows Local Governments to make submissions to the Tribunal to vary the remuneration from that stated in the remuneration schedule where the Local Government considers exceptional circumstances apply. Section 3 of this Report summarises the submissions received between 2008 and 2011 and the Tribunal's decisions in respect of those submissions.

Discipline function and jurisdiction

The Act and the *City of Brisbane Act 2010* provides the Tribunal with jurisdiction for discipline matters when complaints alleging serious misconduct have been made against Councillors and these have been referred to the Tribunal by the Chief Executive of the Department of Local Government and Planning or Brisbane City Council.

The legislation provides a point of reference for the conduct, performance and behaviour of Councillors and includes expectations for Councillor conduct in terms of principles, responsibilities and obligations. It also includes disciplinary provisions where those expectations are not met.

Councillor conduct that is not in accordance with the principles and obligations of the legislation may represent inappropriate conduct, misconduct or official misconduct. The role of the Tribunal is to hear and determine the most serious complaints of Councillor misconduct referred to it.

The Tribunal may make any order or recommendation that it considers appropriate in view of the circumstances relating to the misconduct. For example, the Tribunal may make one or more of the following orders or recommendations:

- an order that the Councillor be counselled about the misconduct, and how not to repeat the misconduct
- an order that the Councillor make an admission of error or an apology
- an order that the Councillor participate in mediation with another person
- a recommendation to the Department's Chief Executive to monitor the Councillor or the Local Government for compliance with the Local Government Acts
- an order that the Councillor forfeit an allowance, benefit, payment or privilege
- an order that the Councillor reimburse the Local Government
- a recommendation to the Minister that the Councillor be suspended for a specified period, either wholly or from performing particular functions
- a recommendation to the Minister that the Councillor be dismissed
- a recommendation to the Crime and Misconduct Commission or the Commissioner of Police that the Councillor's conduct be further investigated.

The determinations that the Tribunal makes in relation to disciplinary matters are required to be published on the relevant Local Government websites as they are concluded.

During 2011 the Tribunal has finalised eight complaints referred to it. Summary information relating to complaints dealt with by the Tribunal is contained in Section 4 of this Report.

2. Local Governments

Local Government in Australia is often referred to as the “third tier” of government, with the Commonwealth and State Governments the first and second tier respectively. However, the *Australian Constitution*, made law on 1 January 1901, does not include Local Government. As such, Local Governments have no federal constitutional recognition.

As part of its commitment to holding a referendum on the recognition of Local Government in the *Australian Constitution*, the Commonwealth Government has established an expert panel to consult with stakeholder groups and the community to determine the level of support and possible forms that recognition could take.

The Local Government framework

Local government is a legislative responsibility of the States and Territories and is recognised in the Constitution of each State. State Parliaments determine the roles and responsibilities of Local Governments, and those responsibilities vary from State to State.

The *Constitution of Queensland 2001* establishes Queensland’s system of local government. The Act governs the establishment, constitution and operation of Local Governments in Queensland.

Local Governments are democratically elected and accountable to their communities for the decisions they make and the services they provide. Each Local Government is responsible for a part of Queensland and may be divided into areas called divisions. The Regulation includes descriptions of the boundaries, names, classes and representation arrangements for Local Governments except for Brisbane City Council.

The Act provides a principles-based framework for decision making and governance. This enables Queensland’s diverse range of Local Governments to develop and decide their own policies, procedures and processes to suit their individual circumstances and the needs of their communities.

The Local Government principles underpinning the Act are contained in Figure 3. Anyone performing a responsibility under the Act is required to apply the Local Government principles.

Figure 3 The Local Government principles
(Section 4(2) of the Act)

The Local Government principles are—

(a) transparent and effective processes, and decision-making in the public interest

(b) sustainable development and management of assets and infrastructure, and delivery of effective services

(c) democratic representation, social inclusion and meaningful community engagement

(d) good governance of, and by, Local Government

(e) ethical and legal behaviour of Councillors and Local Government employees.

To complement the Local Government principles, the Act empowers Local Governments to do anything that is necessary or convenient to provide good governance and deliver services to their communities. As Local Governments' powers are drawn from the State, they can do anything that the State can do legally.

It is noted that the Act recognises cultural diversity and provides mechanisms to protect the rich customs, traditions and practices of Indigenous communities.

The Act also has a strong focus on the performance of Local Governments and the conduct of elected officials.

Roles and responsibilities of Councillors

Under the Act the Local Government is generally constituted by the Councillors who are elected or appointed to the Local Government under the Act or the Electoral Act.

The Act provides that the primary accountability of each Local Government is to its residents and that decisions must be made with regard to the current and future interests of residents and to benefit the entire Local Government area. If the Councillor is a Councillor for a division of the Local Government area, he or she also represents the public interest of the division.

The Local Government structures established by the Act clearly distinguish between the roles and responsibilities of elected officials (the executive arm) and Local Government officers (the administrative arm). The Local Government's executive arm is responsible for making local laws and deciding policy and other matters at a strategic level, similar to a board of directors. The Act requires each Local Government to appoint a Chief Executive Officer (CEO) to implement decisions of the executive arm at an operational level. As head of the administrative arm of a Council, the CEO is responsible for its performance and has management authority over Council's employees. The Act prohibits Councillors from directing Council employees.

Council meetings are the most visible activity of the workings of Councils and Councillors must uphold the principles of transparent decision-making, good governance and ethical behaviour, while encouraging a culture of openness and honesty. The Mayor and Councillors have an equal voice in Council decisions and once a collective decision is made all Councillors are required to abide by the decision.

As the first among equals, the Act provides the Mayor with additional responsibilities including leading and managing meetings, proposing the adoption of the Council's budget, being the agent between the executive arm and the CEO and representing the Council at ceremonial or civic functions.

The responsibilities of Mayors and Councillors established in the Act are contained in Figure 4. It is noted that, among other things, section 41(2) of the Regulation requires the Tribunal to have regard to these responsibilities when deciding Councillor remuneration.

Figure 4 **The responsibilities of Councillors**
(Section 12 of the Act)

(1) A Councillor must represent the current and future interests of the residents of the Local Government area

(2) All Councillors of a Local Government have the same responsibilities, but the Mayor has some extra responsibilities

(3) All Councillors have the following responsibilities—

(a) ensuring the Local Government—

(i) discharges its responsibilities under this Act

(ii) achieves its corporate and community plans

(iii) complies with all laws that apply to Local Governments

(b) providing high quality leadership to the Local Government and the community

(c) participating in council meetings, policy development, and decision making, for the benefit of the Local Government area

(d) being accountable to the community for the Local Government's performance.

(4) The Mayor has the following extra responsibilities—

(a) leading and managing meetings of the Local Government at which the Mayor is the chairperson, including managing the conduct of the participants at the meetings

(b) proposing the adoption of the Local Government's budget

(c) liaising with the chief executive officer on behalf of the other Councillors

(d) leading, managing, and providing strategic direction to, the chief executive officer in order to achieve the high quality administration of the Local Government

(e) directing the chief executive officer, in accordance with the Local Government's policies

(f) conducting a performance appraisal of the chief executive officer, at least annually, in the way that is decided by the Local Government (including as a member of a committee, for example)

(g) ensuring that the Local Government promptly provides the Minister with the information about the Local Government area, or the Local Government, that is requested by the Minister

(h) being a member of each standing committee of the Local Government

(i) representing the Local Government at ceremonial or civic functions

(5) A councillor who is not the Mayor may perform the Mayor's extra responsibilities only if the Mayor delegates the responsibility to the Councillor

(6) When performing a responsibility, a Councillor must serve the overall public interest of the whole Local Government area.

The diverse range of Local Governments

After reviewing the legislative framework, consultation with Local Governments, as well as noting the work of the former tribunal, the Tribunal confirms its previously established view that “one size does not fit all” and that the categorisation of Local Governments and the remuneration levels determined for Councillors needs to take into account Queensland’s diverse range of Local Governments.

Traditionally, Local Governments were generally considered to be primarily concerned with “roads, rates and rubbish”. Clearly, this is a simplistic view and over recent decades the role of Local Government has widened significantly. Councils are now involved in a broad range of activities including planning, environmental management, animal management, recreation and human services and, in the case of many Indigenous Councils, provision of basic facilities such as post offices, banks, food stores, fuel supply and community housing.

In addition, Local Governments in their submissions to the Tribunal indicated that they have significant roles in regional development and are increasingly being asked to contribute to national, state and regional policy formation.

Since the former tribunal was established in 2007, Councillors have also reported the complexities of balancing an appropriate Local Government structure and direction with the high-level responsibilities placed on them by the Act. Some Councillors have suggested that performing their role has become increasingly difficult, particularly when local communities exhibit an expectation that Councillors should be available 24 hours a day, seven days a week to deal with constituents’ issues.

Although the structures established by individual Councils vary, the Tribunal notes the different structures in place in many of Queensland’s Indigenous and remote Councils as well as the committee and portfolio structures adopted by many Councils. Issues raised with the Tribunal during 2011 are discussed further in Section 8 of this Report

3. Variations to set remuneration levels

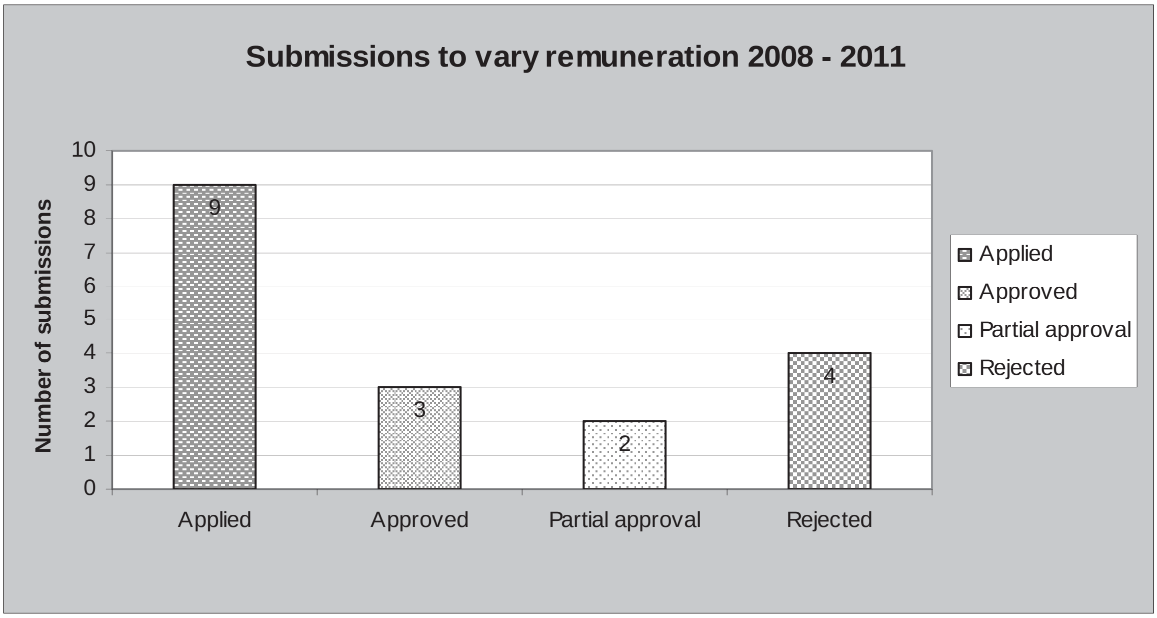
As indicated in Section 1 of this Report, the Regulation allows for Local Governments to make submissions to the Tribunal to vary remuneration levels established by it in exceptional circumstances. The processes established in section 43 of the Regulation apply if a Local Government considers that, having had regard to exceptional circumstances that exist, a Mayor, Deputy Mayor or Councillor from its Local Government is entitled to a different level of remuneration from the remuneration stated in the remuneration schedule for the category to which the Local Government belongs.

Although the Tribunal receives queries from individual Councillors from time to time, it should be noted that the Tribunal can only deal with submissions made by Local Governments and cannot deal with disputes concerning an individual Councillor's views about his or her remuneration level.

Outcomes of remuneration variation requests

During the current term of Councils, the Tribunal and the former tribunal received five submissions under section 250AL of the 1993 Act and a further four submissions under section 43 of the Regulation. As illustrated in Figure 5, the Tribunal approved three submissions in full, provided partial approval for two submissions and rejected or did not approve the remaining four submissions.

Figure 5 Remuneration variation requests and outcomes



In summary, four of the submissions received were for Deputy Mayors or Councillors to cover periods of extended absences by a Mayor or Deputy Mayor. The Tribunal and the former tribunal approved 50% of these submissions in full, provided a partial approval for one submission and rejected the other submission.

In making its determinations on these applications the Tribunal reaffirmed its view that the remuneration for Deputy Mayors includes a component for acting as Mayor during the Mayor's annual leave and other short absences.

Of the remaining five submissions received from Councils, four sought increases in the levels of remuneration citing additional workloads and situations unique to their Councils, while one Council sought a decrease. The Tribunal and the former tribunal rejected three of these submissions, provided a partial approval for one submission and approved the other submission.

All determinations made in relation to Council submissions to vary remuneration levels are published on the Tribunal's website at www.dlgp.qld.gov.au/local-government-remuneration-and-discipline/making-section-43-submissions.html as they are concluded.

Submission received in 2011

During 2011 the Tribunal received one submission made under section 43 of the Regulation. The submission was from the Carpentaria Shire Council and sought additional remuneration for the Deputy Mayor during the extended absence of the Mayor for health reasons, and for the period immediately after the Mayor's death to the swearing in of his successor.

The Council's application covered the period from July to November 2008 when the Deputy Mayor frequently acted as Mayor and from November 2008 to May 2009 when the Deputy Mayor acted as Mayor. Due to the lapse in time since the events occurred the Tribunal decided not to approve the request.

Exceptional circumstances matters

As recorded above, section 43 of the Regulation permits Local Governments to identify what they believe to be exceptional circumstances and to make submissions to the Tribunal for increases or decreases to the remuneration levels stated in the remuneration schedule for the category to which their Council belongs.

Based on previous requests and matters raised with the Tribunal during its consultations, the types of matters which Councils have identified as possibly giving rise to a section 43 application include:

- lower levels of remuneration for a particular Councillor or Councillors who are unable to fully participate in the affairs of the Council
- lower levels of remuneration for all levels of Councillor because of affordability issues
- higher levels of remuneration to reflect additional responsibilities taken on by a Councillor or Councillors (e.g. Chairperson of a Committee of Council which involves an abnormally high workload)
- proposals to remunerate Councillors by way of a base retainer and meeting fees
- variations in remuneration to account for extended absences of Mayors or Deputy Mayors.

4. Discipline matters

Since its establishment on 1 July 2010, the Tribunal has made determinations on nine complaints concerning alleged serious misconduct. Since the publication of its last report, the Tribunal has dealt with and made determinations on eight complaints. Table 1 summarises the complaints determined by the Tribunal in 2011.

Table 1 Complaints determined by the Tribunal in 2011

Council	Nature of complaint	Outcome	Decision date
Redland City Council	Confidentiality breach	Sustained	24/02/2011
Townsville City Council	Confidentiality breach	Not sustained	24/02/2011
Torres Strait Island Regional Council	Unauthorised use of funds	Sustained	24/02/2011
Torres Strait Island Regional Council	Unauthorised use of funds	Sustained	24/02/2011
Fraser Coast Regional Council	Confidentiality breach	Not sustained	30/06/2011
Redland City Council	Confidentiality breach	Sustained	30/06/2011
Charters Towers Regional Council	Confidentiality breach	Sustained	19/07/2011
Gold Coast City Council	Confidentiality breach	Not sustained	12/08/2011

Confidentiality

Confidentiality refers to the importance of the protection of sensitive and other information relating to individuals, corporations and Council deliberations. In order to carry out their work effectively, Councillors have access to a wide range of Council information, including information which is confidential. However, Councillors have a public and ethical obligation to remain unbiased and objective in terms of the way they deal with any such information. .

Six of the matters referred to the Tribunal this year related to alleged confidentiality breaches, three of which were found to be sustained. In the majority of these instances the Tribunal ordered that the Councillors in question be counselled in relation to adhering to Council's confidentiality guidelines and policies as well as their obligations under the Act in relation to confidentiality.

In its deliberations, the Tribunal has reinforced its stance that the release of confidential information will be viewed as serious misconduct. This view is enshrined in section 171(3) of the Act which states that a Councillor must not release information that "*the Councillor knows, or should reasonably know, is information that is confidential to the Local Government*". The use of information in such a way is a breach of the public trust in the Councillor as an elected representative. The penalty mirrors that for disclosure of an official secret under the *Criminal Code Act 1899.*

In its 2010 Report the Tribunal noted that section 171(3) of the Act does not relate solely to information discussed in "closed" sessions of Council meetings. All Councillors should endeavour to value, respect and be aware that information made available to them during the course of fulfilling their role as Councillor may be "*information that is confidential to the Local Government*".

Tribunal decisions

As previously discussed, confidentiality issues have been the most prevalent in terms of complaints dealt with by the Tribunal since its establishment on 1 July 2010. A total of six complaints of alleged misconduct in relation to breach of confidentiality were dealt with by the Tribunal since its last Report, three of which were sustained on the balance of probabilities.

One of these three sustained complaints related to an allegation that a Councillor released an audio recording of a confidential session of a Committee Meeting of the Council to a member of the public. The Tribunal ordered that the Councillor at the next full meeting of the Council make an admission that the Tribunal found, on the balance of probabilities, that he released information he knew was confidential and apologise to the Council.

Another sustained complaint alleged that the same Councillor released an excerpt of a confidential transcript of an interview conducted by the Council's Internal Audit Department. The Tribunal found that the Councillor did release confidential information. In this case, as the Councillor involved had already been counselled on confidentiality by the CEO, and this matter occurred prior to that counselling, the Tribunal decided to take no further action in relation to the complaint.

In the third sustained complaint it was alleged that a Councillor released to a staff member confidential information relating to a private matter discussed in a closed session of Council. The Councillor was ordered to make an admission at the next full meeting and to apologise to the Council.

The two other sustained complaints related to Councillors acting in a way that breached the trust placed in them as Councillors. These two cases of alleged misconduct concerned allegations that two separate Councillors each misappropriated an allowance provided by Council for accommodation to attend a forum by staying in other accommodation at no cost. In each case, the Tribunal found that the Councillors involved did in fact engage in misconduct by misappropriating part of an accommodation allowance provided to them. The Councillors were ordered to reimburse the Council concerned amounts of $369 and $1,722 respectively.

In addition, the Tribunal ordered that both Councillors be counselled by the CEO in relation to adhering to Council’s expenses reimbursement policy, as well as their obligations in terms of conduct, performance and responsibilities as per the Act.

The Tribunal recommends that all Councillors take particular note of the Local Government principles as stated in section 4 of the Act (Figure 3 of this Report). A breach of these principles could amount to a breach of trust serious enough to be referred to the Tribunal, where it would be dealt with on its merits.

5. Previous decisions of the Tribunal

With the term of Councillors set to expire at the conclusion of the 2012 quadrennial elections, the Tribunal has reviewed the history of the Tribunal's remuneration deliberations since the first Report of the former tribunal in 2007.

In the course of its annual deliberations the former tribunal travelled to many parts of the State and held both formal and informal meetings with many Councils and Councillors.

These visits, as well as the opportunity to meet various Councillors during Local Government Association of Queensland annual conferences, have increasingly informed the Tribunal's deliberations at the time of making its annual determinations.

Equally, feedback to the Tribunal suggests that Councillors appreciate the opportunities provided by the Tribunal to raise any issues that they would like the Tribunal to be aware of or give consideration to when making decisions.

2007 deliberations

As a result of an amendment to the 1993 Act in August 2007, the former tribunal was established. In its initial determination the former tribunal decided to establish 10 categories of Local Governments comprised of one "Special" Category, to which it assigned 18 Councils, with the remaining 54 Councils assigned to one of the nine other categories. For the first time, a tribunal determined remuneration levels that would apply to Mayors, Deputy Mayors and Councillors and the new rates applied from the quadrennial elections on 15 March 2008.

In setting remuneration levels, the former tribunal decided to establish a remuneration range in each category by setting a minimum and maximum remuneration level for Mayors, Deputy Mayors and Councillors. It was then up to each Council to resolve an appropriate level of remuneration taking into account any differences in workload and responsibility of individual Councillors as well as other factors known to each Council. In terms of remuneration, the Tribunal decided to determine the minimum and maximum remuneration levels in each category by aligning the remuneration rates to percentages of the annual base salary payable to a State MP.

To recognise the additional workload within newly amalgamated Councils, the Tribunal also established an Amalgamation Loading payable to Councillors in amalgamated Councils. This Loading, set at approximately 10% of the remuneration level of affected Councillors, was programmed to phase-out over the term of the Council in approximately four equal instalments.

2008 deliberations

In 2008, the former tribunal undertook a general review of the categories it had established the year before as well as the category to which each Council had been assigned. As a result of that review, the tribunal adjusted the category assigned to Ipswich City Council, moving it to Category 7. The former tribunal also reviewed the remuneration levels previously determined and decided to increase the maximum amount payable to Mayors of Councils categorised at levels 3, 4, 5 and 6, respectively, as well as the remuneration payable to Mayors and Deputy Mayors in the Special Category of Councils. On the basis that both the Commonwealth and State Governments had placed a "freeze" on Federal and State Parliamentarians' salary levels, as a result of the Global Financial Crisis, remuneration levels for Mayors, Deputy Mayors and Councillors were not altered for 2009.

In the course of preparing its 2008 Report the former tribunal noted several submissions made to it the previous year about the particular difficulties facing Councillors in Indigenous communities. One submission recorded '*… Indigenous Councils' size is not necessarily the measure (of responsibility) -- Indigenous Councillors may have different and more expansive roles than mainstream Councillors depending on a range of community factors.*'

Another submission stated that while Indigenous Councils do not have the population of large Councils, '*… they do have far greater responsibility than small to medium mainstream Councils and are required to deliver many more services, including some they are not funded for. It must be noted that in Indigenous Councils, the Councillors are the representatives of the people in all facets, including education, health, policing, childcare, aged care, sole housing provider, disability services, food store, service station, workshop, roads, sports and many others, and that government representatives from all spheres of government meet with Council and expect Council to act as agents on (the community's) behalf.*'.

As a result of these submissions the former tribunal decided to conduct further investigations into the particular, and unique, issues confronting Councillors in Indigenous communities and visited Kowanyama, Pormpuraaw, Bamaga, Kubin Community, St Pauls Community, Badu Island, Boigu Island, Saibai Island, Warraber Island, Thursday Island, Hope Vale, Cherbourg and Palm Island for that purpose.

In the course of its visits the former tribunal identified that Mayors, Deputy Mayors and Councillors within such communities are required to deal with a vastly different range of issues to those dealt with by Councillors in non-Indigenous communities, some of which are:

- social disadvantage
- legislated Alcohol Management Plans
- participation in Community Justice Groups
- involvement with the Family Responsibilities Commission
- community housing issues

- uncertainty of income because of the minimal rate base
- frequent visits by staff from a variety of government agencies (who all expect to meet with the whole Council whenever they visit)
- general lack of facilities and services (such as banks, post offices, social security, ATMs, food stores, fuel supply) with Council expected by the local community to provide such services
- Deed of Grant in Trust (DOGIT) land
- Native Title issues, especially when involved in negotiating Indigenous Land Use Agreements
- the obligation to chair community forums and land panels
- frequent after hours call outs (most communities lack a police service).

These visits reinforced the former tribunal's view that the particular circumstances applying to elected representatives in the 12 Aboriginal Shire Councils, four Shire Councils and two Regional Councils placed into the Special Category of Councils required that they be given special consideration. The visits also highlighted that the remuneration levels set in the previous year for Mayors in these Councils did not properly reflect the duties, responsibilities and pressures involved in the performance of their role. As such, their remuneration levels were again increased, to align to the remuneration set for Category 3 Mayors.

2009 deliberations

In 2009, the former tribunal decided to create a clear separation between the remuneration levels payable to Councillors in one category of Local Government from those payable, as a minimum, in the next higher category of Local Government. It did this by increasing the minimum level of remuneration payable for each level of Councillor in Categories 2 to 9 inclusive by 2.5%. The former tribunal also decided to increase remuneration levels in each category by 3.0% from 1 January 2010 notwithstanding that, at that time, the salary levels for MPs had not been increased to reflect an earlier increase of 3.0% in the salary levels of Members of the House of Representatives. In doing so, the former tribunal stressed that it had not made any decision to abandon or otherwise depart from its "aspirational objective" of aligning the remuneration levels of Local Government representatives to the salary levels of State MPs.

2010 deliberations

With the commencement of the Act on 1 July 2010, the former tribunal was replaced by the current Tribunal and given additional responsibilities for hearing and deciding the most serious complaints of misconduct by Councillors. As part of its 2010 remuneration deliberations, the Tribunal reviewed the decisions of the former tribunal and adjusted the category to which Western Downs Regional Council was assigned, increasing it to Category 5, and announced a full review of categories and the assignment of Councils during 2011.

Notwithstanding that Members of the House of Representatives had earlier been awarded an increase of 4.1%, the Tribunal decided to only increase remuneration levels for Local Government elected representatives by 2.5% from 1 January 2011 for reasons set out in the 2010 Report. This decision preceded but was ultimately consistent with the State Government's subsequent decision to increase the salary levels of MPs.

During the course of 2010 a number of Councillors, and Councils - through their Mayors or CEOs - sought guidance about the leave "entitlements" of elected representatives, especially "sick leave" and "annual leave". In response to these enquiries the Tribunal published its views, as part of the 2010 Report, on the issues raised by way of "guidance" to interested Councils. At the same time, the Tribunal strongly recommended to Councils that they formulate and implement a policy and procedure concerning the issue of sick leave and recreation leave for Councillors in order to safeguard the interests of all stakeholders.

Despite its best intentions, including the fact that the Tribunal only sought to offer guidance as requested by a number of Councils, several experienced Councillors have taken issue with the Tribunal's comments. In this respect, the Tribunal can only repeat that it has not set (or attempted to set) any rules or directions regarding leave entitlements which must be followed by individual Councils. That is not the Tribunal's role. It is up to individual Councils to determine how to react to any claim for "sick leave" or "annual leave" based upon the individual circumstances involved.

6. Consultation with stakeholders in 2011

The Tribunal's 2010 Report announced that during 2011 the Tribunal would conduct a complete review of the categories of Local Governments and the assignment of Local Governments to categories. To help inform the Tribunal's discussions about the category review and the remuneration levels to apply from 1 January 2012 the Tribunal engaged in a consultation program from July to October 2011.

In addition to updating its website, placing print media advertisements, emailing all Councils and Mayors and issuing a media release inviting written submissions, the Tribunal also provided an opportunity for Local Governments to meet with the Tribunal.

At the conclusion of this period of consultation the Tribunal was satisfied that the 2011 consultation process provided Local Government stakeholders with the opportunity to raise matters that they would like the Tribunal to give special consideration to when making its 2011 determinations. The consideration of submissions received and information obtained from stakeholders during its consultation process assisted the Tribunal's deliberations by providing a range of views and options on categorisation and remuneration levels as well as validating other data collected by the Tribunal.

Submissions

As part of the 2011 consultation program the Tribunal placed advertisements in the Courier Mail and the Sunday Mail inviting written submissions from Local Governments, interested bodies and members of the public by 2 September 2011.

In addition, the Tribunal also included information on its website and emailed all Local Government Mayors, Councillors and CEOs about the consultation program.

On 22 August 2011, the Tribunal issued a media release to over 300 Queensland media outlets. During the consultation period a number of local and regional media outlets also engaged their communities in discussions about Councillor remuneration and performance. The Chairperson of the Tribunal and the Secretariat responded to a number of public and media enquires arising from the placement of the advertisements and the issuing of the media release.

This year the Tribunal received 29 submissions. There were 17 submissions received from Local Governments or their representatives, one from the Local Government Association of Queensland and eleven from members of the public.

The individual submissions canvassed a variety of topics related to the levels of Councillor remuneration, the number and type of categories and methods the Tribunal might wish to adopt in setting appropriate remuneration. Summaries of the written submissions received by the Tribunal are contained in Appendix 1 of this Report.

The Tribunal would like to thank those who lodged submissions for taking the time to provide comments for consideration by the Tribunal.

Meetings and deputations

Local Governments were also given the opportunity to meet with the Tribunal at the 115th Local Government Association of Queensland Annual Conference at the Gold Coast on 4 and 5 October 2011. The Chairperson of the Tribunal was a speaker at the conference and provided an update to Local Government delegates on the Tribunal's 2011 program and processes.

At the conference the Tribunal received deputations from 15 Local Governments. Individual Councils highlighted a variety of issues they believed were unique to their Council or relevant to the categorisation of their Council. Issues associated with Councillors' workloads and the use of remuneration ranges were also canvassed by a number of Councillors. Many of the Councils advocated discontinuance of the existing remuneration range structure and a strong preference for a single rate to be set by the Tribunal for each level of Councillor in each category of Council.

Details of the Local Governments and representatives who met with the Tribunal and summaries of the meetings are contained in Appendix 2 of this Report.

7. Collection of statistical and other information in 2011

The Regulation specifies the criteria the Tribunal must have regard to when establishing categories of Local Governments. These criteria are specified in section 39 of the Regulation and are contained in Figure 2 of this Report.

To help inform the 2011 review of categories of Local Governments and enable the Tribunal to satisfy this section 39 requirement, it has drawn on a collection of statistical and other information from a wide range of official data sources.

In addition to data collections and information provided by Local Governments, the Tribunal sourced statistical data and other information through external and third party sources including the following organisations and agencies:

- Australian Bureau of Statistics—*Census (2006); Estimated resident population (2007-2010); Socio-Economic Indices for Areas (SEIFA)(indices for advantage and disadvantage, economic resources and education and occupation); Building approvals (2008-2011); Business counts (2007)*
- Office of Economic and Statistical Research, Queensland Treasury—*Projected resident population (2011 series) (2011-2031); Local Government areas (Australian Standard Geographic Standard); Localities and communities information; Indigenous population; Labour force; Local Government profiles and demography revisions*
- Department of Communities and Department of Local Government and Planning—*Natural Disaster Relief and Recovery Arrangements (NDRRA)*
- Department of Environment and Resource Management—*Drought monitor and declaration information (2008-2011), historical rainfall records (based on the Bureau of Meteorology's official rainfall records)*
- Department of Local Government and Planning—*Audited financial statements for Local Governments (2008-2010); Local Government comparative information (2010) (financial management, asset management and operational data); Amalgamated Local Government deliverables; PlanMap database*
- Electoral Commission of Queensland—*Enrolment data (2008-2011); proposed changes to Local Government representation (2011)*
- Emergency Management Queensland—Disaster operations activities (2008-2011)
- Queensland Local Government Grants Commission—*Road length information; Valuation and property information (accessed through the Department of Environment and Resource Management)*
- Queensland Industrial Relations Commission—*Local Government staff numbers (2008-2011) (data verification only)*
- State Library of Queensland—*Public libraries (2010).*

So far as the statistical data allowed, Councils were ranked and analysed within each data set to assist the Tribunal with its deliberations. Where appropriate, the Tribunal also reviewed time series for data sets.

Summary data tables which formed part of the Tribunal's deliberations are included as Appendices 3 to 8. Appendices 9 to 11 chart the 2011 remuneration levels voted by Councils after the Tribunal's 2010 deliberations and collected by the Tribunal.

8. Issues raised with the Tribunal in 2011

Remuneration ranges

At the time of issue of its first Report in 2007 the former tribunal decided to establish 10 categories of Local Governments and to set minimum and maximum remuneration ranges within each category for Mayor, Deputy Mayor and Councillor, respectively. In adopting this approach, the former tribunal took into account submissions made to it to the effect that many Councils wished to adopt a procedure whereby Councillors were paid a "base rate" as well as receiving a meeting fee for participating in meetings, or travelling to different locations to attend meetings and the like, related to Council activities. Further, the former tribunal proposed that different levels of remuneration might be paid to different Councillors depending upon their individual participation in Council affairs, particularly in the area of chairing Committees and/or taking on responsibility for portfolios.

Since the concept of the maximum and minimum levels of remuneration in each category of Local Government was established there have been regular requests to both the former tribunal and this Tribunal to set a single rate of remuneration in each category - especially in the larger Councils. Councils submitted to the Tribunal that they were subject to regular criticism from the public and media for voting themselves pay rises.

This year, the calls for the Tribunal to discontinue the concept of remuneration ranges intensified further with the matter ultimately being the subject of discussion at the Local Government Association of Queensland's 115th Annual Conference in early October 2011, when the following resolution was passed:

> "*That the Local Government Association of Queensland make requests to the Local Government Remuneration and Discipline Tribunal to set Councillors' salary levels, rather than providing a remuneration range, as is currently the case.*"

After considering the various submissions put before it, as well as the extent to which individual Councils might have utilised the availability of the remuneration range, the Tribunal has decided to discontinue the practice of setting a remuneration range in each category and, instead, to set a single rate for Mayors, Deputy Mayors and Councillors in each category of Local Government.

In doing so, the Tribunal has had to consider a range of issues, including:

- the significantly different levels of remuneration currently being paid in different Councils within the same category
- the cost of moving to a "single rate" for each level of Councillor in each category
- the decision of the Commonwealth Remuneration Tribunal to award a 3.1% increase to Federal MPs from 1 July 2011
- the increase of 2.5% in the base salaries of State MPs which took effect from 1 August 2011.

Mayors and Deputy Mayors in western Councils

In its 2010 Report the Tribunal advised of the approach by several far western Councils which requested the Tribunal to consider granting additional remuneration to Mayors in recognition of the significant time involvement of such persons on Council business. Based upon its consideration of the submissions before it at that time, the Tribunal rejected the request for reasons set out in its 2010 Report. Since that decision, the Tribunal has had the opportunity to consult with a larger number of western Councils and to consider new and additional information provided to it by those Councils originally spoken to in 2010.

As a result of its consideration of this material, as well as additional material relating to the situation of Deputy Mayors, the Tribunal has decided to:

- increase the remuneration levels for all Category 1 Mayors to equate to the remuneration levels established for Category 2 Mayors
- increase the remuneration of Deputy Mayors in Category 1 Councils to equate with the remuneration payable to Councillors in Category 2 Councils.

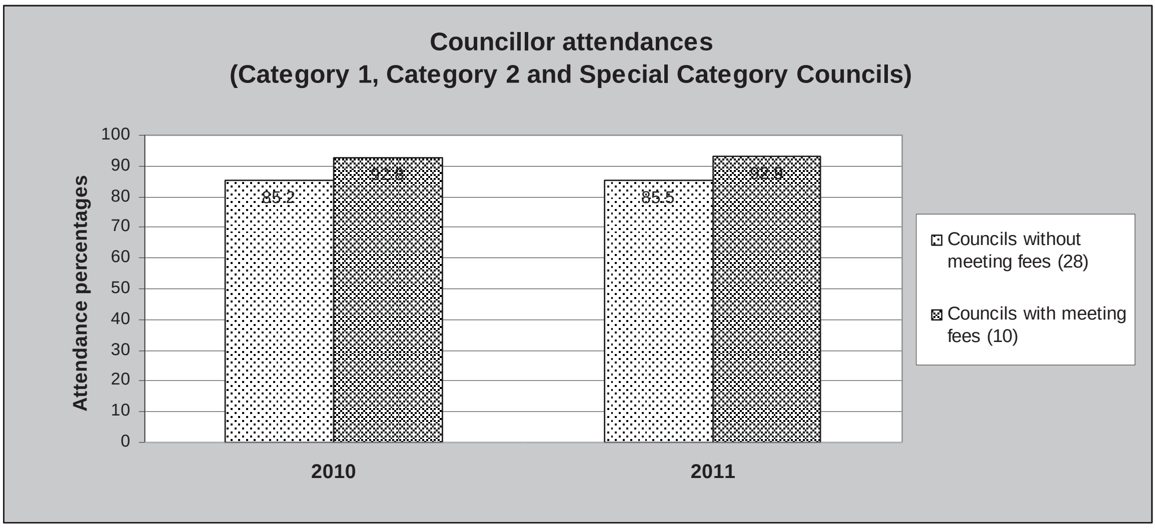
The Tribunal has taken into consideration the obligations imposed on Mayors pursuant to the provisions of the Act. These are no different to their Category 2 counterparts. Further, significant demands are made on the vast majority of Mayors in Category 1 Councils to leave their local areas for extended time periods and to travel considerable distances to attend Regional, State or National meetings concerning matters of interest to their own Council, or a group of Councils they might be representing.

Attendance at meetings

In its 2010 Report the Tribunal raised its serious concern in relation to the level of “under-attendance” by some Councillors in a limited number of Councils. In doing so, the Tribunal indicated that it would keep the matter under consideration with a view to a possible amendment of the arrangements for payment of remuneration in 2012 for Councillors elected to positions in the Special Category of Councils, as well as in Categories 1 and 2.

The Tribunal is pleased to report that the information obtained this year in relation to the levels of Councillor attendance shows an overall improvement on the situation applying in 2010. The figures, however, are marginally distorted because of reduced attendances in the early part of 2011 resulting from severe weather events across most of the State. Figure 6 summarises the information collected by the Tribunal on Councillor attendances at meetings in 2010 and 2011. The Tribunal notes that there are still several Councils in the Special Category of Councils where the attendance levels of individual Councillors have been less than ideal.

Figure 6 Councillor attendances at meeting



In the circumstances, the Tribunal recommends that the Mayors and CEOs of all Councils in the Special Category of Councils provide a general "warning" to their Councillors that their level of attendance at Council meetings and participation in Council affairs is being scrutinised by the Tribunal and that the position will be considered again in 2012 after fresh elections scheduled for March are held for all Councillor positions. If, at the end of 2012, the position has not altered and the level of attendances and overall participation in Council affairs have not improved, the Tribunal will give serious consideration to introducing a different remuneration regime in those Councils experiencing a less than desirable level of attendance. One option open to the Tribunal is to set remuneration levels which will reflect the degree of participation in the affairs of Council by the Councillor or Councillors concerned.

The Tribunal determines levels of remuneration for all Councillor positions on the basis that all Councillors are expected to contribute properly to, and participate in, the affairs of the Council as required by section 12 of the Act (Figure 4 of this Report). It is open to a Council experiencing difficulty in this area to make an application under section 43 of the Regulation to vary the remuneration level of a Councillor who cannot (or chooses not to) fully participate in its affairs.

Councillor workloads

Several Councils have advised the Tribunal of the significant increases in their workloads following the 2010 and 2011 floods and cyclones. In addition, following the commencement of the Act on 1 July 2010, a number of Councillors have highlighted their increased responsibilities and workloads. Councillors also reported that the increased size of those Local Governments affected by the Local Government reform process, and the reduction in the number of Councillors representing Local Government areas generally, has led to an increase in their workloads.

Although the Act is silent about whether Councillor’s roles are full-time or part-time, many Mayors and Councillors have raised with the Tribunal the amount of time they are required to devote to Council matters. This has been a constant theme with the former tribunal and this Tribunal. The Tribunal notes that meeting all of the legislative requirements that a Councillor is required to observe may not necessarily make the Councillor's role a full-time one. However, the Tribunal also acknowledges that there is underlying work, such as meeting preparation and research, which can increase the time commitment of Councillors.

Through its consultation processes the Tribunal, and also the former tribunal, has posed the question to Mayors and Councillors about whether they saw the role of a Councillor in their particular Local Government area as being full-time or part-time. Although some Councillors saw themselves as part-time, the majority indicated their role required a full-time commitment. Nevertheless, section 39(c) of the Regulation requires the Tribunal to have regard to the size of Local Governments and the workload associated with particular sizes, including whether Councillors hold office on a full-time or part-time basis, when establishing categories of Local Governments.

In undertaking its review of categories this year, the Tribunal acknowledges that while fulfilling the role of a Mayor, Deputy Mayor or Councillor involves a full-time commitment, the actual time spent on Council-related activities depends on a wide range of factors. This different level of direct involvement is reflected in the levels of remuneration set for each level of Councillor in each category of Local Government. The Tribunal’s view remains that subject to the provisions of section 12 of the Act (Figure 4 of this Report) the actual hours spent in performing the relevant role is a matter for individual Councils and Councillors to determine.

Remuneration increases and CPI

A number of submissions from the public proposed that any increase in the levels of remuneration should be limited to the Consumer Price Index (CPI). Again this has been a common theme since 2007.

Having set and confirmed the practice of aligning the remuneration levels of Councillors to a reference rate based on the annual base salary payable to a State MP, the Tribunal has decided not to alter its approach. In examining the implications of changing to such an approach, the Tribunal noted that using the CPI approach would result in greater remuneration increases in some years but not in others.

9. The Tribunal’s remuneration determination

Review of categories and assignment of Councils

In accordance with the obligations imposed on it, the Tribunal has this year conducted a rigorous review of the existing categories of Local Governments with a view to deciding whether the existing number of categories should be reduced, increased or left unaltered. As a result of its thorough consideration of the criteria recorded in Figure 2 of this Report, the Tribunal has decided to leave the number of categories unchanged at ten.

Having decided to leave the number of categories unchanged, the Tribunal considered the appropriate category to which each of the 72 Local Governments under its jurisdiction should be assigned, with particular focus on those Councils which were seen to be "at the margin" of possible re-categorisation to a higher or lower category than present. As a result of detailed consideration of the position of each Council, the Tribunal decided to:

- alter the category to which Somerset Regional Council is assigned from Category 3 to Category 4
- alter the category to which Gympie Regional Council is assigned from Category 5 to Category 4
- alter the category to which the Tablelands Regional Council is assigned from Category 5 to Category 4
- leave each of the other 69 Councils in the category to which they were previously assigned.

In arriving at the above decision, the Tribunal considered a wide range of economic, demographic and other statistical data (see Appendices 3 to 8 of this Report) with particular focus on matters having a direct bearing on Councillor workloads as revealed in the statistics. Of particular relevance was data which dealt with current and projected population growth, which has previously been assessed by the Tribunal as the generator of additional workload pressures within the Local Government sector (see the former tribunal's 2008 Report when the Ipswich City Council was reclassified). In addition, the Tribunal was informed by the commentary in the 2007 Report of the former tribunal when the Gympie Regional Council and Tablelands Regional Council, respectively, were identified as "borderline" but were placed into the higher category (Category 5) for reasons recorded in that Report.

Notwithstanding the Tribunal's decision to reduce the category to which Gympie and Tablelands Regional Councils are assigned, existing Councillors within those two Councils will continue to receive the remuneration levels for a Category 5 Council until the conclusion of the 2012 quadrennial elections. This results from a decision of the former tribunal, which this Tribunal endorses, to the effect that no Councillor would be adversely impacted if their Council was reduced in category during their term of office (see page 35 of the former tribunal's 2007 Report). The adjustment of remuneration levels to those set for Category 4 will take effect in those two Councils from the conclusion of the 2012 quadrennial elections.

In undertaking its review of categories, the Tribunal carefully considered the situation of each of the Councils previously classified in the Special Category of Councils, together with the remuneration levels for Mayors, Deputy Mayors and Councillors in that category. As a result of its review, the Tribunal has decided not to alter the nomenclature "Special Category of Councils" nor the assignment of particular Councils to that category. In so deciding, the Tribunal came to the conclusion that the matters unique to Indigenous Councils, identified in the Tribunal's 2008 Report, and summarised in Section 5 of this Report, continue to apply and justify Councillors in that category receiving special consideration in comparison with their peers in non-Indigenous communities.

Determination of remuneration

As noted in Section 8 of this Report, the Tribunal has decided to discontinue its previous practice of setting remuneration ranges for each level of Councillor in each category of Local Government and, instead, to move to a single rate for Mayors, Deputy Mayors and Councillors in each category.

However, the Tribunal has identified a number of complexities with the move to a "single rate".

The Tribunal's data collection of remuneration levels voted by Councils reveals that there has been a diverse approach taken to the previous minimum and maximum remuneration levels for each type of Councillor. Some Councils, particularly Category 1 and 2 Councils, have adopted a base rate and meeting fees approach. Others have resolved to adopt the maximum rate for Mayors and Deputy Mayors, the maximum level for Councillors with Chairperson responsibilities and a lesser rate for Councillors with no such responsibilities. Many Councils have simply adopted a rate somewhere between the minimum and maximum levels established by the Tribunal without clear rationale. Anecdotal feedback suggests that a number of these Councils have not adjusted their remuneration levels to reflect the full outcomes decided by the Tribunal because of previous criticism by local media, which claimed that the Councils concerned had "*voted themselves an increase*" in their remuneration levels.

More relevant, from the Tribunal's perspective, is the issue of affordability. Given the diverse range of remuneration levels paid within Councils, even in the same category, the cost of moving to a single rate at, or towards, the upper end of the present range in each category is unsustainable. As a result, the Tribunal has attempted to establish new remuneration levels which:

- are still set by reference to percentages of the annual base salary payable to MPs
- as far as possible, maintain previously established relativities between Mayors, Deputy Mayors and Councillors in the different categories
- after allowing for a 2.5% general increase, do not involve a net increase in the total amount payable to Mayors, Deputy Mayors and Councillors across the 72 Councils within the Tribunal's jurisdiction. Some individual Councils will pay more in 2012 than in 2011, others will pay less.

After detailed consideration of the above issues, the Tribunal has, except for all levels of Councillors in the Special Category of Councils, decided to set remuneration levels for Mayors, Deputy Mayors and Councillors in each category which are close to the mid-point of the previously established ranges. This provides consistency with the progressive nature of the categories confirmed by the Tribunal. The remuneration levels for Mayors, Deputy Mayors and Councillors in the Special Category of Councils will be aligned with their equivalent positions in Category 3.

As mentioned in Section 8, the Tribunal has also decided to vary the remuneration payable to Mayors in Category 1 to the same level as set for Category 2 and to increase the rates set for Deputy Mayors in Category 1 to align them with Councillors in Category 2.

Further reflecting sustainability issues, as well as community expectations, the remuneration levels established by the Tribunal have been calculated using a reference rate of $137,149 which is the current annual base salary payable to State MPs and represents a 2.5% increase on the reference rate utilised by the Tribunal in 2010.

Amalgamation loading

In its 2010 Report the Tribunal confirmed the decision of the former tribunal to phase out the amalgamation loading by the end of the current term of Councillors. In reaching this decision, the Tribunal noted the rationale behind the former tribunal's decision and agreed that any variation to the existing arrangements would be inappropriate.

Pro-rata payment

Should an elected representative hold a Councillor position for only part of a calendar year, he or she is only entitled to remuneration and amalgamation loading (if applicable) to reflect the portion of the year served.

Matters not included in the remuneration determined

It is noted that section 41 of the Regulation excludes the Tribunal from including amounts in its remuneration determination for expenses to be paid or facilities to be provided to Councillors under a Council's Expenses Reimbursement Policy.

In addition, section 41 excludes the Tribunal from including in its determination any contribution a Local Government may make to a voluntary superannuation scheme for Councillors. Accordingly, the level of superannuation payments made to a Councillor is a matter to be determined by each individual Council having regard to the relevant Commonwealth legislation and section 226 of the Act, as is the issue of whether a Councillor may salary sacrifice such contributions.

The Tribunal is empowered by section 41(5) of the Regulation to include an additional amount for Councillors who are over 75 years of age, to be paid in lieu of the superannuation contributions which a Council might make in respect of persons aged 75 or less. Should any Council contemplate a payment of this nature, the Tribunal will require a submission to be made under section 43 of the Regulation to allow it to consider the individual circumstances.

Remuneration schedule

As required by section 42 of the Regulation the Tribunal has prepared a remuneration schedule for the 2012 calendar year. It reflects the decision of the Tribunal to remove ranges and move to a single rate for Mayors, Deputy Mayors and Councillors in each category of Local Government as well as the phasing out of the amalgamation loading.

Arrangements have been made for the publishing of the remuneration schedule in the Queensland Government Gazette and for this Report to be printed and presented to the Minister for Local Government.

The Regulation requires Local Governments to adopt the remuneration schedule by resolution within 90 days of its gazettal and for the Minister to table the remuneration schedule in the Queensland Legislative Assembly.

Although the remuneration schedule applies from 1 January 2012, it is noted that there are aspects that apply from the conclusion of the 2012 election. Nevertheless, incumbent Local Governments must adopt the full schedule by resolution within 90 days of the schedule being gazetted which means that the incumbent Local Government will be adopting remuneration levels for the incoming Local Government.

Remuneration schedule *(to apply from 1 January 2012)*

Category	Local Governments assigned to categories	Remuneration determined *(Reference rate of $137,149)*			Amalgamation loading *(to the conclusion of the 2012 elections)*	
		(see Notes 1, 2 and 3)	*(%)*	*($ pa)*	*(see Notes 2 and 4)*	*($ pa)*
Special Category	Aurukun Shire Council	Mayor	65	$89,147		$1,900
	Cherbourg Aboriginal Shire Council	Deputy Mayor	37.5	$51,431		$1,150
	Cook Shire Council	Councillor	32.5	$44,573		$790
	Doomadgee Aboriginal Shire Council					
	Hope Vale Aboriginal Shire Council					
	Kowanyama Aboriginal Shire Council					
	Lockhart River Aboriginal Shire Council					
	Mapoon Aboriginal Shire Council					
	Mornington Shire Council					
	Napranum Aboriginal Shire Council					
	Northern Peninsula Area Regional Council				A	
	Palm Island Aboriginal Shire Council					
	Pormpuraaw Aboriginal Shire Council					
	Torres Shire Council					
	Torres Strait Island Regional Council				A	
	Woorabinda Aboriginal Shire Council					
	Wujal Wujal Aboriginal Shire Council					
	Yarrabah Aboriginal Shire Council					
Category 1	Barcoo Shire Council	Mayor	52.5	$72,003		$1,270
	Blackall-Tambo Regional Council	Deputy Mayor	22.5	$30,859	A	$550
	Boulia Shire Council	Councillor	12.5	$17,144		$400
	Bulloo Shire Council					
	Burke Shire Council					
	Croydon Shire Council					
	Diamantina Shire Council					
	Etheridge Shire Council					
	Flinders Shire Council					
	McKinlay Shire Council					
	Paroo Shire Council					
	Quilpie Shire Council					
	Richmond Shire Council					
	Winton Shire Council					
Category 2	Balonne Shire Council	Mayor	52.5	$72,003		$1,580
	Barcaldine Regional Council	Deputy Mayor	27.5	$37,716	A	$790
	Carpentaria Shire Council	Councillor	22.5	$30,859		$630
	Cloncurry Shire Council					
	Longreach Regional Council				A	
	Murweh Shire Council					

Remuneration schedule (to apply from 1 January 2012) (continued)

Category	Local Governments assigned to categories	Remuneration determined *(Reference rate of $137,149)*			Amalgamation loading *(to the conclusion of the 2012 elections)*	
		(see Notes 1, 2 and 3)	*(%)*	*($ pa)*	*(see Notes 2 and 4)*	*($ pa)*
Category 3	Banana Shire Council	Mayor	65	$89,147	A	$1,900
	Burdekin Shire Council	Deputy Mayor	37.5	$51,431		$1,150
	Charters Towers Regional Council	Councillor	32.5	$44,573	A	$950
	Goondiwindi Regional Council				A	
	Hinchinbrook Shire Council					
	Maranoa Regional Council				A	
	North Burnett Regional Council				A	
Category 4	Cassowary Coast Regional Council	Mayor	80	$109,719	A	$2,300
	Central Highlands Regional Council	Deputy Mayor	50	$68,575	A	$1,540
	Gympie Regional Council *(see Note 5)*	Councillor	42.5	$58,288	A	$1,310
	Isaac Regional Council				A	
	Lockyer Valley Regional Council				A	
	Mount Isa City Council					
	Scenic Rim Regional Council				A	
	Somerset Regional Council				A	
	South Burnett Regional Council				A	
	Southern Downs Regional Council				A	
	Tablelands Regional Council *(see Note 5)*				A	
	Whitsunday Regional Council				A	
Category 5	Bundaberg Regional Council	Mayor	95	$130,292	A	$2,770
	Fraser Coast Regional Council	Deputy Mayor	62.5	$85,718	A	$1,940
	Gladstone Regional Council	Councillor	55	$75,432	A	$1,700
	Western Downs Regional Council				A	
Category 6	Cairns Regional Council	Mayor	110	$150,864	A	$3,240
	Mackay Regional Council	Deputy Mayor	75	$102,862	A	$2,300
	Redland City Council	Councillor	65	$89,147		$2,060
	Rockhampton Regional Council				A	
	Toowoomba Regional Council				A	
	Townsville City Council				A	
Category 7	Ipswich City Council	Mayor	125	$171,436		$3,800
	Logan City Council	Deputy Mayor	85	$116,577	A	$2,650
		Councillor	75	$102,862		$2,370
Category 8	Moreton Bay Regional Council	Mayor	140	$192,009	A	$4,350
	Sunshine Coast Regional Council	Deputy Mayor	97	$133,035	A	$3,010
		Councillor	85	$116,577		$2,650
Category 9	Gold Coast City Council	Mayor	155	$212,581	No amalgamation loading payable	
		Deputy Mayor	107.5	$147,435		
		Councillor	92.5	$126,863		

Notes to the remuneration schedule

Note 1 The reference rate of $137,149 is a rate determined by the Tribunal and is the annual base salary payable to Members of the Queensland Legislative Assembly on and from 1 August 2011.

Note 2 The monetary amounts shown are per annum figures. If an elected representative only serves for part of a calendar year they are only entitled to a pro-rata payment to reflect the portion of the year served.

Note 3 Mayors, Deputy Mayors or Councillors over 75 years of age may qualify for additional remuneration in lieu of contributions foregone because of taxation laws which prevent Local Governments from making voluntary superannuation contributions for Councillors over that age. Local Governments may make submissions to the Tribunal for approval to vary the remuneration of any Councillors over 75 to reflect the level of voluntary superannuation contributions which would otherwise have been paid.

Note 4 Where 'A' appears this indicates that the Local Government was affected by amalgamation on 15 March 2008. Mayors, Deputy Mayors and Councillors in such Local Governments are entitled to receive the (per annum) amalgamation loading shown from 1 January 2012 to the conclusion of the 2012 quadrennial elections (when the last declaration of a poll conducted in the 2012 quadrennial election for the Local Government is displayed at the office of the Returning Officer).

Note 5 Mayors, Deputy Mayors and Councillors holding office in the Gympie and Tablelands Regional Councils as at 1 January 2012 are entitled to continue to receive the remuneration and the amalgamation loading determined for Category 5 Councils until the conclusion of the 2012 quadrennial elections. Thereafter, the remuneration level will revert to that specified for Category 4 Councils.

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Appendices

Appendix 1 – Submissions received by the Tribunal

	Date received	Person, role or organisation / Council area of the submitter	Summary of comments by submitter
1	27 July 2011	Councillor Stephen Schwarten, Rockhampton Regional Council	The Councillor suggests that the Tribunal *set any adjustments in Councillor pay rates and do away with forcing individual Councils to actually vote on whether or not to accept the recommended rises*.
2	31 July 2011	Mr Denis Auberson, Member of the public, Rockhampton Regional Council area	The submitter suggests that the Tribunal link remuneration increases to CPI and they be *performance and productivity based packages.* The submitter proposes a volunteer ratepayer association to oversee this.
3	1 August 2011	Mr John Umstad, Member of the public, Gold Coast City Council area	The submitter *believes most current remuneration packages are in line with expectations*. but believes all Mayors, Deputy Mayors and Councillors should have their expenditures measured against *forecast budgets* and their packages *adjusted up or down* every quarter.
4	1 August 2011	Ms Jill Dumenil, Member of the public, Gold Coast City Council area	The submitter does not think Gold Coast Councillors should get pay rises for a long time citing Councillors' neglect of their responsibilities for roads, parks and rubbish and Council debt.
5	3 August 2011	Ms Sandy Samson, Member of the public, Gold Coast City Council area	The submitter suggests doing away with Councillors and other politicians and officials.
6	4 August 2011	Mr Alan Ferris, Member of the public, Bundaberg Regional Council area	The submitter is against increasing remuneration for Mayors, Deputy Mayors and Councillors and comments that *a lot of them still hold second jobs*. He believes that the Councillor role should be full-time.
7	12 August 2011	Ms M Doyle, Member of the public, Moreton Bay Regional Council area	The submitter suggests that remuneration remain at current levels in 2012 and *until the relevant area's economies start going forward.*
8	17 August 2011	Mr Ron Fenner, Chief Executive Officer, Woorabinda Aboriginal Shire Council	The CEO advises that it is Council's view that *Indigenous Councils should remain a Special Category of Councils* because they: • have to deal with community education issues • have to deal with substance abuse issues • have to be more culturally aware/sensitive and have special mechanisms and processes in place • cannot raise rate revenue.

Appendix 1 – Submissions received by the Tribunal (continued)

	Date received	Person, role or organisation / Council area of the submitter	Summary of comments by submitter
9	19 August 2011	Councillor Tom Gilmore, Mayor Tablelands Regional Council	The Mayor raises concerns about the Tribunal's (alleged) interference in the following matters: • Councillor holidays • Councillor duties and • whether Councillor roles are part-time or full-time. The Mayor also believes that the Tribunal should set appropriate remuneration, not ranges.
10	23 August 2011	Councillor Faye Whelan, North Burnett Regional Council	The Councillor believes that remuneration levels are not sufficiently high *to attract good young people in the 35-50 age bracket.* She believes that *although neighbouring Councils are paid at higher levels, the North Burnett Regional Council has a much higher workload and despite their lower population still have to cover the same multitude of portfolios.*
11	24 August 2011	Mr Allan Dunsmuir, Member of the public, Unknown area	The submitter believes that increases in Councillor remuneration should be at CPI.
12	24 August 2011	Mr John Casey, Member of the public, Fraser Coast Regional Council area	The submitter believes that increases in Councillor remuneration should be at CPI.
13	25 August 2011	Mr Lew Rojahn, Chief Executive Officer, Etheridge Shire Council	The Council advises that they are *satisfied with the current levels and category of remuneration*.
14	26 August 2011	Mrs G Anderson, Member of the public, Bundaberg Regional Council area	*The ex-Councillor (Burnett Shire Council)* believes current divisional arrangements are inappropriate and *current remuneration levels are excessive* (noting Council paying for conferences, home internet, mobile phone, mileage and vehicle costs). The submitter comments on a Councillor's low attendance record.
15	28 August 2011	Ms Maxine Lawrie, Member of the public, Redland City Council area	The submitter suggests ways to save money including: • Training courses for people wanting to stand including testing • Mayoral position should be honorary • Less Councillors, less salary (as most of the work is done by the office staff) • Councillors should be available in Council offices at set times • Councillors should not get mobiles, petrol, house phones, out-of-pocket expenses (but use Council phone etc)

Appendix 1 – Submissions received by the Tribunal (continued)

	Date received	Person, role or organisation / Council area of the submitter	Summary of comments by submitter
		Ms Maxine Lawrie, Member of the public, Redland City Council area *(continued)*	• Councillor morning tea should be tea, coffee and biscuits (not expensive cakes they get now) • Councillors shouldn't have office managers • No double charging (for use of dumps) • Councils should not buy property • Councils should operate surplus (and be excluded from voting if budget overspent) • Assessment of park usage and re-allocation of land for low cost housing • Council should not meet court costs for developer challenges • Streamline development application process and identify senior Councillors to attend meetings.
16	29 August 2011	Mr Brian Murray, Member of the public, Unknown area	The submitter proposes that remuneration levels need to take into account the area of the Council / division, the number of electors and skills and experience. The submitter proposes that remuneration should be *$65,000 to $75,000 a year with allowances for small to large divisions set at $3,000 to $10,000 depending on the size of the division* and *on a level with experienced teachers or a police employee*. In addition he comments that the role was previously part-time although Councillors claim to be working 70 to 80 hours/week. He believes *attending functions should not be considered as normal work.* Councillors should not stand for more than four terms and be supplied with office equipment and vehicles for work only.
17	30 August 2011	Mr Terry Brennan, Chief Executive Officer, Cassowary Coast Regional Council	*Council requests that the Tribunal consider reviewing and tightening the salary ranges for all elected members*. Councillors believe the current salary bands are too broad and present difficult and unpopular choices for Councillors.
18	1 September 2011	Mr Simon Benham, Governance Manager, Logan City Council	Council requests that *the remuneration determined for each category be a fixed or set dollar amount rather than a broad remuneration range*. Council has also requested that the category review be held over until 2012 *to enable the newly elected Council to have input into this review*. Council believes that *the newly elected Council should inherit the remuneration resolved by the previous Council* for the remainder of the calendar year.

Appendix 1 – Submissions received by the Tribunal (continued)

	Date received	Person, role or organisation / Council area of the submitter	Summary of comments by submitter
19	1 September 2011	Mr Vince Corbin, Chief Executive Officer, Boulia Shire Council	Council's submission seeks *rectification of the differences in remuneration for Councils across Queensland. Council believes that far western Councillors are currently disadvantaged as they have very large areas to cover and isolation / distance issues to deal with.* The submission comments on the full-time work of the Mayor and suggests the workloads in these Councils are more than in Indigenous Councils.
20	1 September 2011	Councillor Melva Hobson PSM, Mayor, Redland City Council	Council's submission requests *a single level of remuneration for each Local Government category*.
21	1 September 2011	Mr Jim Lindsay, Chief Financial Officer, Ipswich City Council	Council engaged a consultant to prepare a document for submission. It notes the interaction of factors and criteria and does preliminary assessments of Councils based on Councillor workload; population and projected growth; financial management; size and geography; and demography and diversity. For each of these factors it re-ranks and suggests changes to the current categorisation. It re-visits the Local Government Association of Queensland's 2007 proposal. Then, the proposal scores and ranks Councils: 1. (Population (2011+ 2026) / 2) / Councillors ***plus*** 2. (Operating expenditure('000) + Capital outlays('000) + Community Equity(M)) / Councillors ***plus*** 3. Road length / Councillors. It proposes 6 categories. (1,2 and 3), (3,4 and 5), (5 and 6), (6 and 7), (7 and 8) and (9).
22	2 September 2011	Mr Bryan Ottone, Chief Executive Officer, Central Highlands Regional Council	Council provides updated information on operating income, capital expenditure, population, area and staff numbers (FTE).
23	2 September 2011	Mr Robert Clark, Chief Executive Officer, Hinchinbrook Shire Council	*Council advises that it believes Hinchinbrook is appropriately classified as a Category 3 Council for remuneration purposes.*

Appendix 1 – Submissions received by the Tribunal (continued)

	Date received	Person, role or organisation / Council area of the submitter	Summary of comments by submitter
24	2 September 2011	Mr Shane Cagney, Chief Executive Officer, McKinlay Shire Council	Council proposes that *the number of categories be reduced from 9 to 3 and that the remuneration levels be reflective of the increasing obligations now placed on Local Governments.* *Council proposes a 3-tier classification based* on population, extent of budget and number of Council staff as indicators of the responsibility and workload of *Councillors - (Rural (small), Regional (medium) and Metropolitan (large).* Council also says *that the role of the Mayor can no longer be considered part-time and that their remuneration should be reflective of their accountability, obligations and responsibilities.*
25	2 September 2011	Mr Ken Gouldthorp, Chief Executive Officer, Toowoomba Regional Council	Council provides updated information on the economic and demographic data previously published by the Tribunal. The submission highlights road length, Council's unique responsibility for water and sewerage infrastructure and how it ranks in relation to Category 6 and 7 Councils in a number of areas.
26	5 September 2011	Mr Peter Stewart, Chief Executive Officer, Goondiwindi Regional Council	Council expressed its view *that a set remuneration figure* should *be introduced for all Councillors.*
27	12 September 2011	Mr Tony Goode, Workforce Strategy Executive, Local Government Association of Queensland (LGAQ)	The LGAQ's submission notes the Tribunal's approach to setting remuneration ranges and advises that the issue is set for debate and policy consideration at the 2011 LGAQ Conference in October. It also indicates the LGAQ's support for linking Councillor remuneration to Queensland MP remuneration. The LGAQ has subsequently advised of the Conference resolution: *That the Local Government Association of Queensland make requests to Local Government Remuneration and Discipline Tribunal to set Councillors' salary levels, rather than providing a remuneration range, as is currently the case.* The submission provides information on the increase in workloads and responsibilities of Local Governments due to the State Government's reform processes, making particular reference to the structural and legislative reforms. It makes specific reference to the *LGAQ's 2011 Workforce Census* and *Survey of elected members' workloads*.

Appendix 1 – Submissions received by the Tribunal (continued)

	Date received	Person, role or organisation / Council area of the submitter	Summary of comments by submitter
		Mr Tony Goode, Workforce Strategy Executive, Local Government Association of Queensland *(continued)*	The submission summarises: • Time spent on Council business for elected members ranges from 45-420 hours/ month (average 230 hours/month) • Of this, time spent on travelling on official business ranged from 6-220 hours/month (average 57 hours/month) • Kilometres travelled ranged from 60-7200/month (average 1542kms/month). The LGAQ notes the significant workloads and significant disparity in the roles and responsibilities of elected members across the sector. Attachment 2 to the submission provides extensive extracts of the comments provided by elected members to the LGAQ. The LGAQ raises the issue of the impact on workload as a result of the reduction in the number of Councillors. Regarding the amalgamation loading, the LGAQ identifies differences in circumstances and context associated with respective amalgamations and the impact of recent natural disasters as impeding amalgamation progress in many Councils. Accordingly, the LGAQ proposes: • Do nothing (loading would cease at March 2012) • Continue the loading at the existing level for a further 12 months (until March 2013) • Allow Councils to make individual submissions seeking retention of the loading for a further 12 months based on their individual circumstances. Prescribe an amalgamation loading with each Council having the discretion to adopt the loading as part of their remuneration package (if they considered their progress with amalgamation issues so warrant). Regarding the categorisation of Councils, the LGAQ suggests that the current categories *would appear to be working quite well with no compelling evidence to call for its removal or radical change.* Acknowledging the Tribunal's consideration of data over an extended period, the LGAQ suggest the Tribunal exercise discretion in reassigning a Council to an alternative category. The LGAQ makes specific reference to instances where data indicates a significant change to economic or population status in one year and where on known information that change is likely to continue.

Appendix 1 – Submissions received by the Tribunal (continued)

	Date received	Person, role or organisation / Council area of the submitter	Summary of comments by submitter
28	12 September 2011	Mr Peter Franks, Chief Executive Officer, Mackay Regional Council	Council's submission recommends that the Tribunal set specific remuneration rather than ranges and expresses its view *that the current ranges are fairly limited, but create ongoing debate in the community* and *perpetuate the concept that Councillors set their own salaries.* Council also conveyed its view that *the salary percentage set by the Tribunal should be automatically payable and changes to actual remuneration should occur automatically when changes occur to State Government Members remuneration* or at a date set by the Tribunal or State Government. Council proposes that the Tribunal would still review remuneration annually and amend category allocations to take into account *changes in responsibility, scale and size of Council*.
29	12 October 2011	Councillor Frank Beveridge, Charters Towers Regional Council	The Councillor proposes that Councillors receive half their current pay as a base payment and receive their full remuneration by attending all of their nominated Council Committees.

Appendix 2 – Stakeholders who met with the Tribunal

	Date	Council, name (role)	Summary of comments
1	4 October 2011	**Ipswich City Council** Councillor Paul Tully Carl Wulff (Chief Executive Officer) Alan Morton (Consultant)	Council representatives and their consultant explained the rationale and detail of Council's submission (No. 21). Council commented on the flexibility available with ranges and the way it accommodated Committee structures at Council. Council indicated that they were aware that other Councils had faced difficulties as a result of the requirement to pass a resolution and suggested the situation could be resolved by having the default position as the top of the range or amending the legislation to only require one vote for the term of the Council. Council confirmed that their submission was theirs alone and issues in it had not been canvassed with other Councils. Council also reported that 90% of the Council work on flood recovery would be completed by mid 2012. Council suggested that the Tribunal needed to be careful not to mandate behaviour of Councils and referred to the 2010 Report statement regarding leave entitlements.
2	4 October 2011	**Somerset Regional Council** Councillor Graeme Lehmann (Mayor) Councillor Neil Zabel (Deputy Mayor) Councillor Robin Caddy Councillor Bruce Pearce	Councillors said they believed that their remuneration does not reflect current workloads and provided comparisons with Lockyer Valley Regional Council. They claimed high workloads due to Council's footprint, diversity and community expectations. Council also reported workloads had increased as a result of the 2011 floods and implementation of the recommendations of the Flood Inquiry. Councillors suggested that the floods had a greater impact on their workloads than amalgamation. Projected population growth and developments within the Council area were discussed. Regarding their current remuneration, the Mayor advised that he personally believed that a base remuneration and meeting fees was a fairer system. Councillors indicated that it was their view that there are too many categories. A Councillor suggested that there were 3 or 4 levels of workloads across the State and that additional support staff aided larger Councils to deal with the workloads.

Appendix 2 – Stakeholders who met with the Tribunal (continued)

	Date	Council, name (role)	Summary of comments
3	4 October 2011	**Torres Strait Island Regional Council** Councillor Fred Gela (Mayor) John Scarce (Chief Executive Officer) **Torres Shire Council** Councillor Napau (Pedro) Stephen (Mayor)	The Councils discussed the governance arrangements in the region. They spoke of the aspirations of the region for greater autonomy and self management. . The Councils advised of the history of the proposed 2 tier model of government and potential benefits associated with direct funding, streamlining of admin and greater accountability and transparency. They spoke of a 5 to 10 year timeframe to achieve this. The Councillors also expressed a preference for Councillor remuneration to consist of a base retainer and meeting fees.
4	4 October 2011	**Winton Shire Council** Councillor Ed Warren (Mayor)	The Mayor presented a case to vary the remuneration paid to the Mayor from Category 1 to Category 2. His submission highlighted Council's size, geography and population, the full-time workload of the Mayor, including the increased responsibilities associated with new legislation and his regional commitments, especially in relation to RAPAD. The Mayor indicated that he believed that other remote Councils dealt with many similar issues to Indigenous Councils and noted that the issues were identical to those raised by him in 2010.
5	4 October 2011	**Gympie Regional Council** Councillor Ron Dyne (Mayor) Councillor Donna Neilson	Council said it believed it was appropriately categorised with Fraser Coast and Bundaberg Regional Councils in Category 5. Projected population growth and developments within the Council area were discussed and Council undertook to provide its growth and planning approvals data to the Tribunal. Council indicated that it made use of remuneration ranges for Committee Chairpersons.
6	4 October 2011	**Southern Downs Regional Council** Councillor Ron Bellingham (Mayor) Rod Ferguson (Chief Executive Officer)	Council requested that the remuneration ranges be removed in favour of a fixed level of remuneration per category. The Mayor indicated that he believed Council was in the appropriate category. He said that Council did not provide additional remuneration for Committee Chairpersons and thought this to be unnecessary to achieve appropriate levels of remuneration. The Mayor spoke of the need to attract suitable people as Councillors and said that Council's biggest challenge was to put strategies in place for the future.

Appendix 2 – Stakeholders who met with the Tribunal (continued)

	Date	Council, name (role)	Summary of comments
7	5 October 2011	**Lockhart River Aboriginal Shire Council** Councillor Paul Piva (Deputy Mayor) Councillor Marshall Symonds Peter Opio-Otim (Chief Executive Officer)	Council outlined the governance, cultural, family, community and representational complexities faced by Indigenous Councils and supported the continuance of the Special Category of Councils. The broad range of services provided through the Council - from running the post office and bank agency to activities associated with housing, welfare reform and child safety - was discussed. Council also spoke of issues arising from having an office in Cairns. Issues regarding traditional owners and DOGIT were also discussed. Councillors spoke of training needs associated with the new legislation and responsibilities for Councillors and confirmed the importance of a satisfactory remuneration package as reward and recognition likely to attract good candidates.
8	5 October 2011	**Flinders Shire Council** Councillor Brendan McNamara (Mayor) Councillor Greg Jones (Deputy Mayor) Councillor Sean O'Neill	The Mayor explained that Council had applied to increase their number of Councillors from 4 to 6. He indicated that as a large western Queensland Council with a part-time Mayor and Councillors, covering large numbers of issues, the reduction in Councillor numbers had placed increasing demands on individual Councillors. He indicated that this had impacted on attracting quality candidates. Council indicated that they were not currently paying meeting fees but believed it was the way to go but suggested that the definition of a "meeting" would require careful consideration.
9	5 October 2011	**Fraser Coast Regional Council** Councillor Dave Dalgleish (Deputy Mayor) Councillor Les MucKan Lisa Desmond (Chief Executive Officer)	Council said it was satisfied with its current categorisation but indicated it would prefer set rates rather than remuneration ranges. In addition, Council would prefer to see any changes to remuneration left to the new Council due to be elected in late March 2012. Council's Committee structure was discussed. Council raised their concerns about the Tribunal's "information disclosure" to respondents in disciplinary matters.

Appendix 2 – Stakeholders who met with the Tribunal (continued)

	Date	Council, name (role)	Summary of comments
10	5 October 2011	**Blackall-Tambo Regional Council** Councillor Janice Ross (Mayor) Councillor Peter Skewes (Deputy Mayor) Councillor Sally Cripps	The Mayor advised that Council has applied to increase their number of Councillors from 4 to 6 based on workload factors. Considering that they were the only amalgamated Category 1 Council they believed that they should be upgraded to Category 2. Council said that they believed there were similar workloads for Category 1 and Category 2 Councils and provided comparisons with Barcaldine Regional Council. Councillors said that they now saw amalgamation was a good outcome for the region but highlighted how differences in State Government regional boundaries (eg Police and education) presented additional workloads for Councillors.
11	5 October 2011	**Redland City Council** Councillor Melva Hobson PSM (Mayor) Councillor Wendy Boglary	As detailed in their submission (No. 20), Councillors indicated that they supported a single level of remuneration for each Local Government category rather than remuneration ranges. Local Government and federal Parliamentary expenses and allowances were also discussed.
12	5 October 2011	**Charters Towers Regional Council** Councillor Ben Callcott (Mayor) James Gott (Chief Executive Officer)	Council indicated that they found the guidance provided in the Tribunal's Reports to be useful although they felt that additional general training for new Councillors would assist. The Mayor indicated that the recent Departmental training had only covered legislative issues. Council reported that they were satisfied with the category framework and their allocation to Category 3.
13	5 October 2011	**Western Downs Regional Council** Councillor Ray Brown (Mayor) Phil Berting (Chief Executive Officer)	The Mayor advised that Council had received positive feedback about last year's category increase to Category 5. Council indicated it had no difficulty with the remuneration ranges but believed that it would be preferable for the Tribunal to set remuneration rates.

Appendix 2 – Stakeholders who met with the Tribunal (continued)

	Date	Council, name (role)	Summary of comments
14	5 October 2011	**Boulia Shire Council** Councillor Rick Britton (Mayor) Vince Corbin (Chief Executive Officer)	Council provided a detailed explanation of their submission (No. 19). They indicated that they believed far western Councillors are currently disadvantaged due to the very large areas they cover and isolation / distance issues. Council spoke of the full-time workload for the Mayor and suggested the workloads in western shires were more than in Indigenous Councils. The Mayor confirmed that Council paid the Mayor at the maximum for the range but that the Deputy Mayor and Councillors were paid a base rate and meeting fees. He indicated that they were happy to stay with meeting fees.
15	5 October 2011	**Isaac Regional Council** Councillor Ann Crawford	Council felt that they had a case for elevation to Category 5 based on coming developments in the region. The roles, workloads and time commitments of Councillors were discussed. Council advised of the current and anticipated areas of growth in the Council area and issues associated with the non-resident (fly in – fly out) mining population.

Appendix 3 – Economic data *(Categories 1 to 9)*

Local Governments	Number of Councillors (excluding Mayors)	Area not divided (U)	Council proposed representation changes from 2012 elections	Community equity 2010 ($M)	Rank (high to low)	Operating income 2010 ($M)	Rank (high to low)	Operating income per Councillor 2010 ($M)	* Rank (high to low)
Balonne Shire Council	4	U	+2	$163.8	39	$16.9	47	$4.2	47
Banana Shire Council	6			$527.5	26	$42.4	27	$7.1	28
Barcaldine Regional Council	6	U		$220.2	35	$30.5	35	$5.1	39
Barcoo Shire Council	4	U		$109.4	47	$18.4	44	$4.6	43
Blackall - Tambo Regional Council	4		+2 / U	$147.9	41	$13.8	49	$3.4	49
Boulia Shire Council	4	U		$125.1	45	$18.3	45	$4.6	44
Bulloo Shire Council	4	U		$124.0	46	$11.8	52	$3.0	52
Bundaberg Regional Council	10			$1,504.9	12	$116.5	13	$11.6	16
Burdekin Shire Council	6	U		$409.8	28	$38.2	28	$6.4	33
Burke Shire Council	4	U		$90.0	52	$7.1	54	$1.8	54
Cairns Regional Council	10			$2,882.0	7	$277.4	6	$27.7	4
Carpentaria Shire Council	4	U	+2	$237.4	34	$25.5	41	$6.4	32
Cassowary Coast Regional Council	6		U	$785.2	19	$66.4	21	$11.1	17
Central Highlands Regional Council	8	U		$866.5	17	$117.9	12	$14.7	13
Charters Towers Regional Council	6	U		$366.8	31	$36.5	31	$6.1	35
Cloncurry Shire Council	4	U		$182.3	38	$22.5	42	$5.6	38
Croydon Shire Council	4	U		$94.5	50	$12.0	51	$3.0	51
Diamantina Shire Council	4	U		$80.3	53	$37.9	29	$9.5	21
Etheridge Shire Council	4	U		$137.1	43	$36.1	32	$9.0	23
Flinders Shire Council	4	U	+2	$94.2	51	$25.8	40	$6.5	31
Fraser Coast Regional Council	10	U	D	$1,399.1	13	$98.4	16	$9.8	20
Gladstone Regional Council	8	U		$1,098.4	15	$108.6	14	$13.6	14
Gold Coast City Council	14			$10,703.8	1	$871.0	1	$62.2	1
Goondiwindi Regional Council	6	U		$381.4	29	$29.7	36	$5.0	40
Gympie Regional Council	8	U	D	$889.2	16	$69.3	20	$8.7	24
Hinchinbrook Shire Council	6	U		$209.9	36	$34.5	34	$5.7	37
Ipswich City Council	10			$2,290.0	9	$248.3	7	$24.8	7
Isaac Regional Council	8			$671.9	24	$96.7	17	$12.1	15
Lockyer Valley Regional Council	6	U		$379.2	30	$45.4	26	$7.6	26
Logan City Council	12			$4,024.1	4	$298.2	5	$24.9	6
Longreach Regional Council	6		U	$192.1	37	$27.0	38	$4.5	45
Mackay Regional Council	10	U		$2,304.5	8	$199.4	9	$19.9	9
Maranoa Regional Council	8	U		$561.8	25	$54.4	24	$6.8	29
McKinlay Shire Council	4	U		$152.7	40	$26.6	39	$6.7	30
Moreton Bay Regional Council	12			$4,669.7	3	$425.5	3	$35.5	3
Mount Isa City Council	6	U		$340.9	32	$35.0	33	$5.8	36
Murweh Shire Council	4	U		$102.9	48	$17.9	46	$4.5	46
North Burnett Regional Council	6		U	$855.0	18	$28.5	37	$4.7	41
Paroo Shire Council	4	U		$127.2	44	$12.7	50	$3.2	50
Quilpie Shire Council	4	U		$102.6	49	$10.0	53	$2.5	53
Redland City Council	10			$2,093.1	11	$190.2	10	$19.0	10
Richmond Shire Council	4	U	+1	$71.4	54	$16.8	48	$4.2	48
Rockhampton Regional Council	10			$2,117.7	10	$181.9	11	$18.2	11
Scenic Rim Regional Council	6			$677.5	23	$56.3	23	$9.4	22
Somerset Regional Council	6	U		$284.5	33	$37.4	30	$6.2	34
South Burnett Regional Council	6			$503.0	27	$46.8	25	$7.8	25
Southern Downs Regional Council	8	U		$740.7	21	$56.8	22	$7.1	27
Sunshine Coast Regional Council	12			$5,288.1	2	$475.3	2	$39.6	2
Tablelands Regional Council	8			$703.2	22	$84.0	18	$10.5	18
Toowoomba Regional Council	10	U		$3,202.1	6	$223.9	8	$22.4	8
Townsville City Council	12	U	-2 / D	$3,374.3	5	$300.1	4	$25.0	5
Western Downs Regional Council	8	U		$1,240.8	14	$80.4	19	$10.0	19
Whitsunday Regional Council	6			$774.1	20	$99.4	15	$16.6	12
Winton Shire Council	4	U	+1	$140.5	42	$18.9	43	$4.7	42

** Rankings based on non-rounded data.*

Appendix 3 – Economic data (Categories 1 to 9)(continued)

Local Governments	Total staff 2010 (FTE)	Rank (high to low)	Area (sq kms)	Rank (high to low)	Total road length (kms)	Rank (high to low)	Building approvals 2011	Rank (high to low)
Balonne Shire Council	80	40	31,151	24	2,319	26	4	40
Banana Shire Council	290	26	28,606	27	4,069	8	11	36
Barcaldine Regional Council	163	34	53,651	13	3,156	17	13	34
Barcoo Shire Council	44	52	61,953	7	1,768	38	0	48
Blackall - Tambo Regional Council	119	36	30,452	25	1,880	34	4	40
Boulia Shire Council	45	51	61,109	8	1,321	48	0	48
Bulloo Shire Council	77	41	73,874	2	2,087	30	0	48
Bundaberg Regional Council	826	11	6,449	40	3,196	16	413	13
Burdekin Shire Council	236	29	5,058	42	1,161	50	48	28
Burke Shire Council	39	53	40,167	21	1,191	49	0	48
Cairns Regional Council	NA	NA	4,129	45	1,653	42	495	12
Carpentaria Shire Council	76	42	64,334	6	1,723	39	0	48
Cassowary Coast Regional Council	311	25	4,700	43	1,491	44	98	26
Central Highlands Regional Council	436	17	59,970	9	4,683	5	191	22
Charters Towers Regional Council	258	27	68,571	3	4,370	6	34	30
Cloncurry Shire Council	58	48	48,117	14	1,836	35	2	42
Croydon Shire Council	53	50	29,579	26	861	53	1	45
Diamantina Shire Council	56	49	94,870	1	1,040	51	0	48
Etheridge Shire Council	64	44	39,324	22	1,657	41	5	38
Flinders Shire Council	84	39	41,306	17	2,277	27	2	42
Fraser Coast Regional Council	562	15	7,117	38	3,828	9	571	11
Gladstone Regional Council	707	12	10,489	34	2,447	24	681	10
Gold Coast City Council	3,269	1	1,334	51	3,230	15	2,668	3
Goondiwindi Regional Council	172	31	19,284	31	2,471	22	16	33
Gympie Regional Council	466	16	6,897	39	2,367	25	289	15
Hinchinbrook Shire Council	181	30	2,810	48	682	54	43	29
Ipswich City Council	1,371	5	1,090	52	1,474	45	1,951	5
Isaac Regional Council	320	23	58,869	10	3,455	11	161	23
Lockyer Valley Regional Council	321	22	2,272	49	1,378	47	246	16
Logan City Council	1,309	7	960	53	2,096	29	2,718	2
Longreach Regional Council	167	33	40,666	20	3,026	19	10	37
Mackay Regional Council	869	9	7,622	36	2,461	23	865	7
Maranoa Regional Council	367	20	58,817	11	5,304	3	30	31
McKinlay Shire Council	64	44	40,849	18	1,978	33	1	45
Moreton Bay Regional Council	1,767	3	2,037	50	3,353	13	2,750	1
Mount Isa City Council	154	35	43,314	16	2,033	32	69	27
Murweh Shire Council	118	37	40,774	19	2,759	20	12	35
North Burnett Regional Council	240	28	19,707	30	5,062	4	29	32
Paroo Shire Council	75	43	47,688	15	2,136	28	2	42
Quilpie Shire Council	59	47	67,547	4	2,041	31	0	48
Redland City Council	846	10	537	54	1,038	52	721	9
Richmond Shire Council	64	44	26,656	28	1,385	46	5	38
Rockhampton Regional Council	1,185	8	18,356	32	3,399	12	314	14
Scenic Rim Regional Council	406	18	4,255	44	1,696	40	122	24
Somerset Regional Council	169	32	5,383	41	1,826	36	244	17
South Burnett Regional Council	315	24	8,397	35	3,281	14	221	18
Southern Downs Regional Council	368	19	7,122	37	3,028	18	214	19
Sunshine Coast Regional Council	1,900	2	3,126	47	3,671	10	2,168	4
Tablelands Regional Council	596	14	65,008	5	4,141	7	201	21
Toowoomba Regional Council	1,356	6	12,979	33	7,748	1	795	8
Townsville City Council	1,485	4	3,739	46	1,607	43	1,155	6
Western Downs Regional Council	598	13	38,005	23	7,499	2	204	20
Whitsunday Regional Council	361	21	23,871	29	1,805	37	122	24
Winton Shire Council	91	38	53,950	12	2,545	21	1	45

Appendix 4 – Demographic data *(Categories 1 to 9)*

Local Governments	Number of Councillors (excluding Mayors)	Estimated resident population 2010	Rank (high to low)	Estimated population per Councillor (excluding Mayor) 2010	Rank (high to low)	Electors per Councillor (excluding Mayor) 2011	Rank (high to low)	Estimated population density 2010 (persons / sq km)	Rank (high to low)
Balonne Shire Council	4	4,847	36	1,212	36	755	35	0.156	35
Banana Shire Council	6	15,595	29	2,599	29	1,565	28	0.545	29
Barcaldine Regional Council	6	3,406	38	568	39	377	40	0.063	40
Barcoo Shire Council	4	346	52	87	52	54	51	0.006	52
Blackall - Tambo Regional Council	4	2,086	41	522	41	395	38	0.069	39
Boulia Shire Council	4	469	50	117	50	68	48	0.008	51
Bulloo Shire Council	4	377	51	94	51	58	49	0.005	53
Bundaberg Regional Council	10	96,936	13	9,694	13	6,220	13	15.031	11
Burdekin Shire Council	6	18,531	28	3,089	27	2,008	25	3.664	23
Burke Shire Council	4	554	49	139	49	56	50	0.014	49
Cairns Regional Council	10	168,251	6	16,825	5	9,165	8	40.748	8
Carpentaria Shire Council	4	2,149	40	537	40	294	43	0.033	44
Cassowary Coast Regional Council	6	31,291	23	5,215	21	3,025	21	6.658	16
Central Highlands Regional Council	8	31,078	24	3,885	24	1,995	26	0.518	30
Charters Towers Regional Council	6	12,837	31	2,140	30	1,243	31	0.187	34
Cloncurry Shire Council	4	3,384	39	846	37	389	39	0.070	38
Croydon Shire Council	4	273	54	68	54	44	52	0.009	50
Diamantina Shire Council	4	322	53	81	53	41	53	0.003	54
Etheridge Shire Council	4	925	48	231	48	144	46	0.024	46
Flinders Shire Council	4	1,821	43	455	43	312	42	0.044	41
Fraser Coast Regional Council	10	102,080	12	10,208	12	6,524	12	14.344	12
Gladstone Regional Council	8	60,316	14	7,540	14	4,477	14	5.750	18
Gold Coast City Council	14	527,828	1	37,702	1	21,442	1	395.756	1
Goondiwindi Regional Council	6	11,413	33	1,902	32	1,175	33	0.592	27
Gympie Regional Council	8	49,334	15	6,167	16	3,888	16	7.152	15
Hinchinbrook Shire Council	6	12,271	32	2,045	31	1,386	30	4.367	20
Ipswich City Council	10	168,131	7	16,813	6	9,821	6	154.217	5
Isaac Regional Council	8	22,629	25	2,829	28	1,463	29	0.384	32
Lockyer Valley Regional Council	6	36,591	18	6,099	17	3,593	17	16.103	9
Logan City Council	12	282,673	4	23,556	4	13,580	4	294.573	2
Longreach Regional Council	6	4,344	37	724	38	440	37	0.107	37
Mackay Regional Council	10	118,842	10	11,884	10	7,025	11	15.592	10
Maranoa Regional Council	8	13,369	30	1,671	34	1,040	34	0.227	33
McKinlay Shire Council	4	944	47	236	47	35	54	0.023	47
Moreton Bay Regional Council	12	382,280	2	31,857	2	20,032	2	187.691	4
Mount Isa City Council	6	21,994	27	3,666	26	1,752	27	0.508	31
Murweh Shire Council	4	4,910	35	1,228	35	748	36	0.120	36
North Burnett Regional Council	6	10,805	34	1,801	33	1,178	32	0.548	28
Paroo Shire Council	4	1,951	42	488	42	320	41	0.041	42
Quilpie Shire Council	4	1,035	45	259	45	166	45	0.015	48
Redland City Council	10	142,822	9	14,282	9	9,280	7	265.909	3
Richmond Shire Council	4	951	46	238	46	141	47	0.036	43
Rockhampton Regional Council	10	115,526	11	11,553	11	7,144	10	6.294	17
Scenic Rim Regional Council	6	38,304	17	6,384	15	4,106	15	9.003	14
Somerset Regional Council	6	22,519	26	3,753	25	2,368	24	4.184	21
South Burnett Regional Council	6	33,040	21	5,507	20	3,509	18	3.935	22
Southern Downs Regional Council	8	35,996	19	4,500	22	2,985	22	5.054	19
Sunshine Coast Regional Council	12	330,934	3	27,578	3	17,570	3	105.855	6
Tablelands Regional Council	8	46,937	16	5,867	18	3,489	19	0.722	26
Toowoomba Regional Council	10	162,057	8	16,206	7	10,186	5	12.487	13
Townsville City Council	12	185,768	5	15,481	8	9,098	9	49.690	7
Western Downs Regional Council	8	32,071	22	4,009	23	2,525	23	0.844	25
Whitsunday Regional Council	6	34,765	20	5,794	19	3,114	20	1.456	24
Winton Shire Council	4	1,414	44	354	44	229	44	0.026	45

Appendix 4 – Demographic data (Categories 1 to 9)(continued)

Local Governments	Projected resident population 2021	Rank (high to low)	Projected resident population 2026	Rank (high to low)	Index of relative socic-economic advantage and disadvantage	* Rank (high to low)	Indigenous estimated resident population 2010 (%)	* Rank (high to low)
Balonne Shire Council	5,183	35	5,418	35	942	26	16%	9
Banana Shire Council	17,310	29	17,759	29	954	19	3%	37
Barcaldine Regional Council	3,934	38	4,050	38	936	29	8%	22
Barcoo Shire Council	340	53	343	53	943	25	8%	19
Blackall - Tambo Regional Council	2,043	41	2,063	41	912	45	3%	41
Boulia Shire Council	479	50	512	50	889	52	27%	6
Bulloo Shire Council	363	51	365	52	936	30	12%	11
Bundaberg Regional Council	117,585	13	128,057	13	917	43	3%	42
Burdekin Shire Council	19,207	28	19,404	28	922	38	5%	29
Burke Shire Council	643	49	676	49	945	23	29%	5
Cairns Regional Council	207,756	7	224,426	7	999	6	8%	20
Carpentaria Shire Council	2,089	40	2,077	40	882	53	42%	1
Cassowary Coast Regional Council	33,198	24	34,046	25	921	40	8%	18
Central Highlands Regional Council	40,880	21	45,685	20	1,005	5	4%	35
Charters Towers Regional Council	14,063	31	14,521	31	919	42	10%	15
Cloncurry Shire Council	3,779	39	3,811	39	930	32	21%	7
Croydon Shire Council	288	54	292	54	851	54	29%	4
Diamantina Shire Council	362	52	382	51	910	46	42%	2
Etheridge Shire Council	992	45	1,010	45	944	24	3%	45
Flinders Shire Council	1,759	43	1,752	43	925	35	9%	17
Fraser Coast Regional Council	130,005	12	146,304	12	922	39	3%	44
Gladstone Regional Council	85,655	14	98,174	14	976	11	3%	40
Gold Coast City Council	677,929	1	739,276	1	1,031	1	1%	54
Goondiwindi Regional Council	12,352	33	12,784	33	941	27	4%	32
Gympie Regional Council	57,669	15	62,443	16	909	49	3%	49
Hinchinbrook Shire Council	12,815	32	13,028	32	910	47	7%	23
Ipswich City Council	286,430	5	369,185	5	955	18	3%	36
Isaac Regional Council	31,418	25	34,270	24	1,013	3	3%	48
Lockyer Valley Regional Council	49,000	18	55,911	18	924	36	3%	43
Logan City Council	365,443	4	406,631	4	967	15	3%	46
Longreach Regional Council	4,525	37	4,694	37	975	14	6%	27
Mackay Regional Council	156,117	10	172,604	10	983	9	4%	33
Maranoa Regional Council	15,301	30	16,200	30	948	21	8%	21
McKinlay Shire Council	908	48	907	48	975	13	6%	26
Moreton Bay Regional Council	467,860	2	501,488	2	996	8	2%	51
Mount Isa City Council	24,858	27	25,865	27	977	10	18%	8
Murweh Shire Council	4,819	36	4,811	36	933	31	11%	13
North Burnett Regional Council	11,342	34	11,621	34	894	50	6%	24
Paroo Shire Council	1,848	42	1,838	42	893	51	29%	3
Quilpie Shire Council	990	46	982	46	937	28	14%	10
Redland City Council	169,607	9	179,784	9	1,028	2	2%	52
Richmond Shire Council	950	47	960	47	947	22	11%	14
Rockhampton Regional Council	138,933	11	150,450	11	950	20	6%	28
Scenic Rim Regional Council	55,002	16	66,832	15	965	16	2%	50
Somerset Regional Council	28,131	26	31,613	26	921	41	3%	47
South Burnett Regional Council	36,765	22	38,673	22	909	48	4%	34
Southern Downs Regional Council	41,824	20	44,581	21	913	44	3%	39
Sunshine Coast Regional Council	420,439	3	464,552	3	1,006	4	1%	53
Tablelands Regional Council	53,464	17	56,500	17	929	34	9%	16
Toowoomba Regional Council	198,591	8	220,571	8	976	12	3%	38
Townsville City Council	241,684	6	268,330	6	998	7	6%	25
Western Downs Regional Council	36,503	23	38,447	23	930	33	5%	30
Whitsunday Regional Council	46,008	19	50,928	19	956	17	4%	31
Winton Shire Council	1,330	44	1,333	44	924	37	12%	12

** Rankings based on non-rounded data.*

Appendix 5 – Comparative data *(Categories 1 to 9)*

Local Governments	Number of Councillors (excluding Mayors)	Average annual community equity 2008-2010 ($M)	Rank (high to low)	Average annual operating income 2008-2010 ($M)	Rank (high to low)	Average annual operating income per Councillor 2008-2010 ($M)	* Rank (high to low)	Average annual number of building approvals 2009-2011	* Rank (high to low)
Balonne Shire Council	4	$153.4	39	$14.7	48	$3.7	48	7	39
Banana Shire Council	6	$445.0	27	$42.4	27	$7.1	25	16	34
Barcaldine Regional Council	6	$173.3	37	$31.2	32	$5.2	35	12	35
Barcoo Shire Council	4	$90.2	47	$17.6	42	$4.4	42	0	52
Blackall - Tambo Regional Council	4	$123.6	43	$14.7	47	$3.7	47	3	43
Boulia Shire Council	4	$88.8	48	$15.2	46	$3.8	46	0	50
Bulloo Shire Council	4	$122.1	44	$12.9	49	$3.2	49	0	52
Bundaberg Regional Council	10	$1,389.6	13	$110.9	13	$11.1	16	525	12
Burdekin Shire Council	6	$402.0	28	$34.6	30	$5.8	33	57	27
Burke Shire Council	4	$68.6	53	$8.1	54	$2.0	54	0	52
Cairns Regional Council	10	$2,768.4	7	$258.0	5	$25.8	4	801	10
Carpentaria Shire Council	4	$200.6	35	$26.7	38	$6.7	27	4	40
Cassowary Coast Regional Council	6	$657.6	22	$63.5	20	$10.6	18	121	25
Central Highlands Regional Council	8	$762.2	17	$97.1	15	$12.1	14	250	20
Charters Towers Regional Council	6	$361.1	29	$37.3	28	$6.2	30	47	29
Cloncurry Shire Council	4	$166.3	38	$17.5	43	$4.4	43	9	37
Croydon Shire Council	4	$83.7	50	$8.5	53	$2.1	53	0	50
Diamantina Shire Council	4	$82.5	51	$27.3	36	$6.8	26	1	47
Etheridge Shire Council	4	$126.2	42	$23.3	39	$5.8	31	4	40
Flinders Shire Council	4	$87.0	49	$19.6	40	$4.9	37	1	45
Fraser Coast Regional Council	10	$1,487.7	12	$113.0	12	$11.3	15	796	11
Gladstone Regional Council	8	$1,014.8	15	$104.2	14	$13.0	13	491	13
Gold Coast City Council	14	$10,029.8	1	$783.7	1	$56.0	1	3,548	1
Goondiwindi Regional Council	6	$344.7	30	$28.2	34	$4.7	39	24	33
Gympie Regional Council	8	$758.1	18	$62.4	21	$7.8	22	406	15
Hinchinbrook Shire Council	6	$201.0	34	$26.9	37	$4.5	41	38	30
Ipswich City Council	10	$2,144.0	8	$227.6	7	$22.8	6	1,974	4
Isaac Regional Council	8	$626.0	23	$82.4	19	$10.3	20	114	26
Lockyer Valley Regional Council	6	$333.9	32	$45.8	25	$7.6	23	301	16
Logan City Council	12	$3,589.5	4	$252.9	6	$21.1	7	1,694	5
Longreach Regional Council	6	$179.6	36	$27.6	35	$4.6	40	9	37
Mackay Regional Council	10	$1,934.3	11	$178.8	9	$17.9	9	911	8
Maranoa Regional Council	8	$483.5	25	$52.8	23	$6.6	28	35	31
McKinlay Shire Council	4	$134.7	41	$18.9	41	$4.7	38	1	47
Moreton Bay Regional Council	12	$4,131.8	3	$405.9	3	$33.8	3	3,462	2
Mount Isa City Council	6	$337.9	31	$32.7	31	$5.5	34	55	28
Murweh Shire Council	4	$78.4	52	$16.5	45	$4.1	45	10	36
North Burnett Regional Council	6	$786.9	16	$30.6	33	$5.1	36	27	32
Paroo Shire Council	4	$100.0	45	$11.7	50	$2.9	50	3	44
Quilpie Shire Council	4	$97.9	46	$10.7	52	$2.7	52	1	47
Redland City Council	10	$2,043.5	9	$175.6	10	$17.6	10	814	9
Richmond Shire Council	4	$67.6	54	$11.2	51	$2.8	51	4	42
Rockhampton Regional Council	10	$2,006.8	10	$167.2	11	$16.7	11	420	14
Scenic Rim Regional Council	6	$666.8	19	$59.2	22	$9.9	21	203	24
Somerset Regional Council	6	$249.4	33	$34.7	29	$5.8	32	289	17
South Burnett Regional Council	6	$456.0	26	$44.2	26	$7.4	24	260	18
Southern Downs Regional Council	8	$662.7	21	$50.1	24	$6.3	29	238	21
Sunshine Coast Regional Council	12	$5,008.5	2	$454.4	2	$37.9	2	2,560	3
Tablelands Regional Council	8	$665.8	20	$84.7	16	$10.6	17	251	19
Toowoomba Regional Council	10	$2,785.4	6	$203.8	8	$20.4	8	913	7
Townsville City Council	12	$2,937.6	5	$285.9	4	$23.8	5	1,406	6
Western Downs Regional Council	8	$1,089.0	14	$84.3	17	$10.5	19	203	23
Whitsunday Regional Council	6	$597.1	24	$84.0	18	$14.0	12	208	22
Winton Shire Council	4	$136.8	40	$16.8	44	$4.2	44	1	46

** Rankings based on non-rounded data.*

Appendix 5 – Comparative data (Categories 1 to 9)(continued)

Local Governments	Average annual resident population change 2006-2010 (%)	* Rank (high to low) - Fastest growth ranking	Projected average annual population change 2011-2016 (%)	* Rank (high to low)	Projected average annual population change 2011-2021 (%)	* Rank (high to low)	Change in growth rankings 2011-2016 to 2011-2021
Balonne Shire Council	-0.4%	47	0.4%	38	0.8%	36	+2
Banana Shire Council	0.0%	42	1.5%	24	1.0%	32	-8
Barcaldine Regional Council	-0.4%	46	2.1%	15	1.5%	22	-7
Barcoo Shire Council	-2.4%	54	-0.4%	52	-0.1%	49	+3
Blackall - Tambo Regional Council	-0.6%	49	0.0%	46	0.1%	45	+1
Boulia Shire Council	1.1%	31	0.8%	34	1.0%	30	+4
Bulloo Shire Council	-1.1%	51	0.1%	44	0.1%	46	-2
Bundaberg Regional Council	2.6%	14	1.9%	19	1.9%	18	+1
Burdekin Shire Council	0.6%	35	0.3%	41	0.3%	42	-1
Burke Shire Council	1.1%	30	0.7%	35	1.0%	33	+2
Cairns Regional Council	3.5%	6	2.1%	17	2.0%	16	+1
Carpentaria Shire Council	0.9%	33	-0.1%	50	-0.1%	51	-1
Cassowary Coast Regional Council	1.4%	29	0.6%	36	0.6%	38	-2
Central Highlands Regional Council	2.5%	16	2.8%	7	2.8%	8	-1
Charters Towers Regional Council	1.4%	28	1.0%	32	0.8%	35	-3
Cloncurry Shire Council	0.1%	38	1.8%	20	1.0%	31	-11
Croydon Shire Council	-0.1%	43	0.3%	40	0.3%	43	-3
Diamantina Shire Council	1.7%	25	1.0%	31	1.1%	29	+2
Etheridge Shire Council	0.7%	34	0.2%	43	0.3%	41	+2
Flinders Shire Council	-1.2%	52	-0.4%	53	-0.3%	54	-1
Fraser Coast Regional Council	3.6%	5	2.1%	14	2.4%	14	
Gladstone Regional Council	3.0%	10	3.6%	3	3.6%	3	
Gold Coast City Council	3.3%	7	2.5%	11	2.5%	12	-1
Goondiwindi Regional Council	1.6%	27	0.9%	33	0.8%	34	-1
Gympie Regional Council	2.9%	11	1.6%	23	1.7%	20	+3
Hinchinbrook Shire Council	0.1%	41	0.3%	42	0.3%	40	+2
Ipswich City Council	4.5%	1	5.3%	1	6.3%	1	
Isaac Regional Council	1.8%	22	4.3%	2	3.5%	4	-2
Lockyer Valley Regional Council	3.6%	3	2.8%	6	3.0%	5	+1
Logan City Council	2.2%	18	2.6%	10	2.6%	10	
Longreach Regional Council	0.1%	40	0.4%	39	0.6%	37	+2
Mackay Regional Council	2.7%	13	2.8%	5	2.9%	7	-2
Maranoa Regional Council	0.6%	36	1.2%	28	1.5%	23	+5
McKinlay Shire Council	-0.3%	44	0.0%	47	-0.1%	50	-3
Moreton Bay Regional Council	3.7%	2	2.1%	16	2.0%	17	-1
Mount Isa City Council	1.0%	32	1.1%	30	1.1%	27	+3
Murweh Shire Council	0.2%	37	0.0%	48	0.0%	47	+1
North Burnett Regional Council	0.1%	39	0.5%	37	0.5%	39	-2
Paroo Shire Council	-1.4%	53	-0.3%	51	-0.2%	53	-2
Quilpie Shire Council	-0.3%	45	-0.1%	49	-0.1%	48	+1
Redland City Council	2.2%	17	1.7%	22	1.6%	21	+1
Richmond Shire Council	-0.5%	48	0.1%	45	0.1%	44	+1
Rockhampton Regional Council	1.9%	20	1.8%	21	1.8%	19	+2
Scenic Rim Regional Council	2.6%	15	3.0%	4	4.0%	2	+2
Somerset Regional Council	3.6%	4	2.2%	13	2.5%	11	+2
South Burnett Regional Council	1.8%	21	1.1%	29	1.1%	28	+1
Southern Downs Regional Council	1.8%	23	1.5%	25	1.5%	24	+1
Sunshine Coast Regional Council	3.0%	9	2.3%	12	2.4%	13	-1
Tablelands Regional Council	2.0%	19	1.3%	27	1.2%	26	+1
Toowoomba Regional Council	1.8%	24	1.9%	18	2.1%	15	+3
Townsville City Council	3.1%	8	2.7%	9	2.6%	9	
Western Downs Regional Council	1.6%	26	1.4%	26	1.3%	25	+1
Whitsunday Regional Council	2.7%	12	2.7%	8	2.9%	6	+2
Winton Shire Council	-1.0%	50	-0.5%	54	-0.2%	52	+2

** Rankings based on non-rounded data.*

Appendix 6 – Economic data *(Special Category)*

Local Governments	Number of Councillors (excluding Mayors)	Area not divided (U)	Community equity 2010 ($M)	Rank (high to low)	Operating income 2010 ($M)	* Rank (high to low)	Operating income per Councillor 2010 ($M)	* Rank (high to low)
Aurukun Shire Council	4	U	$127.4	7	$11.9	7	$3.0	7
Cherbourg Aboriginal Shire Council	4	U	$55.0	16	$8.7	11	$2.2	11
Cook Shire Council	6	U	$338.8	2	$52.8	2	$8.8	1
Doomadgee Aboriginal Shire Council	4	U	$137.2	4	$5.1	18	$1.3	18
Hope Vale Aboriginal Shire Council	4	U	$61.0	14	$12.8	6	$3.2	6
Kowanyama Aboriginal Shire Council	4	U	$79.7	11	$14.6	4	$3.6	3
Lockhart River Aboriginal Shire Council	4	U	$37.8	18	$6.9	14	$1.7	14
Mapoon Aboriginal Shire Council	4	U	$63.6	13	$5.2	17	$1.3	17
Mornington Shire Council	4	U	$98.7	8	$10.5	9	$2.6	9
Napranum Aboriginal Shire Council	4	U	$67.0	12	$6.3	15	$1.6	15
Northern Peninsula Area Regional Council	5		$213.9	3	$40.0	3	$8.0	2
Palm Island Aboriginal Shire Council	4	U	$132.0	5	$10.2	10	$2.5	10
Pormpuraaw Aboriginal Shire Council	4	U	$96.5	9	$7.7	12	$1.9	12
Torres Shire Council	4	U	$128.3	6	$11.9	8	$3.0	8
Torres Strait Island Regional Council	15		$535.4	1	$54.5	1	$3.6	4
Woorabinda Aboriginal Shire Council	4	U	$59.6	15	$7.0	13	$1.7	13
Wujal Wujal Aboriginal Shire Council	4	U	$40.3	17	$5.4	16	$1.4	16
Yarrabah Aboriginal Shire Council	4	U	$86.5	10	$13.4	5	$3.3	5

** Rankings based on non-rounded data.*

Local Governments	Number of Councillors (excluding Mayors)	Area not divided (U)	Area (sq kms)	Rank (high to low)	Total road length (kms)	Rank (high to low)
Aurukun Shire Council	4	U	7,375	2	184	8
Cherbourg Aboriginal Shire Council	4	U	32	17	70	12
Cook Shire Council	6	U	106,170	1	2,697	1
Doomadgee Aboriginal Shire Council	4	U	1,841	7	45	15
Hope Vale Aboriginal Shire Council	4	U	1,109	9	100	9
Kowanyama Aboriginal Shire Council	4	U	2,552	5	352	5
Lockhart River Aboriginal Shire Council	4	U	3,592	4	323	6
Mapoon Aboriginal Shire Council	4	U	550	12	35	17
Mornington Shire Council	4	U	1,248	8	560	3
Napranum Aboriginal Shire Council	4	U	2,005	6	63	13
Northern Peninsula Area Regional Council	5		1,061	10	363	4
Palm Island Aboriginal Shire Council	4	U	71	16	39	16
Pormpuraaw Aboriginal Shire Council	4	U	4,445	3	570	2
Torres Shire Council	4	U	886	11	84	10
Torres Strait Island Regional Council	15		491	13	282	7
Woorabinda Aboriginal Shire Council	4	U	391	14	80	11
Wujal Wujal Aboriginal Shire Council	4	U	11	18	20	18
Yarrabah Aboriginal Shire Council	4	U	159	15	50	14

Appendix 7 – Demographic data *(Special Category)*

Local Governments	Number of Councillors (excluding Mayors)	Estimated resident population 2010	Rank (high to low)	Estimated population per Councillor (excluding Mayor) 2010	Rank (high to low)	Electors per Councillor (excluding Mayor) 2011	Rank (high to low)	Estimated population density 2010 (persons / sq km)	Rank (high to low)
Aurukun Shire Council	4	1,216	9	304	9	191	6	0.165	16
Cherbourg Aboriginal Shire Council	4	1,260	8	315	8	105	15	39.801	1
Cook Shire Council	6	3,976	2	663	3	343	2	0.037	18
Doomadgee Aboriginal Shire Council	4	1,285	7	321	7	139	11	0.698	11
Hope Vale Aboriginal Shire Council	4	847	14	212	14	107	14	0.764	10
Kowanyama Aboriginal Shire Council	4	1,198	10	300	10	149	9	0.469	14
Lockhart River Aboriginal Shire Council	4	641	16	160	16	88	17	0.178	15
Mapoon Aboriginal Shire Council	4	267	18	67	18	141	10	0.485	12
Mornington Shire Council	4	1,101	11	275	11	150	8	0.882	9
Napranum Aboriginal Shire Council	4	951	13	238	13	127	12	0.474	13
Northern Peninsula Area Regional Council	5	2,389	5	478	5	234	5	2.251	8
Palm Island Aboriginal Shire Council	4	2,221	6	555	4	276	3	31.347	3
Pormpuraaw Aboriginal Shire Council	4	698	15	175	15	102	16	0.157	17
Torres Shire Council	4	3,700	3	925	1	423	1	4.175	6
Torres Strait Island Regional Council	15	5,082	1	339	6	184	7	10.345	5
Woorabinda Aboriginal Shire Council	4	1,001	12	250	12	112	13	2.559	7
Wujal Wujal Aboriginal Shire Council	4	354	17	89	17	54	18	31.551	2
Yarrabah Aboriginal Shire Council	4	2,722	4	681	2	254	4	17.079	4

Local Governments	Number of Councillors (excluding Mayors)	Projected resident population 2021	Rank (high to low)	Projected resident population 2026	Rank (high to low)	Index of relative socio-economic advantage and disadvantage	* Rank (high to low)	Indigenous estimated resident population 2010 (%)	* Rank (high to low)
Aurukun Shire Council	4	1,338	11	1,374	11	699	11	94%	5
Cherbourg Aboriginal Shire Council	4	1,451	8	1,602	7	674	14	95%	3
Cook Shire Council	6	4,544	2	4,831	2	917	1	16%	18
Doomadgee Aboriginal Shire Council	4	1,422	9	1,473	9	699	10	92%	12
Hope Vale Aboriginal Shire Council	4	914	14	929	14	691	12	92%	11
Kowanyama Aboriginal Shire Council	4	1,367	10	1,447	10	664	16	94%	4
Lockhart River Aboriginal Shire Council	4	705	16	734	16	717	7	93%	6
Mapoon Aboriginal Shire Council	4	344	18	374	18	770	3	85%	16
Mornington Shire Council	4	1,479	7	1,579	8	706	9	93%	8
Napranum Aboriginal Shire Council	4	1,189	12	1,280	12	666	15	92%	10
Northern Peninsula Area Regional Council	5	2,583	6	2,724	6	738	4	89%	14
Palm Island Aboriginal Shire Council	4	2,632	5	2,812	5	652	17	96%	2
Pormpuraaw Aboriginal Shire Council	4	778	15	817	15	733	5	89%	13
Torres Shire Council	4	4,034	3	4,192	3	900	2	73%	17
Torres Strait Island Regional Council	15	5,693	1	6,005	1	730	6	89%	15
Woorabinda Aboriginal Shire Council	4	1,152	13	1,246	13	712	8	93%	9
Wujal Wujal Aboriginal Shire Council	4	405	17	421	17	689	13	93%	7
Yarrabah Aboriginal Shire Council	4	3,252	4	3,480	4	650	18	97%	1

** Rankings based on non-rounded data.*

Appendix 8 – Comparative data *(Special Category)*

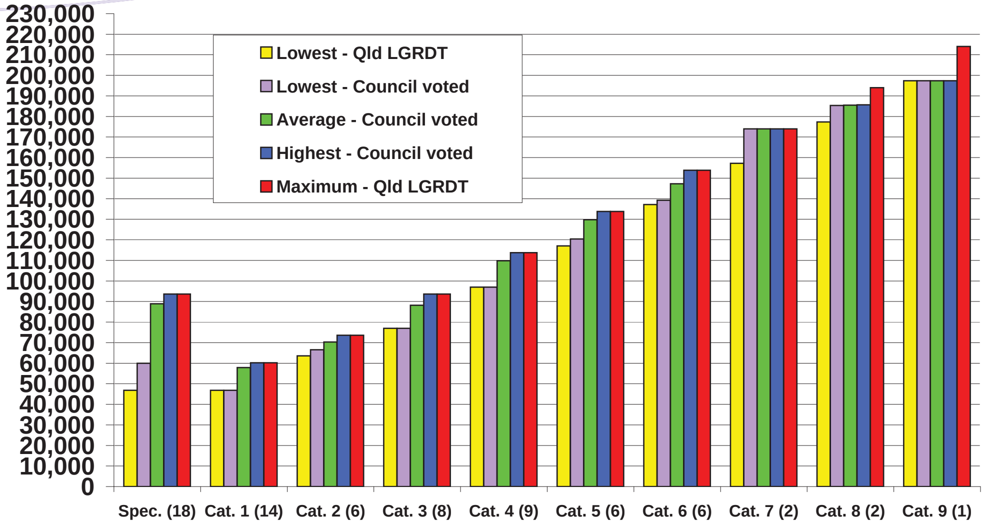
Local Governments	Number of Councillors (excluding Mayors)	Average annual community equity 2009 & 2010 ($M)	Rank (high to low)	Average annual operating income 2009 & 2010 ($M)	* Rank (high to low)	Average annual operating income per Councillor 2009 & 2010 ($M)	* Rank (high to low)	Average annual number of building approvals 2009-2011	* Rank (high to low)
Aurukun Shire Council	4	$123.7	7	$14.7	4	$3.7	4	0	6
Cherbourg Aboriginal Shire Council	4	$50.8	16	$8.4	12	$2.1	12	0	6
Cook Shire Council	6	$260.9	2	$48.0	2	$8.0	2	24	1
Doomadgee Aboriginal Shire Council	4	$132.8	4	$4.8	18	$1.2	18	0	6
Hope Vale Aboriginal Shire Council	4	$60.8	14	$13.0	7	$3.3	7	0	6
Kowanyama Aboriginal Shire Council	4	$79.7	11	$14.6	6	$3.6	6	0	6
Lockhart River Aboriginal Shire Council	4	$41.4	17	$6.7	14	$1.7	14	0	6
Mapoon Aboriginal Shire Council	4	$59.3	15	$6.6	15	$1.7	15	0	6
Mornington Shire Council	4	$95.7	8	$10.7	9	$2.7	9	0	6
Napranum Aboriginal Shire Council	4	$62.3	13	$5.6	17	$1.4	17	0	5
Northern Peninsula Area Regional Council	5	$221.8	3	$41.9	3	$8.4	1	0	6
Palm Island Aboriginal Shire Council	4	$131.3	5	$9.5	11	$2.4	11	2	4
Pormpuraaw Aboriginal Shire Council	4	$85.6	10	$9.8	10	$2.5	10	0	6
Torres Shire Council	4	$124.6	6	$11.3	8	$2.8	8	13	2
Torres Strait Island Regional Council	15	$544.8	1	$60.0	1	$4.0	3	0	6
Woorabinda Aboriginal Shire Council	4	$63.7	12	$7.0	13	$1.8	13	0	6
Wujal Wujal Aboriginal Shire Council	4	$39.8	18	$6.2	16	$1.5	16	0	6
Yarrabah Aboriginal Shire Council	4	$87.7	9	$14.6	5	$3.7	5	4	3

** Rankings based on non-rounded data.*

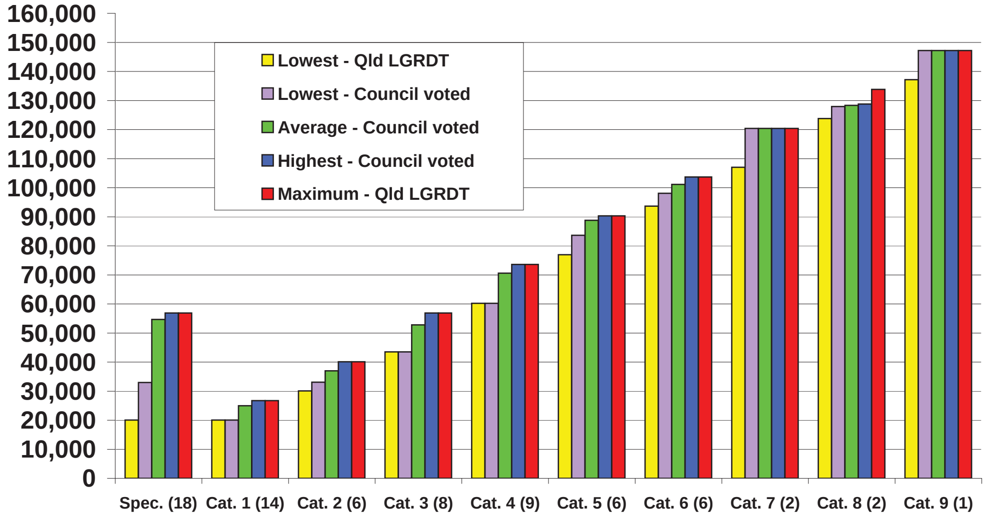
Local Governments	Number of Councillors (excluding Mayors)	Average annual resident population change 2006-2010 (%)	* Rank (high to low) - Fastest growth ranking	Projected average annual population change 2011-2016 (%)	* Rank (high to low)	Projected average annual population change 2011-2021 (%)	* Rank (high to low)	Change in growth rankings 2011-2016 to 2011-2021
Aurukun Shire Council	4	1.9%	7	0.9%	15	0.8%	16	-1
Cherbourg Aboriginal Shire Council	4	0.7%	15	1.2%	12	1.5%	7	+5
Cook Shire Council	6	1.9%	8	1.3%	8	1.3%	9	-1
Doomadgee Aboriginal Shire Council	4	2.5%	2	0.9%	16	1.0%	14	+2
Hope Vale Aboriginal Shire Council	4	0.1%	17	0.6%	18	0.5%	18	
Kowanyama Aboriginal Shire Council	4	2.2%	4	1.5%	6	1.5%	8	-2
Lockhart River Aboriginal Shire Council	4	1.8%	9	1.1%	13	1.1%	13	
Mapoon Aboriginal Shire Council	4	1.1%	13	2.2%	1	2.1%	1	
Mornington Shire Council	4	-0.4%	18	1.7%	4	2.0%	2	+2
Napranum Aboriginal Shire Council	4	1.2%	12	1.9%	2	1.9%	3	-1
Northern Peninsula Area Regional Council	5	2.9%	1	1.3%	10	1.3%	10	
Palm Island Aboriginal Shire Council	4	0.9%	14	1.5%	7	1.5%	6	+1
Pormpuraaw Aboriginal Shire Council	4	2.1%	5	1.3%	9	1.3%	12	-3
Torres Shire Council	4	1.5%	11	0.7%	17	0.7%	17	
Torres Strait Island Regional Council	15	2.0%	6	1.3%	10	1.3%	11	-1
Woorabinda Aboriginal Shire Council	4	2.3%	3	1.8%	3	1.8%	4	-1
Wujal Wujal Aboriginal Shire Council	4	0.4%	16	1.0%	14	1.0%	15	-1
Yarrabah Aboriginal Shire Council	4	1.6%	10	1.7%	5	1.7%	5	

** Rankings based on non-rounded data.*

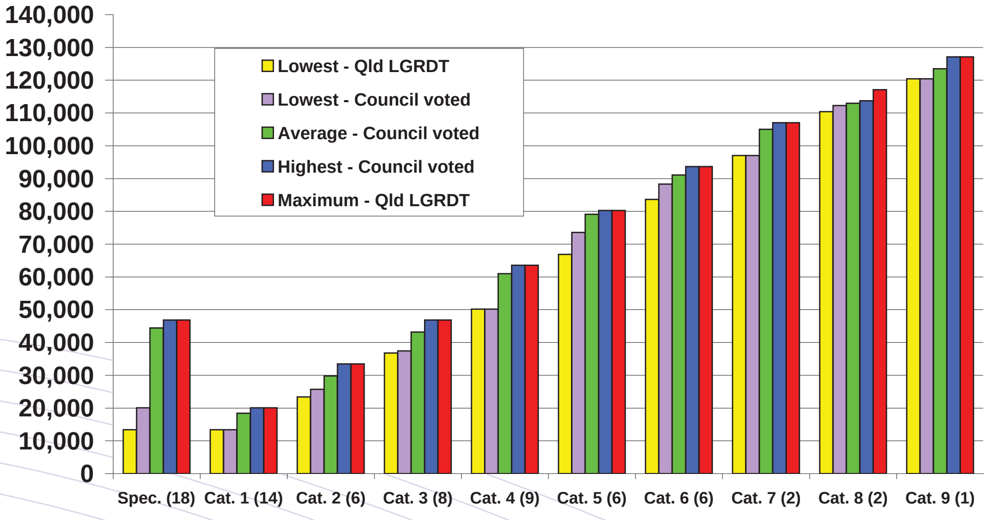
Appendix 9 – Mayor remuneration levels (*2011*)



Appendix 10 – Deputy Mayor remuneration levels (*2011*)



Appendix 11 – Councillor remuneration levels (*2011*)



Local Government
Remuneration and
Discipline Tribunal

8/146 Anderson Street, Cairns 4870
PO Box 135 Bungalow, Qld 4870
Ph: (07) 40321468 Fax: (07) 40321754
Mobile: 0417 726656
Email: admin@h2oconsultants.com.au

- Hydraulic Design & Consulting
- Fire Protection Systems
- Backflow Prevention Certification
- Alternate Fire Solutions
- Wastewater Management

ON SITE SEWERAGE FACILITY
SITE AND SOIL EVALUATION REPORT

A: SITE EVALUATOR

Name: Shane Barnes

Signature: ______________________ Date: 11.03.2012

B: SITE INFORMATION (desk-top evaluation)

Location Details,

Locality: **IBIS STORE, DAUAN ISLAND**

Owner: **Ibis Gorup**

Phone No:

Survey Plan Details: **H SP224617** Lot No: **9 on TS169**

Local Government: **Torres Regional Council**

Site Plan Details Attached, Ref. No. or Description: **Proposed New Store and Temporary Staff Accommodation, Site plan attached**

Soil Type from Soil Maps etc: **N/A**

Climate

Annual Rainfall: **1850** mm Annual Potential Evapotranspiration: **2239** mm

Intended Water Supply Source:

Town Water Supply	✓	Rainwater (Roof Collection)	☐
Dam	✓	Bore/Well (Irrigation Only)	☐
Other	☐		

SITE AND SOIL EVALUATION REPORT

C: SITE ASSESSMENT

Topography

Slope: **Sloping Site towards Ocean**

Ground Cover: **Grass with Exposed Boulders**

Geology: **N/A**

Drainage Patterns: (Site Plan details attached) **N\A**

Available Clearances: (Site Plan details attached

Boundaries: **2 Meters**

Wells, Bores: **N\A**

Embankments: **N\A**

Stands of Trees, Shrubs: **N\A**

Buildings: **2 Meters**

Other:

____

Site History (Land Use): **Unknown**

Environmental Concerns: **Runoff into Ocean**

Site Stability:

Is expert Evaluation Necessary? ~~Yes~~ / No

If Yes, attach stability report and give details here of:

Author: ____________________ Designation: __________

Company: ____________________ Date: _______________

Drainage Controls

Depth of Seasonal water table:

WINTER: **1.6m** SUMMER: **1.6m**

Need for groundwater cut-off drains? ~~Yes~~ / No

Need for surface water collection / cut-off drains? **Yes** / ~~No~~

Availability of Reserve / Setback Areas

Reserve Area available for disposal: **Nil**

Setback area: **Nil**
(between site and on-site disposal design reserve areas % of total area)

Evaluator's Photographs attached ~~Yes~~ / No

SITE AND SOIL EVALUATION REPORT

D: SUBSOIL INVESTIGATION

Soil Profile Determination

Method: Falling Water ✓

Test Pit ☐

Other ✓ **Soil Texture Test \ Soil Classification Test**

Report:

Estimated Soil Category:

Soil Category	Description	Tick One
1.	Gravels and Sand	☐
2.	Loamy Sand	✓
3.	Sandy Loams	☐
4.	Loams	☐
5.	Clay Loams	☐
6.	Light Clays	☐
7.	Medium to Heavy Clays	☐

Reasons for placing in Stated Soil Category:**On Site Test**

Reasons for Design Loading Rate (DLR) recommendation: **Based on Test and have assumed DLR of 20 to AS 1547:2000**

General Comments

Need for Groundwater Quality Protection: ~~Yes~~ / No

Type of Land Application Facility considered best suited to site: **Septic Tank with Absorption Bed.**

Evaluator's preliminary assessment of minimum Land Application Area for the site:

16m² of Absorption Bed with Water Total Water Reduction Fixtures and Fittings

Estimated Flow: **Based on a 2 bed home = 2 people x 115 litres per day = 230 litres**

Shop workers using Facilities = 3 people x 20 litres per day = 60 litres

Daily Flow Estimated at 290 Litres.

DISPOSAL SYSTEMS for EFFLUENT from DOMESTIC PREMISES A.S 1547-2000
SIZING OF DISPOSAL AREA CALCULATIONS

1. ABSORPTION AREA OR TRENCH

Aw = Q / DLR — Aw = wetted area in square meters
Q = daily flow in litres
DLR = Design Loading Rate in mm per day

Aw = (2 bedroom = 2 persons x 115 lit per person per day) / 20
(3 Staff x 20 lit per person per day)

Aw = 290 / 20

Aw = $15m^2$ of wetted area required

2. LEGTH OF TRENCH

L = Aw / B — L = trench length in meters
Aw = wetted area in square meters
B = trench width in meters

L = 25 / 0.6

L = 25 meters of 600mm wide x 600mm deep absorption trench.
15 meters long x 1 meters wide x 600mm deep absorption bed

3. CONCLUSION

Area is available on-site for this amount of absorption trench.

50 Meters setback distance is not available to high tide benchmark.

Dispensation is sort and Viral Die Back Calculations are attached to support reduced distances from buildings and ocean.

DISPOSAL SYSTEMS for EFFLUENT from DOMESTIC PREMISES A.S 1547-2000
SIZING OF DISPOSAL AREA CALCULATIONS

1. EVAPOTRANSPIRATION – ABSORPTION AREA

Ae = Nq / Ec – (1-C) x R + N x (DLR)

Ae = area in square meters
N = number of days in month
Q = daily flow in litres
Ec = average monthly pan evaporation in millimetres
C = rainfall run off co-efficient
R = average monthly rainfall in millimetres
DLR = Design Loading Rate

Ae = 30 x 290 lit / 187 – ((1-0.2) x 168) + (Invalid x 0)

Ae = Invalid

Ae = Invalid

Ae = Invalid

2. LENGTH OF TRENCH

L = Ae / Be

L = trench length in meters
Ae = area in square meters
Be = trench width plus twice the trench depth

L = Invalid

L = Invalid

L = Invalid

3. CONCLUSION

This system is not suitable due to soil classification.

DISPOSAL SYSTEMS for EFFLUENT from DOMESTIC PREMISES A.S 1547-2000
SIZING OF DISPOSAL AREA CALCULATIONS

1. IRRIGATION AREA

Ai = Qw / DIR

Ai = irrigation area required
Qw = quantity of effluent generated per week in litres
DIR = design irrigation rate in millimetres per week

Ai = 7 x 290 / 35

Ai = 2030 / 35

Ai = 60m² of landscaped irrigation area.

2. CONCLUSION

Area is available on-site for this amount of irrigation.

This system is not recommended due to the location and the reliability of electricity supply.

EXTRACT FROM AUSTRALIAN STANDARDS AS 1547.
FLOW RATES THROUGH FIXTURES.

APPENDIX 4.2D

TYPICAL DOMESTIC-WASTEWATER FLOW DESIGN ALLOWANCES

(Informative)

Source	Typical wastewater flow allowance in L/person/day (see Note 1)	
	On-site roof water tank supply	**Reticulated community or a bore-water supply**
Households with standard fixtures (including automatic washing machine)	140	180
» Households with standard water reduction fixtures (see Note 2)	115	145
Households with full water-reduction facilities (see Note 3)	80	110
Households with extra wastewater producing facilities	170	220
Households (blackwater only)	50	60
Households (greywater only)	90	120
Motels/hotels		
- guests, resident staff	140	180
- non-resident staff	30	40
- reception rooms	20	30
- bar trade (per customer)	20	25
- restaurant (per diner)	20	30
Community halls		
- banqueting	20	30
- meetings	10	15
Restaurants (per diner)		
- dinner	20	30
- lunch	15	25
Tea rooms (per customer)		
- without restroom facilities	10	15
- with restroom facilities	15	25
» School (pupils plus staff)	30	40
Rural factories, shopping centres	30	50
Camping grounds		
- fully serviced	100	130
- recreation areas	50	65

NOTES:

1 These flows are minimum rates unless actual flows from past experience can be demonstrated.

2 Standard water-reduction fixtures include dual flush 11/5.5 litre water closets, shower-flow restrictors, aerator faucets (taps) and water-conserving automatic washing machines.

3 Full water-reduction fixtures include the combined use of reduced flush 6/3 litre water closets, shower-flow restrictors, aerator faucets, front-load washing machines and flow/pressure control valves on all water-use outlets. Additionally, water reduction may be achieved by treatment of greywater and recycling for water closet flushing (reclaimed water cycling).

Table 1

Recommended horizontal separation distances for subsurface land application areas

Feature	Recommended Horizontal Separation Distance
Footings of buildings	Boundaries of land application areas should be positioned at least 2.0 metres down slope, or 4.0 metres upslope from the footing or where the site is flat, 2.0 metres from any point of the building footing.
Property boundaries, pedestrian paths and walkways, recreation areas	Boundaries of land application areas should be positioned at least 2.0 metres down slope, or 4.0 metres upslope from the feature in column one or where the site is flat, 2.0 metres from any point of the feature.
Retaining wall footing	Boundaries of land application areas should be positioned at least 2.0 metres down slope, or 4.0 metres upslope from the retaining wall footing or where the site is flat, 2.0 metres from any point of the retaining wall footing.
In ground swimming pools.	Boundaries of land application areas should be positioned at least 6.0 metres down slope, or 6.0 metres upslope from the footing or where the site is flat, 6.0 metres from any point of the building footing.
In ground potable water tank	Primary effluent – 15 metres from the boundary of the land application area. Secondary effluent – 6 metres from the boundary of the land application area.
Notes: 1. The separation distances are recommended only. The local government may upon considering the public health and environmental risks reduce or increase the distances given in Table 1.	

The recommended separation distances in Table 1 apply to primary effluent, secondary effluent and advanced secondary effluent.

Table 2

Recommended horizontal separation distances for surface irrigated land application areas

Feature	Recommended Horizontal Separation Distance$^{\phi}$
Property boundaries, pedestrian paths and walkways	Secondary Effluent: 2 metres from the edge of the irrigated wetted area to any point of the feature. Advanced Secondary Effluent: 2 metres from the edge of the irrigated wetted area to any point of the feature
Water edge of a swimming pool	Secondary Effluent: 6 metres from the edge of the irrigated wetted area to the water edge. Advanced Secondary Effluent: 6 metres from the edge of the irrigated wetted area to water edge.
Dwellings, recreation areas.	Secondary effluent: 15 metres from the edge of the irrigated wetted area to the dwelling or designated edge of recreation area. Advanced Secondary Effluent: 10 metres from the edge of the irrigated wetted area to the dwelling or designated edge of recreation area.
Notes: **1.** The separation distances are based on a spray plume with a diameter not exceeding 1.0 m or a plume height not exceeding 0.3 m above the finished surface level. **2.** The separation distances are recommended only. The local government may upon considering the public health and environmental risks reduce or increase the distances given in Table 2.	

$^{\phi}$ Spray irrigation of primary treated effluent is not permitted.

Table 3
Recommended separation distances for protection of water quality

Feature	Recommended Separation Distance
Top of bank of permanent water course; Top of bank of Intermittent water course; Top of bank of a lake, Top water level of a surface water source used for agriculture, aquaculture or stock purposes; Easement boundary of unlined open stormwater drainage channel or drain.	Primary effluent: 50 metres (horizontal). Secondary effluent: 30 metres (horizontal). Advanced secondary effluent: 10 metres (horizontal).
Bore or a dam used or likely to used for human and or domestic consumption	Primary effluent: 50 metres (horizontal). Secondary effluent: 30 metres (horizontal). Advanced secondary effluent: 10 metres (horizontal).
Unsaturated soil depth to a permanent water table	Primary effluent: 1.2 metres (vertical). Secondary effluent: 0.6 metres (vertical). Advanced secondary effluent: 0.3 metres (vertical).
Note: The separation distances are recommended and the local government may upon considering the public health and environmental risks reduce or increase the distances given in Table 3.	

NOTICE TO LAND OWNER

Your sanitary drainage installation consists of a septic tank and land application system. To ensure the operational effectiveness of this installation the following advise should be adhered to.

OPERATION AND MAINTENANCE: GENERALLY

On-site sewerage treatment plants and the associated land application facilities are complex systems that are prone to failure if operated and maintained incorrectly. All on-site sewerage facilities require a high degree of user dedication in terms of operation and maintenance to ensure that the design performance of the facility is achieved for the expected life of the facility.

All on-site sewerage facilities or components of the facility have a finite life. For instance, septic tanks may have an expected life of 25 years, whilst the associated land application facility may have an expected life of 5 to 15 years depending on the nature of the specific site.

OPERATION & MAINTENANCE PROCEDURES

Operation and maintenance procedures are undertaken to a regular schedule appropriate to the nature and type of treatment and land application facility and in accordance with any manufacturers instructions; and

Continuity of operation and maintenance is achieved throughout changes of ownership and\or changes in use or development of the site.

OPERATION

- Practice water conservation, and avoid exceeding the hydraulic capacity of the facility.
- Minimise the input of cleaning agents, detergents, disinfectants, bleaches, alkalis, oil, petrol, acids, degreasers, photography chemicals, cosmetics, lotions, pesticides and herbicides into the facility.
- Not place materials such as disposal nappies, female napkins, paper towels, cigarette butts, bones and coffee grounds into the facility.
- Be observant regarding signs of unsatisfactory performance, including unusual odours, leaks from the facility or choking.
- Contact the service agent following observation of unsatisfactory performance or breakdown.
- Protect facility components from structural damage, such as from vehicles.
- Be familiar with safety procedures.
- Establish a time pattern of desludging.
- Keep the area in the vicinity of the on-site sewerage facility tidy to facilitate ease of operation and maintenance.
- Where appropriate, or required by a condition of approval, enter into an annual service contract with a service agent
- Retain copies of all service reports.

SEPTIC TANKS

It is recommended that septic tanks be inspected at two yearly intervals. The inspection should include an assessment of the sludge and scum levels and checking of the outlet and inlet square junctions for blockages.

Septic Tanks should be desludged when:

- The scum layer is within 100mm of the bottom of the inlet square junction or the sludge layer is within 200mm from the bottom of the inlet.
- The sludge occupies the basic allowance of the septic tank; or
- The sludge scum occupy two-thirds the volume of the tank (or first stage of a two stage system).

The desludging procedure should ensure that 400-500mm of liquid is retained in the tank, and that the tank is immediately refilled with water to the outlet level.

LAND APPLICATION SYSTEMS

Regular visual checking of correct system operation by households, and an annual inspection by service contractors should be undertaken. Signs of system failure include:

- Surface ponding and run-off of treated effluent;
- Degrading of soil structure (Sheet or Rill erosion, surface crusts, hard surface);
- Poor vegetation growth; and
- Unusual odours.

SUITABLE VEGETATION FOR WET SOILS

(Informative)

TYPES OF VEGETATION

(a) **CLIMBERS**

Bougainvillea
Hardenbergia
Hibbertia Scandens
Kennedia
Lonicera Japonica
Pandorea Jasminoides

(b) **GRASSES**

Buffalo
Kikuyu

(c) **GROUND COVER**

Acanthus Mollis
Coprosma X Kirki
Grevillea Poorinda
Liriope Muscari
Ophiopogon
Royal Mantle

(d) **PERENNIALS**

Agapanthus Preaecox
Astor Novi-Belgii
Canna X Generalis
Chrysanthemum Maximum
Gazania X Hybrida
Salvia X Superba
Stokesia Laevis
Viola Hederacea

(e) **SHRUBS**

Abelia X Grandiflora
Acacia Longifolia
Callistemon Citrinus
Cassia Bicapsularis
Ceratostigma
Chaenomeles Lagenaria
Correa Alba
Cotoneaster Glaucophyllus
Cotoneaster Lacteus
Cotoneaster Pannosus
Caphea Ignea
Euonymus Japonicus
Euphorbia Millii
Euphorbia Pulcherrima
Hebe Speciosa
Jasminum Mesnyi
Jasminum Officinale
Jasminum Polyanthum
Lantana Camara
Lantana Montevidensis
Leptospermum Flavescens
Narium Oleander
Plumbago Auriculate
Pyracantha Fortuneana
Thunbergia Alata
Westringia Fruticosa

(f) **TREES**

Angophora Costata
Banksia Integrifolia
Callistemon Salignus
Callistemon Viminalis
Casuarina Glauca
Casuarina Stricta
Eucalyptus Botryoides
Eucalyptus Robusta
Hakea Salicifolia
Hakea Saligna
Leptospermum Laevigatum
Leptospermum Petersonii
Melaleuca Armillaris – Sandy Soil
Melaleuca Linariifolia – Clay Soil
Melaleuca Quinquenervia – Sandy Soil
Melaleuca Styphelioides – Clay Soil
Nyssa Sylvatica
Photinea X Frasieri ‘Robusta’
Tristaniopsis Laurina

All vegetation should be checked with Local Authorities and Nurseries prior to installation for suitability to each region.

H2O CONSULTANTS

Land suitability and system sizing for on-site wastewater management
Trench 3.0 (Australian Institute of Environmental Health)

Environmental Sensitivity Report

SITE, SOIL ASSESSMENT

Assessment for	GATEWAY CONSTRUCTIONS 139 HARTLEY STREET, CAIRNS	Assess. Date Ref. No.	11.03.2012 1214
Assessed site(s)	IBIS STORE, DAUAN ISLAND	Site(s) inspected	18.02.2012
Local authority	TORRES REGIONAL COUNCIL	Assessed by	SHANE BARNES

This report summarises data relating to the environmental sensitivity of the assessed site(s) in relation to applied wastewater. Physical capability and system design issues are reported separately. The 'Alert' column flags factors with high (A) or very high (AA) limitations which probably require special consideration in site acceptability or for system design(s). Blank spaces indicate data have not been entered into TRENCH.

Alert	Factor	Units	Value	Confid level	Limitation Trench	Limitation Amended	Remarks
A	Cation exchange capacity	mmol/100g	10	Mod.	Very high	High	Other factors lessen impact
A	Phos. adsorp. capacity	kg/cub m	0.2	Mod.	High		
	Annual rainfall excess	mm	-734	High	Very low		
	Min. depth to water table	m	20	High	Very low		
	Annual nutrient load	kg	2.6	Guess	Very low	Moderate	
	G'water environ. value	Agric non-sensit		High	Low		
	Min. separation dist. required	m	20	High	Moderate		
	Risk to adjacent bores						Factor not assessed
	Surf. water env. value	Agric sensit/dom drink		High	Moderate		
AA	Dist. to nearest surface water	m	30	High	Very high		
AA	Dist. to nearest other feature	m	2	High	Very high		
	Risk of slope instability		Low	High	Low		
	Distance to landslip	m	200	High	Low		

Comments:
TIME LEFT FOR VIRAL DIE-OFF IN GROUNDWATER IS 24 DAYS
GROUNDWATER TRAVEL DISTANCE IS 21 METERS

ADOPTED MINIMUM SEPERATION DISTANCE IS 21
METERS

H2O CONSULTANTS

Land suitability and system sizing for on-site wastewater management

Trench 3.0 (Australian Institute of Environmental Health)

Site Capability Report

SITE, SOIL ASSESSMENT

Assessment for	GATEWAY CONSTRUCTIONS	Assess. Date	11.03.2012
	139 HARTLEY STREET, CAIRNS	Ref. No.	1214
Assessed site(s)	IBIS STORE, DAUAN ISLAND	Site(s) inspected	18.02.2012
Local authority	TORRES REGIONAL COUNCIL	Assessed by	SHANE BARNES

This report summarises data relating to the physical capability of the assessed site(s) to accept wastewater. Environmental sensitivity and system design issues are reported separately. The 'Alert' column flags factors with high (A) or very high (AA) site limitations which probably require special consideration in site acceptability or for system design(s). Blank spaces indicate data have not been entered into TRENCH.

Alert	Factor	Units	Value	Confid level	Limitation Trench	Limitation Amended	Remarks
AA	Expected design area	sq m	20	V. high	Very high		
	Density of disposal systems	/sq km	5	Mod.	Very low		
	Slope angle	degrees	5	V. high	Very low		
	Slope form	Convex spreading		V. high	Very low		
	Surface drainage	Good		High	Very low		
	Flood potential	Site floods 1 in 75-100 yrs		Mod.	Low		
A	Heavy rain events	Common		Mod.	High		
	Aspect (Southern hemi.)	Faces NE or NW		V. high	Low		
	Frequency of strong winds	Common		High	Low		
	Wastewater volume	L/day	290	Mod.	Very low	Moderate	
	SAR of septic tank effluent		1.2	Mod.	Low	No change	
	SAR of sullage		2.5	Mod.	Moderate	No change	
	Soil thickness	m	2.0	High	Very low		
	Depth to bedrock	m	10.0	Mod.	Very low	Low	Other factors increase impact
A	Surface rock outcrop	%	3	V. high	High		
AA	Cobbles in soil	%	50	V. high	Very high		
	Soil pH		7.0	Guess	Very low		Other factors lessen impact
	Soil bulk density	gm/cub. cm	1.5	Guess	Low		
A	Soil dispersion	Emerson No.	3	High	High		
	Adopted permeability	m/day	1	High	Very low		
	Long Term Accept. Rate	L/day/sq m	20	Mod.	Moderate	No change	

Comments:
TIME LEFT FOR VIRAL DIE-OFF IN GROUNDWATER IS 24 DAYS
GROUNDWATER TRAVEL DISTANCE IS 21 METERS

ADOPTED MINIMUM SEPERATION DISTANCE IS 21 METERS

H2O CONSULTANTS

Land suitability and system sizing for on-site wastewater management

Trench 3.0 (Australian Institute of Environmental Health)

Assessment Report

SITE, SOIL ASSESSMENT

Assessment for	GATEWAY CONSTRUCTIONS	Assess. Date	11.03.2012
	139 HARTLEY STREET, CAIRNS	Ref. No.	1214
Assessed site(s)	IBIS STORE, DAUAN ISLAND	Site(s) inspected	18.02.2012
Local authority	TORRES REGIONAL COUNCIL	Assessed by	SHANE BARNES

This report summarises wastewater volumes, climatic inputs for the site, soil characteristics and sustem sizing and design issues. Site Capability and Environmental sensitivity issues are reported separately, where 'Alert' columns flag factors with high (A) or very high (AA) limitations which probably require special consideration for system design(s). Blank spaces on this page indicate data have not been entered into TRENCH.

Wastewater Characteristics

Wastewater volume (L/day) used for this assessment = 290 (using a method independent of the no. of bedrooms)

Septic tank wastewater volume (L/day) = 290

Sullage volume (L/day) = 0

Total nitrogen (kg/year) generated by wastewater = 2.1

Total phosphorus (kg/year) generated by wastewater = 0.5

Climatic assumptions for site

(Evapotranspiration calculated using the crop factor method)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mean rainfall (mm)	369	441	309	206	44	15	10	4	3	6	71	195
Adopted rainfall (R, mm)	369	441	309	206	44	15	10	4	3	6	71	195
Retained rain (Rr, mm)	332	397	278	185	40	14	9	4	3	5	64	176
Max. daily temp. (deg. C)	31	30	30	30	30	29	29	30	31	32	32	32
Evapotrans (ET, mm)	214	168	180	159	149	141	155	174	211	228	236	225
Evapotr. less rain (mm)	**-118**	**-229**	**-98**	**-26**	**109**	**128**	**146**	**170**	**208**	**223**	**172**	**50**

Annual evapotranspiration less retained rain (mm) = 734

Soil characterisitics

Texture = SANDY LOAM   Category = 2   Thick. (m) = 2

Adopted permeability (m/day) = 1   Adopted LTAR (L/sq m/day) = 20   Min depth (m) to water = 20

Proposed disposal and treatment methods

Proportion of wastewater to be retained on site:	All wastewater will be disposed of on the site
The preferred method of on-site primary treatment:	In dual purpose septic tank(s)
The preferred method of on-site secondary treatment:	No secondary treatment is required/proposed
The preferred type of in-ground secondary treatment:	Not applicable
The preferred type of above-ground secondary treatment:	Not applicable
Site modifications or specific designs:	Not needed

Suggested dimensions for on-site secondary treatment system

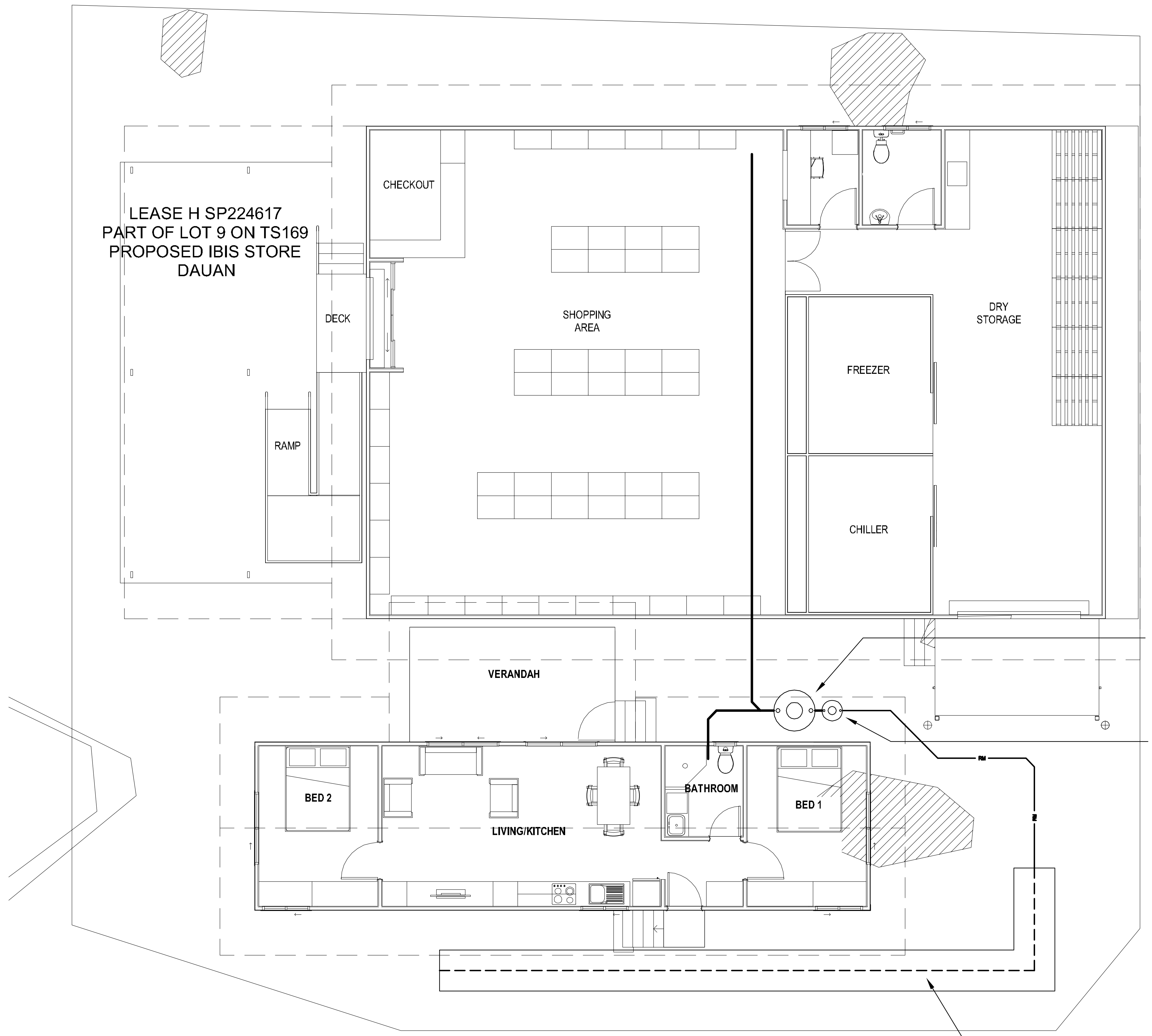
Total length (m) =	Not applicable
Width (m) =	Not applicable
Depth (m) =	Not applicable
Total disposal area (sq m) required =	16
comprising a Primary Area (sq m) of:	16
and a Secondary (backup) Area (sq m) of:	

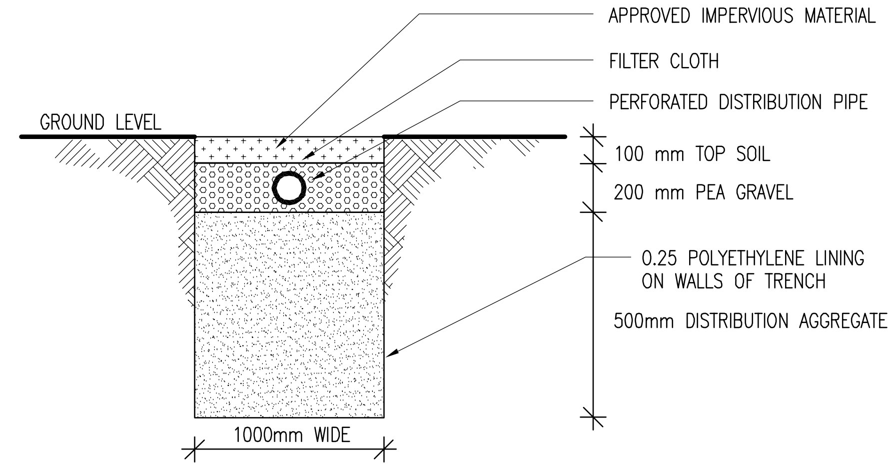
Sufficient area is available on site

Comments:
TIME LEFT FOR VIRAL DIE-OFF IN GROUNDWATER IS 24 DAYS
GROUNDWATER TRAVEL DISTANCE IS 19 METERS

ADOPTED MINIMUM SEPERATION DISTANCE IS 21 METERS

DATE	REV	AMENDMENT	CHKD
07.03.2012	A	ISSUED FOR APPROVAL	SB





3000 LITRE ALL PURPOSE SEPTIC TANK COMPLETE WITH XTRATREAT OUTLET FILTER INSTALLED TO OUTLET BAFFLE.

750 LITRE POLY PUMP STATION WITH SULLAGE PUMP CAPABLE OF MAINTAINING 1 LIT/SEC @ 3M HEAD. INSTALL CONTROL PANEL WITH FLASHING LIGHT ON WALL OF RESIDENCE.

16 METERS OF 1 METER WIDE x 800 DEEP ABSORPTION TRENCH.
REFER TO DETAIL.

HYDRAULIC ENGINEER
H2O CONSULTANTS
8/146 Anderson St, CAIRNS
Po Box 135, Bungalow, Q 4870
P: 07 40321468
F: 07 40321754
M: 0417 726656
E: admin@h2oconsultants.com.au
W: www.h2oconsultants.com.au
BSA: 745652

PROJECT
IBIS STORE
DAUAN ISLAND

CLIENT
GATEWAY CONSTRUCTIONS

DATE	FEB 2012	DRAWN	SB
SCALE	1:100	CHECKED	SB
SHEET SIZE	A3	APPROVED	SB
CAD FILE	Z:\Projects\1214 - IBIS Dauan Is.dwg		

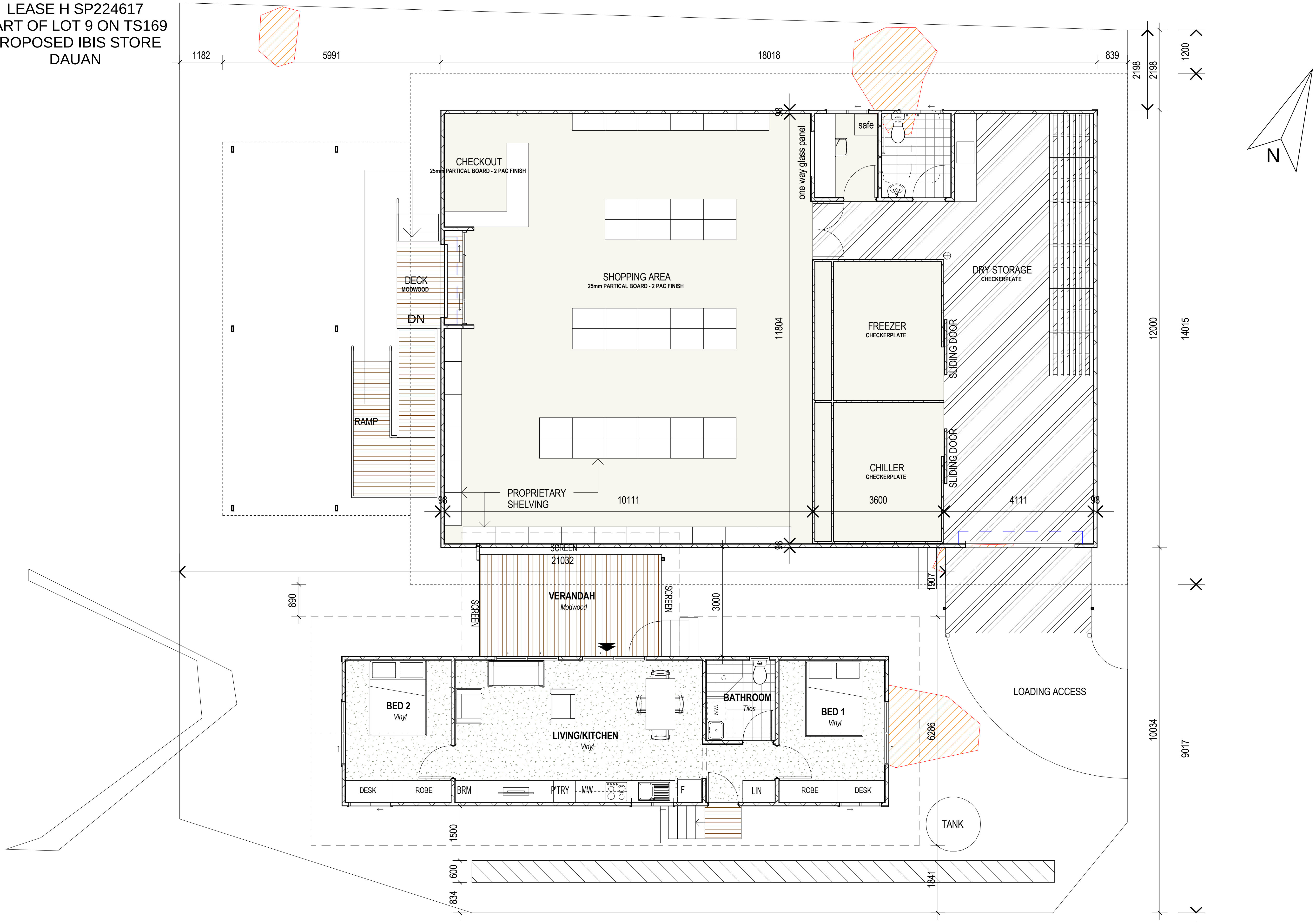
TITLE
HYDRAULIC SERVICES
SANITARY PLUMBING & DRAINAGE

PROJECT NO.	DRAWING NO.	REVISION
1214	H01	A

WORKING DRAWINGS

Revision Number	Revision Date	Revision Description
1	13/01/2012	1ST ISSUE TO ALL DEPARTMENTS

LEASE H SP224617
PART OF LOT 9 ON TS169
PROPOSED IBIS STORE
DAUAN



Project **300 STORE**	Client **IBIS**	Drawn **BT**	Project No. **GW-O11-036**
Location **DAUAN ISLAND**	Drawing **SITE PLAN**	Checked **Checker**	Sheet No. **WD 1.0** / Revision **1**

2/03/2012 10:39:13 AM

GATEWAY CONSTRUCTIONS
HIA GreenSmart PROFESSIONAL
QBSA 701600 Division of Margach Builders Pty Ltd ABN 11 078 363 729 ACN 078 363 729
T 1300 830 127 F 07 4035 3331 E office@gatewayconstructions.com ADDRESS 139 - 143 Hartley Street Portsmith, CAIRNS Qld 4870

90024_01/KMK/FB 1009

Land Title Act 1994; Land Act 1994
Form 21 Version 2

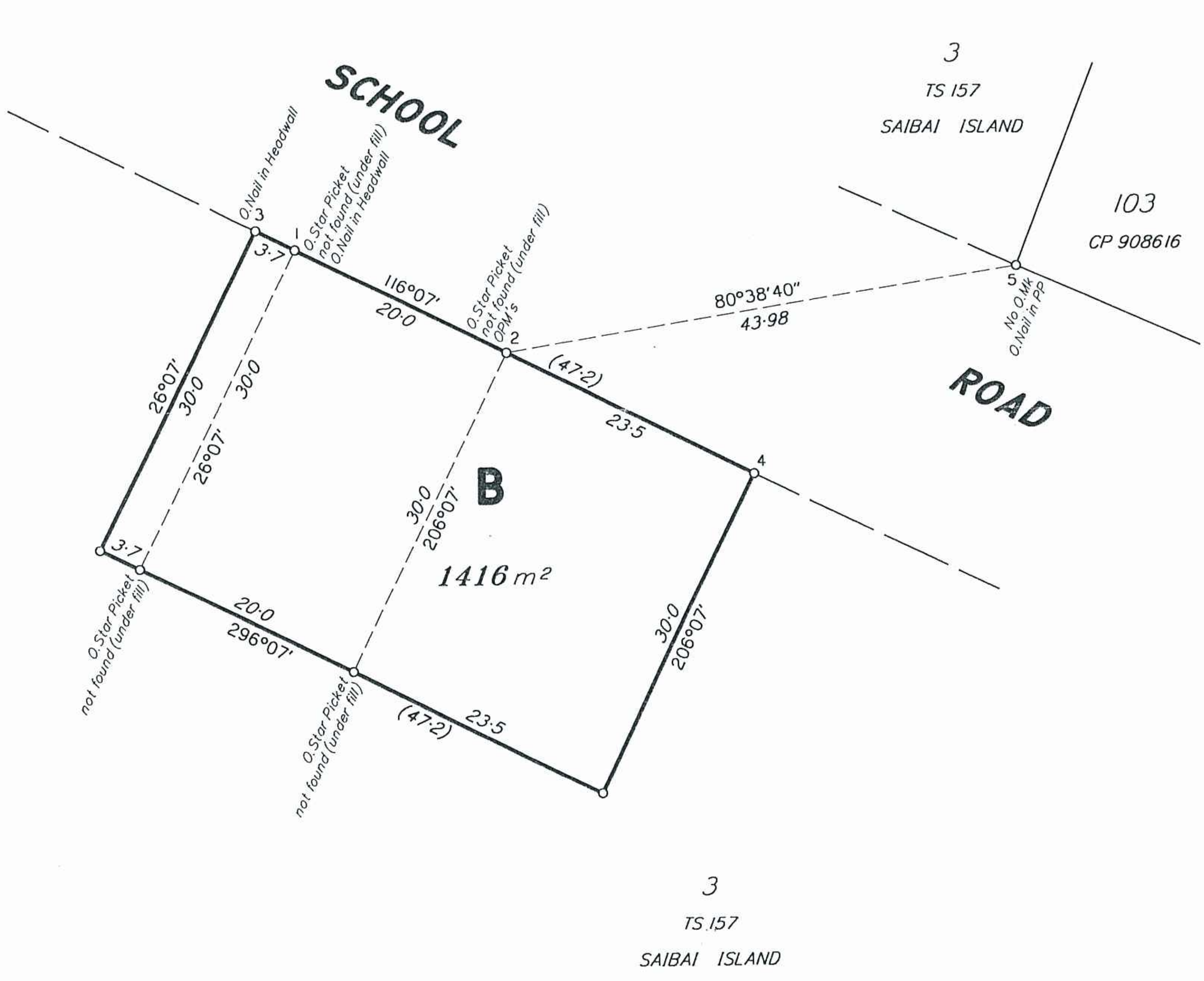
SURVEY PLAN

REFERENCE MARKS

	STN	TO	ORIGIN	BEARING	DIST
Same Mark	1	O.Nail in Hdwll	SP 135865	342°29'45"	5·59
Same Mark	3	O.Nail in Hdwll	SP 135865	23°59'	4·052
	4	Nail in Conc Rd		337°38'	8·345
	5	O.Nail in PP	DP 100458	169°52'30"	16·725

PERMANENT MARKS

STN	ORIGIN	BEARING	DIST	NO	
2-OPM	SP 135865	329°28'	10·33	119879	
2-OPM	SP 135865	123°55'40"	169·88	121331	New Conn



Star Picket placed at all new corners.

Scale 1:500 – Lengths are in Metres.

C&B CONSULTANTS PTY LTD ACN 055 931 096 hereby certify that the Company has surveyed the land comprised in this plan by Adrian Edward SOLOMON, Registered Surveyor (Licensed) for whose work the company accepts responsibility, that the said survey was performed in accordance with the Surveyors Act 1977 and the Surveyors Regulation 1992 and that the said survey was completed on 6/12/00.

Stephen James BREDGWELL
Director and Registered Surveyor (Licensed)

Director

Date

Plan of Lot B

in Lot 3 on TS 157

Scale: 1:500

Format: STANDARD

SP136902

Plan Status:

PARISH: GIAKA

COUNTY: Torres

Meridian: AMG Vide DP 100458

F/N's: No

WARNING : Folded or Mutilated Plans will not be accepted.
Plans may be rolled.
Information may not be placed in the outer margins.

(Dealing No.)

Registered

5. Lodged by

(Include address, phone number, reference, and Lodger Code)

1. Certificate of Registered Owners or Lessees.

~~I~~/We SAIBAI ISLAND COUNCIL HELD IN TRUST FOR THE BENEFIT OF ISLANDER INHABITANTS AND FOR NO OTHER PURPOSE WHATSOEVER

(Names in full)

* as Registered Owners of this land agree to this plan and dedicate the Public Use Land as shown hereon in accordance with Section 50 of the Land Title Act 1994.

~~* as Lessees of this land agree to this plan.~~

Signature of *Registered Owners ~~*Lessees~~

* Rule out whichever is inapplicable

2. Local Government Approval.

*

hereby approves this plan in accordance with the :

%

Dated this day of

#

#

* Insert the name of the Local Government. % Insert Integrated Planning Act 1997 or
# Insert designation of signatory or delegation Local Government (Planning & Environment) Act 1990

3. Plans with Community Management Statement :

CMS Number :

Name :

4. References :

Dept File :

Local Govt :

Surveyor : 90024

6.

Existing			Created		
Title Reference	Lot	Plan	Lots	Emts	Road
21296134	3	TS 157	B	———	———

Orig	Lots
O.Lot 3 on TS 157	B

7. Portion Allocation :

8. Map Reference :
7479–33112

9. Locality :
SAIBAI ISLAND

10. Local Government :
SAIBAI ISLAND COUNCIL

11. Passed & Endorsed :

By : C&B CONSULTANTS PTY LTD
Date : 3/1/2001
Signed : J Solomon
Designation : Licensed Surveyor

12. Building Format Plans only.

I certify that :
* As far as it is practical to determine, no part of the building shown on this plan encroaches onto adjoining lots or road;
* Part of the building shown on this plan encroaches onto adjoining * lots and road

Licensed Surveyor/Director * Date
* delete words not required

13. Lodgement Fees :

Survey Deposit	$
Lodgement	$
New Titles	$
Photocopy	$
Postage	$
TOTAL	$

14. Insert Plan Number SP136902

Public Benefit Assessment of Reform Options for the Building Services Unit

Torres Strait Island
REGIONAL COUNCIL

Final Report

April 2012

A leading Australian consulting group recognised through the success of our clients

Economics, Planning & Development
Business Strategy & Finance
Community Research & Strategy
Design, Marketing & Advertising
Information & Knowledge Management

Document Control

Job ID:	44156
Job Name:	Public Benefit Assessment of Reform Options for the Torres Strait Island Regional Council Building Services Unit
Project Director:	Gavin O'Donovan
Project Manager:	Gavin O'Donovan
Company:	Torres Strait Island Regional Council
Job Contact:	Anthony Bird
Document Name:	TSIRC BSU PBA Final Report 12Apr12.docx
Last Saved:	12/4/2012 4:43 PM

Version	Date	Reviewed PM	Approved PD
Version 1.0	15/06/2010	RMc	GO
Draft Report 1.0	15/08/2010	RMc	GO
Draft Report	16/08/2010	RMc	GO
Final Draft Report	30/09/2010	GO	GO
Final Report	12/04/2012	GO	GO

Executive Summary

Background

AEC Group was commissioned by Torres Strait Island Regional Council (TSIRC) to undertake a strategic review of structural reform options to its Building Services Unit (BSU) in accordance with National Competition Policy (NCP) principles. The objective of applying such reforms is to enhance management and performance of the business and maximise the benefits of such activities to the Torres Strait Island community.

A Public Benefit Assessment (PBA) was required to review the appropriateness of adopting one of the following business models:

1. The business remains a local government service and applies Full Cost Pricing (FCP) reforms to ensure appropriate cost recovery occurs in setting prices.
2. The business becomes a Commercialised Business Unit (CBU) of TSIRC with a separate General Manager responsible for business operations.
3. The business becomes a Council-Owned Corporatised Entity, which is a separate entity from TSRIC with a Board of Directors governing its activities.

Table E.1: Characteristics of Each Reform Option

Model	Implications
Full Cost Pricing	• Minimum reform level that would be adopted by a significant business activity • Waste activities being provided by a program or section within the local government's organisational structure (as per roads, parks, etc.) • Costing/pricing on comparable basis to private sector (aware of actual cost of service provision) • Commercial return on investment targeted • Some minor compliance costs
Commercialised Business Unit	• A CBU (not a separate legal entity) is created by the local government to manage the business, with a dedicated business unit manager employed • CBU has increased managerial autonomy for day-to-day operations • CBU may have a greater ability to source inputs from outside of the local government, subject to the framework adopted • CBU features its own business and operating plan • CBU has more of a commercial orientation than under the full cost pricing reform option, and is subject to separate performance reporting (financial and non-financial) • Commercial return on investment targeted
Corporate Entity	• A separate corporate and legal entity is created by the local government to manage the business, with the local government acting as sole shareholder • A Board of Directors (with independent commercial skills) is appointed, responsible for policy formulation and governance of the Corporate Entity • The local government retains ownership and ultimate control of the Corporate Entity via its shareholder role, and sets strategic direction and performance expectations of the Board through an annual Statement of Corporate Intent (that includes such targets as an agreed rate of return, dividend levels, tax equivalent payments, non-financial key performance indicators/objectives, etc.) • The Corporate Entity is subject to robust performance monitoring • The Corporate Entity must report publicly on its annual performance • The Corporate Entity features a greater business focus than under the Full Cost Pricing and Commercialised Business Unit reform options • Prices are set in accordance with commercial cost recovery, including a commercial return on assets employed in the Corporate Entity (as per FCP price setting) • Compliance costs will exceed those incurred under the FCP and CBU model • Some functions are not subject to the same regulations that are applicable to Commercialised Business Units (for example, *the Freedom of Information Act*)

Outcomes of the Assessment

Based on financial forecasts for the business, there appears to be strong potential for TSIRC to earn decent commercial returns from BSU should it be able to recoup all direct and indirect costs in addition to a commercial cost margin and current funding arrangements continue. Under current arrangements, funding does not appear to recover all overheads associated with operating the business, nor does it cover an appropriate commercial cost margin.

An overview of the quantum of the financial impacts under each reform option is reported below, with the assessment showing that, relative to the business as usual case, the following net present financial benefits are calculated:

- $56.5 million under the Corporate Entity option;
- $50.6 million under the CBU option; and
- $48.0 million under the FCP option.

Table E.2: Financial Benefits and Costs of Each Reform Option

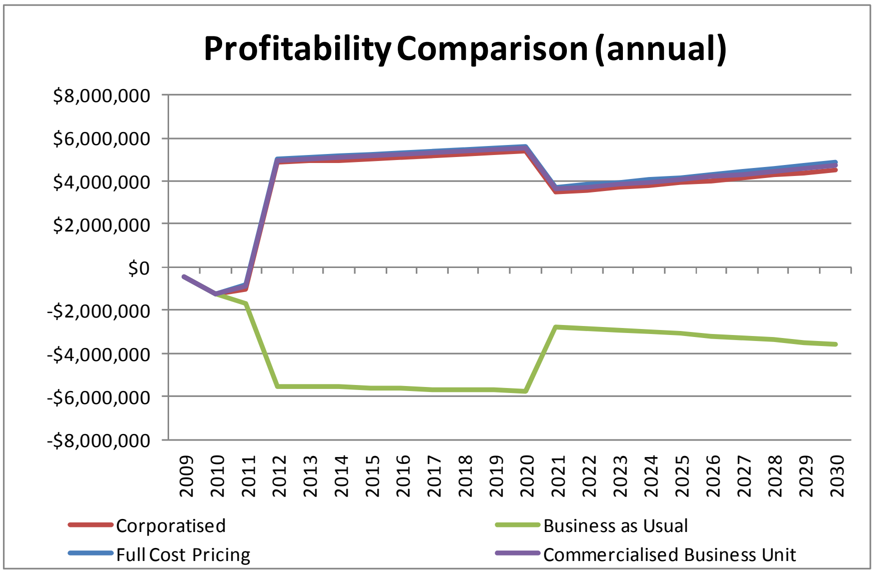
Category	Corporate Entity	CBU	FCP
Benefits			
Cumulative Labour Efficiency Savings	$8,038,947	$1,995,075	$0
Cumulative Materials Efficiency Savings	$4,504,867	$2,247,338	$0
Additional Administration Charges Recouped	$10,400,986	$10,403,001	$10,405,010
Earnings Before Interest, Tax & Depreciation	$35,957,048	$37,094,682	$37,913,132
Total Benefits	*$58,901,849*	*$51,740,096*	*$48,318,142*
Costs			
Establishment Costs	$200,000	$100,000	$50,000
Additional Ongoing Governance & Administration Costs	$2,153,347	$1,076,674	$269,168
Total Costs	*$2,353,347*	*$1,176,674*	*$319,168*
Net Present Value of Benefits/(Costs)	**$56,548,501**	**$50,563,422**	**$47,998,973**

Source: AEC Group

Obviously, given the recognition of all direct and indirect costs in undertaking works, TSIRC's apparent historic subsidisation of BSU will be removed under all reform options. From the above financial impact assessment, even after accounting for entity establishment and anticipated additional ongoing operating costs, moving to a Corporate Entity structure appears to deliver the most significantly improved outcome for BSU, TSIRC and the local community. Productivity improvements are likely to result from the adoption of a more commercial focus by the business, which should result to additional housing and other activity within a given budget constraint.

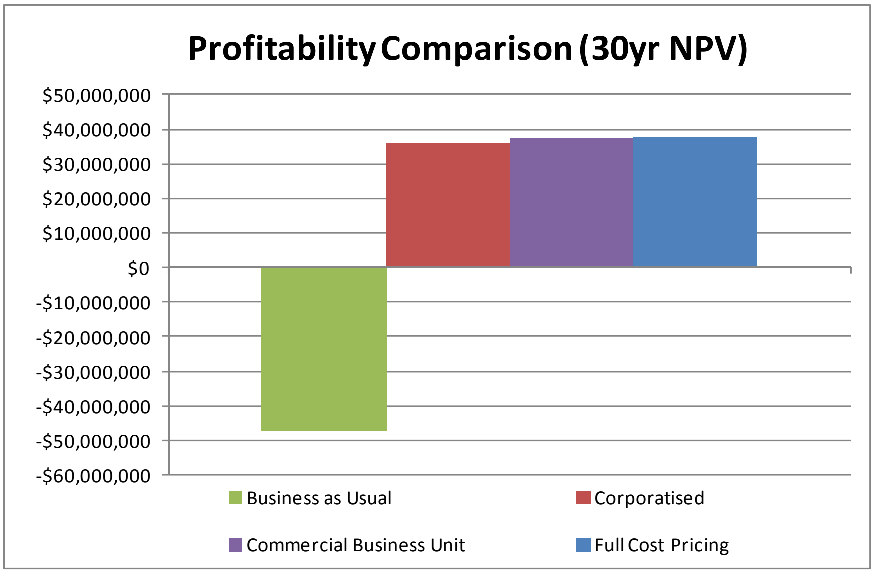
An alternate approach to valuing the relative benefit of a corporate structure would be to assume that the percentage revenue shortfall achieved in 2009/10 (14.1%) was carried forward into future years. The net present loss associated with business as usual under this assumption is $47.0 million. The greater the extent of works undertaken, the greater the loss (or subsidy) incurred by TSIRC. By comparison, the net present profits (before interest and depreciation) earned under the reform options are estimated to be of the order of $36 million to $38 million over the same period.

Figure E.1: Comparison of Annual Profitability



Source: AEC Group

Figure E.2: Comparison of NPV Profitability



Source: AEC Group

While it would appear that the FCP option produces the greatest profitability outcome for BSU, the lack of cost efficiencies means that this will occur at the expense of the number of houses able to be constructed within a given budget. In addition, it does not take into consideration the potential impact on the competitiveness of BSU moving forward if cost efficiencies are not realised.

The number of houses able to be constructed and upgraded in the first 10 years of the model is estimated at:

- 353 and 535, respectively, under the Corporate Entity option;
- 343 and 521, respectively, under the CBU option;
- 334 and 507, respectively, under the FCP option.

A comprehensive qualitative assessment also confirms net benefits are likely under all reform options, with the Corporate Entity model likely to produce the greater net benefits for the local community.

Recommendation

The PBA shows that when comparing the net community benefit of the available reform options, the adoption of the **Council Owned Corporate Entity reform option** appears to provide the greatest net community benefit when compared to the Full Cost Pricing (FCP) and Commercialised Business Unit (CBU) reform options.

It is therefore recommended that Torres Strait Island Regional Council adopt the Council Owned Corporate Entity reform option for the Building Services Unit (BSU) moving forward, subject to further evaluation of the establishment and ongoing operating costs likely to be incurred in addition to the appetite for BSU's customers for such a structure (and associated pricing implications).

Features of BSU that may align with corporatisation include:

- It could be argued that providing a building service, largely for external customers, is not really core business for TSIRC given that it consumes financial, administrative and management resources which could be reallocated to other services;
- BSU already operates on a 'contract' service model delivering new building and maintenance services to a variety of internal TSIRC service delivery managers, QBuild and other clients;
- BSU has only one permanent employee with the majority of staff on contract or CDEP, and therefore transition to a corporatised model would involve minimal human resource issues as staffing is already on a different model to TSIRC's mainstream operations;
- There is little competition for building services in island communities at present and corporatisation, including the necessary step of full cost pricing, will ensure a fair and competitive market environment (but may also increase the risk to the corporatised entity from reduced 'sales'); and
- To the extent that TSIRC's current cost recognition for BSU activities are inadequate, TSIRC may be providing a subsidy on projects and to clients in addition to assuming risk for project over-runs and delivery times, and the creation of a separate entity would remove this risk (although in the face of rising prices, funding allocations for housing and other building works may buy less).

Risks

The biggest risks for TSIRC from adopting the Corporate Entity model include:

- Funding agencies not agreeing to the inclusion of a commercial profit margin on works undertaken by the business unit (although it is possible that the level of the margin could potentially be negotiated with the relevant agencies if necessary);
- Loss of 'first right of refusal' should funding agencies decide to test the competitiveness of the marketplace, given the fact that BSU is almost entirely reliant on external funding sources;
- The potential need to ensure price and service competitiveness for continued access to funding programs;
- The ability to source necessary skilled resources to undertake the required works, and retain existing resources (noting that the business is currently reliant on contractors and one or two key personnel);
- Retention of an appropriately skilled General Manager/CEO and Board of Directors at an affordable cost; and
- Whether grant funds can only be paid to TSIRC rather than the Corporate Entity and, if so, whether there are any issues with a direct pass-through to the Corporate Entity from TSIRC.

It will be important for BSU to have in place flexible recruitment/contracts to cope with potential significant fluctuations in activity from period to period, and to mitigate any risks associated with the potential loss of funding.

Another potential business risk is the need for employees to move to the Federal industrial relations regime under a corporatised structure. Given the number of staff members directly employed by Council (one), this risk is considered minimal but unions may still act against the application of corporatisation reforms.

Timeline for Reform Adoption

If TSIRC wished to proceed with corporatisation, it would be desirable for BSU to commence operations in a corporate form from 1 December 2012 although if this is not possible then the timeframe should be no later than 1 July 2013. TSIRC will need sufficient time to prepare its administrative, financial and governance arrangements to accommodate the reforms, as well as develop an organisational structure for the business and fill any vacant positions (including the Board of Directors).

TSIRC may wish to undertake consultation with key stakeholders regarding the outcomes of this PBA, as well as obtain formal confirmation from funding agencies that the adoption of a corporatised model will not result in a reduction in funding received for works to be undertaken by the business.

Table of Contents

1. Background to the Project

1.1 Background

Torres Strait Island Regional Council (TSIRC) was formed as a result of local government reforms and the amalgamation of the former Island Councils of Badu, Boigu, Dauan, Erub, Hammond, Iama, Kubin, Mabuiag, Mer, Poruma, Saibai, St Pauls, Ugar, Warraber and York. A key goal of local government reform was to improve service delivery, operations and management, with an appropriate and efficient organisational structure fundamental to ensuring good governance and long-term financial sustainability moving forward.

One of the identified significant commercial business activities undertaken by TSIRC is the Building Services Unit (BSU), which undertakes housing construction projects on the Torres Strait Islands (funded by capital grant funds from Aboriginal and Torres Strait Island Housing (ATSIH)), repair and maintenance programs for TSIRC-owned housing (funded by Qbuild), and TSIRC construction programs.

BSU features approximately 80 staff, most of which are employed under the Community Development Employment Projects (CDEP) program, in addition to engaging approximately 20 external trade contractors. Labour is a mix of qualified tradespersons on contract and local qualified and unqualified persons. A contracted Building Manager manages all capital works undertaken.

TSIRC identified that there is currently no objectives statement for BSU detailing its key operational objectives. As such, the objectives and role of the BSU currently appear to be blurred across the functions of asset owner, tenancy manager, CDEP employer and builder (its core function). Further, no key performance indicators were identified by which TSIRC is able to assess BSU's performance.

AEC Group was commissioned by TSIRC to undertake a strategic review of structural reform options for BSU, with the aim of enhancing management and performance of the business.

1.2 Public Benefit Assessment

TSIRC has a number of responsibilities in the investigation and application of competition policy and structural reforms to its identified financially significant business activities. An expenditure threshold exists to determine whether a local government business is 'financially significant' for the purposes of undertaking a Public Benefit Assessment of the net impacts on the community from the adoption of a number of structural reform options.

The expenditure threshold for new 'Type 2' significant business activities (other than water and sewerage activities) was $7.9 million for the 2008/09 financial year and $8.35 million for the 2009/10 financial year. While it is difficult to separate financial information specifically related to the BSU function (i.e. construction and maintenance on a contractor model), it appears that it exceeded this threshold (with estimated expenditure of $9.3 million in 2008/09 and $10.2 million in 2009/10).

Competition reforms intend to make the true costs and performance levels of local governments business activities more transparent and accountable, therefore facilitating better decisions by local government Councillors, Chief Executive Officers and Managers (additional detail on the NCP requirements of local governments is provided in Appendix A).

This assessment is undertaken in accordance with the requirements of the *Local Government Act 2009*.

Under NCP, there is a hierarchy of reform options for significant business activities:

1. The business remains a local government service, but applies Full Cost Pricing (FCP) reforms;
2. The business becomes a Commercialised Business Unit (CBU); and
3. The business becomes a Council-Owned Corporatised Entity.

A brief description of each of the three reform options is reported in the following table.

Table 1.1: Structural Reform Options for Significant Business Activities – Key Differences

Reform Option	Implications
Full Cost Pricing (FCP)	• Minimum reform level that would be adopted by a significant business activity • Waste activities being provided by a program or section within the local government's organisational structure (as per roads, parks, etc.) • Costing/pricing on comparable basis to private sector (aware of actual cost of service provision) • Commercial return on investment targeted • Some minor compliance costs
Commercialised Business Unit (CBU)	• A CBU (not a separate legal entity) is created by the local government to manage the business, with a dedicated business unit manager employed • CBU has increased managerial autonomy for day-to-day operations • CBU may have a greater ability to source inputs from outside of the local government, subject to the framework adopted • CBU features its own business and operating plan • CBU has more of a commercial orientation than under the full cost pricing reform option, and is subject to separate performance reporting (financial and non-financial) • Commercial return on investment targeted
Corporate Entity	• A separate corporate and legal entity is created by the local government to manage the business, with the local government acting as sole shareholder • A Board of Directors (with independent commercial skills) is appointed, responsible for policy formulation and governance of the corporate entity • The local government retains ownership and ultimate control of the corporate entity via its shareholder role, and sets strategic direction and performance expectations of the Board through an annual Statement of Corporate Intent (that includes such targets as an agreed rate of return, dividend levels, tax equivalent payments, non-financial key performance indicators/objectives, etc.) • The corporate entity is subject to robust performance monitoring • The corporate entity must report publicly on its annual performance • The corporate entity features a greater business focus than under the Full Cost Pricing and Commercialised Business Unit reform options • Prices are set in accordance with commercial cost recovery, including a commercial return on assets employed in the corporate entity (as per FCP price setting) • Compliance costs will exceed those incurred under the FCP and CBU model • Some functions are not subject to the same regulations that are applicable to Commercialised Business Units (for example, *the Freedom of Information Act*)

Source: AEC*group*

It is important to note that all reform options involve setting prices to recover the same costs that would be incurred by a private sector entity, incorporating:

- Direct and indirect costs (e.g. wages, superannuation, materials, contractors, consumables);
- Administration and management costs;
- Return of capital/depreciation;
- Return on capital invested by the local government (e.g. resources, infrastructure, land, buildings, plant/equipment);
- Incorporation of tax equivalents such as general rates, land tax, payroll tax, FBT and taxes on business profits; and
- Adjustments for other advantages and disadvantages of public sector ownership.

Under all reform options, non-commercial activities undertaken by the business at the direction of the local government also need to be funded through Community Service Obligation (CSO) payments if a commercial charge is unable to be levied to cover the cost of the activities.

1.3 Scope of the Assessment

This report assesses the appropriateness of implementing structural reforms to BSU, aimed at placing the business on par with corporations in the private sector and establishing a focus on performance and efficiency. This report evaluates the likely costs and benefits to all community stakeholders of moving BSU from its current operating environment (the base case, as a TSIRC service with no reform) to a situation where it operates under FCP principles, as a CBU, or as a Corporate Entity. Reform options should only be implemented if it can be established that the benefits of implementing the reforms outweigh the costs to the community as a whole.

The PBA process is outlined in more detail in Appendix B.

1.4 Limitations of the Assessment

Given limited detailed financial and other information relating to BSU's operations, the financial analysis undertaken in the report is based on forecasts derived using a variety of assumptions regarding business activity levels, revenues and costs.

The final assessment has been undertaken using 2008/09 and 2009/10 financial information. No update for 2010/11 actual and 2011/12 budget financial information has been undertaken on the assumption that the business is currently operating in the same manner and at the same level as it did when the draft assessment was undertaken.

2. Existing Structure and Operations

2.1 Core Operational Functions

The core functions undertaken by BSU are to:

- Deliver housing construction projects on the Torres Strait Islands;
- Deliver repair and maintenance programs to TSIRC-owned housing; and
- Deliver TSIRC construction projects.

TSIRC receives capital grant funds from ATSIH to construct community houses throughout the Torres Strait, with a mix of subcontractors and CDEP employees used to construct housing in line with grant guidelines. Upon completion, houses are recognised as TSIRC assets and are subsequently rented to community members with TSIRC collecting rental income from tenants. TSIRC carries out repairs and maintenance approved by QBuild and invoices QBuild for the cost of repairs and maintenance.

2.2 Service Area

The area in which BSU has managed housing programs included a population of 5,500 persons across 15 islands in 2008 (when local government amalgamations took place), as outlined in the following table. The communities are all relatively small, ranging from 1,021 persons at Badu to 95 persons at Ugar. The population in all communities is overwhelmingly of Torres Strait Islander ethnicity.

Table 2.1: Estimated Population of TSIRC Communities

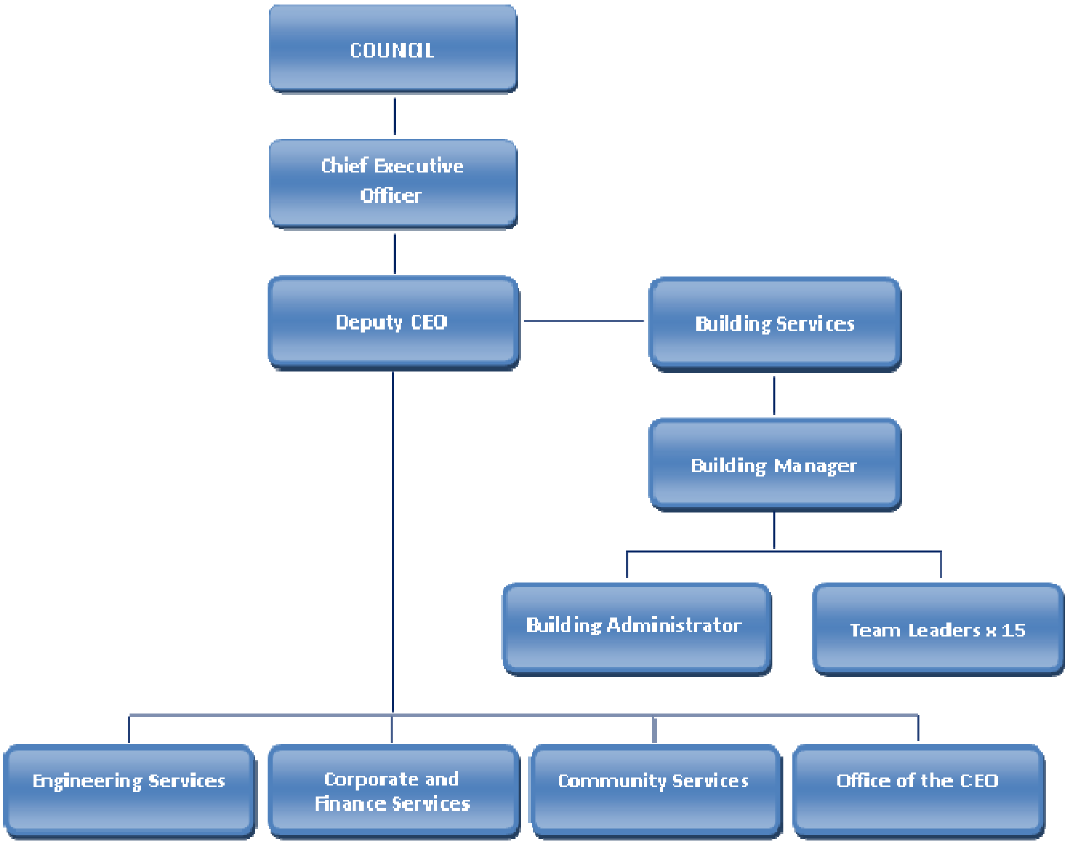
	Estimated Population								
Community	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007r**	**2008p**	**% TSI**
Badu	841	869	892	920	952	991	1,000	1,021	86%
Boigu	325	325	323	319	317	320	308	316	90%
Dauan	135	145	158	163	173	184	179	182	96%
Erub	359	362	372	372	377	382	398	407	89%
Hammond	228	238	242	247	251	257	261	268	91%
Iama	382	378	381	377	373	377	379	387	92%
Kubin	248	244	247	243	242	242	251	260	90%
Mabuiag	269	277	283	286	288	302	308	310	95%
Mer	502	518	539	556	572	587	593	611	96%
Poruma	196	196	200	197	196	200	209	214	n.a.
Saibai	406	401	404	403	408	408	427	428	92%
St Pauls	257	264	271	275	280	289	296	298	91%
Ugar	68	73	76	80	86	91	93	95	n.a.
Warraber	262	266	269	278	284	296	306	315	97%
Yorke/Masig	373	364	359	357	360	360	368	377	89%
Total	**4,853**	**4,921**	**5,016**	**5,071**	**5,161**	**5,286**	**5,379**	**5,490**	

Notes: ABS has historically underestimated resident populations in Indigenous communities. To provide a truer reflection of actual resident population, the above figures are composite estimates by AEC*group* based on ABS residential population and 2002 estimates prepared by the University of Queensland (Taylor, 2002). n.a. = not available, p = preliminary, r = revised.
Source: ABS 3218.0, Taylor (2002), AEC*group*

2.3 Organisational Structure and Governance

Figure 2.1 presents the current structure of BSU and its relationship within the TSIRC organisational structure.

Figure 2.1: Building Services Unit – Governance Structure



Source: AEC*group*

BSU was previously part of the Housing and Ports Division of TSIRC. Following the departure of the Housing and Ports Division's Executive Manager, the Division's functions were allocated across other TSIRC Divisions, with the Deputy Chief Executive Officer being allocated responsibility for BSU.

On a project-by-project basis, BSU's Building Manager currently reports on building activities to the Deputy Chief Executive Officer. Within the business, there are up to 15 Team Leaders (one per island) that assist the Building Manager with day-to-day business operations. Financial delegation is provided to the Building Administrator in accordance with provisions contained in TSIRC's procurement policy and the *Local Government Act*.

BSU uses a number of support services provided by TSIRC, including:

- Corporate governance support;
- Corporate business systems (accounting, IT);
- Plant, equipment and fleet; and
- Other miscellaneous support services (payroll, etc).

It has been indicated that TSIRC applies a 20% surcharge on all BSU costs, representing an implicit fee for the provision of these services. It is unclear whether this is sufficient to meet actual costs, or whether this charge is consistently applied across all works undertaken by BSU. Such an arrangement needs to be formalised under any formal implementation of structural reforms under competition policy.

TSIRC identified that there is currently no objectives statement for BSU detailing its key operational objectives. As such, the objectives and role of the BSU appear to be blurred across the functions of asset owner, tenancy manager, CDEP employer and builder (its core function). Further, no key performance indicators were identified by which TSIRC is able to effectively assess BSU's performance.

2.4 Business Personnel

2.4.1 Breakdown of Personnel

Currently, of the 84 persons estimated to be working for BSU, the Building Administrator is the only staff member that is employed by TSIRC. All other labour consists of a mix of contractors and CDEP labour. In terms of the employment structure, the Building Manager and all team leaders are contractors and all Indigenous labour is engaged under the CDEP program. In addition, there is a pool of contract labour 'floaters', with up to eight persons being employed at any one time. All contractors are tradespersons.

Labour resources engaged by BSU are detailed in Table 2.2.

Table 2.2: Full-Time Equivalent (FTE) Labour, 2010

Type	Labour (FTE)	Proportion (%)
TSIRC Staff	**1**	**1.2%**
Contractors (total)	**26**	**31.0%**
Building Manager	*1*	*1.2%*
Team Leaders	*10*	*11.9%*
Other	*15*	*17.9%*
CDEP Employees (total)	**57**	**67.9%**
Tradespersons	*32*	*38.1%*
Apprentices	*21*	*25.0%*
Trainees	*4*	*4.8%*
Total BSU	**84**	**100.0%**

Source: BSU

2.4.2 TSIRC Staff

The TSIRC staff member is employed subject to TSIRC's current Enterprise Bargaining Agreement and the following parent awards:

- *Queensland Local Government Officers Award 1998*; and
- *Local Government Employees (excluding Brisbane City Council) Award State 2003*.

2.4.3 Contractors

Contractors make up 31% of BSU's workforce. Other than the Building Manager, who is employed on long-term contract, contractors are engaged on short-term contracts. There is a core group of contractors engaged on three-month rolling contracts that focus on construction activity (but also undertake repair and maintenance activities depending on workload and flow). Other contractors are engaged to undertake project-specific construction and/or repair and maintenance activities.

2.4.4 CDEP Employees

CDEP employees comprise 68% of BSU's workforce. Regular hours for CDEP employees are 76 hours per fortnight, of which 32 hours are paid for by the CDEP program, with TSIRC providing 'top up' funding for the remaining 44 hours per fortnight. If there is insufficient BSU-related work for CDEP employees, it is understood that they are used for other, non-BSU TSIRC projects.

2.5 Business Assets

TSIRC identified that BSU does not have any material assets, with plant and equipment used by BSU being owned by Fleet. There is no formal hire rate/lease arrangement regarding use of plant and fleet by BSU, outside of the 20% oncost charged to recover all support services provided to the business by TSIRC.

2.6 Regulatory Responsibilities

BSU does not have any direct regulatory responsibilities. Building certification in the Torres Strait Island region, including for BSU's building works, is undertaken by private certifiers typically sourced from Cairns.

2.7 Sources of Income and Expenditure

2.7.1 Income

2.7.1.1 Residential and Non-Residential Building Projects

BSU bids for a range of contract work tendered by the Aboriginal and Torres Strait Island Housing (ATSIH) program and also undertakes building works directly for TSIRC. In terms of bidding on tenders, the Building Manager prepares and submits lump sum proposals on behalf of TSIRC based on specifications provided by ATSIH. In developing lump sum quotes, prices are generally set to deliver sufficient revenue to cover direct TSIRC building-related costs. CDEP labour costs not borne by TSIRC are not factored in when developing tender prices.

It is possible that BSU is not competing with potential competitors in a neutral manner, given that no formal assessment of full cost recovery is undertaken and a flat surcharge on costs exists to recover TSIRC overhead and support services costs (rather than a true cost-reflective and user-based allocation). It is highly possible that TSIRC is subsidising BSU's operations.

In the absence of a private sector construction market in the Torres Strait, BSU is typically seen as a preferred supplier of building services given its significant experience operating in the region and the fact that there is limited competition for ATSIH projects.

2.7.1.2 Repair and Maintenance Programs

Residential repairs and maintenance work is undertaken on behalf of QBuild. There is a formal process for the logging of jobs with QBuild, and the creation of work orders for works to be undertaken. BSU subsequently creates 'job sheets' which detail works that have been undertaken, and should (theoretically) align with the QBuild work order. Completed job sheets are used to create QBuild invoices.

Repair and maintenance work is undertaken on a 'do and charge' basis, meaning TSIRC is reimbursed for all costs incurred in undertaking repair and maintenance work for QBuild. It was noted during discussions with TSIRC that there is a tendency for completed job sheets to be misplaced, and that this can result in significant delays in invoicing, meaning there can be significant lags between the work being done and TSIRC being reimbursed.

2.7.1.3 Consolidated Revenue

All of BSU's operating income is sourced through TSIRC, which in turn funds the projects via ATSIH, QBuild grants/reimbursements and general appropriation processes. Since the allocation of Housing and Ports Division's responsibilities to other Divisions, TSIRC has continued to undertake financial reporting on the old divisional structure. As such, AEC*group* has not been able to source a consolidated financial statement relating specifically to BSU that identifies all revenues and expenditures.

BSU's estimated revenues in 2008/09 and 2009/10 are reported in the table below.

Table 2.3: Building Services Unit – Estimated Revenue

Revenue Items	2008/09	2009/10
Subsidies & Grants – Capital	$7,134,402	$6,615,385
QBuild Housing Maintenance	$1,723,344	$2,337,654
Total Revenues	**$8,857,746**	**$8,953,039**

Source: TSIRC, AEC Group

The data are sourced from a TSIRC Revenue and Expenditure report for 'Manager Housing'. In developing the revenue estimate it was necessary to identify and separate asset management revenue and asset construction revenue. It appears that revenue for non-residential building works undertaken for TSIRC is not identified in the Revenue and Expenditure report (for example, the TSIRC Poruma administration building).

2.7.2 Expenditure

TSIRC provided a spreadsheet detailing BSU's expenditure activity, excluding BSU's CDEP labour costs (which were budgeted at $2.05 million in 2009-10). Insurance and rates were excluded from this spreadsheet, with the expenditure outcomes for 2008/09 and 2009/10 (excluding CDEP labour costs) as per the following table.

Table 2.4: Building Services Unit – Operating Expenditure

Expenditure Items	2008/09	2009/10
Total Expenditure	$9,301,673	$10,217,223

Source: TSIRC, AEC Group

2.8 Financial Performance

Based on the financial information provided, it would appear that TSIRC is making a loss on BSU activities, i.e. TSIRC is essentially subsidising Australian and Queensland Government construction and maintenance programs.

Table 2.5: Building Services Unit – Financial Performance

Revenue Items	2008/09	2009/10
Profit/(Loss) Achieved	$443,926	$1,264,185
% Revenue Surplus/(Shortfall)	-5.0%	-14.1%

Source: AEC Group

2.9 Non-Financial Performance

BSU is not required to develop non-financial performance targets, and no available information was identified for inclusion in this review.

3. Consultation Process

3.1 Formal PBA Consultation Process

The formal PBA process includes a stakeholder consultation process to ensure that outcomes are determined in a transparent and accountable manner reflecting the views of all stakeholders that may be affected. Specifically, the consultation process attached to a formal PBA would normally:

- Identify the costs and benefits that may accrue to different stakeholders within and outside of the region;
- Identify the relative importance and specific sensitivities placed on a range of issues which may arise from the implementation of reforms by stakeholders; and
- Provide a forum for stakeholders (including the community) to express concerns in relation to any aspect of the reform process, and to provide input into the business unit's future strategy.

3.2 Consultation Process

The consultation process undertaken as part of this PBA included:

- Public advertisement of the draft business unit assessment in the "Torres News" Newspaper on Saturday 26th February 2011, requesting comment on the Report and its outcomes (see Appendix C);
- Making the draft assessment report available in hard copy for review at TSRIC's administration building;
- Engagements with funding agencies; and
- Engagement with internal stakeholders.

3.3 Consultation Outcomes

No responses to the draft business unit assessment report were received by TSIRC.

3.4 Likely Consultation Issues

The following issues were identified as part of the draft business unit assessment report to prompt potential responses from stakeholders:

3.4.1 Business Structure

- The FCP and CBU options would result in limited business structure changes, although a more defined operating structure and Council to business interactions would need to occur under the CBU option.
- A Corporate Entity would enable BSU to operate under clear commercial drivers and allow it to more effectively take advantage of business opportunities, e.g. commercial decisions on pricing and other business strategies and decisions made via the skills-based Board of Directors, when compared with the FCP and CBU options
- Efficiencies are expected to be realised by reporting to the skills-based Board of Directors under the Corporate Entity model, but any additional governance and other costs over the FCP and CBU options would have to be taken into account in setting charges for ATSIH and QBuild and in assessing net financial benefits of any change in structure from the status quo.

3.4.2 Knowledge Management

- Under the FCP and CBU options, minimal change would be expected outside of appropriate cost recognition.

- A Corporate Entity would provide an opportunity to exploit the skills and knowledge of BSU staff and management to the commercial advantage of the business and, ultimately, TSIRC if deemed to be financially feasible.

3.4.3 Reporting

- Increased reporting requirements in relation to costing and pricing would be necessary under the FCP option.
- Additional reporting requirements would be necessary under the CBU option, including the Annual Performance Plan, establishment of key performance indicators and service level agreements, etc.
- Reporting requirements and compliance costs under the Corporate Entity option are expected to considerably increase, due to the need to prepare and report on the Statement of Corporate Intent, the need to prepare a separate Annual Report and other aspects of compliance associated with the formation and maintenance of a separate company.

3.4.4 Internal Service Provision

- Under the FCP option, internal service provision by TSIRC's corporate functions to BSU would be largely unchanged.
- Under the CBU option, there may be greater scope for BSU to establish its own corporate functions.
- Unless specified in the Statement of Corporate Intent, a Corporate Entity may not be committed to sourcing administrative, financial and other services from TSIRC, and would have discretion to source alternative providers. If TSIRC was to bid to provide services to the corporatised entity, prices would be negotiated on commercial terms (to the corporatised entity, although not necessarily by TSIRC) and clear contractual arrangements and performance measures would need to be established.
- If TSIRC was to mandate use of its administrative (to avoid additional costs associated with duplication) and prices for these services were found to be not commercially competitive, TSIRC may need to fund the entity with a CSO or competitive neutrality adjustment payment for any additional costs that it would incur.

3.4.5 Human Resources

- No change would be expected under the FCP and CBU options, with employees remaining subject to TSIRC's Enterprise Agreement (or under contract with TSIRC).
- A corporatised structure would allow BSU scope for negotiating its own individual contracts or Enterprise Agreement.

3.5 Likely Key Stakeholders and Issues

The table on the following page summarises the likely key issues raised by selected stakeholders during a broad consultative process.

Table 3.1: Issues Likely to Be Raised by Stakeholders

Issue	Features and Issues
Councillors/TSIRC Executive	
Business Viability	* BSU will need to be financially sustainable and not negatively impact on TSIRC's consolidated financial position or sustainability * The extent of potential competition is uncertain, although BSU will need to be able to compete on the broad range of factors that make businesses competitive, including price, experience, service levels and quality, etc. * If prices/charges are set to reflect a private sector operating environment, there is a risk that BSU's access to funding may become increasingly competitive (impacting the viability of the business)
Assets and Responsibilities	* Preference is expected to be for clear separation of asset ownership and service delivery roles and responsibilities * Desirable for BSU to operate within a contractor model, where it would have no asset ownership or ongoing asset management of any of its construction projects (that is, it is purely a construction entity) * Asset ownership and ongoing management functions would rest with TSIRC * BSU would, however, be responsible for managing assets utilised in the process of construction (as opposed to the assets it has constructed)
Internal Service Provision	* Internal services currently provided by TSIRC could continue in a more formal form (involving contracts and service level agreements), although a corporatised entity may not be held to using TSIRC support services and may source more commercially attractive services and prices external to TSIRC * Any decision to source support services from outside TSIRC has the potential to impact on employment in administrative and financial services roles within TSIRC * Competitive neutrality adjustments and/or Community Service Obligation payments would be required if BSU was a CBU or Corporate Entity undertook activities on non-commercial terms from TSIRC on a mandatory basis
BSU Management	
Clear Roles	* BSU would need to have clear roles, responsibilities and lines of accountability, with any non-commercial functions remaining with TSIRC or funded through direct payments or Community Service Obligation payments from TSIRC
Flexibility	* BSU management would not wish to be burdened with charges for support services that do not reflect private sector outcomes and as such may wish to have sufficient flexibility to reduce support services costs where applicable, or alternatively source services from outside TSIRC * Flexibility desired over management and business operations to meet specified targets and maximise profitability
Charging Structures	* Charging structures should be based on user pays principles with more remote, difficult or complex projects that incur higher costs being charged higher prices (although TSIRC may argue that such a system may disadvantage development in more remote communities)
BSU Employees	
Employment Conditions and Job Security	* There would be some concern under the CBU option and particularly under the Corporate Entity option that current employment conditions may change, resulting in an actual or perceived loss of job security * Given BSU's reliance on contract employment, it is not expected that concerns would be too great, although moving from a contract with TSIRC to a contract with a corporatised entity is likely to at least result in a perceived reduction in job security * There would also be some concern that the move to a corporatised structure would result in increased outsourcing to contractors for capital and other works (reducing the fixed labour base and replacing with an on-demand labour base), resulting in a downsizing of the existing CDEP employee workforce
Staff Transfers and Relocations	* There may be concerns that corporatisation may result in transfers and relocations of staff
Unions	
Protection of State Industrial Agreements/ Awards	* Unions may act against any move that results in workers changing from State awards to the Federal industrial relations regime (as would occur under corporatisation) and will express concern over possible reductions in superannuation entitlements * However, the workforce mainly consists of contractors and CDEP workers and so any impacts would be limited to the TSIRC-employed workforce (which is presently one person)
Loss of TSIRC Control	* A corporatised structure would result in a loss of TSIRC control over the entity's day-to-day operations and decision making, which the unions may have concerns about particularly regarding any flow-on effects for TSIRC-employed workers in other areas of TSIRC's operations (e.g. support services functions)

Issue	Features and Issues
External Funding Providers/Customers	
Recovery of Increased Administration Costs	* External funding providers may be concerned that a greater proportion of the funds they provide may be used to recoup the cost of governance and administrative structures under the CBU and Corporate Entity options * Compared to the status quo, the creation of a Corporate Entity involves significant upfront and ongoing governance and compliance costs associated with forming and running a Board of Directors, engaging a Chief Executive Officer and additional compliance and reporting costs, and these additional costs would need to be recouped through appropriate pricing/charging practices * Further, corporatisation may lead to higher salaries being paid (albeit performance-based in most instances), although consideration should also be given to any increased efficiencies able to be achieved as a result of an increased commercial focus
Incorporation of Profits	* External funding providers may also be concerned that the adoption of competition reforms to the business will place further upwards pressure on costs to be recouped given that a commercial profit margin will need to be earned on all works undertaken (with profits paid to TSIRC from BSU to be reflective of dividend payments made to shareholder/s in the private sector) * Concerns that the largely monopoly position enjoyed by BSU to date in the delivery of built assets in the Torres Strait region could be exploited in terms of profit generation in the short term before other entrants are (potentially) attracted to the market
Risk Management	* External funding providers would need to ensure that appropriate risk management strategies are in place for BSU if it were to become a separate entity from TSIRC under the CBU and Corporate Entity options
Product/Service Suppliers	
Supplier Agreements	* If BSU has existing supplier agreements (for example, with the St Pauls brickworks), these may need more formal competitive supply arrangements
Broader Community	
Community Expectations	* BSU appears to be operating on a different basis to the rest of TSIRC as evidenced by its predominant use of contractors, separation in the organisational structure and project related workflow * Nevertheless, even if a corporatised entity is created it is likely that TSIRC will still be seen as responsible for housing construction and maintenance in the community and there may be some concerns regarding possible impacts associated with the potential corporatisation of BSU * The most important objective would be to ensure the most efficient delivery of works programs 'on-the-ground' with no decline in service delivery performance

Source: AEC*group*

4. Implications of Each Reform Option

4.1 Minimum Level of Reform – FCP (BSU operates as an integrated TSIRC function)

FCP involves setting prices on a commercial basis, but without creating a new business unit or corporate entity for the business activity. FCP is founded on the principle that, as in the private sector, the price charged for a good or service should recover sufficient revenue to cover the costs of production, funds to replace assets as they are consumed and achieve a reasonable return on capital invested. Adopting FCP enables local government activities to set prices for products and services that both ensure ongoing viability and do not unfairly impede existing or potential competition.

Table 4.1 summarises the main features and issues associated with FCP (that is, what FCP means for local government business activities).

Table 4.1: Main Features and Issues Associated with FCP

What it Means	Features and Issues
• The business operates as a TSIRC program / department with reduced autonomy compared to a commercialised business unit or Corporate Entity structure • Ensuring prices reflect the full economic cost of service provision including a commercial return on assets employed in the business	• All relevant competitive neutrality adjustments are made to ensure prices are set to reflect comparable private sector costs of providing goods and services • The activity is allocated a proportionate share of TSIRC overhead expenses • The prices charged are set to recover all direct and indirect costs, fully fund depreciation and earn a commercial return that meets industry targets • Any Community Service Obligations undertaken are funded from the general rate and are evaluated to ensure they meet the desired objectives of the local government • Cross subsidies between customers are removed where practicable

Source: AEC*group*

Key requirements of FCP include:

- Identify all direct costs;
- Identify all relevant indirect costs and adopt a rational procedure for allocating those costs to particular activities;
- Identify all relevant capital costs including required return on capital rates, interest payments, debt guarantee fees and depreciation;
- Identify and adjust for tax equivalent effects where relevant;
- Identify and adjust for any other factors to establish competitive neutrality;
- Prepare a cost budget and statement of assets;
- Develop an appropriate pricing strategy;
- Identify and explicitly recognise Community Service Obligations (CSOs);
- Prepare revenue forecasts to demonstrate revenue levels are meeting full cost pricing obligations over a reasonable time frame; and
- Prepare the relevant governance reports.

4.2 Medium Level of Reform – CBU Model

The intention of adopting the CBU model would be to create a more commercial operating environment for the business unit. Essentially, the day-to-day operations of the unit would be controlled by the commercial business manager and the strategic direction of the business would be in accordance with established performance plans approved by TSIRC. Instead of being directly controlled by TSIRC on a day-to-day basis, the business unit would report its financial and non-financial performance against established targets to TSIRC on a regular basis.

The following table summarises the additional compliance/governance activities that a CBU model would require. Under the CBU model, the business would need to prepare an Annual Performance Plan (including business and operating plans), and TSIRC would need to comply with additional reporting requirements in its Corporate Plan and Operational Plan, as well as prepare an Annual Statement of Operations for inclusion in its Annual Report.

Table 4.2: Implications of Adopting the CBU Model

Requirement	Features and Issues
Business Management	• Day-to-day managerial control is fully devolved to the general manager • Clearly defined objectives/targets for the business unit would need to be established by TSIRC and agreed by the business unit • Regulatory and policy functions would need to be separated from the business unit to avoid conflict between commercial and regulatory demands
Financial	• The business unit would be required to more formally pay notional tax and dividend equivalents to TSIRC in accordance with FCP principles • An appropriate commercial capital structure could be established with a commercial debt to equity ratio should the TSIRC wish to do so
Corporate Plan	• TSIRC's Corporate Plan would need to include the business unit's objectives, and the nature and extent of business undertaken
Operational Plan	• TSIRC's annual Operational Plan must include the business unit's Annual Performance Plan
Annual Performance Plan	• An Annual Performance Plan must set out: o the business unit's objectives o the nature and extent of the significant business the business unit is to conduct o the business unit's financial and non-financial performance targets o the nature and extent of, and funding for, the community service obligations the business unit must perform o the business unit's notional capital structure, and treatment of surpluses o the business unit's proposed major investments and outstanding/proposed borrowings o the business unit's policy on the level and quality of service which customers can expect o the delegations necessary to allow the business unit to exercise autonomy in its commercial activities o the type of information that the business unit's reports to the local government must contain
Annual Operations Report	• An Annual Operations Report would need to be included in TSIRC's Annual Report that compares actual business unit performance with targeted performance contained within the Annual Performance Plan

Source: AEC Group

4.3 High Level of Reform – Corporate Entity Model

The principles of a Corporate Entity structure aim to create a more commercial and competitive business operating environment with the following key features:

- Corporate Entity is structured similar to a private sector company with a separate legal identity, independent commercial skills-based Board of Directors, and TSIRC as sole shareholder;
- Commercial and non commercial objectives and performance targets of the Corporate Entity are negotiated with TSIRC annually and set out in a Statement of Corporate Intent (that includes such targets as an agreed rate of return, dividend levels, tax equivalent payments, non-financial key performance indicators/objectives, etc);
- Corporate Entity is subject to robust performance monitoring;
- Some functions are not subject to the same regulations that are applicable to CBUs (for example, *the Freedom of Information Act*); and
- Corporate Entity must report publicly on its annual performance.

The Corporate Entity structure (Section 44 of the *Local Government Act 2009) "involves creating a new corporate entity, that is not part of the local government but is directly or indirectly owned by the local government, to conduct the significant business activity on a commercial basis"*

The *Local Government Act 1993* details the following key principles of corporatisation and their elements applicable to a Corporate Entity:

Table 4.3: Principles and Elements of Corporatisation for a Corporate Entity

What it Means	Features and Issues
Clarity of Objectives	• Each Corporate Entity will have clear, non-conflicting objectives • Each Corporate Entity will be set specific financial and non-financial performance targets for its commercial activities • Any activities of a local governmental policy formulation or regulatory nature will, wherever possible, be kept separate from the Corporate Entity • Any CSOs of the Corporate Entity will be clearly identified in the Statement of Corporate Intent and be separately costed • The Corporate Entity will be appropriately compensated for its CSOs and any funding will be made apparent • The Corporate Entity will be set performance targets for its CSOs
Management Autonomy and Authority	• Each Corporate Entity will have a Board of Directors appointed on merit • The Board will be required to use its best endeavours to ensure that the Corporate Entity meets its performance targets • The Board will be given the autonomy and authority to make commercial decisions within areas of responsibility defined by the corporatisation framework • The local government's former power to make decisions on the operation of a significant business activity will be replaced with procedures for strategic monitoring of Corporate Entities • The role of the shareholder in relation to the Corporate Entity will be clearly defined • Local government reserve powers will be required to be exercised in an open way
Strict Accountability for Performance	• The Board of the Corporate Entity will be accountable to the shareholder for the corporation's performance • The Corporate Entity's Statement of Corporate Intent will form the basis for accountability • Performance will be monitored by the shareholder against performance targets stated in the Statement of Corporate Intent • Shareholder monitoring of the Corporate Entity is intended to compensate for the absence of the wide range of monitoring to which listed corporations are subject by, for example, the share market and Commonwealth regulatory agencies
Competitive Neutrality	• The efficiency of overall resource use is promoted by ensuring markets are not unnecessarily distorted • To ensure, wherever possible, the removal of advantages and disadvantages accruing to the Corporate Entity as a result of local government ownership • If a Corporate Entity has monopoly or near monopoly power— o if a local government decides it is appropriate to increase competition, there may be reform of the business activity; and o special monitoring may be necessary to prevent abuse of this power

Source: *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010*

Table 4.4 outlines a range of implications for TSIRC in adopting a Corporate Entity structure for BSU, taking into account the principles and elements of corporatisation outlined above. A corporatised BSU would involve forming a Board of Directors with high-level industry and business skill sets. The Board would be responsible for decision making and driving maximum value out of the business whilst still meeting the performance targets established in the Statement of Corporate Intent as determined by TSIRC.

Table 4.4: Implications of Implementing a Corporate Entity Structure

Area	Benefits	Risks
Business Performance	• TSIRC is mandated to set and monitor the strategic direction of the business through the annual Statement of Corporate Intent • Performance objectives of the business are clear with resources available to meet key performance targets • Autonomy within the business to make timely commercial decisions in response to changes in its operating environment • Business efficiencies can be explored and negotiated via commercial performance incentives with staff and formal service level agreements with TSIRC • Degree of flexibility within the business structure to pursue new business opportunities as and when they occur	• Whilst operating within the corporatisation framework, business decisions may conflict with TSIRC's agenda (although influence on strategic direction is retained through the Statement of Corporate Intent) • TSIRC is unable to influence the day to day operations of the business (and is only responsible for setting the strategic direction of the business and performance expectations through the Statement of Corporate Intent)

Area	Benefits	Risks
Governance	• Appropriately qualified Board members can be appointed to make strategic decisions for the benefit of the business • Formal governance arrangements are mandated rather than being an optional requirement for the business	• Additional governance costs associated with the need for a Board of Directors are unavoidable, but there is an offsetting time/productivity saving from less frequent reporting to TSIRC management and Councilors • TSIRC no longer has the ability to influence operational issues associated with the business (budgeting, employees, policy) but retains control over strategic direction via the Statement of Corporate Intent
Human Resources	• Employment agreements can be aligned with the business' strategic direction and objectives • More flexible recruitment practices and remuneration packages can be adopted by the business to attract/retain key staff	• Potential creation of inequities between similar positions in TSIRC and the business due to differing enterprise agreements and negotiated pay scales
Pricing	• Pricing levels should be set to achieve required rates of return for the business and the business can set appropriate pricing and debt recovery policies to achieve set strategic objectives (although this exists to a large extent under a CBU as well) • Distributions from the business to TSIRC can be formalised via arms length transaction	• TSIRC loses some control over the price-setting process of the business, but has final say on what prices are actually implemented • TSIRC price intervention requires subsidy via community service obligation (CSO) payments

Source: AEC Group

5. Financial Assessment of Reform Options

5.1 Evaluation Methodology

A 20-year cashflow assessment has been prepared under each reform option and includes an estimate of the terminal value of the business in the final year. A Net Present Value (NPV) of total net cash flows (after tax equivalent payments) for BSU is derived for each option using a discount rate of 11%. The modelling results are provided in Appendix D.

The financial model was developed using information provided by the Construction Manager, industry benchmarks and AEC*group* estimates from prior experience. The following assumptions are applied in undertaking the evaluation:

- The cost and revenue streams are based on an assumed level of activity for house construction, house upgrades, repairs and maintenance works, and other works, with an administration overhead oncost applied to direct costs and a margin then applied on total direct and indirect costs to derive revenue;
- BSU will continue to be offered first right of refusal for works funded by other levels of government, even if the cost per build increases as a result of the inclusion of administration costs and an appropriate commercial margin;
- The level of activity and level of funding will be as per the inputs and assumptions in the financial model, with these assumptions obviously subject to considerable change as a result of external forces, notably policy and funding decisions of other levels of government;
- The forecast level of work is achievable and not impeded by a lack of available skilled labour (at a reasonable cost) or working restrictions on the islands (given accommodation issues, etc.);
- Management/administration overheads and commercial margins have been applied to ensure consistency with industry benchmarks;
- All plant and equipment is cash-funded, but the business does require an overdraft to finance its working capital requirements (estimated at 10% of revenue); and
- Cost savings are achievable under the CBU and Corporate Entity models as a result of an increased commercial focus and arms-length (CBU) and separate (Corporate Entity) management from TSIRC.

Such a 'bottom-up' financial evaluation makes it difficult to compare each reform option with the status quo, although it has been suggested that historically the business unit has not sufficiently recovered TSIRC administration costs and CDEP labour costs, let alone providing a commercial return/margin back to TSIRC (and the Torres Strait Island community) from undertaking the works.

Given the number of assumptions required to be made in the development of the financial model, there is a risk that the actual cash flows in the model may not accurately reflect BSU's current and future operating profitability but it does provide some insight into the potential value of works undertaken and potential commercial viability of the business unit into the future under each of the reform options under assessment.

5.2 Reform Option Evaluation Assumptions

The following table outlines the assumptions underlying the financial evaluation of available reform options.

Table 5.1: Assumptions Underlying the Financial Evaluation of Reform Options

Issue	Corporate Entity Option	CBU Option	FCP Option
Establishment Costs	• $200,000 to establish the corporate entity and associated documentation and processes	• $100,000 to establish the business unit and associated documentation and processes	• $50,000 to establish the necessary tools to ensure compliance with FCP principles
Governance & Administration Costs	• $200,000 per annum in additional governance, administration and compliance costs	• $100,000 per annum in additional management, administration and compliance costs	• $25,000 per annum in additional administration and compliance costs
Appropriate Indirect Cost Recognition and Recovery	• Additional revenue associated with full recovery of administration charges (only 67% of administration costs are currently recouped) • Corporate Entity would have its own corporate functions for the most part, with the exception of TSIRC's stores, purchasing and warehouse function which would continue to service the business • Should this function be proved to not provide the same level of service as the market, a competitive neutrality adjustment may be necessary • TSIRC and/or the Corporate Entity may ultimately wish to consider additional service arrangements should it be considered more efficient to do so (to avoid overhead duplication in certain areas)	• Additional revenue associated with full recovery of administration charges (only 67% of administration costs are currently recouped) • CBU would continue to utilise many of TSIRC's corporate functions • CBU manager may opt to either directly resource or outsource certain functions where commercially prudent • Should TSIRC functions be proved to not provide the same level of service as the market, a competitive neutrality adjustment may be necessary	• Additional revenue associated with full recovery of administration charges (only 67% of administration costs are currently recouped) • BSU will continue to utilise TSIRC's corporate functions
Inclusion of a Commercial Profit Margin	• Additional earnings associated with full cost recovery and the ability to charge a profit margin on all works undertaken	• Additional earnings associated with full cost recovery and the ability to charge a profit margin on all works undertaken	• Additional earnings associated with full cost recovery and the ability to charge a profit margin on all works undertaken
Efficiencies and Cost Savings	• 1.0% per annum efficiency gain in works expenditure labour costs achieved each year for the first 10 years • 0.5% per annum efficiency gain in works expenditure materials and services costs achieved each year for the first 10 years	• 0.25% per annum efficiency gain in works expenditure labour costs achieved each year for the first 10 years • 0.25% per annum efficiency gain in works expenditure materials and services costs achieved each year for the first 10 years	• No efficiency gain in works expenditure

Source: AEC Group

5.3 Valuation of Net Impacts Relative to Business as Usual

An overview of the quantum of the financial impacts is reported in Table 5.2, with the assessment showing that, relative to the business as usual case, the following net present benefits are calculated:

- $56.5 million under the Corporate Entity option;
- $50.6 million under the CBU option; and
- $48.0 million under the FCP option.

Table 5.2: Overview of Benefits and Costs of Each Reform Option

Category	Corporate Entity	CBU	FCP
Benefits			
Cumulative Labour Efficiency Savings	$8,038,947	$1,995,075	$0
Cumulative Materials Efficiency Savings	$4,504,867	$2,247,338	$0
Additional Administration Charges Recouped	$10,400,986	$10,403,001	$10,405,010
Earnings Before Interest, Tax & Depreciation	$35,957,048	$37,094,682	$37,913,132
Total Benefits	*$58,901,849*	*$51,740,096*	*$48,318,142*
Costs			
Establishment Costs	$200,000	$100,000	$50,000
Additional Ongoing Governance & Administration Costs	$2,153,347	$1,076,674	$269,168
Total Costs	*$2,353,347*	*$1,176,674*	*$319,168*
Net Present Value of Benefits/(Costs)	**$56,548,501**	**$50,563,422**	**$47,998,973**

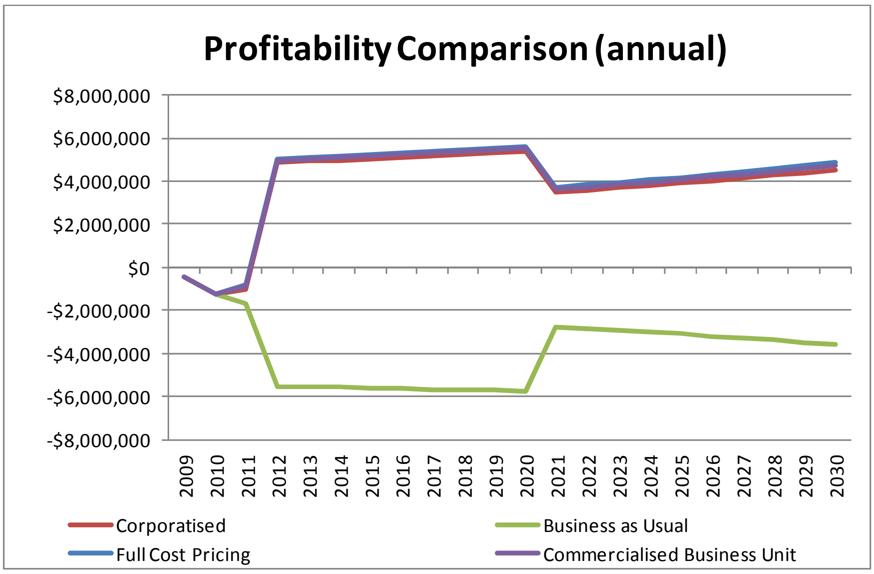
Source: AEC Group

Obviously, given the recognition of all direct and indirect costs in undertaking works, TSIRC's historic subsidisation of BSU will be removed under all reform options. From the above financial impact assessment, even after accounting for entity establishment and anticipated additional ongoing operating costs, moving to a corporatised structure appears to deliver the most significantly improved outcome for BSU, TSIRC and the local community.

5.4 Profitability Implications for BSU

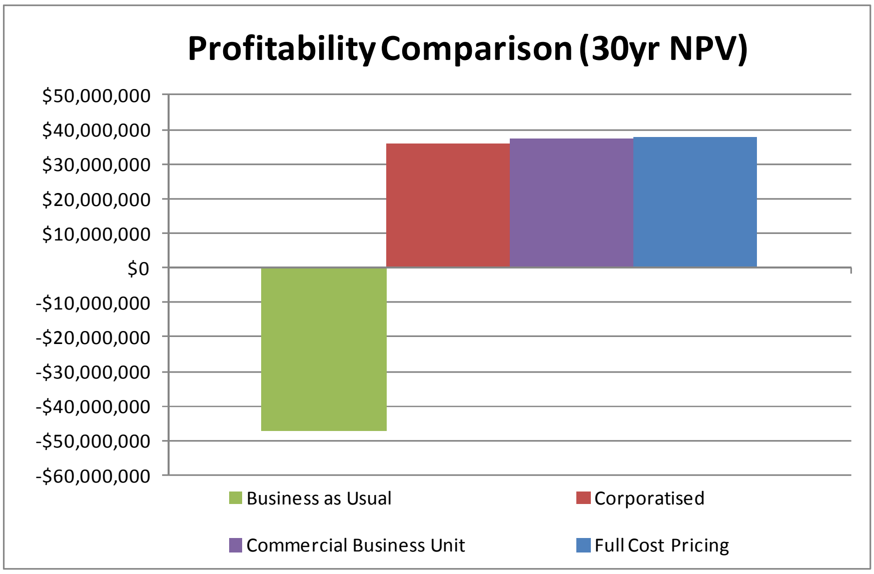
An alternate approach to valuing the relative benefit of a corporate structure would be to assume that the percentage revenue shortfall achieved in 2009/10 (14.1%) was carried forward into future years. The net present loss associated with business as usual under this assumption is $47.0 million. The greater the extent of works undertaken, the greater the loss (or subsidy) incurred by TSIRC. By comparison, the net present profits (before interest and depreciation) earned under the reform options are estimated to be of the order of $36 million to $38 million over the same period.

Figure 5.1: Comparison of Annual Profitability



Source: AEC Group

Figure 5.2: Comparison of NPV Profitability



Source: AEC Group

While it would appear that the FCP option produces the greatest profitability outcome for BSU, the lack of cost efficiencies means that this will occur at the expense of the number of houses able to be constructed within a given budget. In addition, it does not take into consideration the potential impact on the competitiveness of BSU moving forward if cost efficiencies are not realised.

5.5 Impact of Cost Efficiencies on Extent of Works Able to be Undertaken Within a Limited Budget

The number of houses able to be constructed and upgraded in the first 10 years of the model is estimated at:

- 353 and 535, respectively, under the Corporate Entity option;
- 343 and 521, respectively, under the CBU option;
- 334 and 507, respectively, under the FCP option.

The price for a newly constructed house (including overheads and a profit margin) in the Torres Strait Islands under a corporatised structure – deemed to be the most cost efficient structure – was estimated at around $580,000, consistent with the range suggested by Rawlinsons ($540,000-$600,000). This suggests that the model is accurately reflecting not only regional construction costs, but also administration overheads and building margins.

6. Qualitative Assessment of Reform Options

6.1 Summary Outcomes

Table 6.1: Summary Outcomes – Qualitative Considerations

Issue	Corporate Entity Option	CBU Option	FCP Option
Direct Business Impacts	• Overcoming historical inefficiencies due to a lack of structure within BSU • Ensuring all direct and indirect costs are recognised and recovered from funding agencies and other customers (i.e. BSU will be 'quarantined' out of TSIRC with all costs very easily identified) • Promoting maximum cost efficiencies and ensuring effective work practices • Ability to leverage BSU to maximise benefits from the considerable works anticipated in the near term (e.g. National Housing Partnership)	• Overcoming historical inefficiencies due to a lack of structure within BSU • Ensuring all direct and indirect costs are recognised and recovered from funding agencies and other customers (i.e. BSU will be somewhat 'quarantined' out of TSIRC with the majority of costs able to be easily identified) • Increased ability to achieve some degree of cost efficiencies • Ensuring appropriate cost recovery and commercial benefit from the considerable works anticipated in the near term (e.g. National Housing Partnership)	• No improvement in management and operating structure • Ensuring all direct and indirect costs associated with works undertaken by the business unit are recognised and recovered from funding agencies and other customers, although some aspects may remain difficult to identify and quantify • Ensuring appropriate cost recovery and commercial benefit from the considerable works anticipated in the near term (e.g. National Housing Partnership)
Indirect Community Impacts	• Greater capacity for BSU to source and apply funding for community projects • Reduced resource wastage and cost savings associated with increased operational efficiencies will result in an increase in the works undertaken within the constrained funding budgets • Ensuring appropriate commercial cost recovery could result in a transfer of wealth into the local community rather than the current subsidisation of works by the local community	• Cost savings associated with a slight improvement in operational efficiencies, although not as significant as anticipated under the Corporate Entity option • An increase in the extent of works able to be undertaken within the constrained funding budgets, although not as significant as anticipated under the Corporate Entity option • Ensuring appropriate commercial cost recovery could result in a transfer of wealth into the local community rather than the current subsidisation of works by the local community	• Ensuring appropriate commercial cost recovery could result in a transfer of wealth into the local community rather than the current subsidisation of works by the local community

Issue	Corporate Entity Option	CBU Option	FCP Option
Business Risks	• Whether grant funds can only be paid to TSIRC rather than the Corporate Entity and, if so, whether there are issues with a direct pass-through to the Corporate Entity from TSIRC • Funding agencies may not agree to the inclusion of a commercial margin on works undertaken by BSU (although the level of the margin could be negotiated with the relevant agencies if necessary) • Loss of 'first right of refusal' should funding agencies decide to test the competitiveness of the marketplace, given the fact that BSU is almost entirely reliant on external funding sources • The potential need to ensure price and service competitiveness for continued access to funding programs • Ability to source the necessary skilled resources to undertake the required works • Attraction and retention of an appropriately skilled CEO and Board of Directors at an affordable cost • Need for employees to move to the Federal industrial relations regime under a corporatised structure, although impacts are considered to be minimal given there is only one staff member directly employed by Council within BSU • Unions may still act against the application of corporatisation reforms, even though BSU's activities fall outside of normal local government works activities in most instances • BSU will need to have in place flexible recruitment practices and contracts to cope with fluctuations in activity from period to period, and to mitigate any risks associated with the potential loss of funding • A base governance, management and administration structure will still need to be funded in the absence of significant works	• Funding agencies may not agree to the inclusion of a commercial margin on works undertaken by BSU (although the level of the margin could be negotiated with the relevant agencies if necessary) • Loss of 'first right of refusal' should funding agencies decide to test the competitiveness of the marketplace, given the fact that BSU is almost entirely reliant on external funding sources • The potential need to ensure price and service competitiveness for continued access to funding programs • Ability to source the necessary skilled resources to undertake the required works • Attraction and retention of an appropriately skilled General Manager at an affordable cost • BSU will need to have in place flexible recruitment practices and contracts to cope with fluctuations in activity from period to period, and to mitigate any risks associated with the potential loss of funding • A base management and administration structure will still need to be funded in the absence of significant works	• Funding agencies may not agree to the inclusion of a commercial margin on works undertaken by BSU (although the level of the margin could be negotiated with the relevant agencies if necessary) • Loss of 'first right of refusal' should funding agencies decide to test the competitiveness of the marketplace, given the fact that BSU is almost entirely reliant on external funding sources • The potential need to ensure price and service competitiveness for continued access to funding programs • Ability to source the necessary skilled resources to undertake the required works • Potential lack of expertise from existing resource base to effectively manage and administer the business in an ongoing basis • BSU will need to have in place flexible recruitment practices and contracts to cope with fluctuations in activity from period to period, and to mitigate any risks associated with the potential loss of funding

Source: AEC Group

6.2 Detailed Impact Assessment

Table 6.2: Assessment of Community Benefits and Costs from the Application of Reform Options to BSU

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
IMPLICATIONS ON THE FINANCIAL POSITION OF BSU			
Pricing and Revenues	• Current accounting treatment of BSU makes it difficult to judge financial performance due to its apparent combination of roles and functions with respect to financial reporting • It is likely that TSIRC (and the Torres Strait Island community) is losing money on the works currently being undertaken by the business on behalf of funding agencies • Corporate Entity option requires improved and more regular and focused reporting of financial data to monitor performance against budget and key performance indicators • Improved financial reporting would assist in making cost-reflective pricing decisions and informed business decision-making • Given that current BSU pricing is likely not cost-reflective, price increases are anticipated • The extent of any price increases will influence the response from external funding providers and potential competitors • The introduction of cost efficiencies and a review of all input costs, including administrative and financial services and supplier arrangements has the potential to ultimately reduce costs and, subsequently, pricing impacts • In an environment where the level of activity is largely determined by government funding, the potential for revenue growth will be linked to government policy changes **VERY HIGH BENEFIT** *(maximum commercial focus in price setting and increased efficiencies)*	• CBU option would likely require improved and more regular and focused reporting of financial data to monitor performance against budget and key performance indicators • Improved financial reporting would assist in making cost-effective pricing decisions and informed business decision-making • Prices will rise under the CBU model as costs are appropriately recognised • The extent of any price increases will influence the response from potential competitors • The introduction of some cost efficiencies has the potential to ultimately reduce costs and, subsequently, pricing impacts • However, cost efficiencies may be limited given that all major decisions are still made by TSIRC • In an environment where the level of activity is largely determined by government funding, the potential for revenue growth will be linked to government policy changes **HIGH-VERY HIGH BENEFIT** *(greater commercial focus in price setting and slight improvement in efficiencies)*	• The adoption of FCP would ensure the price of construction works is reflective of the full economic cost of service provision included a targeted commercial return on assets employed, ensuring ongoing financial stability • Prices will rise under the FCP model as costs are appropriately recognised • The extent of any price increases will influence the response from potential competitors • No cost efficiencies are envisaged • In an environment where the level of activity is largely determined by government funding, the potential for revenue growth will be linked to government policy changes **HIGH BENEFIT** *(improved level of cost recovery)*

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
Non-Commercial Activities	• All ad-hoc services will be better managed and only provided under commercial arrangements (i.e. fee for service) • Where services are directed to be undertaken on a non-commercial basis, BSU will require a CSO payment **MODERATE BENEFIT** *(better recognition and management of non-commercial activities)*	• Any ad-hoc services will be better managed and in most instances provided under commercial arrangements (i.e. fee for service) • Where services are directed to be undertaken on a non-commercial basis, BSU will require a CSO payment **LOW-MODERATE BENEFIT** *(better recognition and management of non-commercial activities)*	• Where services are directed to be undertaken on a non-commercial basis, BSU will require a CSO payment **LOW BENEFIT** *(better recognition of the cost of non-commercial activities)*
Governance and Administration	• Corporate Entity would require significant upfront and ongoing costs associated with the establishment of the separate legal entity and independent Board of Directors, selection of the Chief Executive Officer and upfront implementation and training costs • Additional administration and compliance resources for the separate legal entity • Development and ongoing maintenance of a consolidated financial model • Financial management systems will also need to be developed in such a manner to identify the attribution of relevant costs to each service being performed • It is essential to keep any additional costs to a bare minimum given that they are fixed costs that will not vary based on the level of works being undertaken on an annual basis • Ongoing Board costs could be minimised by having a small Board and including some local representation • Upfront costs to structure the legal entity and form a Board could be $200,000, with ongoing governance and compliance costs of $200,000 per annum **MODERATE COST** *(cost associated with additional governance, administration and compliance requirements)*	• Requires formal management and reporting structures, with the establishment of an advisory board to oversee the business optional • Requires the development and ongoing use of a full cost pricing model for the business, to ensure legislative requirements regarding full cost recovery are met • The business would be required to undertake additional statutory reporting functions associated with a commercial business unit structure (e.g. Annual Performance Plan, annual reporting and tax equivalent returns) • It is essential to keep any additional costs to a bare minimum given that they are fixed costs that will not vary based on the level of works being undertaken on an annual basis • Upfront costs to establish the CBU could be $100,000, with ongoing governance and compliance costs of $100,000 per annum **LOW-MODERATE COST** *(cost associated with additional management, administration and compliance requirements)*	• There would be a reduced commercial focus for the business, with reporting processes and performance monitoring limited to TSIRC's internal processes • Requires the development and ongoing use of a full cost pricing model for the business, to ensure legislative requirements regarding full cost recovery are met • The business is not required to undertake any significant statutory reporting functions • Upfront costs to establish the FCP model could be $50,000, with ongoing governance and compliance costs of $25,000 per annum **VERY LOW-LOW COST** *(minor cost associated with additional administration and compliance requirements)*

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
Operational Efficiency	• Greater degree of autonomy for BSU to pursue commercial objectives via more efficient management and Board decision making (and more timely responses to business and customer issues) • Greater scope for BSU to negotiate and implement service level agreements for internal services or undertake such services either in-house or via external providers to ensure value for money and a more accurate understanding of input costs for pricing determination • There is potential for increased competition, and it is essential for cost savings to be achieved to ensure that additional governance, administration and compliance costs do not negatively impact the competitiveness of BSU **MODERATE BENEFIT** *(cost savings and efficiency gains relating to greater autonomy and commercial focus)*	• Greater degree of management autonomy (via delegated authority from TSIRC's Chief Executive Officer) may allow for (but will not guarantee) more efficient decision making and timely responses to business and customer issues • Greater scope for the business to implement formal service level agreements for internal services provided by TSIRC to ensure value for money and more accurate cost inputs for pricing determination **LOW-MODERATE BENEFIT** *(some efficiency gains relating to greater autonomy in day-to-day business operations)*	• No change in operations anticipated **NIL IMPACT** *(no change from business as usual)*
Business Definition	• Statement of Corporate Intent will clearly define BSU's functions, roles and responsibilities in addition to expectations regarding financial performance • There appears to be a good sense of customer focus in carrying out work which is consistent with an easy transition to a Corporate Entity 'contractor' model • Greater freedom to focus on core responsibilities and functions, and provide a more identifiable brand in the market **HIGH BENEFIT** *(enhanced definition of the business, including assignment of assets and responsibilities)*	• Clearer understanding of functions and responsibilities and would ensure that its strategic targets and objectives are clearly defined • There appears to be a good sense of customer focus in carrying out work and creating a CBU should ensure that continues **MODERATE BENEFIT** *(some improvement in definition of the business, including assignment of assets and responsibilities)*	• Some degree of ambiguity in business structure, functions, assets and responsibilities relating to BSU at present **NIL IMPACT** *(no change from business as usual)*

Summary Comment
Corporate Entity would appear to be the preferred reform option when considering implications on the financial position of BSU. This is because it is expected to improve financial reporting and performance by providing a clearer understanding of costs and subsequent derivation of prices to ensure revenues appropriately recover all direct and indirect costs (including a commercial profit margin). Additional benefits are achievable through improved efficiencies. Offsetting these benefits are the additional governance, administration and compliance costs associated with managing a separate legal entity.

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
IMPLICATIONS FOR THE TSRIC BUDGET			
Financial Sustainability	• Corporate Entity would assist TSIRC's financial sustainability by recovering all direct and indirect costs from funding agencies, as well as the provision of taxation equivalent and dividend payments (assuming it retains access to external funding) • TSIRC would be at arm's length from price-setting practices, with financial sustainability being the responsibility of the BSU Board • Work undertaken for TSIRC may be undertaken in a more efficient manner • Risk associated with the financial failure of BSU if the market becomes more competitive • The net consolidated financial position of TSIRC (including BSU) may be degraded if internal services previously provided by TSIRC are duplicated **HIGH BENEFIT** *(improved cost recovery and business sustainability)*	• CBU would assist TSIRC's financial sustainability by recovering all direct and indirect costs from funding agencies, as well as the provision of taxation equivalent and dividend payments (assuming it retains access to external funding) • Service levels and performance standards may be documented in service level agreements between TSIRC and the business which may assist TSIRC in driving productivity improvements for internal services, but may also result in reduced payments for internal support services provided to the business which would then need to be funded through other areas of TSIRC's operation **MODERATE-HIGH BENEFIT** *(improved cost recovery and business sustainability)*	• CBU would assist TSIRC's financial sustainability by recovering all direct and indirect costs from funding agencies, as well as the provision of taxation equivalent and dividend payments (assuming it retains access to external funding) **MODERATE-HIGH BENEFIT** *(improved cost recovery and business sustainability)*
Compliance	• The Board of Directors appointed by TSIRC will need to understand the implications of their role in terms of compliance under relevant legislation • TSIRC will need to allocate resources to manage and interact with a corporatised BSU through the development of the Statement of Corporate Intent and compliance/reporting processes **LOW COST** (*cost in meeting additional resources necessary to facilitate the establishment and ongoing operation of the corporate entity)*	• TSIRC will need to allocate resources to ensure compliance with additional reporting requirements to support the CBU, including service level agreement negotiation and documentation, corporate plan reporting requirements, reporting the business within the annual budget, etc. **LOW COST** (*cost in meeting additional resources necessary to facilitate the establishment and ongoing operation of the business unit)*	• Considerably reduced administrative and reporting compliance versus the Corporate Entity and CBU models **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
Ratepayer/ Community Impact	• TSIRC is largely a conduit for funding that has been secured for BSU construction and maintenance work (from Australian and Queensland Government sources) • Enhanced cost recovery mechanisms will ensure that TSIRC resources can be utilised for other purposes • Incorporating a profit margin on works undertaken would assist TSIRC in funding infrastructure and services in the region • Ratepayers may benefit from improved cost efficiencies and increased commercial opportunities through increased profitability (and dividend payments to TSIRC) • The finances of TSIRC (and therefore the community) could be affected by any 'failure' of the corporatised BSU (i.e. if any failure was underwritten by TSIRC) • TSIRC would lose control over works scheduling and prioritising, outside of desired outcomes outlined in the Statement of Corporate Intent • BSU will focus on undertaking works as efficiently and competitively as possible rather than on social outcomes (albeit recognising that its ultimate customer base is the broader community) • Any existing non-commercial activities would be funded via a CSO payment from TSIRC to ensure they are continued without community impact **MODERATE-HIGH BENEFIT** *(high degree of autonomy provided to Corporate Entity, but considerable benefits able to be achieved from enhanced cost recovery and commercial focus)*	• TSIRC is largely a conduit for funding that has been secured for BSU construction and maintenance work (from Australian and Queensland Government sources) • Enhanced cost recovery mechanisms will ensure that TSIRC resources can be utilised for other purposes • Incorporating a profit margin on works undertaken would assist TSIRC in funding infrastructure and services in the region • Continuation of the existing structure and process for the most part in relation to the construction and maintenance housing in the region • TSIRC may lose some control over building works scheduling and prioritising, but would retain direct control over the strategic direction and decision-making for the business • Any existing non-commercial activities would be funded via a CSO payment from TSIRC to ensure they are continued without community impact **MODERATE-HIGH BENEFIT** *(some autonomy provided to CBU, but considerable benefits able to be achieved from enhanced cost recovery and commercial focus)*	• TSIRC is largely a conduit for funding that has been secured for BSU construction and maintenance work (from Australian and Queensland Government sources) • Enhanced cost recovery mechanisms will ensure that TSIRC resources can be utilised for other purposes • Incorporating a profit margin on works undertaken would assist TSIRC in funding infrastructure and services in the region • Continuation of the existing structure and process in relation to the construction and maintenance housing in the region • Any existing non-commercial activities would be funded via a CSO payment from TSIRC to ensure they are continued without community impact **MODERATE-HIGH BENEFIT** *(minimal change from business as usual, but considerable benefits able to be achieved from enhanced cost recovery)*

Summary Comment

TSIRC should be considerably better off financially from adoption of all of the reform options under assessment, subject to there being no change to funding arrangements for BSU works, with the additional revenues received by the business to fund indirect costs and a commercial profit margin used to provide TSIRC with an income stream consisting of income tax equivalent and dividend payments. Increased cost efficiencies may also enhance the extent of works undertaken under the Corporate Entity option. However, appropriate consideration needs to be given to any risks associated with potential failure of the entity (which is heavily reliant on external funding sources) and the additional compliance costs will be incurred in managing the performance of the Corporate Entity.

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
MARKET IMPLICATIONS			
Market Pricing and Competitive Neutrality	• The application of full cost recovery pricing will ensure less distortion and more consistency in the market for building and construction services • While there is currently limited competition, the creation of a level playing field in terms of price-setting may encourage the development of new businesses and more entrants into the market **LOW-MODERATE BENEFIT** *(more appropriate pricing of service provision)*	• The application of full cost recovery pricing will ensure less distortion and more consistency in the market for building and construction services • While there is currently limited competition, the creation of a level playing field in terms of price-setting may encourage the development of new businesses and more entrants into the market **LOW-MODERATE BENEFIT** *(more appropriate pricing of service provision)*	• The application of full cost recovery pricing will ensure less distortion and more consistency in the market for building and construction services • While there is currently limited competition, the creation of a level playing field in terms of price-setting may encourage the development of new businesses and more entrants into the market **LOW-MODERATE BENEFIT** *(more appropriate pricing of service provision)*
Summary Comment ***There are potential market benefits associated with the adoption of all reform options, with prices being more reflective of actual costs incurred in service delivery and private sector outcomes.***			

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
STAFF IMPLICATIONS			
Staff Morale	• There could be concerns regarding job security and preservation of current employment conditions for direct and indirect employees of BSU • Given the existing 'contractor' model of operation of the unit and the likelihood of greater management autonomy and flexibility, the impact on morale within BSU would be expected to be minimal • Consultation with relevant employees would be important to engender staff support for the change • Benefits associated with a corporatised structure should be highlighted such as opportunities for specialisation, advancement, skills enhancement, autonomy and flexibility • An increased commercial focus and greater independence from TSIRC should improve the working environment • There may be broader union action against the adoption of a Corporate Entity, although BSU's activities fall outside of normal local government works activities in most instances **LOW BENEFIT** *(increased commercial focus and independence)*	• Given the existing 'contractor' model of operation of the unit and the likelihood of greater management autonomy and flexibility, the impact on morale within BSU would be expected to be minimal • An increased commercial focus and greater independence from TSIRC should improve the working environment • Potential frustration from not having direct control over the business' destiny **LOW BENEFIT** *(increased commercial focus and independence)*	• No impact on staff morale anticipated **NIL IMPACT** *(no change from business as usual)*

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
Resourcing	• BSU is predominantly comprised of contractors and CDEP labour, not TSIRC permanent employees • Transitioning permanent employees to a Corporate Entity would be relatively uncomplicated with minimal costs • CDEP could operate as effectively through a Corporate Entity as through TSIRC • The dismantling of CDEP in favour of permanent positions and skills development leading to permanent employment will proceed regardless of whether services are delivered via TSIRC or a corporatised BSU • It is likely that specialised employment firms will become more involved in the delivery of replacement programs and seek placements in businesses (such as BSU) that can deliver training and employment opportunities • As such, it is expected that BSU and any other businesses in the region will have access to CDEP employment and funding into the future • At least in the short term, BSU would be expected to have an advantage over its competitors by virtue that it has a good understanding the local market and CDEP networks, although it would be expected that over time competitors may become more adept at accessing CDEP labour • BSU as a Corporate Entity may be a more attractive employment proposition for certain positions and appropriately qualified persons due to different recruitment processes and different pay scales **LOW BENEFIT** *(ability to attract and retain skills and local competitive advantage)*	• BSU is predominantly comprised of contractors and CDEP labour, not TSIRC permanent employees • As such, existing employees and contractors would be largely unaffected by the change in the business unit structure but may be subject to a greater commercial focus in operations **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*	• Existing employees and contractors would be unaffected by the change in the pricing structure **NIL IMPACT** *(no change from business as usual)*

Summary Comment
The move to a Corporate Entity model is likely to have a minimal impact on the BSU staff member directly employed by TSIRC, but there may be broader organisational and union resistance from such a model. Management of the change from a human resources perspective should be carefully planned to ensure staff understand what is involved in the change and the positives associated with the change. Long-term benefits should be accessible as a result of an increased commercial focus and greater independence from Council from adoption of the Corporate Entity model and to a lesser extent the CBU model.

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
IMPLICATIONS FOR BSU CUSTOMERS			
Pricing	• Appropriate price signals are sent to customers (i.e. primarily external funding providers) regarding the true cost of building services, thus allowing informed decisions regarding investment and asset maintenance decisions • TSIRC will need to resist customer demands for intervention on pricing as proper commercial pricing is introduced • There is the risk that external funding providers will not allow increased recovery of administration costs and the earning of commercial profits (to be distributed to TSIRC), which may see funding become more widely available for existing and potential competitors of BSU • However, increased cost efficiencies will be achievable under this option **FULL COST RECOVERY PRICING ADOPTED** *(prices set to recover commercial costs)*	• Same impacts as under Corporate Entity, with reduced cost efficiencies being achieved **FULL COST RECOVERY PRICING ADOPTED** *(prices set to recover commercial costs)*	• Same impacts as under Corporate Entity, without the ability to access cost efficiencies **FULL COST RECOVERY PRICING ADOPTED** *(prices set to recover commercial costs)*
Customer Service	• BSU is already seen as a service provider by its customers as part of the 'contractor' model currently in place, although adoption of a Corporate Entity will remove any remaining confusion for customers as to where the responsibility for service delivery lies (that is, with BSU, not TSIRC) • TSIRC may specify customer service expectations in the Statement of Corporate Intent, but excessive customer service level specification (beyond normal commercial terms) may require a CSO payment for the corporate entity to operate commercially • While BSU currently has a fairly fixed institutional client base, adopting the Corporate Entity model may provide it with the opportunity to expand its market and scope of operations **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*	• BSU is already seen as a service provider by its customers as part of the 'contractor' model currently in place • TSIRC may specify customer service expectations as part of BSU's Annual Performance Plan, but excessive customer service level specification (beyond normal commercial terms) may require a CSO payment for the business unit to operate commercially **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*	• BSU is already seen as a service provider by its customers as part of the 'contractor' model currently in place **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
<u>Summary Comment</u> ***BSU customers will face higher prices under all reform options, although the ability to achieve cost efficiencies will mean that the Corporate Entity model will provide greatest value for money. There is some degree of risk of external funding providers not allowing commercial cost recovery (and distribution of profits to TSIRC) on grant funds. Customer service should not change significantly although there may be opportunities for BSU as a Corporate Entityto explore new forms of service to existing and new customers.***			
IMPLICATIONS FOR REGIONAL DEVELOPMENT AND ECONOMIC STABILITY			
Essential Service Provision	• Investment in infrastructure and sustainable service provision will not be impacted, with any reduced housing construction and upgrades offset by an increased ability for TSIRC to fund other infrastructure and essential services (given its current subsidisation of BSU's activities) • Cost reflective pricing will also make the market fairer and more accessible to new entrants from and to the region • Cost efficiencies should enhance the works able to be undertaken within a limited budget **NEGLIGIBLE IMPACT** *(potential for a shift in infrastructure and service provision, although the net effect should be minimal)*	• Same impacts as under Corporate Entity, with reduced cost efficiencies being achieved **NEGLIGIBLE IMPACT** *(potential for a shift in infrastructure and service provision, although the net effect should be minimal)*	• Same impacts as under Corporate Entity, without the ability to access cost efficiencies **NEGLIGIBLE IMPACT** *(potential for a shift in infrastructure and service provision, although the net effect should be minimal)*
Sustainable Investment	• Demand for the majority of BSU services is driven at the national and state government levels • It is expected that regardless of business structure, future decisions regarding building investment will be required to meet government policy objectives **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*	• Same impacts as under Corporate Entity **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*	• Same impacts as under Corporate Entity **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*
<u>Summary Comment</u> ***There would be negligible impact on regional development and economic stability as a result of the adoption of any of the reform options under assessment, although the Corporate Entity model would appear to be able to deliver a greater volume of work within a limited budget due to the ability to access cost efficiencies.***			

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
SOCIAL WELFARE AND EQUITY IMPLICATIONS			
Equity Between Customers	• Cost reflective pricing and removal of cross subsidies will enhance equity between customers **LOW BENEFIT** *(same cost recovery principles applied to all customers)*	• Same impacts as under Corporate Entity **LOW BENEFIT** *(same cost recovery principles applied to all customers)*	• Same impacts as under Corporate Entity **LOW BENEFIT** *(same cost recovery principles applied to all customers)*
Ratepayer/ Community Equity and Inter-generational Equity	• The adoption of cost reflective pricing will remove any reliance on TSIRC funds to undertaken works that should be funded by other levels of government • Transparent decision making and funding to BSU from TSIRC for the provision of non-commercial and community-focused activities should occur **HIGH BENEFIT** *(improved equity as current subsidy on works by TSIRC is removed)*	• Same impacts as under Corporate Entity **HIGH BENEFIT** *(improved equity as current subsidy on works by TSIRC is removed)*	• Same impacts as under Corporate Entity **HIGH BENEFIT** *(improved equity as current subsidy on works by TSIRC is removed)*
Community Affordability	• To the extent that cost-reflective pricing results in higher construction and maintenance costs, and assuming that government funding for these activities is capped by an annual budget which may result in reduced construction and maintenance activities • However, appropriate price-setting practices allows TSIRC to manage and minimise the financial impacts on ratepayers and the local community through removing implicit subsidies and will free up or reduce strain on resources for other uses • Corporate Entity will drive cost efficiencies and ensure maximum works are delivered within a defined budget **MODERATE-HIGH BENEFIT** *(Enhanced community affordability outcomes in the local area as a result of reduced subsidisation of works)*	• Same impacts as under Corporate Entity, with reduced cost efficiencies being achieved **MODERATE BENEFIT** *(Enhanced community affordability outcomes in the local area as a result of reduced subsidisation of works)*	• Same impacts as under Corporate Entity, with reduced cost efficiencies being achieved **MODERATE BENEFIT** *(Enhanced community affordability outcomes in the local area as a result of reduced subsidisation of works)*

ASSESSMENT CRITERIA	7. ADOPTION OF CORPORATE ENTITY	ADOPTION OF CBU	ADOPTION OF FCP
Summary Comment ***While higher prices may constrain the level of housing activity, it is not appropriate that TSIRC (and the local community) subsidise such works as this is the responsibility of other levels of government. Over time, efficiencies should see prices move to optimum levels and if increased activity is necessary then other levels of government will need to alter funding allocations. To the extent that the Corporate Entity model maximises operational efficiencies, it appears to produce the greatest benefit to the local community.***			
ENVIRONMENTAL IMPLICATIONS			
Method of Operation	• Corporate Entity will be required to develop and implement a range of policies to ensure compliance with environmental and other legislation • Some best practice operating guidelines can be adapted from TSIRC processes and procedures, but ultimately the corporate entity will need to develop its own policies that reflect its own culture, risk profile, specialised field of operations and work environment • It is possible that with a higher level of 'hands-on' governance that the method of operation may actually be enhanced • The pristine environment enjoyed by Torres Strait island communities is of particular relevance in this regard **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*	• No change expected, although an increased commercial focus may alter certain operating practices that will still need to be compliant with relevant requirements **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*	• No change expected **NIL IMPACT** *(no change from business as usual)*
Obligations	• Board of Directors will be liable for breaches of relevant environmental provisions, with this threat likely to provide a heightened awareness of environmental good practice and compliance compared to operation behind the shield of TSIRC **LOW BENEFIT** *(due to higher obligations and responsibility)*	• TSIRC will be liable for breaches of relevant environmental provisions **NEGLIGIBLE IMPACT** *(minimal change from business as usual)*	• TSIRC will be liable for breaches of relevant environmental provisions **NIL IMPACT** *(no change from business as usual)*
Summary Comment ***There would be negligible impact on the environment as a result of the adoption of each of the reform options (versus the status quo).***			

Source: AEC*group*

Recommendation:

Adoption of the Corporate Entity model would appear to be a viable option that could deliver significantly improved financial outcomes for BSU (and TSIRC), as well as the broader Torres Strait Island community.

Based on financial forecasts, there appears to be strong potential for TSIRC to earn decent commercial returns from BSU should it be effectively managed and current and anticipated funding arrangements continue. A corporate structure may best achieve this outcome, and would also ensure that all direct and indirect costs are appropriately identified and recovered by the business. Productivity improvements are also likely to result from the adoption of a more commercial focus by the business, which should result to additional housing and other activity with a given budget constraint without an unnecessary and unfair imposition on ratepayers and the local community.

A financial assessment reports that, relative to the business as usual case, the net present benefit associated with the Corporate Entity model is $56.5 million.

7.1 Reforms Applied to Other Identified Local Government Significant Business Activities

The FCP and CBU reform options have generally been the favoured reform options adopted by Queensland local governments, although it is important to note here that the majority of identified significant business activities have been either water and sewerage businesses or waste management businesses which are non-commercial in nature and largely considered to be essential service provision.

Wide Bay Water Corporation is the only corporatised business to have been established, and features around $50 million in annual income. Gladstone Regional Council has recently completed a PBA of its Airport business activity and resolved to adopt the corporate entity structure as from 1 July 2012.

The key feature of corporatisation compared to other NCP reform options is the setting up of a legally separate entity at arm's length from the local government, with the local government as sole shareholder. The local government retains a significant role in strategic direction of the entity through the Statement of Corporate Intent, but does not have any influence on day-to-day activities, management and decision making. The corporation has its own skills-based Board of Directors appointed by the local government but acting in the best interests of the corporation and in meeting the objectives and targets contained within the Statement of Corporate Intent.

Despite the reluctance of local government to embrace corporatisation as a reform option, there is no impediment to proceeding down this path assuming that clear community benefits exist. What is important should corporatisation be adopted is for governance and administration costs to be kept to a bare minimum so that they do not offset any efficiency gains that may be achievable under such a structure.

Table 6.3: Current Significant Business Activity Reforms Applied in QLD

Business Size	Council	Current Reform Level Applied
Waste Management		
Significant – Type 1	Gold Coast	Commercialised Business Unit
	Brisbane Moreton Bay Sunshine Coast	Full Cost Pricing
Significant – Type 2	Cairns Ipswich Logan Mackay Townsville	Commercialised Business Unit
	Bundaberg Redland Rockhampton Toowoomba	Full Cost Pricing
	Fraser Coast	Under Review – New SBA
Water Supply and Sewerage		
Significant – Type 1	Cairns Mackay Townsville	Commercialised Business Unit

Business Size	Council	Current Reform Level Applied
Significant – Type 2	Fraser Coast Logan Rockhampton Toowoomba Central Highlands	Corporatisation Commercialised Business Unit Full Cost Pricing Under Review – New SBA
Airport		
Significant - Type 2	Gladstone	Corporatisation (in progress)
Quarry		
Significant - Type 2	Central Highlands	Under Review – New SBA
Tourist / Caravan Parks		
Significant - Type 2	Gold Coast	Full Cost Pricing

Source: AEC Group

8. Outcomes

8.1 Recognition as a Significant Business Activity

The turnover of BSU would appear to meet threshold requirements as a Type 2 Other activity requiring NCP PBA assessment and reform under the *Local Government Act*. As such, it is necessary for TSIRC to consider the appropriate structural reforms to apply to the business (i.e. Full Cost Pricing, Commercial Business Unit, Corporate Entity) to meet competition policy objectives.

8.2 Recommdendations of the Assessment

The PBA shows that when comparing the net community benefit of the available reform options, the adoption of the **Council Owned Corporate Entity reform option** appears to provide the greatest net community benefit when compared to the Full Cost Pricing (FCP) and Commercialised Business Unit (CBU) reform options.

It is therefore recommended that Torres Strait Island Regional Council adopt the Council Owned Corporate Entity reform option for the Building Services Unit (BSU) moving forward, subject to further evaluation of the establishment and ongoing operating costs likely to be incurred in addition to the appetite for BSU's customers for such a structure (and associated pricing implications).

Application of the Corporate Entity reform option to BSU should only be implemented if it can be reasonably expected that identified community benefits outweigh identified community costs. The analysis suggests there are identifiable financial and community benefits associated with moving BSU to a Corporate Entity structure, primarily relating to the appropriate recognition and recovery of all direct and indirect costs as well as the achievement of a commercial profit margin.

Features of the BSU that may align with the Corporate Entity model include:

- It could be argued that providing a building service, largely for external customers, is not really core business for TSIRC given that it consumes financial, administrative and management resources which could be reallocated to other services;
- BSU already operates on a 'contract' service model delivering new building and maintenance services to a variety of internal TSIRC service delivery managers, QBuild and other clients;
- BSU has only one permanent employee with the majority of staff on contract or CDEP, and therefore transition to a corporatised model would involve minimal human resource issues as staffing is already on a different model to TSIRC's mainstream operations;
- There is little competition for building services in island communities at present and corporatisation, including the necessary step of full cost pricing, will ensure a fair and competitive market environment (but may also increase the risk to the corporatised entity from reduced 'sales'); and
- To the extent that TSIRC's current cost recognition for BSU activities are inadequate, TSIRC may be providing a subsidy on projects and to clients in addition to assuming risk for project over-runs and delivery times, and the creation of a separate entity would remove this risk (although in the face of rising prices, funding allocations for housing and other building works may buy less).

8.3 Identified Risks

The biggest risks for TSIRC from adopting the Corporate Entity model include:

- Funding agencies not agreeing to the inclusion of a commercial profit margin on works undertaken by the business unit (although it is possible that the level of the margin could potentially be negotiated with the relevant agencies if necessary);

- Loss of 'first right of refusal' should funding agencies decide to test the competitiveness of the marketplace, given the fact that BSU is almost entirely reliant on external funding sources;
- The potential need to ensure price and service competitiveness for continued access to funding programs;
- The ability to source necessary skilled resources to undertake the required works, and retain existing resources (noting that the business is currently reliant on contractors and one or two key personnel);
- Retention of an appropriately skilled General Manager/CEO and Board of Directors at an affordable cost; and
- Whether grant funds can only be paid to TSIRC rather than the Corporate Entity and, if so, whether there are any issues with a direct pass-through to the Corporate Entity from TSIRC.

It will be important for BSU to have in place flexible recruitment/contracts to cope with potential significant fluctuations in activity from period to period, and to mitigate any risks associated with the potential loss of funding.

Another potential business risk is the need for employees to move to the Federal industrial relations regime under a corporatised structure. Given the number of staff members directly employed by Council (one), this risk is considered minimal but unions may still act against the application of corporatisation reforms.

8.4 Timeline for Reform Adoption

If TSIRC wished to proceed with corporatisation, it would be desirable for BSU to commence operations in a corporate form from 1 December 2012 although if this is not possible then the timeframe should be no later than 1 July 2013. TSIRC will need sufficient time to prepare its administrative, financial and governance arrangements to accommodate the reforms, as well as develop an organisational structure for the business and fill any vacant positions (including the Board of Directors).

TSIRC may wish to undertake consultation with key stakeholders regarding the outcomes of this PBA, as well as obtain formal confirmation from funding agencies that the adoption of a corporatised model will not result in a reduction in funding received for works to be undertaken by the business.

8.5 Other Strategic Issues and Limitations

8.5.1 Future Operating Environment

There is a chance that competition in the provision of building services from new and existing firms will increase, particularly as prices offered by BSU increase to reflect full cost pricing. Competitive tendering to win work may become more important, especially if BSU loses its 'first right of refusal' status with funding providers. A corporatised BSU will need to have a competitive cost structure and operating procedures to be successful in a competitive market. It is not clear that such an entrepreneurial culture exists currently.

In this regard, there are already a range of engineering construction contractors operating to deliver roads, water and sewerage infrastructure in island communities. Contractors for building construction are likely to enter the market if competition for work is extended by open tendering, particularly for monies expended by external funding providers. This is consistent with what has occurred in the undertaking of (competitive) Main Roads works contracts by Queensland Councils.

8.5.2 Additional Corporatisation Costs

Corporatisation establishes a new entity which has a range of administrative, governance and compliance obligations to meet, which will considerably exceed those required under the adoption of a simple full cost pricing structure. Costs may also be added for premises, branding and promotion for the new entity.

It should also be recognised that costs will be both one off set up costs and then ongoing. AEC Group estimates that costs associated with a corporatised entity could be $200,000 for establishing the entity and $200,000 per annum for ongoing governance, administration and compliance costs. Council will need to ensure that such costs are kept to a minimum so as to maximise any benefits from greater cost efficiencies.

8.5.3 Removal of Non-Commercial Objectives

A corporatised entity can be expected to confine its activities to paid work, seek best market prices, minimise costs and seek to maximise profits. Non-paid work, inefficient work practices, purchasing to support local industry regardless of price, local employment objectives and so on may not continue without a competitive neutrality adjustment or CSO payments from TSIRC.

8.5.4 TSIRC Isolation from Financial Impact

Four areas of concern arise as to TSIRC's capacity to isolate itself from the financial impact of a separate, corporatised BSU.

- Will TSIRC's economies of scale in relation to its own cost structure be affected? For example if the new entity chooses to source support services elsewhere, will TSIRC lose the critical mass for those services in its own operations and find them more costly?
- Will TSIRC be able to resist community pressure to subsidise BSU activities?
- Will TSIRC be prepared to fully shift financial risk to the separate entity? If BSU failed financially, would TSIRC assume responsibility for debts and work outstanding? Would TSIRC feel obliged to provide funding assistance in times of poor trading?
- The entity's financial performance will still need to be consolidated into TSIRC's end of year financial accounts.

8.5.5 Future of CDEP

BSU has a large CDEP workforce. Future arrangements after the phasing out of CDEP are unclear. It is also unclear whether a Corporate Entity (or new entrants to the market) will see the use of CDEP, training programs and so on as the best workforce approach. If subsidised CDEP labour is withdrawn, it is highly likely prices for building services will need to increase. From what is known of the post-CDEP environment, it is likely that subsidised local employment through training and apprenticeship programs will be available but will not generate the subsidies for workers currently provided under CDEP at present. This will lead to lower community employment.

8.5.6 Entrepreneurial Culture

A corporatised BSU would need to operate with a high level of entrepreneurial skill, particularly as competition increased in the marketplace. It is not clear that corporatised entity would have these skills initially, and it would be crucial to have an appropriately skilled Board and senior management team to meet these challenges. Location could be a potential issue in resourcing the corporation, although the proximity of Cairns should assist in this regard.

Appendix A: Competition Policy Reforms and Local Government

Background to Competition Policy

National Competition Policy (NCP) was adopted by the Council of Australian Governments in 1995 based on the recommendations of the Hilmer Commission to improve the competitiveness of Australian industry. The Queensland Government reviewed and amended the *Local Government Act* and other key legislation to include provisions for facilitating the implementation of NCP to local government business activities.

NCP seeks to ensure fair competition and a level playing field between government business activities and the private sector, with the objective to improve services and value for money and encourage better use of the nation's scarce resources. Basically, NCP is designed to make government business activities more transparent, accountable and efficient. Particular emphasis is placed on larger activities given their potential influence on regional economies.

Implications of Competition Policy for Local Government

The major elements of NCP impacting on local government business activities and corporatisation as a reform option are:

- **Competitive neutrality** which removes of the advantages and disadvantages that prevent local government business activities from operating on a comparable basis to the private sector;
- **Full Cost Pricing (FCP)** or Cost-Reflective Pricing (CRP) – ensuring that all significant business activity user charges reflect the full cost of delivering the goods and/or services, including operating costs, return of capital/depreciation, and achieving a commercial rate of return on capital employed;
- **COAG urban water reforms** incorporating the adoption of user pays pricing and FCP via the implementation of two-part tariffs (a connection fee and a consumption fee), consumption-based pricing, making cross subsidies transparent, as well as the recovery of all costs of supply (including a rate of return on assets);
- **Extension of the Trade Practices Act (Part IV)** to limit anti-competitive behaviour such as price fixing, market sharing and exclusive dealings;
- **Legislative review** and, where necessary, reform of local laws that restrict competition such as imposing unnecessary costs, penalties, restrictions or barriers to business; and,
- **Prices oversight** to prevent the misuse of monopoly powers, structural reform including the removal of industry regulation powers from public monopoly businesses, and potential third party access provisions.

Advantages and Disadvantages of Local Government-Run Business Activities

Typical **advantages** for public sector business activities include:

- Exemption from the payment of certain taxes;
- No requirement to pay dividends to their owners;
- Access to cheaper loan funds; and
- Exemption from compliance with some business regulations.

Typical **disadvantages** for public sector business activities include:

- Public sector employment conditions and higher public superannuation contributions;
- Cost of greater accountability given reporting and regulatory arrangements;

- Community service obligations imposed by government without funding assistance;
- Lower degree of managerial autonomy;
- Cost of compliance with *Freedom of Information Act* and Judicial Review requirements and the reporting requirements of other government agencies;
- Additional costs of compliance with restrictive purchasing policies and probity requirements (for example, tendering and delegations of authority); and
- Difficulty accessing taxation benefits of investment allowances and deductions.

Competitive neutrality and FCP intend to make the true costs and performance levels of local government business activities more transparent and accountable, and therefore facilitate better decisions by local government Councillors, Chief Executive Officers and Managers.

Structural and Pricing Reform Options

Under NCP, there is a hierarchy of reform options for significant business activities:

1. The business remains a local government service, but applies Full Cost Pricing (FCP) reforms;
2. The business becomes a Commercialised Business Unit (CBU); and
3. The business becomes a Council-Owned Corporatised Entity.

A brief description of each of the three reform options is reported in the following table.

Table A.1: NCP Reform Option Key Differences

Reform Option	Implications
Full Cost Pricing	• Minimum reform level that would be adopted by a significant business activity • Waste activities being provided by a program or section within the local government's organisational structure (as per roads, parks, etc.) • Costing/pricing on comparable basis to private sector (aware of actual cost of service provision) • Commercial return on investment targeted • Some minor compliance costs
Commercialised Business Unit	• A commercialised business unit (not a separate legal entity) is created by the local government to manage the business, with a dedicated business unit manager employed • Business unit has increased managerial autonomy for day-to-day operations • Business may have a greater ability to source inputs from outside of the local government, subject to the framework adopted • Business features its own business and operating plan • Business has more of a commercial orientation than under the full cost pricing reform option, and is subject to separate performance reporting (financial and non-financial) • Commercial return on investment targeted
Corporate Entity	• A separate corporate entity is created by the local government to manage the business, with the local government acting as sole shareholder • A Board of Directors is appointed, which is responsible for policy formulation and governance of the business • The local government retains ownership and ultimate control of business via its shareholder role, and sets strategic direction for the business and performance expectations of the Board through a Statement of Corporate Intent • Corporation features a greater business focus than under the full cost pricing and commercialised business unit reform options • Commercial return on investment targeted

Source: AEC*group*

It is important to note that all reform options involve setting prices to recover the same costs that would be incurred by a private sector entity, incorporating:

- Direct and indirect costs (e.g. wages, superannuation, materials, contractors, consumables);
- Administration and management costs;
- Return of capital/depreciation;

- Return on capital invested by the local government (e.g. resources, infrastructure, land, buildings, plant/equipment);
- Incorporation of tax equivalents such as general rates, land tax, payroll tax, FBT and taxes on business profits; and
- Adjustments for other advantages and disadvantages of public sector ownership.

Under all reform options, non-commercial activities undertaken by the business at the direction of the local government also need to be funded through Community Service Obligation (CSO) payments if a commercial charge is unable to be levied to cover the cost of the activities.

Key Review Components for Local Governments

The key components of NCP for local governments include:

1. The annual identification of business activities (including significant business activities) via a review of expenditure against the relevant thresholds released by the Minister for Local Government.
2. Undertaking Public Benefit Assessments for newly identified 'financially significant' business activities (that is, **type 1 and type 2 businesses)** and the application of appropriate competitive neutrality and structural reforms. Type 1 and 2 businesses do not include road construction and maintenance and library services, but may include water and sewerage services, cleansing services, off-street parking, and cultural, sporting and recreational facilities. The only difference between type 1 and type 2 assessments is that local government-owned corporation reforms must be considered for type 1 business activities, whereas consideration of corporatisation as a structural reform is optional for type 2 business activities;
3. The voluntary recognition of business activities deemed to be in competition with, or potentially in competition with, the private sector, categorised as **type 3 (competitive) businesses**, and the resulting application of a code of competitive conduct to those identified business activities. Such activities may be identified if they feature more than $270,000 in annual expenditure (including operating costs, administration/overhead costs, cost of resources and depreciation charges). Type 3 activities do not include library services.
4. The application of competitive neutrality principles (including cost-reflective pricing) to significant business activities, non-type 3 and type 3 businesses.
5. Minimum statutory reporting guidelines for business activities.
6. The implementation of a competitive neutrality complaints process for all identified business activities.
7. The adoption of two-part water tariffs where cost effective, and the disclosure of community service obligations and cross subsidies in service provision.

Identification of Financially Significant Business Activities

Section 45 of the *Local Government Act 2009* (the Act) states that a local government must identify new and existing business activities, which are significant business activities, in its annual report for each financial year. Type 1 or Type 2 significant business activities are identified by comparing the current expenditure of those activities in the preceding financial year against the relevant 'threshold amounts' set by the Department of Infrastructure and Planning through the Local Government and Planning Group.

The threshold levels in 2011/12 are as follows:

(a) For new type 1 activities:

i. For water and sewerage combined activities - $41,620,000

ii. For other activities - $24,950,000

(b) For new type 2 activities:

i. For water and sewerage combined activities - $12,465,000

ii. For other activities - $8,350,000

Relevant Legislation

The Queensland *Local Government Act 2009* and the *Local Government (Beneficial Enterprises and Business Activities) Regulation 2010* include the elements associated with national competition reforms and significant business activities for Queensland local governments. The new Act continues the commitment to the principles of NCP, and still requires local governments to follow the principles and processes that underpin NCP.

Appendix B: Public Benefit Assessment Process

Though the corporatisation assessment for the Building Services unit is being undertaken on a voluntary basis for the local government's internal purposes, it is useful to document the formal legislative processes for a formal PBA.

Chapter 8 of the *Local Government Act 1993* sets out the requirements of the PBA process. It is designed to determine whether reform to the activity in question would be in the public interest (that is, whether the benefits of the structural and pricing reforms outweigh the costs to the community). Where the benefits outweigh the costs, the reform option with the greatest net benefit is recommended.

There are four key stages in the assessment process:

Stage 1 – Definition of the existing structure and operation of the business unit, including management and reporting structures, annual income and expenditure and other financial arrangements;

Stage 2 – Identification of, and consultation with, stakeholders in the community who might be affected by the outcome of the PBA including customers, employees, contractors and others, as well as consideration of how the reform options will affect each group;

Stage 3 – Assessment of the potential impact of the reform options under consideration on the business activity and identified stakeholders; and,

Stage 4 – Based on stages 1 to 3, the provision of recommendations to the local government about which of the reform options is most appropriate, and the associated costs and benefits.

The statutory requirements to be included in the final PBA report are:

1. A statement on whether or not and, if so, to what extent, the benefits that would be realised from implementation of any of the structural reform options would outweigh the costs.
2. Details of the costs and benefits from each of the structural reform options.
3. A recommendation on whether any of the structural reform options should be implemented for the significant business activity.
4. If structural reform is recommended:
    a. A statement of which structural reform option should be implemented; and
    b. A timetable for implementation of structural reform.

Along with satisfying the legislative obligations of undertaking a PBA, the final PBA report may also include consideration of strategic issues identified during the consultation program and assessment process.

Appendix C: External Stakeholder PBA Assessment Notice

Torres Strait Island Regional Council

Council at its Special Meeting on Friday, 1 October 2010 considered a report on the Public Benefit of reforming its Building Services Unit into a Local Government Owned Corporation.

A summary of the recommendations from the Public Benefit Assessment are:

- Corporatisation would appear to be a viable option that could deliver significantly improved financial outcomes for the business (and Council), as well as the broader Torres Strait Island community.
- Based on financial forecasts for the business, there appears to be strong potential for Council to earn decent commercial returns from the business should it be effectively managed and current funding arrangements continue. A corporate structure may best achieve this outcome, and would also ensure that all direct and indirect costs are appropriately identified and recovered by the business.
- Productivity improvements are also likely to result from the adoption of a more commercial focus by the business, which should result to additional housing and other activity with a given budget constraint.
- A financial assessment undertaken reports that, relative to the business as usual case, using a discount rate of 11% there is a positive net present benefit associated with corporatisation.

Council is requesting broad input from stakeholders and members of the public by way of this consultation process. The public are invited to provide comments on the Report and its associated outcomes.

Council's 'decision' day for the report is 31 March 2011.

The report is available at all Council Divisional Offices including its Thursday Island Office for inspection or purchase. An electronic copy of the report is available free of charge by calling Council's reception on 07 4048 6200.

Appendix D: Summary Financial Modelling Outcomes for BSU

Corporate Entity Reform Option

INPUTS & ASSUMPTIONS	Amount
Base Year (year ended 30 June...)	2011
Discount Rate	11.0%
General Cost Inflation	3.0%
Company Income Tax Rate	30.0%
Working Capital Required (% of Revenue)	10.0%
Interest on Overdraft	8.0%

Year Ending 30 June...		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Revenue	**% of Total (2011)**																						
House Construction	*30.8%*			$3,600,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$5,460,023	$5,622,204	$5,789,203	$5,961,161	$6,138,228	$6,320,554	$6,508,296	$6,701,615	$6,900,675	$7,105,649
House Upgrades	*32.5%*			$3,800,000	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$5,460,023	$5,622,204	$5,789,203	$5,961,161	$6,138,228	$6,320,554	$6,508,296	$6,701,615	$6,900,675	$7,105,649
Repairs & Maintenance	*36.8%*			$4,300,000	$6,470,612	$6,665,207	$6,865,664	$7,072,161	$7,284,881	$7,504,011	$7,729,745	$7,962,283	$8,201,830	$8,484,992	$8,739,554	$9,001,753	$9,271,819	$9,549,987	$9,836,500	$10,131,609	$10,435,572	$10,748,654	$11,071,130
Other Activities	*0.0%*			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	*100.0%*	**$ 8,857,746**	**$ 8,953,039**	**$11,700,000**	**$38,981,723**	**$39,176,318**	**$39,376,775**	**$39,583,272**	**$39,795,992**	**$40,015,122**	**$40,240,856**	**$40,473,394**	**$40,712,941**	**$19,405,038**	**$19,983,962**	**$20,580,158**	**$21,194,142**	**$21,826,443**	**$22,477,609**	**$23,148,202**	**$23,838,801**	**$24,550,005**	**$25,282,427**
***Less* Operating Expenditure**	**% of Total (2011)**																						
Labour Costs																							
House Construction	*12.6%*			$1,603,800	$8,473,355	$8,471,566	$8,469,732	$8,467,850	$8,465,919	$8,463,938	$8,461,907	$8,459,825	$8,457,689	$1,893,847	$1,950,089	$2,008,001	$2,067,633	$2,129,035	$2,192,261	$2,257,365	$2,324,402	$2,393,430	$2,464,508
House Upgrades	*13.3%*			$1,692,900	$3,004,903	$3,004,268	$3,003,618	$3,002,950	$3,002,266	$3,001,563	$3,000,843	$3,000,104	$2,999,347	$1,893,847	$1,950,089	$2,008,001	$2,067,633	$2,129,035	$2,192,261	$2,257,365	$2,324,402	$2,393,430	$2,464,508
Repairs & Maintenance	*17.5%*			$2,229,001	$2,295,871	$2,364,747	$2,435,690	$2,508,761	$2,584,023	$2,661,544	$2,741,390	$2,823,632	$2,908,341	$2,995,591	$3,085,459	$3,178,023	$3,273,363	$3,371,564	$3,472,711	$3,576,893	$3,684,199	$3,794,725	$3,908,567
Other	*0.0%*			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Materials/Other Costs																							
House Construction	*15.4%*			$1,960,200	$10,356,322	$10,354,137	$10,351,894	$10,349,594	$10,347,234	$10,344,814	$10,342,331	$10,339,786	$10,337,175	$2,314,702	$2,383,442	$2,454,223	$2,527,107	$2,602,154	$2,679,430	$2,759,002	$2,840,936	$2,925,303	$3,012,176
House Upgrades	*16.3%*			$2,069,100	$3,672,659	$3,671,884	$3,671,088	$3,670,273	$3,669,436	$3,668,577	$3,667,697	$3,666,794	$3,665,869	$2,314,702	$2,383,442	$2,454,223	$2,527,107	$2,602,154	$2,679,430	$2,759,002	$2,840,936	$2,925,303	$3,012,176
Repairs & Maintenance	*12.9%*			$1,640,000	$1,689,200	$1,739,876	$1,792,072	$1,845,834	$1,901,209	$1,958,246	$2,016,993	$2,077,503	$2,139,828	$2,204,023	$2,270,144	$2,338,248	$2,408,395	$2,480,647	$2,555,067	$2,631,719	$2,710,670	$2,791,990	$2,875,750
Other	*0.0%*			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Governance & Administration Costs																							
Company Establishment	*1.6%*			$200,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ongoing Board/Governance Costs	*1.6%*			$200,000	$206,000	$212,180	$218,545	$225,102	$231,855	$238,810	$245,975	$253,354	$260,955	$268,783	$276,847	$285,152	$293,707	$302,518	$311,593	$320,941	$330,570	$340,487	$350,701
General Management/Administration Costs	*8.8%*			$1,119,500	$4,423,846	$4,440,972	$4,458,614	$4,476,789	$4,495,513	$4,514,802	$4,534,674	$4,555,147	$4,576,237	$2,042,507	$2,103,400	$2,166,108	$2,230,686	$2,297,189	$2,365,674	$2,436,202	$2,508,832	$2,583,627	$2,660,653
Total Operating Expenditure	*100.0%*	**$ 9,301,673**	**$10,217,223**	**$12,714,501**	**$34,122,156**	**$34,259,630**	**$34,401,254**	**$34,547,152**	**$34,697,455**	**$34,852,296**	**$35,011,812**	**$35,176,145**	**$35,345,441**	**$15,928,003**	**$16,402,911**	**$16,891,979**	**$17,395,629**	**$17,914,297**	**$18,448,429**	**$18,998,487**	**$19,564,947**	**$20,148,296**	**$20,749,039**
***Less* Depreciation**	**% of Total (2011)**																						
Depreciation - Equipment				$40,000	$41,200	$42,436	$43,709	$45,020	$46,371	$47,762	$49,195	$50,671	$52,191	$53,757	$55,369	$57,030	$58,741	$60,504	$62,319	$64,188	$66,114	$68,097	$70,140
Depreciation - Vehicles				$48,000	$49,440	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805	$62,629	$64,508	$66,443	$68,437	$70,490	$72,604	$74,782	$77,026	$79,337	$81,717	$84,168
Depreciation - Machinery (backhoes)				$48,000	$49,440	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805	$62,629	$64,508	$66,443	$68,437	$70,490	$72,604	$74,782	$77,026	$79,337	$81,717	$84,168
Depreciation - Machinery (small trucks)				$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335	$26,095	$26,878	$27,685	$28,515	$29,371	$30,252	$31,159	$32,094	$33,057	$34,049	$35,070
Total Depreciation				**$156,000**	**$160,680**	**$165,500**	**$170,465**	**$175,579**	**$180,847**	**$186,272**	**$191,860**	**$197,616**	**$203,545**	**$209,651**	**$215,940**	**$222,419**	**$229,091**	**$235,964**	**$243,043**	**$250,334**	**$257,844**	**$265,580**	**$273,547**
PROFITABILITY ASSESSMENT																							
Earnings Before Interest, Tax, Depreciation & Amortisation		**-$443,926**	**-$1,264,185**	**-$1,014,501**	**$4,859,567**	**$4,916,687**	**$4,975,521**	**$5,036,120**	**$5,098,537**	**$5,162,826**	**$5,229,045**	**$5,297,249**	**$5,367,500**	**$3,477,034**	**$3,581,051**	**$3,688,179**	**$3,798,512**	**$3,912,146**	**$4,029,180**	**$4,149,714**	**$4,273,854**	**$4,401,709**	**$4,533,388**
Less Depreciation				$156,000	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616	$203,545	$209,651	$215,940	$222,419	$229,091	$235,964	$243,043	$250,334	$257,844	$265,580	$273,547
Earnings Before Interest & Tax		**-$443,926**	**-$1,264,185**	**-$1,170,501**	**$4,698,887**	**$4,751,187**	**$4,805,056**	**$4,860,541**	**$4,917,690**	**$4,976,554**	**$5,037,184**	**$5,099,633**	**$5,163,955**	**$3,267,383**	**$3,365,110**	**$3,465,760**	**$3,569,421**	**$3,676,182**	**$3,786,137**	**$3,899,380**	**$4,016,010**	**$4,136,129**	**$4,259,841**
Less Interest Expense				$93,600	$311,854	$313,411	$315,014	$316,666	$318,368	$320,121	$321,927	$323,787	$325,704	$155,240	$159,872	$164,641	$169,553	$174,612	$179,821	$185,186	$190,710	$196,400	$202,259
Net Profit Before Tax		**-$443,926**	**-$1,264,185**	**-$1,264,101**	**$4,387,033**	**$4,437,776**	**$4,490,041**	**$4,543,875**	**$4,599,322**	**$4,656,433**	**$4,715,257**	**$4,775,846**	**$4,838,252**	**$3,112,143**	**$3,205,239**	**$3,301,119**	**$3,399,868**	**$3,501,571**	**$3,606,316**	**$3,714,194**	**$3,825,300**	**$3,939,729**	**$4,057,581**
Less Company Tax Equivalent				$0	$1,316,110	$1,331,333	$1,347,012	$1,363,162	$1,379,797	$1,396,930	$1,414,577	$1,432,754	$1,451,476	$933,643	$961,572	$990,336	$1,019,960	$1,050,471	$1,081,895	$1,114,258	$1,147,590	$1,181,919	$1,217,274
Net Profit After Tax		**-$443,926**	**-$1,264,185**	**-$1,264,101**	**$3,070,923**	**$3,106,443**	**$3,143,029**	**$3,180,712**	**$3,219,526**	**$3,259,503**	**$3,300,680**	**$3,343,092**	**$3,386,776**	**$2,178,500**	**$2,243,667**	**$2,310,783**	**$2,379,908**	**$2,451,099**	**$2,524,421**	**$2,599,936**	**$2,677,710**	**$2,757,810**	**$2,840,307**
CASH FLOW ASSESSMENT (inc. interest on working capital)																							
Net Profit Before Tax		**-$443,926**	**-$1,264,185**	**-$1,264,101**	**$4,387,033**	**$4,437,776**	**$4,490,041**	**$4,543,875**	**$4,599,322**	**$4,656,433**	**$4,715,257**	**$4,775,846**	**$4,838,252**	**$3,112,143**	**$3,205,239**	**$3,301,119**	**$3,399,868**	**$3,501,571**	**$3,606,316**	**$3,714,194**	**$3,825,300**	**$3,939,729**	**$4,057,581**
Plus Depreciation				$156,000	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616	$203,545	$209,651	$215,940	$222,419	$229,091	$235,964	$243,043	$250,334	$257,844	$265,580	$273,547
Less Capital Expenditure				$700,000	$0	$0	$131,127	$0	$672,379	$143,286	$0	$0	$156,573	$779,472	$0	$171,091	$0	$0	$1,090,577	$0	$0	$204,292	$0
Net Cash Flows		**-$443,926**	**-$1,264,185**	**-$1,808,101**	**$4,547,713**	**$4,603,277**	**$4,529,380**	**$4,719,454**	**$4,107,790**	**$4,699,419**	**$4,907,118**	**$4,973,462**	**$4,885,224**	**$2,542,322**	**$3,421,179**	**$3,352,447**	**$3,628,959**	**$3,737,535**	**$2,758,781**	**$3,964,528**	**$4,083,144**	**$4,001,017**	**$4,331,128**
Terminal Value of Business																							$54,139,105
Total Net Cash Flows		**-$443,926**	**-$1,264,185**	**-$1,808,101**	**$4,547,713**	**$4,603,277**	**$4,529,380**	**$4,719,454**	**$4,107,790**	**$4,699,419**	**$4,907,118**	**$4,973,462**	**$4,885,224**	**$2,542,322**	**$3,421,179**	**$3,352,447**	**$3,628,959**	**$3,737,535**	**$2,758,781**	**$3,964,528**	**$4,083,144**	**$4,001,017**	**$58,470,234**
NPV OF NET CASH FLOWS (including terminal value)				**$39,245,377**																			

Source: AEC*group*

CBU Reform Option

INPUTS & ASSUMPTIONS	Amount
Base Year (year ended 30 June...)	2011
Discount Rate	11.0%
General Cost Inflation	3.0%
Company Income Tax Rate	30.0%
Working Capital Required (% of Revenue)	10.0%
Interest on Overdraft	8.0%

Year Ending 30 June...		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenue	**% of Total (2011)**											
House Construction	*30.8%*			$3,600,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000
House Upgrades	*32.5%*			$3,800,000	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111
Repairs & Maintenance	*36.8%*			$4,299,855	$6,470,612	$6,665,207	$6,865,664	$7,072,161	$7,284,881	$7,504,011	$7,729,745	$7,962,283
Other Activities	*0.0%*			$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	*100.0%*	$ 8,857,746	$ 8,953,039	**$11,699,855**	**$38,981,723**	**$39,176,318**	**$39,376,775**	**$39,583,272**	**$39,795,992**	**$40,015,122**	**$40,240,856**	**$40,473,394**
***Less* Operating Expenditure**	**% of Total (2011)**											
Labour Costs												
House Construction	*12.8%*			$1,611,900	$8,473,355	$8,471,566	$8,469,732	$8,467,850	$8,465,919	$8,463,938	$8,461,908	$8,459,825
House Upgrades	*13.6%*			$1,701,450	$3,004,903	$3,004,268	$3,003,618	$3,002,950	$3,002,266	$3,001,563	$3,000,843	$3,000,104
Repairs & Maintenance	*17.8%*			$2,229,001	$2,295,871	$2,364,747	$2,435,690	$2,508,761	$2,584,023	$2,661,544	$2,741,390	$2,823,632
Other	*0.0%*			$0	$0	$0	$0	$0	$0	$0	$0	$0
Materials/Other Costs												
House Construction	*15.7%*			$1,970,100	$10,356,322	$10,354,137	$10,351,894	$10,349,594	$10,347,234	$10,344,814	$10,342,331	$10,339,786
House Upgrades	*16.6%*			$2,079,550	$3,672,659	$3,671,884	$3,671,088	$3,670,273	$3,669,436	$3,668,577	$3,667,697	$3,666,794
Repairs & Maintenance	*13.1%*			$1,640,000	$1,689,200	$1,739,876	$1,792,072	$1,845,834	$1,901,209	$1,958,246	$2,016,993	$2,077,503
Other	*0.0%*			$0	$0	$0	$0	$0	$0	$0	$0	$0
Governance & Administration Costs												
Company Establishment	*0.8%*			$100,000	$0	$0	$0	$0	$0	$0	$0	$0
Ongoing Board/Governance Costs	*0.8%*			$100,000	$103,000	$106,090	$109,273	$112,551	$115,927	$119,405	$122,987	$126,677
General Management/Administration Costs	*8.9%*			$1,123,200	$4,423,846	$4,440,972	$4,458,614	$4,476,789	$4,495,513	$4,514,802	$4,534,674	$4,555,147
Total Operating Expenditure	*100.0%*	$ 9,301,673	$10,217,223	**$12,555,201**	**$34,019,156**	**$34,153,540**	**$34,291,981**	**$34,434,601**	**$34,581,528**	**$34,732,890**	**$34,888,824**	**$35,049,468**
***Less* Depreciation**	**% of Total (2011)**											
Depreciation - Equipment				$40,000	$41,200	$42,436	$43,709	$45,020	$46,371	$47,762	$49,195	$50,671
Depreciation - Vehicles				$48,000	$49,440	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805
Depreciation - Machinery (backhoes)				$48,000	$49,440	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805
Depreciation - Machinery (small trucks)				$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335
Total Depreciation				**$156,000**	**$160,680**	**$165,500**	**$170,465**	**$175,579**	**$180,847**	**$186,272**	**$191,860**	**$197,616**
PROFITABILITY ASSESSMENT												
Earnings Before Interest, Tax, Depreciation & Amortisation		**-$443,926**	**-$1,264,185**	**-$855,347**	**$4,962,567**	**$5,022,777**	**$5,084,794**	**$5,148,671**	**$5,214,464**	**$5,282,232**	**$5,352,032**	**$5,423,926**
Less Depreciation				$156,000	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616
Earnings Before Interest & Tax		**-$443,926**	**-$1,264,185**	**-$1,011,347**	**$4,801,887**	**$4,857,277**	**$4,914,328**	**$4,973,092**	**$5,033,618**	**$5,095,960**	**$5,160,172**	**$5,226,310**
Less Interest Expense				$93,599	$311,854	$313,411	$315,014	$316,666	$318,368	$320,121	$321,927	$323,787
Net Profit Before Tax		**-$443,926**	**-$1,264,185**	**-$1,104,945**	**$4,490,033**	**$4,543,866**	**$4,599,314**	**$4,656,425**	**$4,715,250**	**$4,775,839**	**$4,838,245**	**$4,902,523**
Less Company Tax Equivalent				$0	$1,347,010	$1,363,160	$1,379,794	$1,396,928	$1,414,575	$1,432,752	$1,451,473	$1,470,757
Net Profit After Tax		**-$443,926**	**-$1,264,185**	**-$1,104,945**	**$3,143,023**	**$3,180,706**	**$3,219,520**	**$3,259,498**	**$3,300,675**	**$3,343,087**	**$3,386,771**	**$3,431,766**
CASH FLOW ASSESSMENT (inc. interest on working capital)												
Net Profit Before Tax		**-$443,926**	**-$1,264,185**	**-$1,104,945**	**$4,490,033**	**$4,543,866**	**$4,599,314**	**$4,656,425**	**$4,715,250**	**$4,775,839**	**$4,838,245**	**$4,902,523**
Plus Depreciation				$156,000	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616
Less Capital Expenditure				$700,000	$0	$0	$131,127	$0	$672,379	$143,286	$0	$0
Net Cash Flows		**-$443,926**	**-$1,264,185**	**-$1,648,945**	**$4,650,713**	**$4,709,367**	**$4,638,652**	**$4,832,005**	**$4,223,718**	**$4,818,824**	**$5,030,105**	**$5,100,139**
Terminal Value of Business												
Total Net Cash Flows		**-$443,926**	**-$1,264,185**	**-$1,648,945**	**$4,650,713**	**$4,709,367**	**$4,638,652**	**$4,832,005**	**$4,223,718**	**$4,818,824**	**$5,030,105**	**$5,100,139**
NPV OF NET CASH FLOWS (including terminal value)				**$40,687,565**								

Year Ending 30 June...	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Revenue											
House Construction	$24,000,000	$5,460,813	$5,623,832	$5,791,717	$5,964,613	$6,142,671	$6,326,045	$6,514,893	$6,709,378	$6,909,669	$7,115,939
House Upgrades	$8,511,111	$5,460,813	$5,623,832	$5,791,717	$5,964,613	$6,142,671	$6,326,045	$6,514,893	$6,709,378	$6,909,669	$7,115,939
Repairs & Maintenance	$8,201,830	$8,484,986	$8,739,541	$9,001,734	$9,271,792	$9,549,953	$9,836,458	$10,131,559	$10,435,513	$10,748,586	$11,071,052
Other Activities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	**$40,712,941**	**$19,406,612**	**$19,987,205**	**$20,585,167**	**$21,201,019**	**$21,835,296**	**$22,488,548**	**$23,161,345**	**$23,854,269**	**$24,567,924**	**$25,302,930**
***Less* Operating Expenditure**											
Labour Costs											
House Construction	$8,457,689	$1,894,127	$1,950,666	$2,008,891	$2,068,855	$2,130,609	$2,194,206	$2,259,702	$2,327,152	$2,396,616	$2,468,153
House Upgrades	$2,999,347	$1,894,127	$1,950,666	$2,008,891	$2,068,855	$2,130,609	$2,194,206	$2,259,702	$2,327,152	$2,396,616	$2,468,153
Repairs & Maintenance	$2,908,341	$2,995,591	$3,085,459	$3,178,023	$3,273,363	$3,371,564	$3,472,711	$3,576,893	$3,684,199	$3,794,725	$3,908,567
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Materials/Other Costs											
House Construction	$10,337,175	$2,315,044	$2,384,147	$2,455,312	$2,528,601	$2,604,078	$2,681,808	$2,761,858	$2,844,297	$2,929,197	$3,016,632
House Upgrades	$3,665,869	$2,315,044	$2,384,147	$2,455,312	$2,528,601	$2,604,078	$2,681,808	$2,761,858	$2,844,297	$2,929,197	$3,016,632
Repairs & Maintenance	$2,139,828	$2,204,023	$2,270,144	$2,338,248	$2,408,395	$2,480,647	$2,555,067	$2,631,719	$2,710,670	$2,791,990	$2,875,750
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Governance & Administration Costs											
Company Establishment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ongoing Board/Governance Costs	$130,477	$134,392	$138,423	$142,576	$146,853	$151,259	$155,797	$160,471	$165,285	$170,243	$175,351
General Management/Administration Costs	$4,576,237	$2,042,694	$2,103,784	$2,166,702	$2,231,501	$2,298,238	$2,366,971	$2,437,760	$2,510,665	$2,585,751	$2,663,083
Total Operating Expenditure	**$35,214,964**	**$15,795,043**	**$16,267,435**	**$16,753,955**	**$17,255,026**	**$17,771,083**	**$18,302,574**	**$18,849,961**	**$19,413,718**	**$19,994,337**	**$20,592,321**
***Less* Depreciation**											
Depreciation - Equipment	$52,191	$53,757	$55,369	$57,030	$58,741	$60,504	$62,319	$64,188	$66,114	$68,097	$70,140
Depreciation - Vehicles	$62,629	$64,508	$66,443	$68,437	$70,490	$72,604	$74,782	$77,026	$79,337	$81,717	$84,168
Depreciation - Machinery (backhoes)	$62,629	$64,508	$66,443	$68,437	$70,490	$72,604	$74,782	$77,026	$79,337	$81,717	$84,168
Depreciation - Machinery (small trucks)	$26,095	$26,878	$27,685	$28,515	$29,371	$30,252	$31,159	$32,094	$33,057	$34,049	$35,070
Total Depreciation	**$203,545**	**$209,651**	**$215,940**	**$222,419**	**$229,091**	**$235,964**	**$243,043**	**$250,334**	**$257,844**	**$265,580**	**$273,547**
PROFITABILITY ASSESSMENT											
Earnings Before Interest, Tax, Depreciation & Amortisation	**$5,497,977**	**$3,611,570**	**$3,719,770**	**$3,831,212**	**$3,945,993**	**$4,064,213**	**$4,185,975**	**$4,311,384**	**$4,440,551**	**$4,573,587**	**$4,710,609**
Less Depreciation	$203,545	$209,651	$215,940	$222,419	$229,091	$235,964	$243,043	$250,334	$257,844	$265,580	$273,547
Earnings Before Interest & Tax	**$5,294,433**	**$3,401,919**	**$3,503,830**	**$3,608,794**	**$3,716,902**	**$3,828,249**	**$3,942,932**	**$4,061,050**	**$4,182,707**	**$4,308,008**	**$4,437,063**
Less Interest Expense	$325,704	$155,253	$159,898	$164,681	$169,608	$174,682	$179,908	$185,291	$190,834	$196,543	$202,423
Net Profit Before Tax	**$4,968,729**	**$3,246,666**	**$3,343,932**	**$3,444,112**	**$3,547,294**	**$3,653,567**	**$3,763,023**	**$3,875,759**	**$3,991,872**	**$4,111,464**	**$4,234,639**
Less Company Tax Equivalent	$1,490,619	$974,000	$1,003,180	$1,033,234	$1,064,188	$1,096,070	$1,128,907	$1,162,728	$1,197,562	$1,233,439	$1,270,392
Net Profit After Tax	**$3,478,110**	**$2,272,666**	**$2,340,752**	**$2,410,879**	**$2,483,106**	**$2,557,497**	**$2,634,116**	**$2,713,031**	**$2,794,311**	**$2,878,025**	**$2,964,247**
CASH FLOW ASSESSMENT (inc. interest on working capital)											
Net Profit Before Tax	**$4,968,729**	**$3,246,666**	**$3,343,932**	**$3,444,112**	**$3,547,294**	**$3,653,567**	**$3,763,023**	**$3,875,759**	**$3,991,872**	**$4,111,464**	**$4,234,639**
Plus Depreciation	$203,545	$209,651	$215,940	$222,419	$229,091	$235,964	$243,043	$250,334	$257,844	$265,580	$273,547
Less Capital Expenditure	$156,573	$779,472	$0	$171,091	$0	$0	$1,090,577	$0	$0	$204,292	$0
Net Cash Flows	**$5,015,701**	**$2,676,845**	**$3,559,872**	**$3,495,440**	**$3,776,385**	**$3,889,531**	**$2,915,489**	**$4,126,093**	**$4,249,717**	**$4,172,752**	**$4,508,186**
Terminal Value of Business											$56,352,325
Total Net Cash Flows	**$5,015,701**	**$2,676,845**	**$3,559,872**	**$3,495,440**	**$3,776,385**	**$3,889,531**	**$2,915,489**	**$4,126,093**	**$4,249,717**	**$4,172,752**	**$60,860,512**
NPV OF NET CASH FLOWS (including terminal value)											

Source: AEC*group*

FCP Reform Option

INPUTS & ASSUMPTIONS	Amount
Base Year (year ended 30 June…)	2011
Discount Rate	11.0%
General Cost Inflation	3.0%
Company Income Tax Rate	30.0%
Working Capital Required (% of Revenue)	10.0%
Interest on Overdraft	8.0%

Year Ending 30 June…		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenue	% of Total (2011)											
House Construction	30.8%			$3,600,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000
House Upgrades	32.5%			$3,800,000	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111	$8,511,111
Repairs & Maintenance	36.8%			$4,299,710	$6,470,612	$6,665,207	$6,865,664	$7,072,161	$7,284,881	$7,504,011	$7,729,745	$7,962,283
Other Activities	0.0%			$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	100.0%	$ 8,857,746	$ 8,953,039	$11,699,710	$38,981,723	$39,176,318	$39,376,775	$39,583,272	$39,795,992	$40,015,122	$40,240,856	$40,473,394
***Less* Operating Expenditure**	% of Total (2011)											
Labour Costs												
House Construction	13.0%			$1,620,000	$8,473,355	$8,471,566	$8,469,732	$8,467,850	$8,465,919	$8,463,939	$8,461,908	$8,459,825
House Upgrades	13.7%			$1,710,000	$3,004,903	$3,004,268	$3,003,618	$3,002,950	$3,002,266	$3,001,563	$3,000,843	$3,000,104
Repairs & Maintenance	17.9%			$2,229,001	$2,295,871	$2,364,747	$2,435,690	$2,508,761	$2,584,023	$2,661,544	$2,741,390	$2,823,632
Other	0.0%			$0	$0	$0	$0	$0	$0	$0	$0	$0
Materials/Other Costs												
House Construction	15.9%			$1,980,000	$10,356,322	$10,354,137	$10,351,894	$10,349,594	$10,347,234	$10,344,814	$10,342,331	$10,339,786
House Upgrades	16.8%			$2,090,000	$3,672,659	$3,671,884	$3,671,088	$3,670,273	$3,669,436	$3,668,577	$3,667,697	$3,666,794
Repairs & Maintenance	13.2%			$1,640,000	$1,689,200	$1,739,876	$1,792,072	$1,845,834	$1,901,209	$1,958,246	$2,016,993	$2,077,503
Other	0.0%			$0	$0	$0	$0	$0	$0	$0	$0	$0
Governance & Administration Costs												
Company Establishment	0.4%			$50,000	$0	$0	$0	$0	$0	$0	$0	$0
Ongoing Board/Governance Costs	0.2%			$25,000	$25,750	$26,523	$27,318	$28,138	$28,982	$29,851	$30,747	$31,669
General Management/Administration Costs	9.0%			$1,126,900	$4,423,846	$4,440,972	$4,458,614	$4,476,789	$4,495,513	$4,514,802	$4,534,674	$4,555,147
Total Operating Expenditure	100.0%	$ 9,301,673	$10,217,223	$12,470,901	$33,941,906	$34,073,973	$34,210,027	$34,350,188	$34,494,582	$34,643,337	$34,796,584	$34,954,460
***Less* Depreciation**	% of Total (2011)											
Depreciation - Equipment				$40,000	$41,200	$42,436	$43,709	$45,020	$46,371	$47,762	$49,195	$50,671
Depreciation - Vehicles				$48,000	$49,440	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805
Depreciation - Machinery (backhoes)				$48,000	$49,440	$50,923	$52,451	$54,024	$55,645	$57,315	$59,034	$60,805
Depreciation - Machinery (small trucks)				$20,000	$20,600	$21,218	$21,855	$22,510	$23,185	$23,881	$24,597	$25,335
Total Depreciation				$156,000	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616
PROFITABILITY ASSESSMENT												
Earnings Before Interest, Tax, Depreciation & Amortisation		-$443,926	-$1,264,185	-$771,191	$5,039,817	$5,102,345	$5,166,748	$5,233,084	$5,301,410	$5,371,786	$5,444,272	$5,518,934
Less Depreciation				$156,000	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616
Earnings Before Interest & Tax		-$443,926	-$1,264,185	-$927,191	$4,879,137	$4,936,844	$4,996,283	$5,057,505	$5,120,563	$5,185,513	$5,252,412	$5,321,318
Less Interest Expense				$93,598	$311,854	$313,411	$315,014	$316,666	$318,368	$320,121	$321,927	$323,787
Net Profit Before Tax		-$443,926	-$1,264,185	-$1,020,789	$4,567,283	$4,623,434	$4,681,269	$4,740,839	$4,802,195	$4,865,392	$4,930,485	$4,997,531
Less Company Tax Equivalent				$0	$1,370,185	$1,387,030	$1,404,381	$1,422,252	$1,440,659	$1,459,618	$1,479,146	$1,499,259
Net Profit After Tax		-$443,926	-$1,264,185	-$1,020,789	$3,197,098	$3,236,404	$3,276,888	$3,318,587	$3,361,537	$3,405,775	$3,451,340	$3,498,272
CASH FLOW ASSESSMENT (inc. interest on working capital)												
Net Profit Before Tax		-$443,926	-$1,264,185	-$1,020,789	$4,567,283	$4,623,434	$4,681,269	$4,740,839	$4,802,195	$4,865,392	$4,930,485	$4,997,531
Plus Depreciation				$156,000	$160,680	$165,500	$170,465	$175,579	$180,847	$186,272	$191,860	$197,616
Less Capital Expenditure				$700,000	$0	$0	$131,127	$0	$672,379	$143,286	$0	$0
Net Cash Flows		-$443,926	-$1,264,185	-$1,564,789	$4,727,963	$4,788,934	$4,720,607	$4,916,418	$4,310,663	$4,908,378	$5,122,346	$5,195,147
Terminal Value of Business												
Total Net Cash Flows		-$443,926	-$1,264,185	-$1,564,789	$4,727,963	$4,788,934	$4,720,607	$4,916,418	$4,310,663	$4,908,378	$5,122,346	$5,195,147
NPV OF NET CASH FLOWS (including terminal value)				$41,735,103								

Year Ending 30 June…	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Revenue											
House Construction	$24,000,000	$5,461,596	$5,625,444	$5,794,207	$5,968,033	$6,147,074	$6,331,486	$6,521,431	$6,717,074	$6,918,586	$7,126,144
House Upgrades	$8,511,111	$5,461,596	$5,625,444	$5,794,207	$5,968,033	$6,147,074	$6,331,486	$6,521,431	$6,717,074	$6,918,586	$7,126,144
Repairs & Maintenance	$8,201,830	$8,484,980	$8,739,529	$9,001,715	$9,271,767	$9,549,920	$9,836,417	$10,131,510	$10,435,455	$10,748,519	$11,070,974
Other Activities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$40,712,941	$19,408,171	$19,990,417	$20,590,129	$21,207,833	$21,844,068	$22,499,390	$23,174,372	$23,869,603	$24,585,691	$25,323,262
***Less* Operating Expenditure**											
Labour Costs											
House Construction	$8,457,689	$1,894,404	$1,951,237	$2,009,774	$2,070,067	$2,132,169	$2,196,134	$2,262,018	$2,329,879	$2,399,775	$2,471,768
House Upgrades	$2,999,347	$1,894,404	$1,951,237	$2,009,774	$2,070,067	$2,132,169	$2,196,134	$2,262,018	$2,329,879	$2,399,775	$2,471,768
Repairs & Maintenance	$2,908,341	$2,995,591	$3,085,459	$3,178,023	$3,273,363	$3,371,564	$3,472,711	$3,576,893	$3,684,199	$3,794,725	$3,908,567
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Materials/Other Costs											
House Construction	$10,337,175	$2,315,383	$2,384,845	$2,456,390	$2,530,082	$2,605,984	$2,684,164	$2,764,689	$2,847,629	$2,933,058	$3,021,050
House Upgrades	$3,665,869	$2,315,383	$2,384,845	$2,456,390	$2,530,082	$2,605,984	$2,684,164	$2,764,689	$2,847,629	$2,933,058	$3,021,050
Repairs & Maintenance	$2,139,828	$2,204,023	$2,270,144	$2,338,248	$2,408,395	$2,480,647	$2,555,067	$2,631,719	$2,710,670	$2,791,990	$2,875,750
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Governance & Administration Costs											
Company Establishment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ongoing Board/Governance Costs	$32,619	$33,598	$34,606	$35,644	$36,713	$37,815	$38,949	$40,118	$41,321	$42,561	$43,838
General Management/Administration Costs	$4,576,237	$2,042,878	$2,104,165	$2,167,290	$2,232,308	$2,299,278	$2,368,256	$2,439,304	$2,512,483	$2,587,857	$2,665,493
Total Operating Expenditure	$35,117,106	$15,695,666	$16,166,536	$16,651,532	$17,151,078	$17,665,610	$18,195,578	$18,741,446	$19,303,689	$19,882,800	$20,479,284
***Less* Depreciation**											
Depreciation - Equipment	$52,191	$53,757	$55,369	$57,030	$58,741	$60,504	$62,319	$64,188	$66,114	$68,097	$70,140
Depreciation - Vehicles	$62,629	$64,508	$66,443	$68,437	$70,490	$72,604	$74,782	$77,026	$79,337	$81,717	$84,168
Depreciation - Machinery (backhoes)	$62,629	$64,508	$66,443	$68,437	$70,490	$72,604	$74,782	$77,026	$79,337	$81,717	$84,168
Depreciation - Machinery (small trucks)	$26,095	$26,878	$27,685	$28,515	$29,371	$30,252	$31,159	$32,094	$33,057	$34,049	$35,070
Total Depreciation	$203,545	$209,651	$215,940	$222,419	$229,091	$235,964	$243,043	$250,334	$257,844	$265,580	$273,547
PROFITABILITY ASSESSMENT											
Earnings Before Interest, Tax, Depreciation & Amortisation	$5,595,835	$3,712,506	$3,823,881	$3,938,597	$4,056,755	$4,178,458	$4,303,811	$4,432,926	$4,565,914	$4,702,891	$4,843,978
Less Depreciation	$203,545	$209,651	$215,940	$222,419	$229,091	$235,964	$243,043	$250,334	$257,844	$265,580	$273,547
Earnings Before Interest & Tax	$5,392,291	$3,502,855	$3,607,940	$3,716,178	$3,827,664	$3,942,494	$4,060,769	$4,182,592	$4,308,069	$4,437,311	$4,570,431
Less Interest Expense	$325,704	$155,265	$159,923	$164,721	$169,663	$174,753	$179,995	$185,395	$190,957	$196,686	$202,586
Net Profit Before Tax	$5,066,587	$3,347,589	$3,448,017	$3,551,457	$3,658,001	$3,767,741	$3,880,773	$3,997,197	$4,117,113	$4,240,626	$4,367,845
Less Company Tax Equivalent	$1,519,976	$1,004,277	$1,034,405	$1,065,437	$1,097,400	$1,130,322	$1,164,232	$1,199,159	$1,235,134	$1,272,188	$1,310,353
Net Profit After Tax	$3,546,611	$2,343,312	$2,413,612	$2,486,020	$2,560,601	$2,637,419	$2,716,541	$2,798,038	$2,881,979	$2,968,438	$3,057,491
CASH FLOW ASSESSMENT (inc. interest on working capital)											
Net Profit Before Tax	$5,066,587	$3,347,589	$3,448,017	$3,551,457	$3,658,001	$3,767,741	$3,880,773	$3,997,197	$4,117,113	$4,240,626	$4,367,845
Plus Depreciation	$203,545	$209,651	$215,940	$222,419	$229,091	$235,964	$243,043	$250,334	$257,844	$265,580	$273,547
Less Capital Expenditure	$156,573	$779,472	$0	$171,091	$0	$0	$1,090,577	$0	$0	$204,292	$0
Net Cash Flows	$5,113,559	$2,777,769	$3,663,957	$3,602,785	$3,887,092	$4,003,705	$3,033,239	$4,247,531	$4,374,957	$4,301,914	$4,641,392
Terminal Value of Business											$58,017,396
Total Net Cash Flows	$5,113,559	$2,777,769	$3,663,957	$3,602,785	$3,887,092	$4,003,705	$3,033,239	$4,247,531	$4,374,957	$4,301,914	$62,658,787
NPV OF NET CASH FLOWS (including terminal value)											

Source: AEC*group*

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