Torres Strait Island Regional Council
Financial Statements
For the year ended 30 June 2026

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For the year ended 30 June 2026

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Torres Strait Island Regional Council
Statement of Comprehensive Income
For the year ended 30 June 2026

	Note	2026 $	2025 $
Income			
Recurrent revenue			
Community levies, rates and charges	3(a)	1,924,457	1,839,583
Fees and charges	3(b)	5,986,017	5,974,090
Sales revenue	3(c)	26,697,020	28,102,471
Grants, subsidies, contributions and donations	3(d)	54,199,426	51,219,524
Total recurrent revenue		88,806,920	87,135,668
Interest received	4(a)	1,680,039	1,263,636
Other income	4(b)	11,997,001	924,243
Rental income	4(c)	4,562,647	4,525,108
Total operating revenue		107,046,607	93,848,655
Capital income			
Grants, subsidies, contributions and donations	3(d)	58,010,437	33,986,495
Total capital income		58,010,437	33,986,495
Total income		165,057,044	127,835,150
Expenses			
Recurrent expenses			
Employee benefits	6	(32,018,173)	(29,918,697)
Materials and services	7	(63,130,667)	(53,516,324)
Finance costs	8	(1,423,940)	(588,045)
Depreciation and amortisation			
Property, plant and equipment	11	(86,301,632)	(64,207,137)
Intangible assets	12	(40,174)	(37,496)
Right of use assets	14	(1,069,702)	(1,029,245)
Total recurrent expenses		(183,984,289)	(149,296,944)
Capital expenses	5	(34,070,730)	(24,795,883)
Total expenses		(218,055,019)	(174,092,827)
Net result		(52,997,975)	(46,257,677)
Other comprehensive income			
Increase in asset revaluation surplus	11	104,890,270	387,269,527
Total other comprehensive income for the year		104,890,270	387,269,527
Total comprehensive income for the year		51,892,295	341,011,850

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 2026

	Note	2026 $	2025 $
Current assets			
Cash and cash equivalents	9	70,385,480	60,020,451
Short term deposit		75,917	72,997
Receivables	10	25,337,629	9,637,828
Inventories		384,548	393,964
Contract assets	13	9,729,707	4,403,850
Lease receivables	14	537,874	513,785
Total current assets		106,451,154	75,042,874
Non-current assets			
Lease receivables	14	10,626,617	10,967,562
Property, plant and equipment	11	1,545,016,308	1,470,086,522
Intangible assets	12	484,763	524,938
Right of use assets	14	1,709,466	2,724,979
Total non-current assets		1,557,837,154	1,484,304,000
Total assets		1,664,288,308	1,559,346,874
Current liabilities			
Payables	15	35,113,972	13,541,979
Provisions	16	13,873,259	6,748,344
Contract liabilities	13	36,657,813	36,817,584
Lease liabilities	14	678,082	621,039
Total current liabilities		86,323,126	57,728,946
Non-current liabilities			
Provisions	16	51,160,921	26,027,880
Lease liabilities	14	738,884	1,416,966
Total non-current liabilities		51,899,805	27,444,846
Total liabilities		138,222,931	85,173,792
Net community assets		1,526,065,377	1,474,173,082
Community equity			
Asset revaluation surplus	11	1,317,859,065	1,212,968,795
Retained surplus		208,206,312	261,204,287
Total community equity		1,526,065,377	1,474,173,082

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 2026

	Asset revaluation surplus	Retained surplus	Total
	$	$	$
Balance as at 1 July 2025	1,212,968,795	261,204,287	1,474,173,082
Net result	-	(52,997,975)	(52,997,975)
Other comprehensive income for the year			
Increase in asset revaluation surplus	104,890,270	-	104,890,270
Total comprehensive income for the year	104,890,270	(52,997,975)	51,892,295
Balance as at 30 June 2026	1,317,859,065	208,206,312	1,526,065,377
Balance as at 1 July 2024	825,699,268	307,461,964	1,133,161,232
Net result	-	(46,257,677)	(46,257,677)
Other comprehensive income for the year			
Increase in asset revaluation surplus	387,269,527	-	387,269,527
Total comprehensive income for the year	387,269,527	(46,257,677)	341,011,850
Balance as at 30 June 2025	1,212,968,795	261,204,287	1,474,173,082

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 2026

	Note	2026 $	2025 $
Cash flows from operating activities			
Receipts from customers		35,870,699	40,759,130
Payments to suppliers and employees		(73,727,229)	(83,132,410)
		(37,856,531)	(42,373,280)
Interest received		1,680,039	1,181,055
Recurrent grants and contributions		65,339,131	53,516,202
Net cash inflow (outflow) from operating activities	20	29,162,639	12,323,977
Cash flows from investing activities			
Payments for property, plant and equipment		(53,318,219)	(32,030,575)
Proceeds from sale of property, plant and equipment		27,740	46,885
Finance lease receipts		513,786	500,482
Capital grants, subsidies, contributions and donations		34,678,951	56,762,524
Net cash inflow (outflow) from investing activities		(18,097,742)	25,279,316
Cash flows from financing activities			
Repayments made on leases (principal only)		(699,868)	(627,800)
Net cash inflow (outflow) from financing activities		(699,868)	(627,800)
Net increase (decrease) in cash and cash equivalents held		10,365,029	36,975,492
Cash and cash equivalents at the beginning of the financial year		60,020,451	23,044,959
Cash and cash equivalents at the end of the financial year	9	70,385,480	60,020,451

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

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 2025 to 30 June 2026 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

There were no relevant new accounting standards mandatorily effective for the year ended 30 June 2026.

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 2026. 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

2 Analysis of results by function

(a) Components of Council functions

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

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

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

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

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

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

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

Torres Strait Island Regional Council
Notes to the financial statements
For the year ended 30 June 2026

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 2026

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	1,072,226	11,191,141	-	12,263,367	13,548,898	-	261,281	13,810,179	(1,285,531)	(1,546,812)	-
Health and Community Services	5,923,484	9,735,735	12,701,805	28,361,024	56,154,237	-	5,452,221	61,606,458	(40,495,018)	(33,245,434)	426,754,073
Engineering Services	7,622,208	7,164,816	33,656,007	48,443,031	100,945,045	(8,058)	7,261,927	108,198,914	(86,158,021)	(61,825,235)	1,026,617,071
Building Services	-	22,790,706	3,255,527	26,046,233	21,817,710	-	1,191,005	23,008,715	972,996	3,037,518	4,255,245
Corporate Services	45,416	29,044	204,172	278,632	12,397,203	-	(7,223,147)	5,174,056	(12,322,743)	(2,826,075)	93,951,016
Financial Services	39,536,092	1,935,740	8,192,926	49,664,758	10,136,057	3,063,256	(6,942,616)	6,256,697	31,335,775	43,408,063	112,710,903
Total Council	54,199,426	52,847,182	58,010,437	165,057,045	214,999,150	3,055,198	671	218,055,019	(107,952,542)	(52,997,975)	1,664,288,308

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

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.

	2026 $	2025 $
Water charges commercial	414,163	409,428
Sewerage charges commercial	1,160,827	1,097,853
Garbage charges commercial	263,042	248,113
Rates from 40 year leases	86,425	84,188
	1,924,457	1,839,583

(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.

	2026 $	2025 $
Airport landing fees	486,255	551,779
Commercial property lease and licence fees	2,790,314	2,851,252
Maritime fees	2,469,822	2,262,546
Hire of Council buildings	160,883	225,397
Other fees and charges	78,743	83,115
	5,986,017	5,974,090

Timing of revenue recognition for fees and charges

	2026		2025	
	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	2,790,314	3,195,703	2,851,252	3,122,838
	2,790,314	3,195,703	2,851,252	3,122,838

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.
Revenue from the sale of gas and fuel, and accommodation services, is recognised at a point in time when control of the goods has transferred to the customer and the related services have been rendered.

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.

	2026 $	2025 $
Contract and recoverable works	22,757,394	24,238,169
Plant and equipment hire	91,469	156,434
Childcare services	107,896	117,228
Accommodation	1,358,723	1,356,650
Sale of fuel and gas	2,015,006	1,965,601
Sale of powercards	366,532	268,390
	26,697,020	28,102,471

Timing of revenue recognition for sales

	2026		2025	
	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time
Sales revenue	24,315,482	2,381,538	25,868,481	2,233,990
	24,315,482	2,381,538	25,868,481	2,233,990

(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.

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 residual amount 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.

	2026 $	2025 $
Operating		
General purpose grants	23,004,151	24,327,947
State Government subsidies and grants	28,233,029	24,579,206
Commonwealth Government subsidies and grants	2,962,246	2,312,371
	54,199,426	51,219,524

In June 2026, Council received an amount of $14,362,127 equating to 80% of the 2026-27 Commonwealth Financial Assistance Grant allocation. As these grants are considered untied grants, they were recognised upon receipt in the 2025-26 financial year.
In June 2025, Council received an amount of $8,546,281 equating to 50% of the 2025-26 Commmonwealth Financial Assistance Grant alllocation. 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	30,723,311	26,784,016
Commonwealth Government subsidies and grants	21,181,259	5,724,563
Contributed assets	6,105,867	1,477,917
	58,010,437	33,986,495

3(d) Revenue (continued)

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

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

	2026		2025	
	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	64,802,450	41,301,546	42,766,425	40,961,677
Contributions	-	6,105,867	-	1,477,917
	64,802,450	47,407,413	42,766,425	42,439,594

4 Interest and other income	Note	2026 $	2025 $
(a) Interest income			
Interest from financial institutions		1,680,039	1,263,636
		1,680,039	1,263,636

(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		9,677	49,558
Gain on revaluation of finance leases	14	196,929	260,597
Commission income		527,123	511,444
Other revenue		263,272	102,644
Settlement		11,000,000	-
		11,997,001	924,243

During the year, Council resolved a legal dispute and recognised net income arising from the settlement arrangement. The settlement agreement also provides Council with access to certain future services and benefits, subject to specified conditions and future utilisation. No asset has been recognised in respect of these future benefits as Council's entitlement is dependent upon future service delivery and utilisation. Any future benefits will be recognised in the period in which the relevant services are received or an enforceable entitlement arises.

(c) Rental income

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

Residential property rental income	4,562,647	4,525,108
	4,562,647	4,525,108

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

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

5 Capital expenses	Note	2026 $	2025 $
Loss on disposal of non-current assets			
Book value of property, plant and equipment disposed		3,082,936	5,727,983
Less: Proceeds from the sale of property, plant and equipment		(27,740)	(46,885)
		3,055,196	5,681,098
Loss on disposal of registered *Land Holding Act* leases			
Book value of property, plant and equipment		-	354,923
		-	354,923
Provision for restoration of landfill			
Discount rate adjustment to refuse restoration provision		(1,111,310)	819,033
Change due to reassessment and recognition of additional provisions		32,126,844	17,940,829
		31,015,534	18,759,862
		34,070,730	24,795,883

6 Employee benefits	Note	2026 $	2025 $
Staff wages and salaries		22,312,006	21,435,347
Councillors' remuneration		1,336,452	1,206,619
Annual, sick and long service leave entitlements		5,057,458	4,441,607
Superannuation	19	2,987,333	2,845,648
		31,693,249	29,929,220
Other employee related expenses		447,598	514,379
		32,140,847	30,443,599
Less: Capitalised employee expenses		(122,674)	(524,902)
		32,018,173	29,918,697

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

	2026 Number	2025 Number
Total Council employees at the reporting date:		
Elected members	16	16
Administration staff	318	325
Total full time equivalent employees	334	341

7 Materials and services	Note	2026 $	2025 $
Advertising and marketing		40,848	49,335
Audit services		210,005	240,607
Communications and IT		2,136,559	2,720,211
Consultants		2,533,579	3,051,085
Contractors		8,822,382	5,957,439
Contracts - Infrastructure		6,346,984	4,828,794
Donations paid		293,038	347,603
Freight		1,278,401	1,435,597
Insurance		4,571,964	5,830,090
Legal fees		9,324,371	599,182
Materials - carpentry, plumbing, electrical		1,038,943	996,726
Motor vehicle expenses		2,319,137	2,345,764
Other materials and services		2,098,082	2,073,796
Power		1,949,432	1,592,371
Powercards, fuel and gas for resale		2,351,362	2,131,085
Rent paid		109,581	216,562
Repairs and maintenance		8,120,670	9,879,448
Repairs and maintenance - electrical		3,001,800	3,801,649
Subscriptions and registrations		165,268	129,939
Supplies and consumables		528,011	399,973
Temporary staff costs		2,116,499	1,604,817
Travel		3,914,307	3,506,281
Less: Expenses capitalised		(140,556)	(222,031)
		63,130,667	53,516,324

* Total audit fees quoted by the Queensland Audit Office relating to the 2025/26 financial statements are $186,500 (2024/25: $205,500)

8 Finance costs			
Bank charges		100,463	82,741
Impairment of receivables		331,276	269,256
Refuse restoration	16	913,372	158,705
Interest on leases	14	78,829	77,342
		1,423,940	588,045

9 Cash and cash equivalents

	Note	2026 $	2025 $
Cash at bank		28,640,274	28,445,551
Deposits at call		41,745,206	31,574,901
Balance per Statement of Cash Flows		70,385,480	60,020,451
Less: Externally imposed restrictions on cash		37,501,019	37,071,539
Unrestricted cash		32,884,461	22,948,913

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	37,501,019	37,059,792
Total externally imposed restrictions on cash assets	37,501,019	37,059,792

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

Funds set aside and held in reserves for DOGIT land	4,762,241	4,064,282
Total internally allocated cash assets	4,762,241	4,064,282

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	193,277	203,306
Church funds	10,698	10,480
Other community funds	57,555	56,379
	261,530	270,165

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	9,043,817	17,227,623
	9,043,817	17,227,623

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.

10 Receivables and Other

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.

	2026 $	2025 $
Current		
Receivable - Housing	12,340,919	12,597,574
Less impairment	(12,264,191)	(12,272,090)
Receivable - Rates	1,500,471	1,032,249
Less impairment	(850,785)	(606,303)
Receivable - Other	15,051,002	4,434,730
Less impairment	(224,856)	(253,058)
	15,552,560	4,933,102
Accrued revenue	3,303,387	3,948,458
Prepayments	4,543,354	299,605
GST receivable	1,938,328	456,663
	25,337,629	9,637,828

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	12,340,919	12,459,281
Government entities	3,348,497	3,304,602
Utility charges	1,500,471	1,032,249
Other	11,702,504	1,268,421
Total	28,892,391	18,064,553

Movement in accumulated impairment losses is as follows:		
Opening balance at 1 July	13,131,450	13,214,155
Less: Debts written off during the year	(122,895)	(351,961)
Additional impairments recognised	389,349	766,830
Less: Impairments reversed	(58,073)	(497,574)
Closing balance at 30 June	13,339,831	13,131,450

10 Receivables and Other Assets (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% - 99% depending on the aging of the debt (2024/25: 11% - 98%). In relation to other receivables, this rate ranges from 1% - 46% depending on the aging of the debt (2024/25: 1% - 49%).

2026

Aging	Closing balance 30 June 2026 $	Historical probability of default	Loss given default	Lifetime expected credit loss $
Housing				
Current	78,503	11.0%	100%	8,635
1-30 days	44,357	95.0%	100%	42,139
31-60 days	37,317	95.0%	100%	35,451
61+ days	12,180,742	99.0%	100%	12,177,966
	12,340,919			12,264,191
Other debtors				
Current	13,944,996	0.1%	100%	12,857
1-30 days	259,227	2.1%	100%	5,498
31-60 days	66,737	1.5%	100%	990
61+ days	2,280,513	46.3%	100%	1,056,296
	16,551,473			1,075,641

2025

Aging	Closing balance 30 June 2025 $	Historical probability of default	Loss given default	Lifetime expected credit loss $
Housing				
Current	101,376	11.0%	100%	11,151
1-30 days	38,962	95.0%	100%	37,014
31-60 days	39,989	95.0%	100%	37,989
61+ days	12,417,247	98.1%	100%	12,185,936
	12,597,574			12,272,091
Other debtors				
Current	2,917,359	0.5%	100%	15,399
1-30 days	526,968	1.5%	100%	7,708
31-60 days	335,327	3.2%	100%	10,815
61+ days	1,687,324	48.9%	100%	825,439
	5,466,979			859,361

11 Property, plant and equipment

Council - 30 June 2026	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	
Asset values	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2025	1,012,817,840	189,006,491	26,691,101	48,598,273	607,877,113	19,845,451	93,798,549	478,071,076	444,423,628	154,802,236	4,506,949	3,817,849	11,600,016	22,004,602	3,117,861,174
Additions														53,318,219	53,318,219
Capital contributions		1,457,891		3,864,146	783,830										6,105,867
Assets capitalised from work in progress	4,655,400	2,110,844	-	-	14,051,508	-	342,875	2,121,202	98,934	253,196	-	-	2,026,944	(25,660,901)	2
Disposals	(3,683,354)	(1,322,853)	-	(727,799)	(1,668,831)	-	(295,548)	(1,053,062)	(71,944)	(2,372,848)	-	-	(611,417)		(11,807,656)
Revaluation adjustment to asset revaluation surplus	90,814,678	16,887,891	2,402,199	4,221,840	30,310,414	992,272	10,285,330	38,157,587	35,548,135	16,760,801	405,625	220,071	-		247,006,843
Closing gross value as at 30 June 2026	1,104,604,564	208,140,264	29,093,300	55,956,460	651,354,034	20,837,723	104,131,206	517,296,803	479,998,753	169,443,385	4,912,574	4,037,920	13,015,543	49,661,920	3,412,484,449
Accumulated depreciation and impairment															
Opening balance as at 1 July 2025	613,629,338	111,547,508	18,945,900	28,966,471	216,620,002	9,205,724	19,525,138	283,576,539	239,516,367	95,708,020	3,646,122	-	6,887,525	-	1,647,774,655
Depreciation provided in period	32,802,546	7,024,883	671,498	1,703,128	9,283,173	396,921	2,197,407	14,994,106	12,203,424	3,997,452	176,826		850,268	-	86,301,632
Revaluation adjustment to asset revaluation surplus	57,935,078	10,597,937	1,765,566	2,708,557	11,229,930	480,133	2,359,814	23,817,268	20,132,058	10,746,168	344,065		-	-	142,116,574
Depreciation/impairment on disposals	(2,708,791)	(817,537)	-	(706,416)	(1,304,582)	-	(269,688)	(854,799)	(69,061)	(1,456,423)	-		(537,423)	-	(8,724,720)
Transfers between classes														-	-
Accumulated depreciation as at 30 June 2026	701,658,171	128,352,791	21,382,964	32,671,740	235,828,523	10,082,778	23,812,671	321,533,114	271,782,788	108,995,217	4,167,013	-	7,200,370	-	1,867,468,141
Book value as at 30 June 2026	402,946,393	79,787,473	7,710,336	23,284,720	415,525,512	10,754,944	80,318,534	195,763,689	208,215,965	60,448,168	745,560	4,037,920	5,815,173	49,661,920	1,545,016,308
Range of estimated useful life in years	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	
Additions comprise:															
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Renewals	14,590,037	2,364,956	-	-	7,523,645	-	-	538,718	955,828	15,507,845	-	-	-		41,481,030
Other additions	387,899	131,450	-	632,368	1,430,629	-	7,208,872	-	-	-	-	-	2,045,971		11,837,189
Total additions	14,977,936	2,496,406	-	632,368	8,954,273	-	7,208,872	538,718	955,828	15,507,845	-	-	2,045,971	-	53,318,219
Asset revaluation surplus															
Opening balance as at 1 July 2025	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
Movements - Revaluation	32,879,599	6,289,954	636,633	1,513,283	19,080,484	512,140	7,925,516	14,340,319	15,416,076	6,014,633	61,560	220,071	-		104,890,270
Closing balance as at 30 June 2026	378,457,747	74,618,456	9,681,911	19,632,272	380,835,700	7,073,763	36,467,742	166,435,004	191,804,462	50,880,990	375,230	1,595,786	-	-	1,317,859,065

11 Property, plant and equipment (continued)

Council - 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
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	
Asset values	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Opening gross value as at 1 July 2024	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
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	33,921,321	33,921,321
Capital contributions	-	-	-	-	-	-	-	-	-	1,237,916	-	-	240,000	-	1,477,916
Assets capitalised from work in progress	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	-	-	2,088,113	(45,125,394)	-
Disposals	(10,618,050)	(249,073)	-	(765,620)	(6,437,037)	-	-	(3,264,193)	(131,146)	(988,510)	(57,684)	-	(748,285)	-	(23,259,598)
Revaluation adjustment to asset revaluation surplus	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
Closing gross value as at 30 June 2025	1,012,817,840	189,006,491	26,691,101	48,598,273	607,877,113	19,845,451	93,798,549	478,071,076	444,423,628	154,802,236	4,506,949	3,817,849	11,600,016	22,004,602	3,117,861,174
Accumulated depreciation and impairment															
Opening balance as at 1 July 2024	490,017,181	108,241,809	17,993,783	28,466,731	168,058,281	8,360,352	14,555,970	179,866,124	172,673,307	29,441,235	2,680,444	-	6,878,895	-	1,227,234,113
Depreciation provided in period	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
Revaluation adjustment to asset revaluation surplus	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
Depreciation/impairment on disposals	(7,802,196)	(184,055)		(478,480)	(4,580,218)	-		(2,617,290)	(125,590)	(637,893)	(57,684)	-	(693,286)	-	(17,176,692)
Transfers between classes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 30 June 2025	613,629,338	111,547,508	18,945,900	28,966,471	216,620,002	9,205,724	19,525,138	283,576,539	239,516,367	95,708,020	3,646,122	-	6,887,525	-	1,647,774,655
Book value as at 30 June 2025	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	3,817,849	4,712,490	22,004,602	1,470,086,522
Range of estimated useful life in years	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	
Additions comprise:															
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Renewals	8,532,405		-	817,701	9,245,834		-	2,383,000	-	4,110,134	-	-	2,328,113	-	27,417,187
Other additions	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
Total additions	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	-	-	2,328,113	-	46,603,308
Asset revaluation surplus															
Opening balance as at 1 July 2024	286,087,323	46,572,256	8,217,132	12,029,207	177,272,434	6,098,097	12,329,532	106,512,368	145,171,462	23,792,821	815,794	800,843	-	-	825,699,267
Movements - Revaluation	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
Closing balance as at 30 June 2025	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

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 and Mines, Manufacturing and Regional and Rural Development 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.

A number of essential service buildings and infrastructure assets located on Badu Island and Mer Island are leased by Council under lease agreements with terms of 5, 30 and 99 years at agreed values.

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.

11 Property, plant and equipment (continued)

(e) Valuation

(i) Valuation processes

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

All asset classes carried at fair value were last comprehensively valued as at 30 June 2025.

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.

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 Laselle	Current replacement cost Unit rates developed from building projects completed in the Torres Strait and supplemented by published cost guides including the Rawlinsons Construction Cost Guide and Cordell Cost Guide. Allowances are made for the remote locality of the assets. Accumulated depreciation Componentisation - Structure, Site Improvements, Roof, and Fixtures and Fittings Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 9% index, which when applied increased fair value by $32,879,599
Buildings (Corporate) 2026: $1,224,993 2025: $1,230,700	Market approach	Level 2	30/06/2025	Jones Lang Laselle	Comparable transactions of industrial properties within the Cairns market, adjusted for differences in key attributes such as size of improvements, functionality and condition.	Desktop valuation performed as at 30 June 2026 resulted in a 9% index, which when applied increased fair value by $101,146
Buildings (Corporate) 2026: $78,562,482 2025: $76,228,283	Current replacement cost	Level 3	30/06/2025	Jones Lang Laselle	Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publication. Allowances are made for the remote locality of the assets. Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 9% index, which when applied increased fair value by $6,188,808
Buildings (Churches)	Current replacement cost	Level 3	30/06/2025	Jones Lang Laselle	Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publication. Allowances are made for the remote locality of the assets. Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 9% index, which when applied increased fair value by $636,633
Recreational facilities	Current replacement cost	Level 3	30/06/2025	Jones Lang Laselle	Current replacement cost Unit rates developed from building projects completed in the Torres Strait and benchmarked against cost estimate publications. Allowances are made for the remote locality of the assets. Accumulated depreciation Componentisation - Substructure, superstructure, roof, internal fabric, internal service, external services, site improvements, and furniture and fittings. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 9% index, which when applied increased fair value by $1,513,283

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 Laselle	Current replacement cost Unit rates developed based on in-house project costs, sub-contractor and head contractor project costs and benchmarked against cost estimate publications. Locality adjustments are also applied. Accumulated depreciation Segmentation - high level, between intersections Componentisation - formation, pavement, seal and kerb and channel Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 5% index, which when applied increased fair value by $19,080,484
Stormwater drainage network	Current replacement cost	Level 3	30/06/2025	Jones Lang Laselle	Current replacement cost Unit rates - developed based cost estimate publications including Rawlinsons Construction Cost Guide and Cordell Cost Guide. Locality adjustments are also applied. Accumulated depreciation Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 5% index, which when applied increased fair value by $512,140
Flood mitigation network	Current replacement cost	Level 3	30/06/2025	Jones Lang Laselle	Current replacement cost Unit rates - developed based cost estimate publications including Rawlinsons Construction Cost Guide and Cordell Cost Guide. Locality adjustments are also applied. Accumulated depreciation Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 11% index, which when applied increased fair value by $7,925,516
Water	Current replacement cost	Level 3	30/06/2025	Jones Lang Laselle	Current replacement cost Unit rates - developed based on in-house project costs, sub-contractor and head contractor project costs and benchmarked against cost estimate publications. Locality adjustments are also applied. Accumulated depreciation Componentisation - electrical, mechanical and civil. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 8% index, which when applied increased fair value by $14,340,319

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 Laselle	Current replacement cost Unit rates - developed based on in-house project costs, sub-contractor and head contractor project costs and benchmarked against cost estimate publications. Locality adjustments are also applied. Accumulated depreciation Componentisation - electrical, mechanical and civil. Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 5% index, which when applied increased fair value by $15,416,076
Marine infrastructure	Current replacement cost	Level 3	30/06/2025	Jones Lang Laselle	Current replacement cost Unit rates - developed based on in-house project costs, sub-contractor and head contractor project costs and benchmarked against cost estimate publications. Locality adjustments are also applied. Accumulated depreciation Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 11% index, which when applied increased fair value by $6,014,633
Waste	Current replacement cost	Level 3	30/06/2025	Jones Lang Laselle	Current replacement cost Unit rates developed from projects completed in the Torres Strait and benchmarked against cost estimate publications. Allowances are made for the remote locality of the assets. Accumulated depreciation Total useful life estimates, condition assessments, remaining useful life estimates.	Desktop valuation performed as at 30 June 2026 resulted in a 9% index, which when applied increased fair value by $61,560
Land assets	Market approach	Level 2	30/06/2025	Jones Lang Laselle	Comparable transactions of industrial properties within the Cairns and Thursday Island market, adjusted for differences in key attributes such as size, topography and location.	Desktop valuation performed as at 30 June 2026 resulted in a 5% index, which when applied increased fair value by $220,071

12 Intangible assets

	Note	2026 $	2025 $
Software			
Opening gross carrying value		562,433	562,433
		562,433	562,433
Accumulated amortisation			
Opening balance		37,496	-
Amortisation in the period		40,174	37,496
		77,670	37,496
Net carrying value		484,764	524,938

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

13 Contract balances

	Note	2026 $	2025 $
Contract assets			
Contracts with customers		1,130,535	2,119,727
Contracts to construct Council owned assets		8,599,172	2,284,123
		9,729,707	4,403,850
Contract liabilities			
Funds received upfront to construct Council controlled assets		22,413,638	33,233,116
Non-capital performance obligations not yet satisfied		14,244,175	3,584,468
		36,657,813	36,817,584

Funds received upfront to construct Council controlled assets in 2026 include funding to replace marine infrastructure, new social housing assets and repair and upgrades to road and airport assets.

Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Funds to construct Council controlled assets	22,877,229	2,947,399
Non-capital performance obligations (including deposits received in advance)	1,273,170	568,217
	24,150,399	3,515,616

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 year.
The significant movement in contract assets and contract liabilities during the year is largely attributable to projects where funding was received in advance, with the related works undertaken and revenue recognised in the current reporting period.

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 2028.

Right of use assets	**Note**	**2026**	**2025**
		$	**$**
Balance at 1 July		2,724,979	578,406
Additions to right of use assets		54,189	3,183,371
Adjustments to right-of-use assets due to re-measurement of lease liability		-	(7,553)
Amortisation charge		(1,069,702)	(1,029,245)
Closing balance		1,709,466	2,724,979
Lease liabilities			
Balance at 1 July		2,038,005	621,245
Additions to lease liabilities		-	1,974,843
Re-measurement of lease liability		-	(7,626)
Lease payments		(699,868)	(627,800)
Interest expense		78,829	77,343
Closing balance		1,416,966	2,038,005

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.

2026	**< 1 year**	**1-5 years**	**> 5 years**	**Total**	**Total per statement of financial position**
	$	$	$	$	$
Buildings	678,082	738,884	-	1,416,966	1,416,966

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

14 Leases (continued)

Amounts included in the statement of comprehensive income related to leases

	Note	2026 $	2025 $
Interest on lease liabilities		78,829	77,342
Amortisation of right of use assets		1,069,702	1,029,245
Expenses relating to short-term leases		579	56,272
		1,149,110	1,162,860
Total cash outflows for leases		700,447	684,072

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 $3,120 (2024/25: $2,980). 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 2025 and 30 June 2026 (2024/25: nil).

Current			
Lease receivable		537,874	513,785
		537,874	513,785
Non-current			
Lease receivable		10,626,617	10,967,562
		10,626,617	10,967,562

14 Leases (continued)

	Note	2026 $	2025 $
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		537,874	513,785
Later than one year but not later than five years		2,151,496	2,055,139
Later than five years		13,236,854	13,157,812
		15,926,224	15,726,736
Add: Estimated contingent rent		7,301,206	7,528,893
Less: Present value adjustment		(12,062,939)	(11,774,281)
Fair value of lease payments		11,164,491	11,481,348
The fair value of lease payments is receivable as follows:			
Not later than one year		537,874	513,785
Later than one year but not later than five years		2,014,205	1,943,224
Later than five years		8,612,412	9,024,339
		11,164,491	11,481,348
Movements in finance leases were as follows:			
Opening balance		11,481,346	11,721,231
Less: Lease receipts		(513,785)	(500,482)
Add/less: Gain/(loss) on revaluation	4(b)	196,929	260,597
Closing balance		11,164,490	11,481,346

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% (2024/25: 2.5%) and a discount rate of 5.26% (2024/25: 4.84%).

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.

	2026 $	2025 $
Current		
Creditors	6,269,325	4,751,759
Accrued wages and salaries	219,123	1,637,023
Refundable bonds	2,000	2,000
Accrued expenses	28,623,524	6,964,280
Retention	-	186,918
	35,113,972	13,541,979

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, these assumptions are 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 2027 and 2035. 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.

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	
	2026	2025	2026	2025
	$	$	$	$
Current				
Annual leave	2,816,441	2,735,858	-	-
Long service leave	1,595,345	1,406,116	666,777	661,729
Provision for landfill restoration	9,461,473	2,606,370	49,231,427	24,157,622
Provision for make-good	-	-	1,262,717	1,208,528
	13,873,259	6,748,344	51,160,921	26,027,880

	2026	2025
	$	$
Landfill restoration		
Balance at beginning of financial year	26,763,992	7,845,425
Increase due to unwinding of discount	913,372	158,705
Change due to reassessment and recognition of additional provisions	32,126,844	17,940,829
Increase/(decrease) due to changes in inflation and discount rate	(1,111,310)	819,033
Balance at end of financial year	58,692,898	26,763,992

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:

	2026	2025
	$	$
Consultancy	1,034,504	4,191,929
Other	1,911,554	1,457,597
Contractors	3,623,562	1,427,522
Recoverable work contractors	10,784,960	5,802,493
Freight	365,781	540,833
Contract employees	145,592	96,741
Roads (DRFA)	5,755,860	
	23,621,814	13,517,115

Capital commitments

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

Capital assets		
Buildings	10,713,244	9,145,091
Seawalls	3,121,910	838,190
Jetties	21,704,778	
Other	6,927,387	988,743
	42,467,319	10,972,025

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 2026, 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 $533,857.

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 listing under it. In many cases, in order to be valid, a notice process or a registered Indigenous Land Use Agreement under the Native Title Act 1993 (Cth) is required before conducting a future act. Prior to amalgamation of the Island Councils in 2008, infrastructure and leases were likely to have been progressed without complying with these requirements of the Native Title Act 1993 (Cth). This infrastructure and leases are termed invalid future acts, for which compensation is payable by Council.

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

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

Land Holding Act Leases

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

The perpetual leases were not all granted in the 1980s with only 61 being granted by 2013. For the 61 leases originally granted, in some cases only the land was leased while the house on the land remained a Council social housing asset. Council and the State are working together to transfer ownership of remaining 22 social houses to the respective Land Holding Act leaseholders for $1 each. When the ownership of any of these houses is transferred, the asset will be removed from Council's asset register and social housing register. The fair value as at 30 June 2026 relating to the potential divestment of these 22 social houses currently under 'land only' leases totals $10,546,043 (2024/25: $10,445,900). As at 30 June 2026, 0 house was divested and it is unclear whether the remaining 22 houses will be divested because a lease entitlement may be surrendered or partially surrendered with the result that the house remains a Council asset.

Council and the State are working together to grant all remaining valid lease entitlements either to the original applicant or to the applicant's beneficiaries. Where there is a valid lease entitlement, the lease can be granted without the consent of the native title party because the lease entitlement is a legal right that pre-existed the recognition of native title rights in Australia. This was confirmed by the Supreme Court of Queensland in February 2018. Between then and 30 June 2026, 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.

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 2026 for social housing assets relating to the outstanding 27 lease entitlements totals $11,261,945 (2024/25: $11,025,000). 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.

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	2026 $	2025 $
Superannuation contributions made to Brighter Super Regional Defined Benefits Fund		1,726,288	2,250,783
Other superannuation contributions for employees		1,261,045	594,865
Total superannuation contributions paid by Council for employees:	6	2,987,333	2,845,648

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

	2026 $	2025 $
Net result	(52,997,975)	(46,257,677)
Non-cash items:		
Depreciation and amortisation	87,411,508	65,273,878
Asset contributions in capital income	(6,105,867)	(1,477,917)
(Gain)/Loss on revaluation of finance lease	(196,929)	(260,597)
Write off of WIP	(57,109)	-
	81,051,603	63,535,364
Investing and development activities:		
Loss on disposal of non-current assets	3,055,197	6,036,021
Capital grants and contributions	(34,678,951)	(32,508,578)
	(31,623,754)	(26,472,557)
Financing activities:		
Interest expense on finance leases	78,829	74,065
	78,829	74,065
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(15,699,801)	(1,103,180)
(Increase)/decrease in inventory	9,416	21,151
(Increase)/decrease in contract assets	(5,325,857)	163,400
Increase/(decrease) in payables	21,571,993	263,272
Increase/(decrease) in other provisions	32,257,956	19,152,651
Increase/(decrease) in contract liabilities	(159,771)	2,947,489
	32,653,936	21,444,782
Net cash inflow/(outflow) from operating activities	29,162,640	12,323,977

21 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.

21 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.

22 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:

	2026	2025
	$	$
Short-term employee benefits	2,613,284	2,754,399
Post-employment benefits	264,784	139,986
Termination benefits	16,520	-
Long-term employee benefits	65,250	70,721
	2,959,838	2,965,106

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 an extended contract with an expiry date of 30th June 2027.. The total value paid for services was $349,727 (2024/25: $303,369).

During the year an Executive Director position was filled by external contractors. The total value paid for these services was $209,264 (2024/25: nil).

(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)	260,982	270,690
Purchase of materials and services from entities controlled by KMPs	(ii)	2,700	4,844
Grants and donations for entities controlled by KMPs	(iii)	21,957	19,299

(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 359 staff (318 full time equivalent staff) of which 2 (2024/25: 2) are close family members of key management personnel.

22 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	-	-
Consumables	2,700	3,783
Car Hire	-	1,061
	2,700	4,844

(iii) Grants and donations totalling $21,957 (2024/25: $19,299) 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(2024/25: 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 $
2026					
Rates and charges	749	-	-	42,881	43,630
Social housing	340	20	60	108,493	108,913
Other fees and charges	4,313	-	-	3,946	8,259
Total	5,402	20	60	155,320	160,802
2025					
Rates and charges	292	-	-	5,981	6,273
Social housing	43	68	156	100,379	100,646
Other fees and charges	352	-	-	4,739	5,091
Total	687	68	156	111,099	112,010

$137,846 has been recognised in the current year (2024/25: $102,505) for the allowance for bad or doubtful debts owed by related parties.

22 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:

2026

KMP	Relationship	Related Party	Nature of transactions	Over 90 Days
				$
Bob Kaigey	Councillor	Bob Kaigey	Social housing	16,276
Torenzo Elisala	Father	Tenny Elisala	Social housing	29,663
Rocky Stephen	Director	Kos & Abob Fisheries (TSI)	Rates and charges	4,180
Rocky Stephen	Councillor	Rocky Stephen	Social housing	300
Aggie Hankin	Councillor	Aggie Hankin	Social housing	38,208
Dimas Toby	Councillor	Dimas Toby	Social housing	1,063
Chelsea Aniba	Councillor	Chelsea Aniba	Social housing	8,959
Seriako Dorante	Councillor	Seriako Dorante	Rates and charges	1,820
Kabay Tamu	Councillor	Kabay Tamu	Housing	2,250
Adeah Kabai	Mother	Joyce Kabai	Housing	13,459
Amounts less than $1,000				3,131
				119,310

2025

KMP	Relationship	Related Party	Nature of transactions	Over 90 Days
				$
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
				111,099

22 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 2026

Management Certificate
For the year ended 30 June 2026

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 our on pages 1 to 39 present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

Mayor
Phillemon Mosby

Date: 20 / 10 / 2026

Chief Executive Officer
James William

Date: 20 / 10 / 2026

Queensland Audit Office
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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 council).

The financial report comprises the statement of financial position as at 30 June 2026, 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 accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2026:

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.

c) In my opinion, the financial report:

i. gives a true and fair view of the council's financial position as at 30 June 2026, and of its financial performance for the year then ended

ii. 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 council is responsible for the other information.

The other information comprises the information included in the council's annual report for the year ended 30 June 2026, but does not include the financial report and my auditor's report thereon.

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At the date of this auditor's report, the available other information in the council's annual report for the year ended 30 June 2026 was the current-year financial sustainability statement, unaudited current-year financial sustainability statement – contextual ratios and unaudited long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

The council is responsible for:

- the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009* and the Local Government Regulation 2012, and other prescribed requirements and Australian Accounting Standards, and such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error
- the establishment and keeping of accounts in accordance with prescribed requirements
- 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. My auditor's report must state whether I have received all the information and explanations required, and whether I consider the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects.

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

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A further description of my responsibilities under the *Auditor-General Act 2009* and *Auditor-General Auditing Standards* is located at the Queensland Audit Office website at: www.qao.qld.gov.au/audit-program/audit-standards

These descriptions form part of my auditor's report.

22 October 2026

Sri Narasimhan
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 2026

Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
Audited ratios					
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 4 months	4	3	During the 2025/26 financial year, Council received advance payment of 80% of its 2026/27 Financial Assistance Grant allocation. The early receipt of these funds has had a positive impact on Council's liquidity position and short-term cash flow. The Department of Local Government, Water and Volunteers has also confirmed that the increased funding provided under the Indigenous Councils Funding Program (ICFP) will continue for a further year in 2026/27. Funding will then reduce to 50% of the current allocation in 2027/28 before ceasing. This additional funding will continue to support Council's financial sustainability while longer-term strategies are implemented. In response, Council is undertaking a range of internal reviews and improvement initiatives aimed at increasing operational efficiency, strengthening financial performance, and improving service delivery outcomes. In parallel, Council is actively pursuing strategies to improve its cash operating performance and overall financial position through the work of its Sustainability and Organisational Improvement Committee (SOIC), which is focused on identifying and delivering sustainable efficiencies and organisational improvements across the business.
Operating Performance	Operating Surplus Ratio	N/A	-72%	-79%	Council relies heavily on grant funding and has limited capacity to generate revenue internally.
	Operating Cash Ratio	Greater than 0%	13%	2%	The advance receipt of 80% of the 2026/27 Financial Assistance Grant allocation has had a positive impact on Council's Financial Sustainability Ratio for the 2025/26 financial year. The continuation of additional Indigenous Councils Funding Program (ICFP) funding over the next two years will further support this ratio while Council continues to pursue initiatives aimed at improving its underlying operating cash performance and long-term financial position.
Asset Management	Asset Sustainability Ratio	Greater than 90%	49%	33%	Council's Asset Sustainability Ratio reflects a continued reliance on grant funding to finance the renewal of critical infrastructure assets. Securing external funding remains essential to ensuring assets are renewed in a timely manner while maintaining financial sustainability.
	Asset Consumption Ratio	Greater than 60%	44%	48%	Council's Asset Consumption Ratio reflects a continued reliance on grant funding to finance the renewal of critical infrastructure assets. Securing external funding remains essential to ensuring assets are renewed in a timely manner while maintaining financial sustainability.
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 2026.

Torres Strait Island Regional Council

Current-year Financial Sustainability Statement

For the year ended 30 June 2026

Certificate of Accuracy
For the year ended 30 June 2026

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

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

Mayor
Phillemon Mosby

Date: 20 / 10 / 2026

Chief Executive Officer
James William

Date: 20 / 10 / 2026

Queensland Audit Office
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INDEPENDENT AUDITOR'S REPORT

To the Councillors of Torres Strait Island Regional Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Torres Strait Island Regional Council (the council).

The financial sustainability statement for the year ended 30 June 2026, comprises 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 is accurately calculated in accordance with the Financial Management (Sustainability) Guideline 2024.

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 council is responsible for the other information.

The other information comprises the information included in the council's annual report for the year ended 30 June 2026, but does not include the financial sustainability statement and my auditor's report thereon.

At the date of this auditor's report, the available other information in the council's annual report for the year ended 30 June 2026 was the general purpose financial statements,

unaudited current-year financial sustainability statement – contextual ratios, and the unaudited long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

The council is responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Financial Management (Sustainability) Guideline 2024 and the Local Government Regulation 2012. The council's responsibility also includes such internal control as the council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

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

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

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

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

- identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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.

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- evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.

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



22 October 2026

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Torres Strait Island Regional Council

Unaudited Current-year Financial Sustainability Statement - Contextual Ratios

For the year ended 30 June 2026

Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actual Current Year	5-Year Average	Council Narrative
Contextual Ratios (unaudited)					
Financial Capacity	Council Controlled Revenue Ratio	N/A	7%	9%	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%	-1%	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 2026.

Torres Strait Island Regional Council

Unaudited Current-year Financial Sustainability Statement - Contextual Ratios

For the year ended 30 June 2026

Certificate of Accuracy
For the year ended 30 June 2026

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

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

Mayor
Phillemon Mosby

Date: 20 / 10 / 2026

Chief Executive Officer
James William

Date: 20 / 10 / 2026

Torres Strait Island Regional Council

Unaudited Long-Term Financial Sustainability Statement

Prepared as at 30 June 2026

Measures of Financial Sustainability

Type	Measure	Target (Tier 8)	Actuals as at 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	30 June 2036
Financial Capacity	Council-Controlled Revenue	N/A	7.39%	7.24%	10.54%	11.05%	11.12%	11.18%	11.24%	11.31%	11.38%	11.45%	11.52%
	Population Growth	N/A	0.09%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%	-0.43%
Operating Performance	Operating Surplus Ratio	N/A	-71.87%	-77.14%	-114.47%	-115.59%	-108.01%	-101.01%	-94.68%	-89.63%	-84.36%	-79.66%	-75.51%
	Operating Cash Ratio	Greater than 0%	13.02%	0.21%	-4.65%	-8.88%	-8.65%	-8.45%	-8.41%	-9.02%	-9.13%	-9.41%	-9.87%
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%	48.54%	66.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Asset Consumption Ratio	Greater than 60%	44.40%	45.47%	42.05%	38.78%	35.76%	32.96%	30.48%	28.08%	25.86%	23.81%	21.91%
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 2026

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2026

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

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

Mayor
Phillemon Mosby

Date: 20 / 10 / 2026

Chief Executive Officer
James William

Date: 20 / 10 / 2026