

Torres Strait Island Regional Council

Statement of Financial Position

For the period July 2020 to June 2030

Model 1 - Internal Tenancy Management until 1 July 2023 then Housing Authority Arrangement.

Salary Increase 2% Yr 1 & 2 Salary Increase 3% Yr 3 - 10

	Actuals 30 June 2020 \$'000	Budget Review 30 June 2021 \$'000	Forecast 30 June 2022 \$'000	Forecast 30 June 2023 \$'000	Forecast 30 June 2024 \$'000	Forecast 30 June 2025 \$'000	Forecast 30 June 2026 \$'000	Forecast 30 June 2027 \$'000	Forecast 30 June 2028 \$'000	Forecast 30 June 2029 \$'000	Forecast 30 June 2030 \$'000
Current assets											
Cash assets and cash equivalents	52,763	29,095	3,198	-	-	-	-	-	-	-	-
Inventories	250	250	250	250	250	250	250	250	250	250	250
Receivables	3,546	492	515	529	588	607	626	645	662	684	705
Prepayments	119	119	119	119	119	119	119	119	119	119	119
Other current assets	5,084	5,084	5,084	5,084	5,084	5,084	5,084	5,084	5,084	5,084	5,084
Total current assets	61,762	35,040	9,165	5,982	6,041	6,060	6,078	6,097	6,115	6,137	6,158
Non-current assets											
Property, plant and equipment	887,087	916,743	919,875	700,970	697,069	698,900	720,958	705,211	723,050	729,277	696,581
Intangible assets	7	-	-	-	-	-	1,317	1,414	1,667	1,835	1,769
Capital works in progress	-	-	-	-	-	-	-	-	-	-	-
Other non-current assets	16,045	16,045	16,045	16,045	16,045	16,045	16,045	16,045	16,045	16,045	16,045
Total non-current assets	903,139	932,789	935,921	717,015	713,115	714,945	738,321	722,670	740,762	747,158	714,395
Total assets	964,900	967,828	945,086	722,997	719,156	721,005	744,399	728,768	746,877	753,295	720,553
Current liabilities											
Trade and other payables	6,841	1,906	1,060	1,097	1,060	1,101	1,139	1,179	1,214	1,259	1,301
Borrowings	69	36	-	-	-	-	-	-	-	-	-
Other current liabilities	18,496	18,496	18,496	18,496	18,496	18,496	18,496	18,496	18,496	18,496	18,496
Provisions	3,326	-	-	-	-	-	-	-	-	-	-
Total current liabilities	28,731	20,439	19,556	19,593	19,557	19,597	19,635	19,675	19,711	19,755	19,797
Non-current liabilities											
Loans	36	-	-	35,071	67,435	107,583	162,173	192,541	259,167	304,638	328,946
Other non-current liabilities	689	689	689	689	689	689	689	689	689	689	689
Provisions	3,562	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888
Total non-current liabilities	4,287	7,577	7,577	42,648	75,012	115,160	169,750	200,118	266,744	312,215	336,523
Total liabilities	33,019	28,016	27,133	62,241	94,569	134,757	189,385	219,792	286,454	331,970	356,319
Net community assets	931,882	939,813	917,953	660,756	624,587	586,249	555,014	508,975	460,423	421,325	364,233
Community equity											
Asset revaluation reserve	482,322	482,322	482,322	488,653	488,653	488,653	499,071	499,071	499,071	513,734	513,734
Retained surplus (deficiency)	449,560	457,491	435,631	172,103	135,934	97,596	55,943	9,904 -	38,648 -	92,409 -	149,500
Total community equity	931,882	939,813	917,953	660,756	624,587	586,249	555,014	508,975	460,423	421,325	364,233

Torres Strait Island Regional Council

Statement of Cashflow

For the period July 2020 to June 2030

Model 1 - Internal Tenancy Management until 1 July 2023 then Housing Authority Arrangement.

Salary Increase 2% Yr 1 & 2 Salary Increase 3% Yr 3 - 10

	Actuals 30 June 2020 \$'000	Budget Review 30 June 2021 \$'000	Forecast 30 June 2022 \$'000	Forecast 30 June 2023 \$'000	Forecast 30 June 2024 \$'000	Forecast 30 June 2025 \$'000	Forecast 30 June 2026 \$'000	Forecast 30 June 2027 \$'000	Forecast 30 June 2028 \$'000	Forecast 30 June 2029 \$'000	Forecast 30 June 2030 \$'000
Cash flows from operating activities:											
Receipts from customers	36,536	33,334	38,383	40,790	38,818	41,393	43,803	46,467	48,784	51,263	53,932
Receipt from rental income	4,847	4,844	4,747	4,652	-	-	-	-	-	-	-
Payment to suppliers and employees	(59,950)	(69,925)	(70,560)	(70,428)	(65,753)	(67,979)	(70,310)	(72,882)	(75,866)	(78,461)	(81,357)
	(18,567)	(31,748)	(27,430)	(24,986)	(26,934)	(26,586)	(26,506)	(26,414)	(27,082)	(27,198)	(27,424)
Interest received	669	379	233	-	-	-	-	-	-	-	-
Non-capital grants and contributions	25,004	23,746	24,433	24,911	25,398	25,894	26,401	26,918	27,445	27,983	28,532
Finance costs	(44)	(6)	(1)	-	-	-	-	-	-	-	-
Net cash inflow (outflow) from operating activities	7,062	(7,629)	(2,764)	(75)	(1,537)	(692)	(105)	504	363	785	1,108
Cash flows from investing activities:											
Payments for property, plant and equipment	(22,394)	(71,005)	(47,843)	(45,497)	(27,468)	(33,374)	(43,646)	(16,981)	(50,053)	(24,217)	-
Payments for intangible assets	-	-	-	-	-	-	(1,317)	(140)	(302)	(146)	-
Proceeds from sale of property, plant and equipment	163	-	-	-	-	-	-	-	-	-	-
Subsidies, donations and contributions for new capital expenditure	17,550	55,033	24,747	8,031	-	-	-	-	-	-	-
Other	362	-	-	-	-	-	-	-	-	-	-
Net cash inflow (outflow) from investing activities	(4,319)	(15,971)	(23,097)	(37,467)	(27,468)	(33,374)	(44,963)	(17,121)	(50,355)	(24,363)	-
Cash flows from financing activities											
Repayment of borrowings	(64)	(68)	(36)	-	-	-	-	-	-	-	-
Other	(673)	-	-	(727)	(3,360)	(6,082)	(9,521)	(13,751)	(16,635)	(21,894)	(25,415)
Net cash inflow (outflow) from financing activities	(736)	(68)	(36)	(727)	(3,360)	(6,082)	(9,521)	(13,751)	(16,635)	(21,894)	(25,415)
Net increase (decrease) in cash held	2,006	(23,668)	(25,897)	(38,269)	(32,364)	(40,148)	(54,590)	(30,368)	(66,626)	(45,472)	(24,307)
Cash at beginning of reporting period	50,757	52,763	29,095	3,198	(35,071)	(67,435)	(107,583)	(162,173)	(192,541)	(259,167)	(304,638)
Cash at end of reporting period	52,763	29,095	3,198	(35,071)	(67,435)	(107,583)	(162,173)	(192,541)	(259,167)	(304,638)	(328,946)
QTC recommended working capital	14,858	16,249	17,429	17,798	17,269	18,525	19,967	21,668	23,134	25,100	26,703
Variance	37,905	12,846	(14,231)	(52,869)	(84,704)	(126,108)	(182,140)	(214,209)	(282,301)	(329,738)	(355,649)

Torres Strait Island Regional Council

Statement of Income and Expenditure

For the period July 2020 to June 2030

Model 1 - Internal Tenancy Management until 1 July 2023 then Housing Authority Arrangement.

Salary Increase 2% Yr 1 & 2 Salary Increase 3% Yr 3 - 10

	Actuals 30 June 2020 \$'000	Budget Review 30 June 2021 \$'000	Forecast 30 June 2022 \$'000	Forecast 30 June 2023 \$'000	Forecast 30 June 2024 \$'000	Forecast 30 June 2025 \$'000	Forecast 30 June 2026 \$'000	Forecast 30 June 2027 \$'000	Forecast 30 June 2028 \$'000	Forecast 30 June 2029 \$'000	Forecast 30 June 2030 \$'000
Revenue											
Recurrent revenue:											
Net rates and utility charges	1,625	1,534	1,611	1,691	2,335	2,452	2,574	2,703	2,838	2,980	3,129
Fees and charges	4,231	4,456	4,654	4,747	4,842	4,939	5,038	5,138	5,241	5,346	5,453
Sales - contract and recoverable works	17,136	21,283	29,079	31,248	28,526	30,788	32,917	35,292	37,308	39,482	41,830
Sales - other	2,529	2,246	2,291	2,337	2,384	2,432	2,480	2,530	2,580	2,632	2,685
Grants, subsidies, contributions and donations	25,004	23,746	24,433	24,911	25,398	25,894	26,401	26,918	27,445	27,983	28,532
Interest received	669	379	233	-	-	-	-	-	-	-	-
Rental income	4,847	4,844	4,747	4,652	-	-	-	-	-	-	-
Other recurrent income	1,474	761	770	781	791	801	812	823	834	845	857
Total recurrent revenue	57,515	59,249	67,820	70,367	64,275	67,306	70,222	73,404	76,247	79,269	82,485
Capital revenue:											
Government subsidies and grants	21,780	47,003	16,716	-	-	-	-	-	-	-	-
Capital contribution	11,321	16,684	14,987	15,195	-	-	-	-	-	-	-
Developer contributions	-	-	-	-	-	-	-	-	-	-	-
Total capital revenue	33,101	63,686	31,703	15,195	-	-	-	-	-	-	-
Total income	90,616	122,936	99,523	85,562	64,275	67,306	70,222	73,404	76,247	79,269	82,485
Expenses											
Recurrent expenses:											
Employee benefits	25,156	27,083	27,630	28,595	27,722	28,702	29,689	30,726	31,748	32,811	33,913
Materials and services	33,432	37,248	41,429	41,224	37,813	39,137	40,477	42,015	43,973	45,514	47,305
Depreciation and amortisation	47,617	46,508	48,167	49,173	31,368	31,543	32,006	32,771	32,263	32,630	32,763
Finance costs	844	665	656	1,373	3,541	6,263	9,702	13,931	16,815	22,074	25,596
Total recurrent expenses	107,049	111,505	117,882	120,365	100,445	105,644	111,875	119,443	124,799	133,030	139,577
Capital expenses:											
Other capital expenses	12,750	3,500	3,500	228,725	-	-	-	-	-	-	-
Total capital expenses	12,750	3,500	3,500	228,725	-	-	-	-	-	-	-
Total expenses	119,799	115,005	121,382	349,089	100,445	105,644	111,875	119,443	124,799	133,030	139,577
Net operating surplus/(deficit) exc capital and depreciation	(1,918)	(5,748)	(1,895)	(825)	(4,801)	(6,795)	(9,646)	(13,268)	(16,289)	(21,130)	(24,328)
Net operating surplus/(deficit) inc depreciation	(49,534)	(52,256)	(50,062)	(49,998)	(36,169)	(38,338)	(41,653)	(46,039)	(48,552)	(53,761)	(57,092)
Net result attributable to Council	(29,183)	7,931	(21,860)	(263,528)	(36,169)	(38,338)	(41,653)	(46,039)	(48,552)	(53,761)	(57,092)

Torres Strait Island Regional Council

Rates and Utility charges

For the period July 2020 to June 2023

Model 1 - Same Service Level - Internal Tenancy Management until 1 July 2023 then Housing Authority Arrangement.

Salary Increase 2% Yr 1 & 2 Salary Increase 3% Yr 3 - 10

	Actuals 30 June 2020 \$'000	Budget Review 30 June 2021 \$'000	Forecast 30 June 2022 \$'000	Forecast 30 June 2023 \$'000
Rates and utility charges				
General rates	-	-	-	-
Separate rates	-	-	-	-
Levies	59	62	65	69
Water	397	417	438	460
Sewerage	863	906	952	999
Waste management	195	205	215	226
Other rates and utilities revenue	-	-	-	-
Total rates and utility charge revenue	1,515	1,590	1,670	1,753

	Actuals 30 June 2020 \$'000	Budget Review 30 June 2021 \$'000	Variance \$'000	Variance %
Rates and utility charges - value of change				
Gross rates and utility charges	1,515	1,590	76	5.0%

Torres Strait Island Regional Council

Statement of Changes in Equity

For the period July 2020 to June 2030

Model 1 - Internal Tenancy Management until 1 July 2023 then Housing Authority Arrangement.

Salary Increase 2% Yr 1 & 2 Salary Increase 3% Yr 3 - 10

	Total \$'000	Retained surplus \$'000	Asset revaluation reserve \$'000	Other reserves \$'000
Balance at 30 Jun 2020 Actual	931,882	449,560	482,322	-
Net result for the period	7,931	7,931	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	-	-	-	-
Balance at 30 Jun 2021 Budget Review	939,813	457,491	482,322	-
Net result for the period	(21,860)	(21,860)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	-	-	-	-
Balance at 30 Jun 2022 Forecast	917,953	435,631	482,322	-
Net result for the period	(263,528)	(263,528)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	6,331	-	-	6,331
Balance at 30 Jun 2023 Forecast	660,756	172,103	482,322	6,331
Net result for the period	(36,169)	(36,169)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	-	-	-	-
Balance at 30 Jun 2024 Forecast	624,587	135,934	482,322	6,331
Net result for the period	(38,338)	(38,338)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	-	-	-	-
Balance at 30 Jun 2025 Forecast	586,249	97,596	482,322	6,331
Net result for the period	(41,653)	(41,653)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	10,418	-	-	10,418
Balance at 30 Jun 2026 Forecast	555,014	55,943	482,322	16,749
Net result for the period	(46,039)	(46,039)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	-	-	-	-
Balance at 30 Jun 2027 Forecast	508,975	9,904	482,322	16,749
Net result for the period	(48,552)	(48,552)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	-	-	-	-
Balance at 30 Jun 2028 Forecast	460,423	(38,648)	482,322	16,749
Net result for the period	(53,761)	(53,761)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	14,662	-	-	14,662
Balance at 30 Jun 2029 Forecast	421,325	(92,409)	482,322	31,412
Net result for the period	(57,092)	(57,092)	-	-
Transfers to reserves	-	-	-	-
Transfers from reserves	-	-	-	-
Asset revaluation adjustment	-	-	-	-
Balance at 30 Jun 2030 Forecast	364,233	(149,500)	482,322	31,412

Torres Strait Island Regional Council

Statement of Key Sustainability Ratios

For the period July 2020 to June 2030

Model 1 - Internal Tenancy Management until 1 July 2023 then Housing Authority Arrangement.

Salary Increase 2% Yr 1 & 2 Salary Increase 3% Yr 3 - 10

	Actuals 30 June 2020 \$'000	Budget Review 30 June 2021 \$'000	Forecast 30 June 2022 \$'000	Forecast 30 June 2023 \$'000	Forecast 30 June 2024 \$'000	Forecast 30 June 2025 \$'000	Forecast 30 June 2026 \$'000	Forecast 30 June 2027 \$'000	Forecast 30 June 2028 \$'000	Forecast 30 June 2029 \$'000	Forecast 30 June 2030 \$'000
--	-----------------------------------	---	------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------

1 Operating Surplus Ratio

(Net Operating Surplus / Total Operating Revenue) (%)	(86)%	(88)%	(74)%	(71)%	(56)%	(57)%	(59)%	(63)%	(64)%	(68)%	(69)%
(Net Operating Surplus / (Total Operating Revenue - Depreciation Expense on Community Housing) (%)	(53)%	(56)%	(46)%	(45)%	(56)%	(57)%	(59)%	(63)%	(64)%	(68)%	(69)%

Target is between 0% and 10% (on average over the long-term)

This is an indicator of the extent to which revenues raised cover operational expenses or are available for capital funding purposes.

The percentage indicates the percentage increase in Operating Revenue needed to break-even

A negative ratio result indicates that Council is expecting to not generate sufficient revenue to cover operating expenses (including depreciation) or fund from own sources capital items.

This ratio includes Depreciation Expense of \$47.6M for the 19/20 financial year and \$46.5M for the 20/21 financial year.

A secondary Operating Surplus Ratio has been calculated removing depreciation expenses on community housing. A improvement on average of 11% can be seen in Council's Operating Surplus Ratio with the removal of Community Housing depreciation which accounts for approximately \$19.1M in 19/20 and \$19.3M in 20/21

2 Net Financial Asset / Liability Ratio

((Total Liabilities - Current Assets) / Total Operating Revenue)	(50)%	(12)%	26%	80%	138%	191%	261%	291%	368%	411%	425%
--	-------	-------	-----	-----	------	------	------	------	------	------	------

Target is <60% (on average over the long-term)

This is an indicator of the extent to which net financial liabilities can be serviced/repaid from operating revenues.

A negative indicator is favourable as it is below the target of 60%

The negative indicators show that Council has more current assets than liabilities as a percentage of Total Operating Revenue

3 Asset Sustainability Ratio

(Capital Expenditure on the Replacement of Assets (renewals) / Depreciation Expense)	27%	106%	95%	94%	88%	106%	136%	52%	155%	74%	0%
--	-----	------	-----	-----	-----	------	------	-----	------	-----	----

Target is >90% (on average over the long-term)

This is the extent to which assets are being replaced as they reach the end of their useful life.

Council is dependent on State and Federal funding for renewal of infrastructure assets. Timing of renewal programs do not always coincide with the annual allocation of depreciation.