

**Torres Strait Island Regional Council  
Financial Statements  
For the year ended 30 June 2025**

# **Torres Strait Island Regional Council**

## **Financial statements**

### **For the year ended 30 June 2025**

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**Torres Strait Island Regional Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2025**

	<b>Note</b>	<b>2025</b> \$	<b>2024</b> \$
<b>Income</b>			
<b>Recurrent revenue</b>			
Community levies, rates and charges	3(a)	1,839,583	1,661,595
Fees and charges	3(b)	5,974,090	5,439,538
Sales revenue	3(c)	28,102,471	25,192,420
Grants, subsidies, contributions and donations	3(d)	51,219,524	32,112,697
<b>Total recurrent revenue</b>		<u>87,135,668</u>	<u>64,406,250</u>
Interest received	4(a)	1,263,636	1,041,836
Other income	4(b)	924,243	1,197,411
Rental income	4(c)	4,525,108	4,679,623
<b>Total operating revenue</b>		<u>93,848,655</u>	<u>71,325,120</u>
<b>Capital income</b>			
Grants, subsidies, contributions and donations	3(d)	33,986,495	29,215,320
<b>Total capital income</b>		<u>33,986,495</u>	<u>29,215,320</u>
<b>Total income</b>		<u>127,835,150</u>	<u>100,540,440</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(29,918,697)	(29,034,204)
Materials and services	7	(53,516,324)	(51,954,569)
Finance costs	8	(588,045)	(500,980)
Depreciation and amortisation			
Property, plant and equipment	11	(64,207,137)	(60,318,428)
Intangible assets	12	(37,496)	-
Right of use assets	14	(1,029,245)	(602,574)
<b>Total recurrent expenses</b>		<u>(149,296,944)</u>	<u>(142,410,754)</u>
<b>Capital expenses</b>	5	(24,795,883)	(4,368,329)
<b>Total expenses</b>		<u>(174,092,827)</u>	<u>(146,779,083)</u>
<b>Net result</b>		<u>(46,257,677)</u>	<u>(46,238,643)</u>
<b>Other comprehensive income</b>			
Increase in asset revaluation surplus	11	387,269,527	82,786,371
<b>Total other comprehensive income for the year</b>		<u>387,269,527</u>	<u>82,786,371</u>
<b>Total comprehensive income for the year</b>		<u>341,011,850</u>	<u>36,547,728</u>

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

# Torres Strait Island Regional Council

## Statement of Financial Position

as at 30 June 2025

	Note	2025 \$	2024 \$
<b>Current assets</b>			
Cash and cash equivalents	9	60,020,451	23,044,959
Short term deposit		72,997	69,720
Receivables	10	9,637,828	9,103,178
Inventories		393,964	415,117
Contract assets	13	4,403,850	8,017,999
Lease receivables	14	513,785	500,482
<b>Total current assets</b>		<u>75,042,874</u>	<u>41,151,456</u>
<b>Non-current assets</b>			
Lease receivables	14	10,967,562	11,220,749
Property, plant and equipment	11	1,470,086,522	1,117,707,797
Intangible assets	12	524,938	562,433
Right of use assets	14	2,724,979	578,406
<b>Total non-current assets</b>		<u>1,484,304,000</u>	<u>1,130,069,385</u>
<b>Total assets</b>		<u>1,559,346,874</u>	<u>1,171,220,841</u>
<b>Current liabilities</b>			
Payables	15	13,541,979	11,387,962
Provisions	16	6,748,344	4,020,294
Contract liabilities	13	36,817,584	13,635,431
Lease liabilities	14	621,039	621,246
<b>Total current liabilities</b>		<u>57,728,946</u>	<u>29,664,933</u>
<b>Non-current liabilities</b>			
Provisions	16	26,027,880	8,394,676
Lease liabilities	14	1,416,966	-
<b>Total non-current liabilities</b>		<u>27,444,846</u>	<u>8,394,676</u>
<b>Total liabilities</b>		<u>85,173,792</u>	<u>38,059,609</u>
<b>Net community assets</b>		<u>1,474,173,082</u>	<u>1,133,161,232</u>
<b>Community equity</b>			
Asset revaluation surplus	11	1,212,968,795	825,699,268
Retained surplus		261,204,287	307,461,964
<b>Total community equity</b>		<u>1,474,173,082</u>	<u>1,133,161,232</u>

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

**Torres Strait Island Regional Council**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2025**

	Asset revaluation surplus	Retained surplus	Total
<b>Balance as at 1 July 2024</b>	\$ 825,699,268	\$ 307,461,964	\$ 1,133,161,232
Net result	-	(46,257,677)	(46,257,677)
Other comprehensive income for the year	387,269,527	-	387,269,527
Increase in asset revaluation surplus	387,269,527	(46,257,677)	341,011,850
<b>Total comprehensive income for the year</b>			
<b>Balance as at 30 June 2025</b>	<u>1,212,968,795</u>	<u>261,204,287</u>	<u>1,474,173,082</u>
<b>Balance as at 1 July 2023</b>	735,386,497	353,700,607	1,089,087,104
Adjustment for assets found not on asset register	7,526,400	-	7,526,400
<b>Restated Balance as at 1 July 2023</b>	<u>742,912,897</u>	<u>353,700,607</u>	<u>1,096,613,504</u>
Net result	-	(46,238,643)	(46,238,643)
Other comprehensive income for the year	82,786,371	-	82,786,371
Increase in asset revaluation surplus	82,786,371	(46,238,643)	36,547,728
<b>Total comprehensive income for the year</b>			
<b>Balance as at 30 June 2024</b>	<u>825,699,268</u>	<u>307,461,964</u>	<u>1,133,161,232</u>

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

# Torres Strait Island Regional Council

## Statement of Cash Flows

For the year ended 30 June 2025

	Note	2025	2024
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		40,759,130	34,198,434
Payments to suppliers and employees		(83,132,410)	(76,951,472)
		(42,373,280)	(42,753,038)
Interest received		1,181,055	1,003,496
Recurrent grants and contributions		53,516,202	27,737,958
<b>Net cash inflow (outflow) from operating activities</b>	20	<u>12,323,977</u>	<u>(14,011,584)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(32,030,575)	(30,846,805)
Proceeds from sale of property, plant and equipment		46,885	41,114
Finance lease receipts		500,482	534,849
Capital grants, subsidies, contributions and donations		56,762,524	31,708,068
<b>Net cash inflow (outflow) from investing activities</b>		<u>25,279,316</u>	<u>1,437,226</u>
<b>Cash flows from financing activities</b>			
Repayments made on leases (principal only)		(627,800)	(634,947)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(627,800)</u>	<u>(634,947)</u>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>36,975,492</b>	<b>(13,209,306)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>23,044,959</b>	<b>36,254,265</b>
<b>Cash and cash equivalents at the end of the financial year</b>	9	<u><b>60,020,451</b></u>	<u><b>23,044,959</b></u>

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

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

**For the year ended 30 June 2025**

### **1 Information about the financial statements**

#### **1.A Basis of preparation**

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

These general purpose financial statements are for the period 1 July 2024 to 30 June 2025 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

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

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

#### **1.B Date of authorisation**

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

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

Council has adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2024. The standards did not have a material impact on reported position, performance and cash flows of Council.

The relevant standards were:

'- AASB 101 *Presentation of Financial Statements* (amended by AASB 2020-1, AASB 2020-6, AASB 2022-6, AASB 2023-3) relating to current / non-current classification of liabilities.  
- AASB 13 *Fair Value Measurement* (amended by AASB 2022-10).

#### **1.D Standards issued by the AASB not yet effective**

The AASB has issued Australian Accounting Standards and Interpretations which are not mandatorily effective at 30 June 2025. These standards have not been adopted by Council and will be included in the financial statements on their effective date.

No standard issued by the AASB which are not yet mandatorily effective are expected to have a material impact on the reported financial position or performance for Council.

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

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

- Revenue recognition - Note 3
- Expected credit losses (ECL) - Note 10
- Valuation and depreciation of property, plant and equipment - Note 11
- Finance leases - Note 14
- Provisions - Note 16
- Contingent liabilities - Note 18

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

### **For the year ended 30 June 2025**

#### **2 Analysis of results by function**

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

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

##### **Executive Services**

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

##### **Health and Community Services**

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

##### **Engineering Services**

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

##### **Building Services**

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

##### **Corporate Services**

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

##### **Financial Services**

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

# Torres Strait Island Regional Council

## Notes to the financial statements

### For the year ended 30 June 2025

#### 2 Analysis of results by function (continued)

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

Year ended 30 June 2025

Functions	Gross program income			Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent		Capital		Recurrent	Capital					
	Grants	Other	Grants		\$	\$					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Services	-	592	-	592	4,234,306	-	167,405	4,401,710	(4,233,713)	(4,401,118)	3,817,849
Health and Community Services	5,362,800	9,684,950	11,472,108	26,519,858	47,984,168	1,650,030	6,423,764	56,057,962	(32,936,418)	(29,538,104)	504,024,489
Engineering Services	4,895,758	6,745,340	15,495,753	27,136,851	75,643,491	-	5,034,392	80,677,883	(64,002,393)	(53,541,033)	935,527,090
Building Services	-	24,264,019	3,000,967	27,264,985	21,752,049	277,621	1,126,483	23,156,153	2,511,970	4,108,832	-
Corporate Services	460,234	36,395	(140,044)	356,585	7,008,531	-	(4,136,065)	2,872,466	(6,511,903)	(2,515,881)	4,712,490
Financial Services	40,500,733	1,897,835	4,157,712	46,556,280	11,387,376	4,155,256	(8,615,979)	6,926,653	31,011,192	39,629,627	111,264,956
Total Council	51,219,524	42,629,131	33,986,496	127,835,150	168,009,921	6,082,907	-	174,092,828	(74,161,266)	(46,257,677)	1,559,346,874

Year ended 30 June 2024

Functions	Gross program income			Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent		Capital		Recurrent	Capital					
	Grants	Other	Grants		\$	\$					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Services	90,000	-	-	90,000	3,713,127	-	212,112	3,925,238	(3,623,127)	(3,835,238)	3,242,977
Health and Community Services	5,975,825	9,432,027	8,778,793	24,186,645	44,487,159	-	4,061,363	48,548,522	(29,079,307)	(24,361,876)	363,323,458
Engineering Services	9,574,482	5,982,243	17,756,514	33,313,240	57,749,431	(41,114)	1,013,546	58,721,863	(42,192,705)	(25,408,624)	641,030,469
Building Services	-	21,946,221	1,069,579	23,015,800	19,702,608	-	(1,561,879)	18,140,729	2,243,613	4,875,071	-
Corporate Services	(13,116)	48,420	140,044	175,347	6,105,158	-	(95,778)	6,009,380	(6,069,855)	(5,834,033)	3,141,375
Financial Services	16,485,506	1,803,511	1,470,390	19,759,407	10,653,271	4,409,443	(3,629,363)	11,433,351	7,635,746	8,326,056	160,482,561
Total Council	32,112,697	39,212,422	29,215,320	100,540,439	142,410,754	4,368,329	-	146,779,083	(71,085,635)	(46,238,644)	1,171,220,841

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 3 Revenue

#### (a) Community levies, rates and charges

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

	2025	2024
	\$	\$
Water charges commercial	409,428	365,291
Sewerage charges commercial	1,097,853	1,007,678
Garbage charges commercial	248,113	207,220
Rates from 40 year leases	84,188	81,406
	<u>1,839,583</u>	<u>1,661,595</u>

#### (b) Fees and charges

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

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

	2025	2024
	\$	\$
Airport landing fees	551,779	466,867
Commercial property lease and licence fees	2,851,252	2,762,693
Maritime fees	2,262,546	2,050,141
Hire of Council buildings	225,397	116,392
Other fees and charges	83,115	43,445
	<u>5,974,090</u>	<u>5,439,538</u>

#### Timing of revenue recognition for fees and charges

	2025		2024	
	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time
Fees and charges	2,851,252	3,122,838	2,762,693	2,676,845
	<u>2,851,252</u>	<u>3,122,838</u>	<u>2,762,693</u>	<u>2,676,845</u>

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 3 Revenue (continued)

#### (c) Sales revenue

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

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

	2025	2024
	\$	\$
Contract and recoverable works	24,238,169	21,834,745
Plant and equipment hire	156,434	128,591
Childcare services	117,228	106,675
Accommodation	1,356,650	1,067,710
Sale of fuel and gas	1,965,601	1,758,663
Sale of powercards	268,390	296,035
	<u>28,102,471</u>	<u>25,192,420</u>

#### Timing of revenue recognition for sales

	2025		2024	
	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time
Sales revenue	25,868,481	2,233,990	23,137,721	2,054,698
	<u>25,868,481</u>	<u>2,233,990</u>	<u>23,137,721</u>	<u>2,054,698</u>

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

##### *Grant income under AASB 15*

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

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

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

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

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

**For the year ended 30 June 2025**

### **3 Revenue (continued)**

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

##### *Grant income under AASB 1058*

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

##### *Capital grants*

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

##### *Donations and contributions*

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

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

	<b>2025</b>	<b>2024</b>
	\$	\$
<b>Operating</b>		
General purpose grants	24,327,947	16,496,863
State Government subsidies and grants	24,579,206	11,897,886
Commonwealth Government subsidies and grants	<u>2,312,371</u>	<u>3,717,948</u>
	<u>51,219,524</u>	<u>32,112,697</u>

In June 2025, Council received an amount of \$8,546,281 equating to 50% of the 2025-26 Commonwealth Financial Assistance Grant allocation. As these grants are considered untied grants, they were recognised upon receipt in the 2024-25 financial year.

##### **Capital income**

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

State Government subsidies and grants	26,784,016	21,420,296
Commonwealth Government subsidies and grants	5,724,563	7,735,024
Contributed assets	<u>1,477,917</u>	<u>60,000</u>
	<u>33,986,495</u>	<u>29,215,320</u>

# Torres Strait Island Regional Council

## Notes to the financial statements

**For the year ended 30 June 2025**

**3(d) Revenue (continued)**

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

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

	2025		2024	
	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time
	\$	\$	\$	\$
Grants and subsidies	42,766,425	40,961,677	42,874,945	18,393,072
Contributions	-	1,477,917	-	60,000
	<u>42,766,425</u>	<u>42,439,594</u>	<u>42,874,945</u>	<u>18,453,072</u>

#### 4 Interest and other income

### Note

2025

\$ \$

**(a) Interest income**

### Interest from financial institutions

1,263,636	1,041,836
1,263,636	1,041,836

**(b) Other income**

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

- Insurance claims received
- Gain on revaluation of finance leases
- Commission income
- Other revenue

14	260,597	487,985
	511,444	527,282
	102,644	62,796
	924,243	1,197,411

**(c) Rental income**

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

Residential property rental income	<u>4,525,108</u>	<u>4,679,623</u>
	<u>4,525,108</u>	<u>4,679,623</u>

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

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

5 Capital expenses	Note	2025	2024
		\$	\$
<b>Loss on disposal of non-current assets</b>			
Book value of property, plant and equipment disposed		5,727,983	4,409,443
Less: Proceeds from the sale of property, plant and equipment		(46,885)	(41,114)
		<u>5,681,098</u>	<u>4,368,329</u>
<b>Loss on disposal of registered <i>Land Holding Act</i> leases</b>			
Book value of property, plant and equipment		354,923	-
		<u>354,923</u>	<u>-</u>
<b>Provision for restoration of landfill</b>			
Discount rate adjustment to refuse restoration provision		819,033	-
Change due to reassessment and recognition of additional provisions		17,940,829	-
		<u>18,759,862</u>	<u>-</u>
		<u>24,795,883</u>	<u>4,368,329</u>
<b>6 Employee benefits</b>			
Staff wages and salaries		21,435,347	21,044,991
Councillors' remuneration		1,206,619	1,143,867
Annual, sick and long service leave entitlements		4,441,607	4,096,589
Superannuation	19	<u>2,845,648</u>	<u>2,650,677</u>
Other employee related expenses		29,929,220	28,936,123
Less: Capitalised employee expenses		514,379	422,098
		<u>30,443,599</u>	<u>29,358,221</u>
		<u>(524,902)</u>	<u>(324,018)</u>
		<u>29,918,697</u>	<u>29,034,204</u>

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

	2025	2024
	Number	Number
Total Council employees at the reporting date:		
Elected members	16	16
Administration staff	325	318
Total full time equivalent employees	<u>341</u>	<u>334</u>

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

7 Materials and services	Note	2025	2024
		\$	\$
Advertising and marketing		49,335	73,236
Audit services		240,607	170,582
Communications and IT		2,720,211	2,346,356
Consultants		3,051,085	2,297,963
Contractors		5,957,439	8,123,747
Contracts - Infrastructure		4,828,794	6,700,206
Donations paid		347,603	345,852
Freight		1,435,597	1,350,159
Insurance		5,830,090	5,691,262
Legal fees		599,182	687,273
Materials - carpentry, plumbing, electrical		996,726	1,061,843
Motor vehicle expenses		2,345,764	2,581,133
Other materials and services		2,073,796	1,826,319
Power		1,592,371	1,535,783
Powercards, fuel and gas for resale		2,131,085	2,239,728
Rent paid		216,562	120,554
Repairs and maintenance		9,879,448	6,914,018
Repairs and maintenance - electrical		3,801,649	3,009,766
Subscriptions and registrations		129,939	151,080
Supplies and consumables		399,973	390,080
Temporary staff costs		1,604,817	1,259,748
Travel		3,506,281	3,177,112
Less: Expenses capitalised		(222,031)	(99,228)
		<u>53,516,324</u>	<u>51,954,569</u>

\* Total audit fees quoted by the Queensland Audit Office relating to the 2024/25 financial statements are \$205,500 (2023/24: \$186,089)

## 8 Finance costs

Bank charges		82,741	77,552
Impairment of receivables		269,256	246,623
Refuse restoration	16	158,705	158,324
Interest on leases	14	77,342	18,481
		<u>588,045</u>	<u>500,980</u>

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 9 Cash and cash equivalents

	Note	2025	2024
		\$	\$
Cash at bank		28,445,551	13,673,942
Deposits at call		31,574,901	9,371,017
Balance per Statement of Cash Flows		<u>60,020,451</u>	<u>23,044,959</u>
Less: Externally imposed restrictions on cash		37,071,539	13,929,357
Unrestricted cash		<u>22,948,913</u>	<u>9,115,602</u>

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

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

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

Unspent government grants and subsidies	37,059,792	13,929,357
Total externally imposed restrictions on cash assets	<u>37,059,792</u>	<u>13,929,357</u>

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

Funds set aside and held in reserves for DOGIT land	4,064,282	3,421,487
Total internally allocated cash assets	<u>4,064,282</u>	<u>3,421,487</u>

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds relating to island funeral funds, church funds and other community funds. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

#### Trust funds held for outside parties

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

Island funeral funds	203,306	209,630
Church funds	10,480	10,177
Other community funds	<u>56,379</u>	<u>54,469</u>
	<u>270,165</u>	<u>274,276</u>

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

#### Funds held in trust by outside parties

DFK Kidsons holding funds for the Major Infrastructure and Other Program

17,227,623	23,878,720
<u>17,227,623</u>	<u>23,878,720</u>

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

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 10 Receivables

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

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

	2025	2024
	\$	\$
<b>Current</b>		
Receivable - Housing	12,597,574	12,988,154
Less impairment	(12,272,090)	(12,655,302)
Receivable - Rates	1,032,249	1,083,009
Less impairment	(606,303)	(315,701)
Receivable - Other	4,434,730	4,243,717
Less impairment	(253,058)	(243,153)
	<u>4,933,102</u>	<u>5,100,724</u>
Accrued revenue	3,948,458	3,513,135
Prepayments	299,605	348,545
GST receivable	456,663	140,774
	<u>9,637,828</u>	<u>9,103,178</u>

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

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

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

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

Housing charges	12,459,281	12,869,555
Government entities	3,304,602	2,808,311
Utility charges	1,032,249	1,083,009
Other	1,268,421	869,689
<b>Total</b>	<u>18,064,553</u>	<u>17,630,564</u>

Movement in accumulated impairment losses is as follows:

Opening balance at 1 July	13,214,155	13,118,370
Less: Debts written off during the year	(351,961)	(152,324)
Additional impairments recognised	766,830	810,753
Less: Impairments reversed	(497,574)	(562,644)
<b>Closing balance at 30 June</b>	<u>13,131,450</u>	<u>13,214,155</u>

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 10 Receivables (continued)

#### *Expected credit loss assessment*

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

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

For housing receivables this rate ranges from 11% - 98% depending on the aging of the debt (2023/24: 15% - 98%). In relation to other receivables, this rate ranges from 1% - 49% depending on the aging of the debt (2023/24: 1% - 33%).

**2025**

Aging
-------

Closing balance 30 June 2025 \$	Historical probability of default	Loss given default	Lifetime expected credit loss \$
---------------------------------------	-----------------------------------	--------------------	----------------------------------

Housing

Current
1-30 days
31-60 days
61+ days

101,376	11.00%	100%	11,151
38,962	95.00%	100%	37,014
39,989	95.00%	100%	37,989
12,417,247	98.14%	100%	12,185,936
<u>12,597,574</u>			<u>12,272,091</u>

Other debtors

Current
1-30 days
31-60 days
61+ days

2,917,359	0.53%	100%	15,399
526,968	1.46%	100%	7,708
335,327	3.23%	100%	10,815
1,687,324	48.92%	100%	825,439
<u>5,466,979</u>			<u>859,361</u>

**2024**

Aging
-------

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

Housing

Current
1-30 days
31-60 days
61+ days

118,109	15.0%	100%	17,716
59,034	96.0%	100%	56,673
49,072	96.0%	100%	47,109
12,761,939	98.2%	100%	12,533,804
<u>12,988,155</u>			<u>12,655,302</u>

Other debtors

Current
1-30 days
31-60 days
61+ days

2,785,757	0.3%	100%	8,100
958,276	4.5%	100%	43,274
36,540	12.7%	100%	4,658
1,546,152	32.5%	100%	502,822
<u>5,326,726</u>			<u>558,854</u>

## Torres Strait Island Regional Council

### Notes to the financial statements

For the year ended 30 June 2025

#### 11 Property, plant and equipment

##### Council - 30 June 2025

###### Basis of measurement

###### Asset values

Opening gross value as at 1 July 2024

Additions

Capital contributions

Assets capitalised from work in progress

Disposals

Revaluation adjustment to asset revaluation surplus

**Closing gross value as at 30 June 2025**

###### Accumulated depreciation and impairment

Opening balance as at 1 July 2024

Depreciation provided in period

Revaluation adjustment to asset revaluation surplus

Depreciation/impairment on disposals

Transfers between classes

**Accumulated depreciation as at 30 June 2025**

###### Book value as at 30 June 2025

Range of estimated useful life in years

Additions comprise:

Renewals

Other additions

Total additions

###### Asset revaluation surplus

Opening balance as at 1 July 2024

Movements - Revaluation

**Closing balance as at 30 June 2025**

Buildings (Communities)		Buildings (Corporate)		Buildings (Churches)		Recreational facilities		Transport network		Stormwater drainage network		Flood mitigation network		Water		Wastewater		Marine infrastructure		Waste		Land		Plant and equipment		Work in progress	Total
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	\$		
845,742,593	168,460,577	25,591,831	42,008,804	372,256,168	18,698,538	66,023,447	336,148,429	355,440,803	63,906,544	4,192,339	3,242,977	10,020,188	33,208,675	2,344,941,913													
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,921,321	33,921,321			
14,080,370	1,480,169	-	1,604,305	10,050,978	211,986	8,240,352	3,079,304	179,681	4,110,134	-	-	-	-	240,000	-	-	-	-	-	-	-	-	-	1,477,916			
(10,618,050)	(249,073)	-	(765,620)	(6,437,037)	-	-	(3,264,193)	(131,146)	(988,510)	(57,684)	-	-	(748,285)	-	-	(2,088,113)	(45,125,394)	-	-	-	-	-	-	(23,259,598)			
163,612,927	19,314,818	1,099,270	5,750,784	232,007,004	934,927	19,534,750	142,107,536	88,934,290	86,536,152	372,294	574,872	-	-	-	-	-	-	-	-	-	-	-	-	760,779,624			
<b>1,012,817,840</b>	<b>189,006,491</b>	<b>26,691,101</b>	<b>48,598,273</b>	<b>607,877,113</b>	<b>19,845,451</b>	<b>93,798,549</b>	<b>478,071,076</b>	<b>444,423,628</b>	<b>154,802,236</b>	<b>4,506,949</b>	<b>3,817,849</b>	<b>11,600,016</b>	<b>22,004,602</b>	<b>3,117,861,174</b>													

490,017,181	108,241,809	17,993,783	28,466,731	168,058,281	8,360,352	14,555,970	179,866,124	172,673,307	29,441,235	2,680,444	-	6,878,895	-	-	1,227,234,113														
27,292,251	5,931,182	680,993	1,317,218	5,617,717	373,971	1,647,112	9,802,486	9,251,284	1,442,063	148,944	-	701,916	-	-	64,207,137														
104,122,102	(2,441,428)	271,124	(338,998)	47,524,222	471,401	3,322,056	96,525,219	57,717,366	65,462,615	874,418	-	-	-	-	373,510,097														
(7,802,196)	(184,055)	-	(478,480)	(4,580,218)	-	-	(2,617,290)	(125,590)	(637,893)	(57,684)	-	-	(693,286)	-	-	(17,176,692)													
<b>613,629,338</b>	<b>111,547,508</b>	<b>18,945,900</b>	<b>28,966,471</b>	<b>216,620,002</b>	<b>9,205,724</b>	<b>19,525,138</b>	<b>283,576,539</b>	<b>239,516,367</b>	<b>95,708,020</b>	<b>3,646,122</b>	<b>-</b>	<b>6,887,525</b>	<b>-</b>	<b>-</b>	<b>1,647,774,655</b>														

399,188,502	77,458,984	7,745,202	19,631,802	391,257,113	10,639,726	74,273,410	194,494,536	204,907,262	59,094,216	860,826	8,817,849	4,712,490	22,004,602	1,470,086,522														
5 - 75	5 - 80	15 - 50	5 - 50	10 - 100	50	10 - 50	5 - 60	5 - 100	10 - 50	8 - 25	Land: Not Depreciated	1 - 25	WIP: Not Depreciated															

\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
8,532,405	-	817,701	9,245,834	-	-	2,383,000	-	4,110,134	-	-	-	2,328,113	-	-	27,417,187													
5,547,965	1,480,169	-	786,604	805,144	211,986	8,240,352	696,304	179,681	1,237,916	-	-	-	-	-	-	-	-	-	-	-	-	-	19,186,121					
14,080,370	1,480,169	-	1,604,305	10,050,978	211,986	8,240,352	3,079,304	179,681	5,348,050	-	-	-	-	-	-	-	-	-	-	-	-	-	46,603,308					

286,087,323	46,572,256	8,217,132	12,029,207	177,272,434	6,098,097	12,329,532	106,512,368	145,171,462	23,792,821	815,794	800,843	-	-	-	825,699,268													
59,490,825	21,756,246	828,146	6,089,782	184,482,782	463,526	16,212,695	45,582,317	31,216,924	21,073,536	(502,124)	574,872	-	-	-	387,269,527													
345,578,148	68,328,502	9,045,278	18,118,989	361,755,216	6,561,623	28,542,227	152,094,685	176,388,386	44,866,357	313,670	1,375,715	-	-	-	1,212,968,795													

## Torres Strait Island Regional Council

### Notes to the financial statements

For the year ended 30 June 2025

#### 11 Property, plant and equipment (continued)

Council - 30 June 2024	Buildings (Communities)	Buildings (Corporate)	Buildings (Churches)	Recreational facilities	Transport network	Stormwater drainage network	Flood mitigation network	Water	Wastewater	Marine infrastructure	Waste	Land	Plant and equipment	Work in progress	Total
Basis of measurement	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	
<b>Asset values</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening gross value as at 1 July 2023	768,771,551	153,167,895	23,265,300	37,874,619	344,335,804	17,297,444	60,600,453	310,060,362	332,101,469	59,117,987	3,811,217	2,870,804	10,143,261	25,513,776	2,148,931,942
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	30,552,089	30,552,089
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	60,000	60,000
Assets capitalised from work in progress	7,145,858	676,353	-	525,119	29,163	-	4,019,699	9,383,297	105,531	-	-	-	469,733	(22,917,190)	(562,436)
Disposals	(6,410,883)	(566,904)	-	(162,178)	-	-	(2,544,509)	(4,667,318)	(12,430)	-	-	-	(662,686)	-	(15,026,908)
Revaluation adjustment to asset revaluation surplus	76,236,067	15,253,111	2,326,530	3,771,244	27,891,200	1,401,093	3,947,804	21,372,088	23,246,233	4,788,557	381,122	372,173	-	-	180,987,222
Transfer between classes	-	(69,880)	-	-	-	-	-	-	-	-	-	-	69,880	-	-
<b>Closing gross value as at 30 June 2024</b>	<b>845,742,593</b>	<b>168,460,577</b>	<b>25,591,831</b>	<b>42,008,804</b>	<b>372,256,168</b>	<b>18,698,538</b>	<b>66,023,447</b>	<b>336,148,429</b>	<b>355,440,803</b>	<b>63,906,544</b>	<b>4,192,339</b>	<b>3,242,977</b>	<b>10,020,188</b>	<b>33,208,675</b>	<b>2,344,941,909</b>
<b>Accumulated depreciation and impairment</b>															
Opening balance as at 1 July 2023	424,631,246	93,405,531	15,738,900	24,628,258	149,809,634	7,387,957	13,768,787	162,292,944	152,603,836	25,982,311	2,301,364	-	6,781,530	-	1,079,332,300
Depreciation provided in period	25,232,289	5,476,839	619,085	1,276,669	5,655,935	345,949	1,641,021	9,217,008	8,785,516	1,319,518	135,403	-	613,197	-	60,318,428
Revaluation adjustment to asset revaluation surplus	44,547,016	9,840,164	1,635,798	2,587,885	12,592,711	626,446	926,785	11,764,577	11,296,385	2,139,407	243,677	-	-	-	98,200,851
Depreciation/impairment on disposals	(4,393,370)	(479,577)	-	(26,080)	-	-	(1,780,622)	(3,408,404)	(12,430)	-	-	-	(516,982)	-	(10,617,465)
Transfers between classes	-	(1,149)	-	-	-	-	-	-	-	-	-	-	1,149	-	-
<b>Accumulated depreciation as at 30 June 2024</b>	<b>490,017,181</b>	<b>108,241,809</b>	<b>17,993,783</b>	<b>28,466,731</b>	<b>168,058,281</b>	<b>8,360,352</b>	<b>14,555,970</b>	<b>179,866,124</b>	<b>172,673,307</b>	<b>29,441,235</b>	<b>2,680,444</b>	<b>-</b>	<b>6,878,895</b>	<b>-</b>	<b>1,227,234,113</b>
<b>Book value as at 30 June 2024</b>	<b>355,725,412</b>	<b>60,218,768</b>	<b>7,598,048</b>	<b>13,542,073</b>	<b>204,197,887</b>	<b>10,338,184</b>	<b>51,467,476</b>	<b>156,282,304</b>	<b>182,767,496</b>	<b>34,465,308</b>	<b>1,511,894</b>	<b>3,242,977</b>	<b>3,141,292</b>	<b>33,208,675</b>	<b>1,117,707,797</b>
Range of estimated useful life in years	15 - 50	10 - 50	15 - 50	5 - 50	10 - 100	47 - 53	10 - 50	3 - 60	5 - 100	10 - 50	15 - 25	Land: Not Depreciated	1 - 25	WIP: Not Depreciated	
Additions comprise:															
Renewals	\$ 5,551,198	\$ -	\$ 299,317	\$ -	\$ 101,724	\$ 9,383,297	\$ 105,531								\$ 15,441,068
Other additions	1,594,659	676,353	-	225,802	29,163	-	3,917,975	-	-	-	-	469,733	-	6,913,686	
Total additions	7,145,858	676,353	-	525,119	29,163	-	4,019,699	9,383,297	105,531	-	-	469,733	-	22,354,754	
<b>Asset revaluation surplus</b>															
Opening balance as at 1 July 2023	254,398,273	41,159,309	7,526,400	10,845,848	161,973,945	5,323,450	9,308,512	96,904,856	133,221,614	21,143,671	678,349	428,670	-	-	742,912,896
Movements - Revaluation	31,689,050	5,412,947	690,732	1,183,359	15,298,489	774,647	3,021,020	9,607,511	11,949,848	2,649,150	137,445	372,173	-	-	82,786,371
Movements - Impairments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance as at 30 June 2024</b>	<b>286,087,323</b>	<b>46,572,256</b>	<b>8,217,132</b>	<b>12,029,207</b>	<b>177,272,434</b>	<b>6,098,097</b>	<b>12,329,532</b>	<b>106,512,368</b>	<b>145,171,462</b>	<b>23,792,821</b>	<b>815,794</b>	<b>800,843</b>	<b>-</b>	<b>-</b>	<b>825,699,268</b>

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

### **For the year ended 30 June 2025**

#### **11 Property, plant and equipment (continued)**

##### **(a) Recognition**

Each class of property, plant and equipment is stated at cost or fair value, less where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment, infrastructure assets and buildings with a total value of less than \$10,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

The Council is located on land assigned to it under various Deeds of Grant in Trust (DOGIT) held under the *Torres Strait Islander Land Act 1991* (Qld) (TSILA), *Aboriginal Land Act 1991* (Qld) and the *Land Act 1994* (Qld). The land comprises an area of approximately 483.6 square kilometres, across the following Islands:

- Boigu Island
- Dauan Island
- Erub Island
- Hammond Island
- Iama Island
- Moa Island (comprising two DOGITs of St Paul's and Kubin communities)
- Mabuiag Island
- Poruma Island
- Saibai Island
- Ugar Island
- Warraber Island
- Masig Island

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

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

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

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

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

### **For the year ended 30 June 2025**

#### **11 Property, plant and equipment (continued)**

##### **(a) Recognition (continued)**

The relevant leased assets are still reported as assets of the Council; land is not reported. Nominal rental is paid for the majority of essential service buildings. These buildings have not been classified as leases, as prior to change in land agreements the assets were originally constructed by Council. No lease liability has been recognised in the financial statements as the two properties occupied by Council do not have a lease that transfer the right of use. Negotiations are underway to obtain a licence over the properties until long-term leases can be negotiated

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

##### **(b) Measurement**

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

##### **(c) Depreciation**

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

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

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

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

Depreciation methods and estimated useful lives of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the 5 yearly full valuation process for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in the tables earlier in this note.

##### **(d) Impairment**

Plant and equipment held at cost is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

### **For the year ended 30 June 2025**

#### **11 Property, plant and equipment (continued)**

##### **(e) Valuation**

###### **(i) Valuation processes**

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

All asset classes carried at fair value were comprehensively valued in the current year. The last comprehensive valuation prior to the current year was the financial year ended 30 June 2020.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of assets does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment measured at fair value at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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

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

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

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

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

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

## Torres Strait Island Regional Council

### Notes to the financial statements

For the year ended 30 June 2025

#### 11 Property, plant and equipment (continued)

##### (e) Valuation (continued)

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

Asset class and fair value hierarchy	Valuation approach	FV hierarchy	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Current year fair value assessment
Buildings (Communities)	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current replacement cost Unit rates developed from building projects completed in the Torres Strait and supplemented by published cost guides including the Rawlinsons Construction Cost Guide and Cordell Cost Guide. Allowances are made for the remote locality of the assets.</p> <p>Accumulated depreciation Componentisation - Structure, Site Improvements, Roof, and Fixtures and Fittings Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</p>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$59,490,825
Buildings (Corporate) 2025: \$1,846,000 2024: \$2,154,054	Market approach	Level 2	30/06/2025	Jones Lang Lasalle	Fair value is based on market approach using comparable sales evidence from Thursday Island and Cairns market, adjusted for differences in key attributes such as size of improvements, functionality and condition.	Comprehensive valuation performed as at 30 June 2025 resulted in decreasing fair value of asset class by \$923,354
Buildings (Corporate) 2025: \$75,612,984 2024: \$58,064,714	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publication. Allowances are made for the remote locality of the assets.</p> <p>Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</p>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$22,679,600
Buildings (Churches)	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publication. Allowances are made for the remote locality of the assets.</p> <p>Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</p>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$828,146
Recreational facilities	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publications. Allowances are made for the remote locality of the assets.</p> <p>Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</p>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$6,089,782

## Torres Strait Island Regional Council

### Notes to the financial statements

For the year ended 30 June 2025

#### 11 Property, plant and equipment (continued)

##### (e) Valuation (continued)

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

Asset class and fair value hierarchy	Valuation approach	FV hierarchy	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Current year fair value assessment
Transport network	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current Replacement cost</p> <ul style="list-style-type: none"> <li>- Unit rates have been developed based on recent transport network projects contracted in the Torres Strait in recent years.</li> <li>- Rates are based on a realistic project scale that could be feasibly procured and delivered on the islands, rather than large-scale mainland projects that benefit from economies of scale not available in the Torres Strait. This assumption is supported by historical capital works analysis and validated by Council's engineering staff.</li> <li>- Allowances are included for the substantial costs of remote delivery, including freight and logistics, labour mobilisation, site establishment, and sourcing of materials and plant.</li> <li>- Formation fill has been estimated at 0.15 m<sup>3</sup> per m<sup>2</sup>, based on JLL professional judgement of the prevailing ground conditions across the islands and confirmed by Council's engineering staff. This is a change in the previously applied assumption of Formation fill has been estimated at 0.15 m<sup>3</sup> per m<sup>2</sup>, which has resulted in an increase in replacement costs for road assets.</li> </ul> <p>Accumulated depreciation</p> <ul style="list-style-type: none"> <li>- Segmentation - high level, between intersections</li> <li>- Componentisation is applied as follows: formation, pavement, seal, and kerb and channel. Earthworks and pavements are apportioned on an 80%/20% split (formation/sub-grade; pavement/sub-base) in line with the direct costs and construction elements making up each component.</li> <li>- Pavement surfaces are assigned shorter useful lives than comparable mainland assets due to the impact of intense rainfall, high UV exposure, and tropical climatic conditions.</li> <li>- Condition assessments and remaining useful life estimates are applied using a standardised consumption profile: each condition score equates to a defined percentage of useful life consumed, ensuring a consistent correlation between observed condition and depreciation applied.</li> <li>- Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</li> </ul>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$184,482,782
Stormwater drainage network	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current Replacement cost</p> <ul style="list-style-type: none"> <li>- The extent of the stormwater network in each Division has been estimated using available asset data and visual inspection of above-ground structures.</li> <li>- Unit rates have been developed from published cost guides (Rawlinsons, Cordell), with adjustments applied for Torres Strait locality factors such as freight and logistics. Where no project evidence exists for an asset type, prior rates have been escalated by 5% in line with regional construction cost indices.</li> </ul> <p>Accumulated depreciation</p> <ul style="list-style-type: none"> <li>- Condition assessments and remaining useful life estimates are applied using a standardised consumption profile: each condition score equates to a defined percentage of useful life consumed, ensuring a consistent correlation between observed condition and depreciation applied.</li> <li>- Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</li> </ul>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$463,526

## Torres Strait Island Regional Council

### Notes to the financial statements

For the year ended 30 June 2025

#### 11 Property, plant and equipment (continued)

##### (e) Valuation (continued)

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

Asset class and fair value hierarchy	Valuation approach	FV hierarchy	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Current year fair value assessment
Flood mitigation network	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current Replacement cost</p> <ul style="list-style-type: none"> <li>- Unit rates are developed from recent flood mitigation projects delivered in the Torres Strait. Where no project evidence exists for an asset type, prior rates have been escalated by 5% in line with regional construction cost indices.</li> <li>- Rates are based on realistic project sizes that could feasibly be procured and delivered on the islands, rather than large-scale mainland projects that benefit from economies of scale not available in the Torres Strait. This assumption is supported by historical capital works analysis and validated by Council's engineering staff.</li> <li>- Allowances are included for the substantial costs of remote delivery, including freight and logistics, labour mobilisation, site establishment, and sourcing of materials and plant.</li> </ul> <p>Accumulated depreciation</p> <ul style="list-style-type: none"> <li>- Useful life estimates are shorter than comparable mainland assets due to exposure to extreme coastal conditions, including storm surges, intense rainfall, high UV levels and saline environments.</li> <li>- Condition assessments and remaining useful life estimates are applied using a standardised consumption profile: each condition score equates to a defined percentage of useful life consumed, ensuring a consistent correlation between observed condition and depreciation applied.</li> <li>- Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</li> </ul>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$16,212,695
Water	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current Replacement cost</p> <ul style="list-style-type: none"> <li>- Unit rates are developed from recent water infrastructure projects delivered in the Torres Strait. Where no direct project evidence exists for an asset type, prior unit rates have been escalated by 5% using regional construction cost indices.</li> <li>- Rates are based on project sizes that could realistically be procured and delivered on the islands, rather than large-scale mainland projects which benefit from economies of scale not achievable in the Torres Strait. This approach is supported by historical capital works analysis and validated by Council's engineering staff.</li> <li>- Allowances are included for the substantial costs of operating in the Torres Strait, including freight and logistics, labour mobilisation, establishment, and sourcing of materials and plant.</li> </ul> <p>Accumulated depreciation</p> <ul style="list-style-type: none"> <li>- Condition assessments and remaining useful life estimates are applied using a standardised consumption profile: each condition score equates to a defined percentage of useful life consumed, ensuring a consistent correlation between observed condition and depreciation applied.</li> <li>- Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</li> </ul>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$45,582,317

## Torres Strait Island Regional Council

Notes to the financial statements  
For the year ended 30 June 2025

### 11 Property, plant and equipment (continued)

#### (e) Valuation (continued)

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

Asset class and fair value hierarchy	Valuation approach	FV hierarchy	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates	Current year fair value assessment
Wastewater	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current Replacement cost</p> <ul style="list-style-type: none"> <li>- Unit rates are developed from recent water infrastructure projects delivered in the Torres Strait. Where no direct project evidence exists for an asset type, prior unit rates have been escalated by 5% using regional construction cost indices.</li> <li>- Rates are based on project sizes that could realistically be procured and delivered on the islands, rather than large-scale mainland projects which benefit from economies of scale not achievable in the Torres Strait. This approach is supported by historical capital works analysis and validated by Council's engineering staff.</li> <li>- Allowances are included for the substantial costs of operating in the Torres Strait, including freight and logistics, labour mobilisation, establishment, and sourcing of materials and plant.</li> </ul> <p>Accumulated depreciation</p> <ul style="list-style-type: none"> <li>- Condition assessments and remaining useful life estimates are applied using a standardised consumption profile: each condition score equates to a defined percentage of useful life consumed, ensuring a consistent correlation between observed condition and depreciation applied.</li> <li>- Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</li> </ul>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$31,216,924
Marine infrastructure	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current Replacement cost</p> <ul style="list-style-type: none"> <li>- Unit rates are developed from recent marine infrastructure projects delivered in the Torres Strait. Where no direct project evidence exists for an asset type, prior unit rates have been escalated by 5% using regional construction cost indices.</li> <li>- Rates are based on project sizes that could realistically be procured and delivered on the islands, rather than large-scale mainland projects which benefit from economies of scale not achievable in the Torres Strait. This approach is supported by historical capital works analysis and validated by Council's engineering staff.</li> <li>- Allowances are included for the substantial costs of operating in the Torres Strait, including freight and logistics, labour mobilisation, establishment, and sourcing of materials and plant.</li> </ul> <p>Accumulated depreciation</p> <ul style="list-style-type: none"> <li>- Condition assessments and remaining useful life estimates are applied using a standardised consumption profile: each condition score equates to a defined percentage of useful life consumed, ensuring a consistent correlation between observed condition and depreciation applied.</li> <li>- Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</li> </ul>	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$21,073,536
Waste	Current replacement cost	Level 3	30/06/2025	Jones Lang Lasalle	<p>Current Replacement cost</p> <ul style="list-style-type: none"> <li>- Unit rates have been developed based on recent landfill and bund projects and supplemented by fencing and bund replacement projects contracted in the Torres Strait in recent years. Where no project evidence exists for an asset type, prior rates have been escalated by 5% in line with regional construction cost indices.</li> </ul> <p>Accumulated depreciation</p> <ul style="list-style-type: none"> <li>- Depreciation is based on estimated useful lives by component, adjusted for asset condition and expected service capacity.</li> </ul>	Comprehensive valuation performed as at 30 June 2025 resulted in decreasing fair value of asset class by \$502,124
Land assets	Market approach	Level 2	30/06/2025	Jones Lang Lasalle	Fair value is based on market approach using comparable sales evidence from Thursday Island and Cairns market, adjusted for differences in key attributes such as size, topography and location.	Comprehensive valuation performed as at 30 June 2025 resulted in increasing fair value of asset class by \$574,872

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 12 Intangible assets

	Note	2025	2024
		\$	\$
Software			
Opening gross carrying value		562,433	1,457,686
Additions		-	562,433
Disposals		-	(1,457,686)
		<u>562,433</u>	<u>562,433</u>
Accumulated amortisation			
Opening balance		-	1,457,686
Amortisation in the period		37,496	-
Amortisation on disposals		-	(1,457,686)
		<u>37,496</u>	<u>-</u>
Net carrying value		<u>524,938</u>	<u>562,433</u>

The software is amortised on a straight line basis over an estimated useful life of 15 years.

### 13 Contract balances

	Note	2025	2024
		\$	\$
Contract assets			
Contracts with customers		2,119,727	2,048,937
Contracts to construct Council owned assets		2,284,123	5,969,061
		<u>4,403,850</u>	<u>8,017,999</u>
Contract liabilities			
Funds received upfront to construct Council controlled assets		33,233,116	12,998,451
Non-capital performance obligations not yet satisfied		3,584,468	636,980
		<u>36,817,584</u>	<u>13,635,431</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year:			
Funds to construct Council controlled assets		2,947,399	3,044,463
Non-capital performance obligations (including deposits received in advance)		568,217	3,326,947
		<u>3,515,616</u>	<u>6,371,410</u>

Funds received upfront to construct Council controlled assets in 2025 include funding to replace marine infrastructure, new social housing assets and repair and upgrades to road and airport assets.

#### Satisfaction of contract liabilities

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

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 14 Leases

#### Council as a lessee

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

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

#### Exceptions to lease accounting:

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

#### Terms and conditions of leases:

##### *Buildings*

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

Right of use assets	Note	2025	2024
		\$	\$
Balance at 1 July		578,406	1,180,980
Additions to right of use assets		3,183,371	-
Adjustments to right-of-use assets due to re-measurement of lease liability		(7,553)	-
Amortisation charge		(1,029,245)	(602,574)
<b>Closing balance</b>		<b>2,724,979</b>	<b>578,406</b>
<b>Lease liabilities</b>			
Balance at 1 July		621,245	1,237,712
Additions to lease liabilities		1,974,843	-
Re-measurement of lease liability		(7,626)	-
Lease payments		(627,800)	(634,947)
Interest expense		77,343	18,481
<b>Closing balance</b>		<b>2,038,005</b>	<b>621,245</b>

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

2025	< 1 year	1-5 years	> 5 years	Total	Total per statement of financial position
					\$
Buildings	621,039	1,416,966	-	2,038,005	2,038,005
					Total per statement of financial position
2024	< 1 year	1-5 years	> 5 years	Total	Total per statement of financial position
Buildings	627,800	-	-	627,800	621,246

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 14 Leases (continued)

#### Amounts included in the statement of comprehensive income related to leases

	Note	2025	2024
		\$	\$
Interest on lease liabilities		77,342	18,481
Amortisation of right of use assets		1,029,245	602,574
Expenses relating to short-term leases		56,272	27,375
		<u>1,162,860</u>	<u>648,430</u>
<b>Total cash outflows for leases</b>		<b>684,072</b>	<b>662,322</b>

#### Leases at significantly below market value - Concessionary/peppercorn leases

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

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

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

#### *Council as a lessor*

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

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

The total lease payment per dwelling in the current year was \$2,980 (2023/24: \$2,903). These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups). As the gross lease payments are insufficient to cover the fair value (current replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable (fair value). Gains or losses on revaluation of finance lease assets are recognised as other income annually.

The Queensland Government has the right to surrender any part of the lease at any time by giving Council three months' written notice. Per the lease agreement any improvements to the property transfer to Council when the lease terminates. No leases were surrendered between 1 July 2024 and 30 June 2025 (2023/24: nil).

#### **Current**

Lease receivable	513,785	500,482
	<u>513,785</u>	<u>500,482</u>

#### **Non-current**

Lease receivable	10,967,562	11,220,749
	<u>10,967,562</u>	<u>11,220,749</u>

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 14 Leases (continued)

	Note	2025	2024
		\$	\$
A reconciliation between the gross investment in the lease and the fair value of lease payments is as follows:			
Gross minimum lease payments receivable:			
Not later than one year		513,785	500,482
Later than one year but not later than five years		2,055,139	2,001,927
Later than five years		13,157,812	13,317,272
		<u>15,726,736</u>	<u>15,819,680</u>
Add: Estimated contingent rent		7,528,893	7,899,894
Less: Present value adjustment		(11,774,281)	(11,998,342)
Fair value of lease payments		<u>11,481,348</u>	<u>11,721,232</u>
The fair value of lease payments is receivable as follows:			
Not later than one year		513,785	500,482
Later than one year but not later than five years		1,943,224	1,901,465
Later than five years		9,024,339	9,319,285
		<u>11,481,348</u>	<u>11,721,232</u>
Movements in finance leases were as follows:			
Opening balance		11,721,231	11,768,095
Less: Lease receipts		(500,482)	(534,849)
Add/less: Gain/(loss) on revaluation	4(b)	260,597	487,985
Closing balance		<u>11,481,346</u>	<u>11,721,231</u>

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% (2023-24: 2.5%) and a discount rate of 4.84% (2023/24: 4.64%).

### 15 Payables

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

		2025	2024
		\$	\$
<b>Current</b>			
Creditors			
Accrued wages and salaries		4,751,759	4,602,286
Refundable bonds		1,637,023	454,109
Accrued expenses		2,000	2,000
Retention		6,964,280	5,874,746
Revenue in advance		186,918	436,552
		<u>-</u>	<u>18,269</u>
		<u>13,541,979</u>	<u>11,387,962</u>

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 16 Provisions

#### Long service leave

The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates.

#### Landfill restoration and rehabilitation

A provision is recognised for the estimated costs of rehabilitating assets and other future restoration activities where it is probable that Council will be liable or required to incur such costs upon the cessation of use of these facilities. This provision reflects the present value of anticipated future costs associated with the closure and aftercare management of landfill sites.

The calculation of this provision involves a number of key assumptions, including estimated site closure dates, potential regulatory changes, available technologies, and engineering cost estimates. Due to the long-term nature of the liability, actual future expenditures may differ from the amounts currently provided. The most significant uncertainty in estimating the provision relates to the costs that will ultimately be incurred.

Changes in assumptions made during this financial year has caused a significant movement in the provision. Previously, Council had anticipated that raw materials such as soil would be sourced locally from each division and rock from Badu Quarry. Unfortunately, neither of these assumptions is no longer viable due to changes in availability/quality of materials on divisions, and the quarry being no longer operational. As a result, these materials must now be sourced from Cairns, which has led to increased freight and transfer costs and impacted the overall provision.

Management currently estimates that the 15 landfill sites will reach closure between 2026 and 2036. The timing of restoration and rehabilitation works is dependent on the availability of external funding, and future funding constraints may affect when these activities can be carried out.

Council periodically engages external subject matter experts to provide independent advice on the anticipated design, associated costs, closure dates and aftercare management of the landfills. Between external assessments, the provision is reviewed and updated annually based on the best available information and prevailing circumstances. Council is currently undertaking an external review funded by the State for Erub and expects to receive the external advice during the 2026 financial year.

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

	Current		Non-Current	
	2025	2024	2025	2024
	\$	\$	\$	\$
<b>Current</b>				
Annual leave	2,735,858	2,655,576	-	-
Long service leave	1,406,116	1,364,718	661,729	549,254
Provision for landfill restoration	2,606,370	-	24,157,622	7,845,422
Provision for make-good	-	-	1,208,528	-
	<b>6,748,344</b>	<b>4,020,294</b>	<b>26,027,880</b>	<b>8,394,676</b>

	2025	2024
	\$	\$
<b>Landfill restoration</b>		
Balance at beginning of financial year	7,845,425	7,687,102
Increase due to unwinding of discount	158,705	310,866
Change due to reassessment and recognition of additional provisions	17,940,829	-
Increase/(decrease) due to changes in inflation and discount rate	819,033	(152,542)
Balance at end of financial year	<b>26,763,992</b>	<b>7,845,425</b>

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 17 Commitments for expenditure

#### Contractual commitments

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

	<b>2025</b>	<b>2024</b>
	\$	\$
Consultancy	4,191,929	809,647
Other	1,457,597	623,971
Contractors	1,427,522	405,670
Recoverable work contractors	5,802,493	6,785,030
Freight	540,833	262,333
Contract employees	96,741	67,136
	<b>13,517,115</b>	<b>8,953,786</b>

#### Capital commitments

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

Capital assets	2025	2024
Buildings	9,145,091	4,560,847
Seawalls	838,190	912,205
Other	988,743	853,314
	<b>10,972,025</b>	<b>6,326,367</b>

### 18 Contingent liabilities and assets

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

#### Contingent liabilities

##### Local Government Mutual

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

As at 30 June 2025, the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

##### Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there were insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$416,451.

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

**For the year ended 30 June 2025**

### **18 Contingent liabilities and assets (continued)**

#### **Contingent liabilities (continued)**

##### **Native Title Compensation Liability**

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

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

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

##### **Land Holding Act Leases**

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

The perpetual leases were not all granted in the 1980s with only 61 being granted by 2013. For the 61 leases originally granted, in some cases only the land was leased while the house on the land remained a Council social housing asset. Council and the State are working together to transfer ownership of remaining 22 social houses to the respective Land Holding Act leaseholders for \$1 each. When the ownership of any of these houses is transferred, the asset will be removed from Council's asset register and social housing register. The fair value as at 30 June 2025 relating to the potential divestment of these 22 social houses currently under 'land only' leases totals \$10,445,900 (2023/24: \$8,333,511). As at 30 June 2025, 1 house was divested and it is unclear whether the remaining 21 houses will be divested because a lease entitlement may be surrendered or partially surrendered with the result that the house remains a Council asset.

Council and the State are working together to grant all remaining valid lease entitlements either to the original applicant or to the applicant's beneficiaries. Where there is a valid lease entitlement, the lease can be granted without the consent of the native title party because the lease entitlement is a legal right that pre-existed the recognition of native title rights in Australia. This was confirmed by the Supreme Court of Queensland in February 2018. Between then and 30 June 2025, 195 LHA leases have been registered in Torres Strait communities and 16 lease entitlements have been surrendered, with 27 valid lease entitlements remaining to be resolved.

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 18 Contingent liabilities and assets (continued)

#### Contingent liabilities (continued)

##### Land Holding Act Leases (continued)

The purpose of the lease under the Land Holding Act was to provide home ownership. If each of the outstanding 27 lease entitlements becomes a registered lease, Council will divest the social housing asset (if applicable) to the perpetual leaseholder for \$1.00. The fair value as at 30 June 2025 for social housing assets relating to the outstanding 27 lease entitlements totals \$11,025,000 (2023/24: \$9,700,807). However, at this time, it is uncertain whether all of the outstanding 27 lease entitlements will be granted and all of the associated social housing assets divested (a lease entitlement may be surrendered or partially surrendered with the result that the house remains a Council asset). On registration of any of the leases, the asset will be removed from Council's asset register and social housing register.

#### Contingent assets

##### Fees and charges revenue

Council initiated legal proceedings against a supplier in a prior period. At 30 June 2025 the matter was ongoing. Refer to Note 21 Events after the reporting period

### 19 Superannuation

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

	Note	2025	2024
		\$	\$
Superannuation contributions made to Brighter Super Regional Defined Benefits Fund		2,250,783	2,199,655
Other superannuation contributions for employees		594,865	451,022
Total superannuation contributions paid by Council for employees:	6	<u>2,845,648</u>	<u>2,650,677</u>

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

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

	2025	2024
	\$	\$
Net result	<u>(46,257,677)</u>	<u>(46,238,643)</u>
Non-cash items:		
Depreciation and amortisation	65,273,878	60,921,003
Asset contributions in capital income	(1,477,917)	-
(Gain)/Loss on revaluation of finance lease	<u>(260,597)</u>	<u>(487,985)</u>
	<u>63,535,364</u>	<u>60,433,018</u>
Investing and development activities:		
Loss on disposal of non-current assets	6,036,021	4,368,329
Capital grants and contributions	<u>(32,508,578)</u>	<u>(29,215,320)</u>
	<u>(26,472,557)</u>	<u>(24,846,991)</u>
Financing activities:		
Interest expense on finance leases	<u>74,065</u>	<u>15,535</u>
	<u>74,065</u>	<u>15,535</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(1,103,180)	(2,802,954)
(Increase)/decrease in inventory	21,151	(3,365)
(Increase)/decrease in contract assets	163,400	(1,485,200)
Increase/(decrease) in payables	263,272	3,915,562
Increase/(decrease) in other provisions	19,152,651	487,282
Increase/(decrease) in contract liabilities	<u>2,947,489</u>	<u>(3,485,826)</u>
	<u>21,444,782</u>	<u>(3,374,502)</u>
Net cash inflow/(outflow) from operating activities	<u>12,323,977</u>	<u>(14,011,584)</u>

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

### **For the year ended 30 June 2025**

#### **21 Events after the reporting period**

On 31 October 2025, Council reached a settlement in relation to ongoing litigation. The settlement was finalised after the reporting period ended on 30 June 2025.

Due to confidentiality obligations, Council is unable to disclose the specific terms of the settlement. However, management confirms that the settlement does not provide evidence of conditions that existed at the reporting date and therefore no adjustments have been made to the financial statements for the year ended 30 June 2025.

#### **22 Financial instruments and financial risk management**

##### **Financial risk management**

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies. Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

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

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

##### **Credit risk**

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

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

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

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

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

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

**For the year ended 30 June 2025**

### **22 Financial instruments and financial risk management (continued)**

#### **Liquidity risk**

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

#### *Exposure to liquidity risk*

Council is exposed to liquidity risk through its normal course of business.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 9.

#### **Market risk**

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

#### Interest rate risk

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

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

#### **Fair value**

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

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 23 Transactions with related parties

#### (a) Transactions with key management personnel (KMP)

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

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

The compensation paid to KMPs comprises:

	2025	2024
	\$	\$
Short-term employee benefits	2,754,399	2,455,162
Post-employment benefits	139,986	114,100
Long-term employee benefits	70,721	9,278
	<hr/> <u>2,965,106</u>	<hr/> <u>2,578,540</u>

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

During the year an Executive Director was engaged through a Queensland government-owned corporation on a two year contract. The total value paid for services was \$303,369 (2023/24: \$269,082).

#### (b) Transactions with other related parties

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

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

#### Details of transactions

Employee expenses for close family members of KMPs	(i)	270,690	177,739
Purchase of materials and services from entities controlled by KMPs	(ii)	4,844	8,100
Grants and donations for entities controlled by KMPs	(iii)	19,299	17,345

(i) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with Council's Certified Agreement for the job they perform. Council employs 373 staff (325 full time equivalent staff) of which 2 (2023/24: 3) are close family members of key management personnel.

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 23 Transactions with related parties (continued)

#### (b) Transactions with other related parties (continued)

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

Accommodation		-	8,100
Consumables		3,783	-
Car Hire		1,061	-
		<u>4,844</u>	<u>8,100</u>

(iii) Grants and donations totalling \$19,299 (2023/24: \$17,345) were made during the reporting period to related parties of KMPs as community members under Council's Grants and Donations Procedure.

(iv) The fees and charges charged to entities controlled by KMPs was nil (2023/24: nil).

#### (c) Commitments to/from related parties

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

#### (d) Loans and guarantees to/from related parties

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

#### (e) Outstanding balances

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

Receivables	Current \$	Over 30 Days \$	Over 60 Days \$	Over 90 Days \$	Total \$
<b>2025</b>					
Rates and charges	292	-	-	5,981	6,274
Social housing	43	68	156	100,379	100,645
Other fees and charges	352	-	-	4,739	5,091
<b>Total</b>	<b>687</b>	<b>68</b>	<b>156</b>	<b>111,099</b>	<b>112,010</b>
<b>2024</b>					
Rates and charges	1,611	-	-	4,855	6,466
Social housing	1,091	830	590	105,647	108,158
Other fees and charges	1,128	557	-	4,884	6,569
<b>Total</b>	<b>3,829</b>	<b>1,387</b>	<b>590</b>	<b>115,386</b>	<b>121,193</b>

\$102,505 has been recognised in the current year (2023/24: \$58,905) for the allowance for bad or doubtful debts owed by related parties.

# Torres Strait Island Regional Council

## Notes to the financial statements

For the year ended 30 June 2025

### 23 Transactions with related parties (continued)

#### (e) Outstanding balances (continued)

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

2025		Relationship	Related Party	Nature of transactions	Over 90 Days
KMP					\$
Bob Kaigey	Councillor	Bob Kaigey	Social housing	16,926	
Torenzo Elisala	Father	Tenny Elisala	Social housing	30,415	
Rocky Stephen	Director	Kos & Abob Fisheries (TSI)	Rates and charges	4,180	
Rocky Stephen	Councillor	Rocky Stephen	Social housing	1,278	
Aggie Hankin	Councillor	Aggie Hankin	Social housing	39,808	
Dimas Toby	Councillor	Dimas Toby	Social housing	1,063	
Chelsea Aniba	Councillor	Chelsea Aniba	Social housing	9,453	
Seriako Dorante	Councillor	Seriako Dorante	Rates and charges	1,420	
Kabay Tamu	Councillor	Kabay Tamu	Vehicle Deduction	3,550	
Amounts less than \$1,000				3,006	
				<u>111,099</u>	

2024		Relationship	Related Party	Nature of transactions	Over 90 Days
KMP					\$
Bob Kaigey	Councillor	Bob Kaigey	Social housing	15,343	
Torenzo Elisala	Father	Tenny Elisala	Social housing	34,687	
Ted Mosby	Councillor	Ted Mosby	Social Housing	1,218	
Rocky Stephen	Director	Kos & Abob Fisheries (TSI)	Rates and charges	4,180	
Nixon Mye	Councillor	Nixon Mye	Social Housing	1,396	
Rocky Stephen	Councillor	Rocky Stephen	Social housing	1,358	
Aggie Hankin	Councillor	Aggie Hankin	Social housing	39,958	
Dimas Toby	Councillor	Dimas Toby	Social housing	1,063	
Chelsea Aniba	Councillor	Chelsea Aniba	Social housing	9,168	
Kabay Tamu	Councillor	Kabay Tamu	Vehicle Deduction	4,250	
Amounts less than \$1,000				2,765	
				<u>115,386</u>	

# **Torres Strait Island Regional Council**

## **Notes to the financial statements**

### **For the year ended 30 June 2025**

#### **23 Transactions with related parties (continued)**

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

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

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

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

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

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

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

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

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

**Torres Strait Island Regional Council**  
**Financial statements**  
**For the year ended 30 June 2025**

**Management Certificate**  
**For the year ended 30 June 2025**

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

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

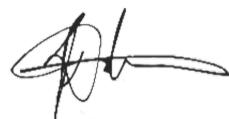
- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 40 present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



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**Mayor**  
**Phillemont Mosby**

Date: 28 / 11 / 2025



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**Chief Executive Officer**  
**James William**

Date: 28 / 11 / 2025

## **INDEPENDENT AUDITOR'S REPORT**

To the councillors of Torres Strait Island Regional Council

### **Report on the audit of the financial report**

#### **Opinion**

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

The financial report comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information and the certificate given by the Mayor and Chief Executive Officer.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2025, and of its financial performance for the year then ended; and
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

#### **Basis for opinion**

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

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

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

#### **Other information**

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in Torres Strait Island Regional Council's annual report for the year ended 30 June 2025 was the current year financial sustainability statement - audited ratios, current year financial sustainability statement (contextual ratios) - unaudited and the unaudited long-term financial sustainability statement.

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

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

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

### **Responsibilities of the councillors for the financial report**

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

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

[https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of my auditor's report.

### **Report on other legal and regulatory requirements**

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2025:

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

### **Prescribed requirements scope**

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



1 December 2025

William Cunningham  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

**Torres Strait Island Regional Council**  
**Current-year Financial Sustainability Statement**  
**For the year ended 30 June 2025**

**Measures of Financial Sustainability**

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
<b>Audited ratios</b>					
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	3	3	<p>During the 2024/25 financial year, Council received its full allocation of the 2024/25 Financial Assistance Grant, along with an advance payment of 50% of the 2025/26 allocation. This early receipt has positively impacted Council's liquidity position.</p> <p>The Department of Local Government, Water and Volunteers has confirmed that the increased allocation under the Indigenous Councils Funding Program (ICFP) will continue for an additional year, further supporting Council's financial stability. Council remains committed to advocating for the continuation of this increased funding allocation in the State Budget beyond 2025/26.</p> <p>In parallel, Council is actively pursuing strategies to strengthen its cash operating performance and financial position through the work of their internal Sustainability and Organisational Improvement Committee (SOIC)</p>
Operating Performance	Operating Surplus Ratio	N/A	-59%	-87%	<p>Council relies predominantly on grant funding to meet both its operational and capital requirements, with limited capacity to generate own-source revenue. This reliance is reflected in the outcome of this ratio.</p>
	Operating Cash Ratio	Greater than 0%	9%	-5%	<p>During the 2024/25 financial year, Council received its full allocation of the 2024/25 Financial Assistance Grant, along with an advance payment of 50% of the 2025/26 allocation. This early receipt has positively impacted Council's operating cash ratio.</p> <p>The Department of Local Government, Water and Volunteers has confirmed that the increased allocation under the Indigenous Councils Funding Program (ICFP) will continue for an additional year, further supporting Council's financial stability. Council remains committed to advocating for the continuation of this increased funding allocation in the State Budget beyond 2025/26.</p> <p>In parallel, Council is actively pursuing strategies to strengthen its cash operating performance and financial position through the work of their internal Sustainability and Organisational Improvement Committee (SOIC)</p>
Asset Management	Asset Sustainability Ratio	Greater than 90%	40%	29%	<p>Council relies on grant funding to support the renewal of its assets. In December 2024, it adopted a five-year Strategic Investment Plan (SIP), which identifies funding requirements for the renewal of extreme and high-risk assets over the next five years</p>
	Asset Consumption Ratio	Greater than 60%	47%	49%	<p>Council relies on grant funding to support the renewal of its assets. In December 2024, it adopted a five-year Strategic Investment Plan (SIP), which identifies funding requirements for the renewal of extreme and high-risk assets over the next five years</p>
Debt Servicing Capacity	Leverage Ratio	0 - 3 times	-	-	QTC loan fully repaid in 2021/22

The current year financial sustainability statement is prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2024*. The amounts used to calculate the six reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2025.

**Torres Strait Island Regional Council**  
**Current-year Financial Sustainability Statement**  
**For the year ended 30 June 2025**

**Certificate of Accuracy**  
**For the year ended 30 June 2025**

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

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



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**Mayor**  
**Phillemon Mosby**

Date: 28 / 11 / 2025



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**Chief Executive Officer**  
**James William**

Date: 28 / 11 / 2025

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Torres Strait Island Regional Council

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

#### Opinion

I have audited the accompanying current year financial sustainability statement of Torres Strait Island Regional Council for the year ended 30 June 2025, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Torres Strait Island Regional Council for the year ended 30 June 2025 has been accurately calculated.

#### Basis of opinion

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

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

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

#### Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2024 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

#### Other Information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025, but does not include the financial sustainability statement and our auditor's report thereon.

At the date of this auditor's report, the available other information in Torres Strait Island Regional Council's annual report for the year ended 30 June 2025 was the general-purpose financial statements, current year financial sustainability statement – audited ratios, current-year financial sustainability statement (contextual ratios) - unaudited, and the unaudited long-term financial sustainability statement.

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

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

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

### **Responsibilities of the councillors for the current year financial sustainability statement**

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

### **Auditor's responsibilities for the audit of the current year financial sustainability statement**

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

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

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

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



*Better public services*

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

A handwritten signature in black ink that appears to read 'William Cunningham'.

William Cunningham  
as delegate of the Auditor-General

1 December 2025

Queensland Audit Office  
Brisbane

## Torres Strait Island Regional Council

### Unaudited Current-year Financial Sustainability Statement - Contextual Ratios

For the year ended 30 June 2025

#### Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
<b>Contextual Ratios (unaudited)</b>					
Financial Capacity	Council Controlled Revenue Ratio	N/A	8%	10%	Council is heavily reliant on grant funding to support both its operational and capital activities, with limited capacity to generate own-source revenue. This financial structure is evident in the result of this ratio
	Population Growth Ratio	N/A	0%	0%	N/A

The current year financial sustainability statement - Contextual Ratios are prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2024*. The amounts used to calculate the two reported measurements are prepared on an accrual basis and drawn from the Council's audited general purpose financial statements for the year ended 30 June 2025.

# **Torres Strait Island Regional Council**

## **Unaudited Current-year Financial Sustainability Statement - Contextual Ratios**

**For the year ended 30 June 2025**

### **Certificate of Accuracy**

**For the year ended 30 June 2025**

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

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



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**Mayor**  
**Phillemos Mosby**

Date: 28 / 11 / 2025



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**Chief Executive Officer**  
**James William**

Date: 28 / 11 / 2025

## Torres Strait Island Regional Council

### Unaudited Long-Term Financial Sustainability Statement

Prepared as at 30 June 2025

#### Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actuals as at 30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033	30 June 2034	30 June 2035	
Financial Capacity	Council-Controlled Revenue	N/A	8.33%	10.21%	11.07%	11.17%	11.25%	11.31%	11.38%	11.45%	11.51%	11.58%	11.66%	
	Population Growth	N/A	0.00%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	
Operating Performance	Operating Surplus Ratio	N/A	-59.08%	-88.95%	-96.75%	-91.40%	-86.11%	-79.32%	-73.24%	-68.47%	-64.39%	-57.91%	-55.92%	
	Operating Cash Ratio	Greater than 0%	9.37%	-3.33%	-9.08%	-9.26%	-9.49%	-9.39%	-9.73%	-10.29%	-10.85%	-11.07%	-11.64%	
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	N/A for long-term sustainability statement											
Asset Management	Asset Sustainability Ratio	Greater than 90%	39.51%	36.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Asset Consumption Ratio	Greater than 60%	46.73%	47.00%	45.05%	41.73%	38.66%	35.87%	33.52%	31.21%	29.10%	27.24%	25.52%	
Debt Servicing Capacity	Leverage Ratio	0 to 3 times	Not required - Council does not currently have any external debt											

#### Council's Financial Management Strategy

Council monitors revenue and expenditure trends over time to inform future planning and guide the efficient allocation of resources, ensuring the effective delivery of services. It is committed to maintaining a prudent financial management strategy, with a long-term financial forecast that demonstrates a sound financial position while meeting the current and future needs of the community.

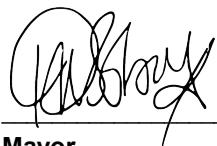
The above ratios have been calculated using Council's most recently adopted original budget. Council determines its asset sustainability ratio on confirmed renewal program funding. Council's forecasting ability has a dependency on donor program lifecycles.

**Torres Strait Island Regional Council**  
**Unaudited Long-Term Financial Sustainability Statement**  
**Prepared as at 30 June 2025**

**Certificate of Accuracy**  
**For the long-term financial sustainability statement prepared as at 30 June 2025**

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

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



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**Mayor**  
**Phillemon Mosby**

Date: 28 / 11 / 2025



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**Chief Executive Officer**  
**James William**

Date: 28 / 11 / 2025