



# 2020/2021 Annual Report

To lead, provide and facilitate a  
sustainable, safe and culturally  
vibrant community

**Torres Shire Council**





## Executive summary

Torres Shire Council's Annual Report for 2020/21 outlines Council's achievements in delivering services to the Torres Shire and demonstrates Council's progress in delivering the objectives from the Corporate Plan 2018-2023 and Operational Plan 2020/21.

Council connects with the community through a number of channels, including the annual report that includes:

- How Council achieves its Vision for the Shire
- The results of the Corporate and Operational plans
- Transparency and accountability of Council
- *Annual Legislative Disclosure requirements of the Local Government Act 2009 (QLD) and the Local Government Regulation 2012*

# Contents page

Executive summary	1
Report from the Mayor	3
CEO's review	7
Grants report	11
<b>Section 1: The year in review</b>	<b>13</b>
The year in review	15
Our Councillors	24
Organisational structure	29
Executive management	30
Shire profile	31
<b>Section 2: Annual legislative disclosures</b>	<b>38</b>
Annual legislative disclosures	39
Councillor remuneration and expenses reimbursement	40
Councillor remuneration	40
Councillor expenses reimbursement	40
Councillor meeting attendance	40
Councillor Conduct	41
Remuneration payable to senior management	41
Public Sector Ethics Act	41
Administrative Action Complaints	43
Changes to tenders	43
List of Council Registers	43
Statistics and Other information	44
Animal management	44
Grants to community organisations	45
Competitive Neutrality Complaints	45
Conduct of Business Activities	45
Special rates/charges levied	45
Rate rebate and remission policy	45
Debt policy	46
Revenue policy	46
Audit Committee	46
Internal audit	46
<b>Section 3: Community Financial Report</b>	<b>48</b>
Community Financial Report	29
<b>Section 4: Audited Financial Statements</b>	<b>56</b>



*Torres  
Shire Council*

# Report from the Mayor

Torres Shire proudly acknowledges and pay our respects to the Kaurareg traditional owners of the Kaiwalagal area covering the Waibene (Thursday Island) group of islands. Torres Shire Council embraces the vibrant multicultural community in which we serve of both the Aboriginal and the Torres Strait Islander cultures.

On behalf of my fellow Councillors, it is a pleasure to present the 2020–2021 Torres Shire Council Annual Report. The Annual Report shows Council’s accountability back to community detailing the investment and progress made against key priorities, as guided by our Torres Shire residents.

## COVID-19 Pandemic Response

Torres Shire Council (TSC) has been at the forefront of COVID-19 local response over the past year. The continued escalation and threat of the virus posed an array of challenges for Local Government’s across Queensland and directly within our region. Torres Shire through the Torres Strait Local Disaster Management Group (TSLDMG) led the whole-of-government and community response to maintain community safety against the potential spread of COVID-19 into our communities. This involved standing-up and adhering to the various Queensland Government’s Chief Health Officer’s Directives as well as redirecting staffing and resources to implement additional local measures during Queensland virus outbreaks and lockdowns. I cannot express enough my deepest gratitude and thanks to the TSLDMG colleagues, stakeholders both Government and Non-Government and businesses for their prompt response and displaying professionalism, respect and comraderie to assist council in the difficult and complex times. I also thank the community for listening to Council’s advice and guidance during this period.

## Internal Governance

Despite the demanding landscape due to COVID I am very pleased to inform the community that TSC operations remained stable, maintaining conservatively managed budgets and receiving an unmodified audit featuring no new significant deficiencies (traffic light).

As a small mainstream council, we have demonstrated and remain proactive in sourcing alternative grant funding to support further growth in our communities. We work smarter to leverage this funding for maximum community benefit. Throughout the last year, Council continued to be a strong voice and took every opportunity to advocate at all levels

of Government. A total of ..... Ministerial deputations were hosted with either State of Federal Governments focusing on increasing investment towards our Shire’s top priority including the Horn Island Airport Masterplan, Tourism Information Centre, Waste Management – Car Bodies and Rosehill Ramp Upgrade.

All 12 ordinary Council meetings were facilitated monthly, with a quorum maintained. These meetings are critical to progressing local government matters, such as development applications, lease matters, financials, councillors and officers’ reports, animal management, waste, water and rates matters.

A functioning and compliant Audit Committee has also been well established with an external independent audit committee Chairperson appointed. The Committee has met twice in the past period and continues to meet regularly to oversee the councils audit process, adherence to compliance and to manage risks.

Through a recent grant review process Council has also made robust deputation to the Local Government Grants Commission to ensure TSC is assessed equitably on grants distribution based on actual need maintain council sustainability.

## Capital Works

Against an annual budget of \$44.635 million, TSC expended \$29.658 million on capital expenditure of which Council funded \$2.8 million.

I take this opportunity to also formally thank the Qld Government for their support through the 2020–2021 Works for Queensland funding. This funding provides a substantial boost to the rollout of projects that are usually hard to source for funding.

Council is pleased to have achieved and progressed significant capital works projects that fundamentally enhance the liveability of our Shire. These achievements demonstrate that Council remains focussed on what is important to you as a community.

## Water Security

The Horn Island Loggy Creek Dam Water Filtration System was commissioned in June 2020 and over the past 18 months the Shire has been supplied with treated water. TSC has come a long-way in maintaining good quality water and is continuing to progress further upgrades with the establishment of the smaller water treatment plant on Thursday Island (TI) to increase water security into the future.

## Roads, Footpaths and Drainage

The completion of the TI Cycleway Stage 3 has meant that the entire ring-road is connected to the suburbs of Rosehill and TRAWQ allowing easy and safe access for cyclist and pedestrians. Council is committed to rolling-out essential health infrastructure such as these to support healthy and active community.

The Victoria Parade road had a major facelift to a much-needed area that has always been subjected to flooding inundation due to drainage and its close proximity to the sea. Whilst taking a bit longer than expected to complete, due to the prolonged wet season, this infrastructure certainly makes commuting along the esplanade a lot safer and smoother.

## Housing

Our local residents continue to be faced with housing shortage stemming from availability of housing and land impacted by Government Employee Housing/services. Council has made considerable progress working in partnership with the Department of Communities, Housing and Digital Economy to address Social Housing Home Ownership aspirations along with progressing the Horn Island Affordability Project. Council has been successful in acquiring additional funding to complete the subdivision of the 26 allotments offered under the HIAHP and to move towards initially offering home ownership packages in 2022.

## Waste Management

Torres Shire has been actively progressing the development of a Torres Shire Council Regional Waste Strategy in partnership with Local Government Association Queensland. This strategy, which is led by a working group, looks into addressing waste matters such as collection, landfills, transfer station, waste separation, COEX Recycling, litter and illegal dumping matters and the Prince of Wales Island waste issues.

## Economic Development

Through the TSC Technical Working Group council monitors

all Queensland Government infrastructure investment into the region. Council ensures that maximum local spend is achieved through every major project delivered in the Shire. Council is pleased to have reached a benchmark of achieving up to 90% Indigenous and local employment outcome through the Indigenous Employment Opportunity Plan (IEOP) attached to major contracts. This approach also embeds Council's position of ensuring that meaningful jobs are offered locally and remains a priority over Fly-in-Fly out contractors.

## Acknowledgement

It is an honour to continue to serve the community. I thank my fellow councillors Deputy Mayor Gabriel Bani, Cr John Abednego, Cr Allan Ketchell and Cr Thomas Loban for their representation and commitment throughout the year and to the TSC Executive and staff for their support with all of Council's deliberations.



Cr. Vonda Malone  
Mayor



# CEO's review

## **Maiem Seu Ngapa, Welcome to the Torres Shire Council Annual Report for 2020/2021.**

Torres Shire Council acknowledges the Traditional Custodians of the Torres Shire region and recognise their connection to country. We pay respects to their Elders, past present and future.

The achievements and outcomes summarised in this report are aligned to the vision set out for the previous 12 months. Although in the midst of a world-wide pandemic, it is pleasing to see that Torres Shire has had a busy year recommencing our capital works program that had been previously paused due to COVID-19 snap lock downs in major capital cities and a slow material production rate globally.

In moving forward, we will adapt and align our services, projects and approach to improve our customer experience, working within our financial and resource constraints, under the direction of our elected Council.

I would like to credit our workforce for their ability to deliver a comprehensive capital works program, in addition to the initiatives outlined in the Operational Plan 2020-21 during a global pandemic.

## **Highlights for 2020-21**

### **Horn Island Affordable Housing Project**

Council recognises that accessibility to housing is crucial to outcomes in all other areas of life. Children cannot grow up healthy or benefit from a good education if their home environment is unsafe and overcrowded.

The Horn Island Affordable Housing Project is a long-standing, joint initiative of Council and the Torres Strait Regional Authority to provide local, Indigenous home buyers with a unique opportunity for affordable and accessible housing. Over several years, Council has been working with multiple agencies in order to acquire land for this crucial development. The subdivision of the land into 26 medium density residential lots has been undertaken by suitably qualified engineering consultants, quantity surveyors, project consultants and town planners. It is so pleasing to commence the construction of the project this financial year and Council's own workforce is proudly constructing this subdivision project in-house.

### **Tamwoy Basketball Courts Court Precinct Project**

Torres Shire was pleased to welcome \$853,281.00 from the State Government Works for Queensland COVID Grant Funding for the Tamwoy Basketball Court Precinct Project. Council conducted a community consultation process to seek the views of our community members regarding the proposed upgrade project.

The community responded by advising Council that the precinct should offer the following opportunities:

1. To provide a place in which to participate in sports activities
2. To meet with family and friends
3. To relax and have fun
4. To participate in health and fitness activities
5. To provide a family/community gathering space for markets, stalls and fundraising.

The community consultation highlighted some important aspects to be available in the precinct all of which council has taken into consideration. On behalf of the community and Council, I look forward to progressing this long-awaited community aspiration.

### **Aplin Reserve Road Project**

Progress continues to be evident in all our communities and it has been great to see the completion of the Aplin Reserve drive-through Road Project which was funded by Council through Works for Queensland. Being in a remote location, the price of goods and services are higher compared to Councils on the mainland, Council is pleased that this project was completed within the approved budget. No doubt, the new access road will be beneficial to the Aplin Community.

### **New Planning Scheme for Torres Shire**

Torres Shire Council has worked very closely with the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships and various consultants to prepare a new planning scheme for Torres Shire. The new planning scheme has empowered our thriving community to be involved in the planning process and has supported local decision making.

Specifically, the new planning scheme;

- Incorporates an innovative structure different to anything used in a planning scheme in Queensland. The new structure is intended to promote a first principles approach to planning while supporting an increase in the





potential for the community to actively participate;

- Has been drafted, structured and presented to specifically respond to the unique local characteristics of Torres Shire, including streamlining the assessment of straightforward development applications, supporting a merits-based assessment process for complex development applications and incorporating guidance material such as colour coding and symbology;
- Has explored new ways of integrating Indigenous cultural heritage into the planning process through the use of an overlay supported by mapping, assessment benchmarks and a detailed consultation process;
- Was subject to a rigorous and broad ranging community engagement program which saw various locations across the Shire being visited. In total 35 stakeholder and community meetings were held, over 200 people were consulted and 33 formal submissions were received; and
- Addresses a range of complex and emerging policy matters and State interests including natural hazards and sea turtle protection.

The new planning scheme is currently being reviewed by the Minister for State Development and is anticipated to commence late in 2021.

### **Rosehill and Quarantine Boat Ramps**

During the year, council has continuously raised the issues of the urgent need to access funding to expand the Rosehill Boat Ramp and redevelop the Quarantine Boat Ramp. I am pleased to report that Marine Safety Queensland as part of Transport and Main Roads are carrying out a review of maritime facilities in Torres Straits as part of the TMR Network, Council concerns have been raised and we look forward to receiving the report on the marine infrastructure need for the region.

### **Commencement of Waiben Esplanade Seawall Rehabilitation Project**

Torres Shire was successful in obtaining \$ 3,252,147 under the 2019 Disaster Recovery Funding Arrangements Betterment Program for the Waiben Esplanade Seawall Rehabilitation Project. The seawall rehabilitation works will result in a new structure that is engineered and built to current standards. A new wall would be constructed in front of the existing structures and encroach upon the seaward side of the beaches. The seawall is critical to ensure that the community of Thursday Island is able to safely navigate the island to conduct their private and professional lives. To date, there has been a wonderful facelift to Waiben Esplanade to complement the current and previous works undertaken

by Council at the Rosehill Zar-Zar precinct and the shared pathways connecting Rosehill to Tamwoy and Rosehill to Port Kennedy.

### **Appointment of Torres Shire Audit Committee Chair**

It is pleasing to report that during 2020/2021, Council has appointed an Independent Chair of its Audit Committee, Mr Michael Booth. The Audit Committee met twice during the year in accordance with the legislative requirements.

The Audit Committee is directly responsible and accountable to the Council for the exercise of its duties and responsibilities in accordance with the Local Government Act 2009. In carrying out its duties and responsibilities, the committee must at all times recognise that primary responsibility for the governance of the Local Government rests with the Council.

### **In Closing**

I would like to take this opportunity to enormously thank our staff, volunteers, contractors and Council for their passion for delivering improved community services and acknowledge the important support provided by our local businesses and community groups in making Torres Shire a beautiful place to live, work, grow, learn and keep connected.

Au Esoau, Koeyma Eso to Mayor Malone and fellow Councillors for all your support, guidance and leadership throughout the year. God Bless.



Dalassa Yorkston

Chief Executive Officer



# Grants Report

Council has been successful in a number of additional grants for various projects and programs, a snap shot of these are as follows:

No.	Grant Activity Name	Program Name	Funding purpose	Grant Amount
1	Winds of Zenadth Cultural Festival	Tourism Tropical North Queensland	Promotion of Cultural Festival	20,000
2	Winds of Zenadth Cultural Festival	Tourism and Events Queensland	Promotion of Cultural Festival	10,000
3	Local Roads and Community Infrastructure PHASE I	Dept of Infrastructure, Transport, Regional Development and Communications	Promotion of local jobs with roads projects	156,288
4	Installation of Grave Marker Posts	Japanese Consulate	Cemetery Works	60,067
5	School Transport Infrastructure Program	Department of Transport and Main Roads	Tagai State College - safety improvements	849,000
6	Regional Airports Screening Infrastructure	Dept of Infrastructure, Transport, Regional Development and Communications	Screening and baggage area upgrade	379,957
7	Australia Day 2021 COVID Safe Events	National Australia Day Council	Australia Day 2021 COVID Safe Events	20,000
8	Local Roads and Community Infrastructure PHASE II	Dept of Infrastructure, Transport, Regional Development and Communications	Promotion of local jobs with roads projects	206,369
9	First Start Program	Department of Employment, Small Business and Training	Traineeships	45,000
10	Horn Island Airport Apron Pavement Upgrade	QLD Department of Transport and Main Roads - ATSI TIDS	Horn Island Airport Apron Pavement Upgrade	500,000
11	Local Thriving Communities	Department of Seniors, Disability Services and Aboriginal and Torres Islander Partnerships	Local Thriving Communities	10,000
12	Tourism Officer and Events Coordinator	Torres Strait Regional Authority	Tourism Officer and Events Coordinator Support	200,000
13	Vulnerable Road User Speed Limit Program	Department of Transport and Main Roads	Road Safety	28,546
14	Domestic Airports Security Costs Support	Dept of Infrastructure, Transport, Regional Development and Communications	Support for Airport Security Operations	355,000
15	Queensland Resilience and Risk Reduction Fund	Queensland Reconstruction Authority	Outie Street Horn Island Resilience Works	630,629
16	Get Ready	Queensland Reconstruction Authority	Wet Season Preparation	9,700
17	Waiben Esplanade Seawall	Queensland Reconstruction Authority	Waiben Esplanade Seawall	3,252,184
				6,732,740







**Section 1:  
The year  
in review  
2020/2021**



## The year in review

### July 2020

#### Thursday Island Community Centre

Council received a Deputation from Department of Communities, Disability Services and Seniors including a presentation on the Thursday Island Community Centre.

#### New legislative Reforms

Introduction of new legislation governing Accountability and Integrity of elected members – introduction of Prescribed Conflicts of Interest and Declarable Conflicts of Interest replacing Material Personal Interests and perceived conflict of interest declarations to come into effect on 12 October 2020. Other changes were made to the councillor register of interest, lobbying, meeting agendas, meeting minute and the amendments removed the power of a Mayor or Councillor to direct or select or discipline a local government employee.

#### Torres Strait Local Disaster Management Group (TSLDMG)

Commenced management of the Stage 3 Roadmap transition regarding the COVID-19 pandemic, which introduced an easing of restrictions in line with the rest of Queensland. This included the safety plan for the reopening of the Thursday Island Sports Complex.

#### Library Survey

Council undertook a comprehensive community survey of our library service.

### August 2020

#### World War 2 Slit Trench on Horn Island

Council received a presentation from Vanessa SeeKee regarding the WW1 Slit Trench on Horn Island and from Queensland police Service Acting Inspector Allison Williams on relevant police matters.

#### Regional Governance forum

The Regional Governance forum of Wednesday 12 August 2020 was discussed, and councillors considered the history of the Regional Governance Timetable.

#### Government Community Cabinet

Council prepared for the Queensland Government Community Cabinet scheduled for 23 to 25 August 2020 in Cairns. Issues put to relevant Ministers included funding around COVID-19 for students repatriation, Tourism Infrastructure Development, Shire Roads, Horn Island Airport requirements, together with the Rosehill and Quarantine Boat Ramp Extensions, housing and waste management.

#### Council's 10-Point Plan

Council submitted to the Queensland Government covering such important issues as the One Boat strategy for autonomy and constitution recognition, home ownership, the Horn Island Affordable Housing Project, Regional Tourism Development, Regional Transport Investment, Regional High Cost of Living, Low Rates base – reform and equitable returns, Torres Housing Transfer – Own Source Revenue, Disease Control – Waste Management and Investment in Shire Roads all of which form part of Council's 10-Point Plan.

#### COVID-19 Second Wave Response & Activation Plan

Council prepared a COVID-19 Second Wave Response & Activation Plan to ensure that the risks and issue associated with triggering of regional restrictions were implemented around a coordinated framework. The TSLDMG agreed to proposed trigger points as a pre-condition to the re-introduction of Stage 2 restrictions. Council also endorsed a comprehensive Communication Plan.

#### Meriba Omasker Kaziw Kazipa submission

Mayor Vonda Malone and Cr. John Abednego and CEO met



with the members of the Health, Communities, Disability Services and Domestic and Family Violence Prevention Committee including the Member for Cook Cynthia Lui MP on Thursday 6 August 2020 at which time Council tabled its submission regarding the Meriba Omasker Kaziw Kazipa (Torres Strait Islander Traditional Child Rearing Practice) Bill 2020.

### **Growing Indigenous tourism in Queensland Fund**

Council submitted to the Minister for State Development, Tourism and Innovation, Hon. Kate Jones regarding the \$7million Growing Indigenous tourism in Queensland Fund to grow and support jobs for Aboriginal and Torres Strait Islander Queenslanders. Council was successful in obtaining the maximum under the fund of \$1million towards the \$3.2 million required to deliver the Tourism Information and Business Centre Facility on Thursday Island.

### **Torres Shire Council Planning Scheme**

A new Torres Shire Council Planning Scheme (the Scheme) was assessed by the State Government and as a consequence of the review, minor amendments were made to the Scheme. Council had to consider the amendments to the Scheme and the approval of the Scheme, which was scheduled for the October 2020 Ordinary Council Meeting. In the event that Council supported the Scheme, a public consultation phase was to commence in mid-November 2020 and run until mid-January 2021. It was proposed that the results from the public consultation would be considered at the Ordinary Council Meeting in February 2021 and the final draft approval was scheduled for the March/April 2021 Ordinary Council Meeting.

### **OBON Japanese Ancestral Ceremony**

The Consulate General of Japan in Brisbane Mr Naohiro Hayakawa, Rev. Jim Wilson (Tetsuyu) Jodoshu Buddhist and Japanese Community attended this years OBON Ceremony. Council is committed to honouring our Friendship Agreement with Kushimoto, Japan, whereby each year on 15 August, celebrating OBON day.

## **September 2020**

### **Biosecurity Queensland**

Council received a presentation from Biosecurity Queensland – regarding its Prevention and Control Program.

### **Human Rights Act**

Torres Shire Council, along with selected Queensland Local Governments received and responded to an official

request for information regarding human rights culture in the organisation – Section 98 Human Rights Act 2019 (Qld). Council provided information on the education and staff development it undertakes on the Human Rights Act, the integration of human rights into its training program and the amendments it had made to Council's administrative complaints policy, the awareness and information provided to contractors and the details of this information.

### **Service standards**

In accordance with Section 170A and Section 170AA of the Local Government Act 2009 (Qld), Council established service standards for the mayor and councillors were confirmed and clarified what statute meant regarding a permissible request. The CEO Guidelines made is clear the nature a quality of service that the mayor and councillors were to receive and their obligations pertaining to staff and permissible requests.

### **Integrity Act**

The Department of Local Government, Racing and Multicultural Affairs online workshop on the Integrity Act (Qld) was provided to Councillors.

### **Noxious weeds**

Council's compliance officers continued to spray noxious weeds and removed Leucaena Trees as part of its Biosecurity program. The officers also undertook surveys of Rubber Vine and Leucaena Trees on Horn Island and continued to enforce compliance with water restrictions.

## **October 2020**

### **Operational Plan Review**

Torres Shire Council's Operational Plan Review for the first quarter of 2020-2021 was undertaken. The report notes that whilst most of the plan was on track, some of the plan was delayed due to COVID-19 restrictions, notably the Council Calendar of Community Grants Events Strategy and progress on Regional Alliances.

### **Lands Acquisition Act**

During this month the Department of Finance conducted a review of the Lands Acquisition Act 1989 (Cth) (the Act). Council submitted to this review and made a number of important observations including the fact that the Terms of Reference for the review into the Act, to some extent, bore little relevance to the land tenure in the Torres Shire and Torres Strait region. Council observed that the review of the Act did not appear to have within its purview the circumstances of the acquisition of land owned by Aboriginal and Torres Strait Islander people outside the scope of the





Native Title Act 1993 (Cth). Council recommended that the Act be amended to provide for a proper process of consultation with the Traditional Owners of Aboriginal and Torres Strait Islander freehold land and that in accordance with the Australian Constitution (and made famous in the film "The Castle"), compensation must be "on just terms". Council concluded its submission by stressing that compensation must address the native title group's rights and interests in the land consistent with compensation afforded under the Timber Creek decision (Northern Territory v Mr. A Griffiths (deceased) and Lorraine Jones on behalf of the Ngaliwurru and Nungali Peoples [2019] HCA 7M (13 March 2019) and Fortescue Metals Group v Warrie on behalf of the Yindjibarndi People [2019] FAF 177 (18 October 2019).

### **Contracts awarded**

During this month, Council awarded a number of important contracts.

The first was for the supply and delivery of heavy machinery and earth moving equipment due to ageing machinery, the limitations of current machinery, the significant cost of hiring machinery and cost recovery was part of current projects. The approved budget was \$1,507,000. Hastings Deering Australia Ltd won the contract for \$1,152,546 + GST. For maintenance and efficiency reasons, brand confinement was a feature of this tender.

The second contract was for a Tilt truck due to the need to replace aging machinery and so that the plant had multi-purpose capability. RGM Maintenance Pty Ltd won the contract for \$246,709 + GST.

The third and final contract was for outdoor fitness stations, as Council had received the first installment of \$350,000 from the Department of Housing and Public Works (Sport and Recreation) – three sites were selected, and Council sought the execution of a variation to the grant agreement to reflect the sites confirmed for the fitness stations.

This was also the month that the Belcarra Stage 2 reforms were introduced that overhauled governance arrangements and conflict of interest prescriptions in Queensland local government, important anti-corruption measures.

### **The draft Torres Shire Council Planning Scheme**

Was assessed by the Queensland Government and was revised. Council endorsed the October 2020 version of the amended draft plan and accepted the findings of the related technical studies associated with the preparation of the Plan, including the Torres Shire Bushfire Hazard and Risk Assessment, the Torres Shire Coastal Hazard Risk

Assessment, the Torres Shire Flood Hazard Risk Assessment, the Torres Shire Landslide Hazard Risk Assessment and the Torres Shire Planning Scheme Natural Hazards Risk and Resilience Report, all of which were prepared by Cardno.

## **November 2020**

### **Grants to Community Organisations**

Council in accordance with its Grants to Community Organisations Policy allocated a grant of \$1,000 for Capital Works (Church building) at the United Pentecostal Church Building Project.

### **Splash Park**

Council received correspondence from Mr. David Faulkner A/Executive Director, Infrastructure and Coordination regarding the Queensland Government's initiative of a proposed Splash Park. Council considered potential future economic and associated fiscal contraction after COVID-19, and especially the implications of whole-of-life costing together with water supply and security, and determined that in the event that whole-of-life maintenance and associated operational costs are met by the Queensland Government, the location of the Splash Park be Horn Island and that if the Queensland Government was unable to confirm this commitment the Splash Park be located as part of Council's Sports Complex Precinct on Thursday Island.

### **Best Practice Sanding Orders**

Council adopted the updated Best Practice Sanding Orders for Local Government and Standing Committee Meetings together with the Model Meeting Procedures prepared by the Department of Local Government, Racing and Multicultural Affairs as part of its continuous improvement practice.

### **Australian Royal Navy**

Rear Admiral Lee Goddard (Commander Maritime Border Command) visited Torres Shire accompanied by Major Slavin and A/Inspector Richie. Torres Shire Council continued engagement and partnership with Australian Border Force and Australian Deference Force.

## **December 2020**

### **Torres Shire Council Planning Scheme**

Council received a report regarding public consultations regarding the Torres Shire Council Planning Scheme conducted in conjunction with the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) from 16-17 November 2020 at Port Kennedy (Thursday Island), 18-19 November 2020 Wasaga Village (Horn Island), 23

November 2020 (Prince of Wales Island), 24 November 2020, (Friday Island), 25 November 2020, Rosehill/Tamwoy Town (Thursday Island) and 26 November 2020 in Cairns. 142 people attended the community days, 23 attended the Stakeholder meeting thus totally 157 attendees. Council received 19 submissions.

### **Coastal Hazards Adaption Strategy**

In conjunction with the public consultation with the draft planning scheme, community engagement was generated on the Coastal Hazards Adaption Strategy on Monday 16 November 2020 and 27 November 2020. The QCoast2100 program is a joint initiative between the Local Government Association of Queensland and the Queensland Government. Seventy-six (76) community members were surveyed, and feedback was received from the community – notably that Long Beach on Prince of Wales Island should be included in the locations of interest; the community has a very high level of awareness of coastal changes as well as a very high level of concern about the impact of coastal changes, particularly for lower lying outer islands. There was a high level of firsthand experience or knowledge of climate-related events along the coast and a high level of awareness of the impact on community as a result of coastal changes.

### **Christmas Lights Competition & New Years Eve fireworks**

The annual community events to welcome the festive season were hosted in the Shire.

## **January 2021**

### **Thursday Island Dam**

The survey of the old Thursday Island Dam was completed, and preliminary advice showed the Dam volumes were 520ML to the top of the dam wall and 418 ML to the spillway. Metal testing results of the TI Dam water including sampling of the water from the dam was collected and sent for testing at the Cairns laboratory testing for E Coli, total coliforms, Heterotrophic Plate count and Cryptosporidium.

### **Independent Chair**

An Independent Chair of Audit Committee was selected, and a recommendation was presented to Council under an In-Committee report.

### **Class 2C Marine Vessel**

Tenders were called for the supply and delivery of a Class 2C Marine Vessel funded under the Department of Environment and Science Funding Grant. Faeden Pty Ltd submitted two compliant

tender options with two different hull designs being half cab design and a centre console design. The tender was awarded to this company for \$152,719.62. excluding GST. to purchase the Vindicator Centre Console. Tenders were also called for the supply and delivery of an industrial shredder funded from a Department of Local Government, Racing and Multicultural Affairs Grant. The Tender was awarded to CSS Equipment Pty Ltd for \$1,119,851.25 excluding GST.

### **Australia Day Awards**

Australia Day Awards and Australian Citizenship Ceremony – Community Members were recognised for their outstanding achievements during the annual Australia Day Awards Ceremony hosted at the Torres Shire Sports Complex on Loban Road. Mayor Malone presided over the Australian Citizenship Ceremony also hosted during the Australia Day Awards Celebrations.

## **February 2021**

### **Council Tenders**

Following on from receipt of the grant to construct and deliver Outdoor Fitness Equipment and the installation of soft-fall at several children's playgrounds this financial year, Council went to tender. Council also tendered for an upgrade of a Garbage Truck on Thursday Island. The Outdoor fitness equipment from tender





documentation onwards is anticipated to be completed by 30 September 2021, as is the playground soft-fall by the same date.

### **Food security in remote Indigenous communities**

Council submitted to the House of Representatives Standing Committee on Indigenous affairs regarding food pricing and food security in remote Indigenous communities. The Committee's Report makes 16 recommendations to Government and may be accessed via the parliamentary link <https://www.aph.gov.au/ParliamentaryBusiness/Committees/House/IndigenousAffair/Foodpricing/Report>

### **Indigenous Voice Co-Design Process**

Torres Shire Council submitted to the Interim Report to the Australian Government Indigenous Voice Co-Design Process, October 2020. Council supports the Uluru Statement from the Heart and Mayor Malone is a member of the Senior Advisory Group who prepared the interim report. CEO Dalassa Yorkston was a member of the Prime Minister's Referendum Council whose work led to the historic Uluru Statement. The submission noted that:

*TSC supports safeguards being introduced that will prevent these arrangements being blighted in the same way as occurred to the Aboriginal and Torres Strait Islander Commission (ATSIC), i.e., the proposed safeguards of not including the administration of programs or the ability to veto laws made by the Parliament or overturn Australian Government decisions. However, TSC notes a cautionary tale may be found in merely embarking on a legislative route as the ATSIC legislation was the second most amended piece of legislation in Australia's history. Such legislation risks being subject to the vagaries of new parliaments, new administrations and partisan political manoeuvring. TSC's resolved position is support for constitutional recognition and TSC continues to support the aspiration of those who created The Statement from the Heart – Australia's First Nations people - that the National Voice is enshrined in the Australian Constitution. Just like in 1967, TSC believes that the Australian people, given half a chance, will likewise support a referendum. TSC is concerned that the legislative model is one that is built out of fear of failure. TSC has trust in our communities and our people to do the right thing. It is well worth remembering Thomas Edison's observation that "Many of life's failures are people who did not realise how close they were to success when they gave up". TSC observes that surely it is dialectical that having arrived at a consensus regarding the role, function and composition of the National Voice, it should then inform the plebiscite, rather than relegating it*

only to legislation? Put simply, it is TSC's view that going to the people with the referendum question, informed by the detail determined for the National Voice, is the appropriate pathway forward.

## March 2021

### Royal Commission into Aged Care Quality and Safety

Council supported the recommendations of the Royal Commission into Aged Care Quality and Safety, especially a new rights-based Act and the embedding of cultural safety into the care of the elderly. The section of Recommendations regarding respecting uniqueness in the aged care for Aboriginal and Torres Strait Islander people was very much supported, including the appointment of an Aboriginal and Torres Strait Islander Aged Care Commissioner whose role would include identifying local and regional aged care needs of Aboriginal and Torres Strait Islander people and the development of strategies to meet those needs in a culturally appropriate way.

### Native Title Amendment Act

Council was pleased that the Native Title Amendment Act 2020 (Cth) reflected Council's submission. The content of the legislation is also informed by feedback from stakeholders, following consultation on an options paper for native title reform released from November 2017 to February 2018 with over 50 submissions on the options paper. Council sought that schedule 9 of the legislation seek to confirm the validity of section 31 agreements, where not all members of the native title part (also known as the 'applicant') have entered into the agreement and Council also supported the capacity of native title holders to have greater flexibility around internal decision-making. Council submitted, and the amended legislation reflects the submission by allowing the majority of the applicant to make decisions in relation to the management of their claim and increase the applicant's accountability as the group's appointed representative – this approach overcomes the problem experienced previously where unanimity was required of the claim group.

### Recycling scheme

Council supported the development of a recycling scheme in consultation with community stakeholders, including a containers for change scheme. This proposal required liaison with SeaSwift regarding the logistics of waste collection and its interest in being involved; a community awareness program; business consultation with the major businesses in the Shire to establish communal drop off bins or cages for recycling donations a further donation bin/cage to be set up at Council's transfer station and the development of a pick-

up regime to manage the clearing of recyclable cages from around the community and collation of waste at transfer stations for pick up. Work progresses on this project.

### Building Our Regions (BoR) Project

Council financially contributed to the Building Our Regions (BoR) Project – Horn Island Airport Upgrade Business Case. Council is committed to making up any funding shortfall if costs or other contributor charge.

### Proposed planning scheme

Council directed that the proposed planning scheme and proposed Local Government Infrastructure Plan (LGIP) amendment be subject to re-consultation for a minimum period of 40 business days and that the re-consultation period occur in compliance with the Section 18 Notice, the Minister's Guidelines and Rules and the Planning Act 2016 (Qld).

### Dangerous dog

As a consequence of a savage dog attack on Thursday Island and in compliance with the Animal Management (Cats and Dogs) Act 2009 (Qld) a Proposed Regulated Dog Declaration Notice was approved by Council and consent was given to declare the dog a dangerous dog.

### Works for Queensland

Council had until 9 April 2021 to provide a list of nominated projects for assessment and approval under the 2021-2024 W4Q program (Works for Queensland). Council will have until 30 June 2024 to deliver the approved projects.

Tender 10/2021 called to prepare a Masterplan for the Horn Island Airport.

Tender 03/2021 called for the Purchase of a New Garbage Truck for Torres Shire.

### Annual Clean Up Australia Day

Was hosted on both Thursday Island and Horn Island on Sunday 7 March 2021.

## April 2021

### Department of Seniors, Disability Services and Aboriginal and Torres Islander Partnerships

Council received a delegation from the Department of Seniors, Disability Services and Aboriginal and Torres Islander Partnerships, represented by Regional Manager, Danny Morseu and Tim Fell, Executive Director Local Thriving Communities and Terri Page, Regional Director, Torres and Cape and Charlotte Young, Director, Local Thriving Communities via Teams link.

## **Deputation Torres Strait Island Regional Council**

Mayor Philemon Mosby, Deputy Mayor Getano Lui and Acting CEO Ilario Sabatino from Torres Strait Island Regional Council also attended a deputation Council, at the April Ordinary Council Meeting.

## **Torres Shire Council Planning Scheme**

Torres Shire Council Planning Scheme reconsultation period ran from Tuesday 6 April 2021 and concluding Thursday 3 June 2021.

Council submitted a range of programs for consideration by the Queensland Government as part of its Works for Queensland Program.

Tender 13/2021 called for the supply and installation of playground softfall for Torres Shire.

Tender 08/2021 called for the rehabilitation of the Waiben Esplanade Seawall at Rosehill.

## **Ministerial Deputation**

Council receives a deputation from the Queensland Attorney-General Minister Shannon Fentimen and Minister Crawford.

## **ANZAC Day**

Ceremonies return after being paused due to the world Pandemic Coronavirus (COVID-19). A great turn out to the Dawn Parade Service held at Greenhill Fort hosted by Council and the Charlie Company 51st Battalion (ADF).

## **May 2021**

### **Regional Governance Forum**

Friday 14 May 2021, Torres Strait Leadership re-convened the Regional Governance Forum in an effort to progress the Self-Determination Aspirations of the region.

In attendance; Mr Napau Pedro Stephen AM Chairperson, Torres Strait Regional Authority (TSRA)

(Head table) Councillor Phillemon Mosby Mayor, Torres Strait Island Regional Council (TSIRC), Councillor Patricia Yusia Mayor, Northern Peninsular Area Regional Council (NPARC), Councillor Vonda Malone Mayor, Torres Shire Council (TSC) and Mr Ned David Chairperson, Gur A Baradharaw Kod Torres Strait Sea and Land Council (GBK).

The Regional Leaders Forum had formed a consensus Regional Governance remained a priority for all stakeholders and committed to progressing the aspiration of achieving Regional Governance through a form of a Secretariat structure utilising current structures to progress to Regional Assembly.

Tamwoy Town Recreational and Sports Precinct community consultation undertaken.

Preferred Supplier tenders 14/2021 are invited for Torres Shire Council.

Indigenous Leaders Forum is held in Cairns hosted by the Local Government Association of Queensland, Council attended together with the 16 Indigenous Local Government Mayors, Councillors and CEO's.

## **June 2021**

### **The Joint Standing Committee on Northern Australia**

The Joint Standing Committee on Northern Australia invited Torres Shire Council to give evidence on the terms and reference for the inquiry on the destruction of 46,000 year old caves at the Juukan Gorge in the Pilbra region of Western Australia.

Council's written submission provides more details to the Joint Standing Committee addressing the Committee's Terms of Reference and particularly: the interaction of state indigenous heritage regulations with Commonwealth laws; the effectiveness and adequacy of state and federal laws in relation to Aboriginal and Torres Strait Islander cultural heritage in each of the Australian jurisdictions and; how Aboriginal and Torres Strait Islander cultural heritage laws might be improved to guarantee the protection of culturally and historically significant sites.

### **Queensland Local Government Grants Commission**

Torres Shire Council Submission to Queensland Local Government Grants Commission – The Queensland Local Government Grants Commission (the Commission) had commenced a review of its methodology for allocating the Commonwealth Financial Assistance Grant (FA Grant). The Commission strongly believes a more equitable distribution of the FA Grant can be achieved in accordance with the National Principles formulated by the Commonwealth Government. Council provided a written submission to the Commission.

### **Australian Citizenship Ceremony**

Mayor Malone presided over the Citizenship Ceremony hosted in the Council Chambers during the Ordinary Council Meeting held on 15 June 2021.



# Our Councillors and portfolio's

2020 - 2024:



**Mayor Cr. Vonda Malone** - Corporate Governance and Regional Relations/Partnership, Native Title including, but not confined to, Audit & Finance, Budget, Legislation, Inter-Government Relations, Regional Governance/Self-Determination, also Torres and Cape Indigenous Councils Alliance (TCICA).



**Deputy Mayor Cr. Gabriel Bani** - Economic Development including, but not confined to, Commercial Enterprises, (Airport and Quarry) Commerce and Industry, Internal Audit Committee, Native Title, Small Business and Employment.



**Cr. John Abednego** - Tourism, Arts & Culture, including Tourist Enhancements and Facilities, Tourist Industry Liaison also Torres Shire Tourism Steering Committee, Cultural Promotion.



**Cr. Allan Ketchell** - Planning, Development and the Environment including, but not confined to Town Planning, Housing, Land Use, Ports, Rosehill and Quarantine Ramps, Town Beautification, Cemetery, Community Safety.



**Cr. Thomas Loban** - Youth Sport & Recreation, Social Policy including, but not confined to, Community Events, Youth Affairs & Youth Council, Sporting Amenities, Social Policy, Partnerships with Community Organizations also Indigenous Advisory Committee, Health & Education.



## Our Councillors

### Deputy Mayor – Cr. Gabriel Bani

In my second year during this term as Deputy Mayor of Torres Shire Council, I have actively made representations on behalf of Council and our community at Ministerial Deputations at Parliament House in Canberra and George Street in Brisbane. Council has made consistent representation to both State and Federal Governments for all the issues that are a high priority to our region including but not limited to:

- Sustainability of a remote local government
- Lack of housing
- High costs of living
- Horn Island Airport – regional infrastructure funding
- Expansion of Rosehill Boat Ramp and Quarantine Boat Ramp
- Tourism Infrastructure Development
- Regional Waste Management

We have made some good progress along the way and will continue to voice all our community issues, concerns and desired outcomes. As Deputy Mayor, I will together with my elected colleagues, continue to advocate strongly throughout the coming years on all these important matters.

Torres Cape Indigenous Councils Alliance (TCICA) – During the year, I attended a successful TCICA advocacy visit to Canberra in June to meet with key Government Ministers, Shadow Ministers and political representatives. Council has remained engaged and value the membership of TCICA as

we continue to work together with the Indigenous Councils (Cape and Torres) for the benefit of our whole region.

Technical Working Group Meetings – As a member of the TWG for Torres Shire, Council receives timely and important information on the stakeholders currently operating in the Shire. I have found the TWG to be beneficial and will continue to be an active member on the group.

Congratulations and welcome on board to Mr. Michael Booth, Council appointed Audit Committee Independent Chair, as required by legislation.

Horn Island Airport remains a significant regional airport infrastructure connecting Torres Strait to Main Land Australia, Council has commenced a Master Plan for the development of the Airport and continues to make representation to both State and Federal Government to fund the infrastructure. Horn Island Airport has over 125,000 passenger movements per year and is Australia's most northern International Airport.

External Audit (Queensland Audit Office) for Council have been very successful, thanks to executive management and finance team for keeping Council compliant and maintaining a clear Audit.

Koeyma Eso, Au Esoau to the community and my fellow Councillors. –



### Cr. John Abednego

Torres Shire Council continues to deliver our theme – To Lead, Provide and Facilitate a sustainable, safe and culturally vibrant community through the good work Council is doing for our communities.

I would like to thank all the staff of Council for the works you have undertaken and for what you do every day for the betterment of our community. There is no closer government to the people like local government. Thanks to my elected colleagues for your leadership and support also for the year.

Acknowledgements and congratulations to the Meriba Omasker Kaziw Kazipa Torres Strait Islander Child Rearing Legislation that passed through Queensland Parliament this year. This has been a long aspiration of Torres Strait Islanders that has finally come to fruition.

Regional Governance remains a high priority for our region and I would like to thank the Leaders of TSC, TSIRC, TSRA and NPARC for being apart of the Leaders Forum held on 14 May 2021.

This year, the Indigenous Advisory Committee has been very busy planning our upcoming Winds of Zenadth Cultural Festival, as Chair of the Committee, I would like to thank our members for their valuable contribution to shaping our Festivals.

It is pleasing to see a number of developments in the Shire this year rolled out, in particular I would like to mention:

- Rosehill Seawall Rehabilitation

- Outdoor Fitness Stations (Anzac Park, Rosehill and Tamwoy)
- Horn Island Housing Subdivision (New 26 Lot Housing Subdivision)
- Aplin Reserve drive-through new road
- Completion of Shared Pathway (Stage 3) Tamwoy to Hospital Point
- Tamwoy Basketball Courts Precinct

Along with my elected colleagues, I would like to thank all the staff for their contribution in advancing our island communities.



### **Cr. Allan Ketchell**

Portfolios - Planning, Development and the Environment including, but not confined to Town Planning, Housing, Land Use, Ports, Rosehill and Quarantine Ramps, Town Beautification, Cemetery, Community Safety.

The Torres Strait is heavily dependent on marine infrastructure as a mode of transport for economic autonomy, sadly, Thursday Island only has one boat ramp that services a whole community is now at high demand and unable to cater with the growth. Council is working very closely with Marine Safety Queensland in undertaking a study which will be the basis for Council to lobby for funding to expand the Rosehill Boat Ramp and redevelop the Quarantine Boat Ramp.

Torres Shire Council staff are proudly building the new Horn Island Affordable Housing Subdivision which has 26 new house blocks on free hold land for our local residents wishing to become new home owners. Council continues to make strong representation to state and federal government ministers and their advisors on the shortage of houses in the Shire and the need for serious injection of funds to build more new homes.

This year, Council was successful in obtaining grant funding to improve waste management and the useful life of our

landfill by reducing waste. Council called tenders for an Industrial Shredding Machine to assist in managing the life span of the Horn Island landfill cell. The Industrial Shredder (VB 950 DK) is now in operation at Horn Island, shredding building waste and the white goods currently stock piled at the land fill. The funding also allowed a clean-up of many abandon vehicles on Thursday Island and Horn Island, this has also been undertaken by Council staff.

Torres Shire Council has done extensive work in the development of our New Planning Scheme. The planning scheme has been developed against the requirement of the Planning Act 2016. This is a major milestone for our Council as Torres Shire Council's new planning Scheme is the first to be reviewed and completed under the New Act and it is focussed on improving community's understanding of the planning scheme and community liveability.

I would like to thank Councillors for their support and leadership this year and I look forward to delivering for our communities again in the new year.



### **Cr. Thomas Loban**

Portfolios - Youth Sport & Recreation, Social Policy including, but not confined to, Community Events, Youth Affairs & Youth Council, Sporting Amenities, Social Policy, Partnerships with Community Organizations also Indigenous Advisory Committee, Health & Education.

Congratulations to Torres Shire for another busy and successful year in local government. Last year was very challenging for Council as we were not able to get our projects completed as the COVID-19 (Coronavirus) global pandemic brought everything to a standstill. It is now really good to see that everything is moving again, and we are meeting milestones and getting our capital works on the way.

It was great to attend the Community Cabinet in Cairns this year and Council was able to see a good number of State Government Ministers on matters that need their attention in the Shire. Council raised issues of funding around COVID-19 related expenses, tourism infrastructure development, Shire roads, Horn Island Airport, Lack of housing in the Shire, Rosehill Boat Ramp expansion and Quarantine Boat Ramp Redevelopment.

Torres Shire Council was successful in the procurement of \$853,428 ex GST to undertake upgrade works of the Tamwoy

Town Basketball Court and surrounding precinct. This funding was through the Works for Queensland W4Q 2020-21 COVID Funding Program. Council engaged LME Architects to prepare a masterplan of the precinct and a cost plan. I would like to thank Tamwoy community for coming along to the community consultations and giving Council your valuable feedback, this has helped us with the development plans for the Basketball Court Precinct. We look forward to developing this area in the future for the community.

The Outdoor Fitness Stations complements and are blending in well with the community, it is great to see so many people out and about enjoying the new facilities. Families can now safely walk around the entire island on share pathways recently constructed.

It is also great to see our community events and celebrations returns as we continue to return to a form of normality in this COVID-19 era. Thanks Team Torres Shire for your contribution this year.

I would like to extend a message of appreciation to my elected colleagues and the staff of Torres Shire for what we have achieved in the last 12 months.





HITACHI

ZA 15  
55U

Cynthia  
Lui MP  
Member for Cook

Stronger Communities  
Office: 94 Rymes Street, Marree QLD 4560  
Phone: 08 8533 7000 Email: cook@parliament.qld.gov.au  
CookElectorate

# Organisational Structure

During 2020/21, Council had a total of 108 staff members or 101 full-time equivalent positions.

## Executive leadership team

- Good Governance – Facilitating the decision making and leadership of council through provision of advice and information.
- Strategic Planning – Planning for a successful future for Torres Shire Council.
- Community Sustainability – Strengthening the economic, environmental and social base for Torres Shire.
- Financial Sustainability – Planning for and supporting the development of a financially sustainable Council whose revenue is diverse and not rates-reliant.
- Organisational Performance and Culture – Managing the resources of Council effectively and efficiently to ensure sustainable performance, a high level of service delivery and a positive culture.
- Engagement and Advocacy – Creating and supporting productive and strategic partnerships and relationships with the communities of Torres Shire, local and regional stakeholders and other governments
- Council adopted and implemented a new structure during 2018–2019 and recruited to the new position of Director Governance and Planning Services by December 2018.
- The Directorates and the Office of the CEO have various responsibilities. A summary of the responsibilities of each directorate and the Office of the CEO is listed below:

## Office of the CEO

The CEO and her Office are responsible for the following areas:

- Overall administration of the Organisation
- Developing strategy planning and policy frameworks and overseeing the development and implementation of strategies and policies.
- Ensuring active participation by staff in the development of opportunities for all sectors of the community.
- Ensuring the development and implementation of community resilience programs throughout the Shire.
- Actively collaborating with community groups, organisations, businesses and various levels of government to develop and implement programs and activities that encourage capacity building and

inclusiveness.

- Ongoing coordination of Council events and support of Council funded events.
- Developing and maintaining an effective risk management system and culture to mitigate risks to Council.
- Ensuring governance systems, functions and reporting frameworks are developed and implemented to meet organisational requirements.
- Maintaining the International Friendship City Relationship with Kushimoto
- Superintending grants program.

## Engineering and Infrastructure Services

The Director Engineering and Infrastructure Services (DEIS) is responsible for and the engineering and infrastructure services directorate includes:

- Roads & Drainage
- Parks & Gardens
- Street Lighting
- Airport
- Quarry
- Private Works
- Boat Ramps
- Plant Workshop
- Depot
- Waste Services
- Water Supply
- Sewerage Services
- Maintenance of Staff Housing
- Building Infrastructure Management
- Festivals – Tech. Support
- Recreation, Leisure, Community Infrastructure
- Construction / Maintenance
- Disaster Management – support
- Cemeteries / Maintenance

The DEIS continues to be supported by the Manager Engineering Services, by current Managers covering works, the airport, quarry and landfill, water and wastewater (utilities)



## Corporate and Community Services

The Director Corporate and Community Services and the corporate and community services directorate are responsible for:

- Financial Management, including the annual financial audit
- Budgets
- Information Systems
- Rating, Service Charges
- Records Management
- Servicing Council Meetings
- Office Administration
- Grants
- Event Management
- Contract Management, tenders, leases
- Risk Management, Insurances
- Purchasing & Supply
- Stores
- Sports Complexes & Community Venues activities
- Arts Culture, Festival Coordination
- Customer Service, PR, Newsletter
- Tourism & Community Events
- Library
- Youth
- Economic Development
- Community Development
- Cemeteries Administration

The DCCS continues to be supported in all financial functions by the Finance Manager and all community functions by the Business Services Manager.

## Governance and Planning Services

The Director Governance and Planning Services and the directorate of governance and planning services are responsible for the following areas:

- Governance
- Planning
- Building Control
- Heritage
- Regulatory Services
- Disaster Management control and coordination
- Biodiversity
- Coastal Management & Control
- Health
- Animal Control
- Natural Resources
- Environment
- Recycling
- Recreation & Leisure regulation
- Economic Development – regulatory emphasis
- Community Development – regulatory emphasis
- ILUA / Native Title
- Local Laws

# Organisational Structure



**Chief Executive Officer**  
Mrs. Dalassa Yorkston



**Director Engineering & Infrastructure Services**  
Mr. Edward Kulpa



**Director Corporate & Community Services**  
Mr. Shane Whitten



**Director Governance & Planning Services**  
Mr. Maxwell Duncan



**Finance Manager**  
Ms. Dorene Riley



**Business Services Manager**  
Mr. David Abednego



**Executive Secretary**  
Miss. Ethel Mosby

# Executive Management

## CEO responsibilities

- Oversighting of governance
- Oversighting of local laws
- CCC/departmental/ministerial referrals
- Intergovernmental relations
- Policy development and implementation
- Execution of all council delegations
- Risk management
- Oversighting ILUA/Native title
- Oversighting disaster management
- Economic development
- Community development
- Corporate project coordination
- Corporate & community planning
- Preparation of the corporate plan
- Prepare annual operational plan
- Superintend all business plans, Standard Operating Procedures (SOP's) and Service Level Agreements (SLA's)
- Annual report
- Mayor & elected members support
- Human resource management
- Workplace Health & Safety & WC

## Director of Governance & Planning Services

- Governance
- Planning
- Building control
- Heritage
- Regulatory services
- Disaster management control and coordination
- Biodiversity
- Coastal management & control
- Health
- Animal control
- Natural resources
- Environment
- Recycling
- Recreation & leisure regulation
- Economic development - regulatory emphasis
- Community development - regulatory emphasis
- ILUA/native title
- Local laws

## Director of Corporate & Community Services

- Financial management
- Budgets
- Information systems
- Rating, service charges
- Records management
- Servicing council meetings
- Office administration
- Grants
- Event management
- Contract management, tenders, leases
- Risk management, insurances
- Purchasing & supply
- Sports complexes & community venues activities
- Arts culture, festival coordination
- Customer service, pr, newsletter
- Tourism & community events
- Library
- Youth
- Economic development
- Community development
- Cemeteries administration

## Director of Engineering & Infrastructure Services

- Roads & drainage
- Parks & gardens
- Street lighting
- Airport
- Quarry
- Private works
- Boat ramps
- Plant workshop
- Depot
- Stores
- Waste services
- Water supply
- Sewerage services
- Staff housing
- Building infrastructure management
- Festivals - tech support
- Recreation, leisure, community infrastructure
- Construction/maintenance
- Disaster management - support
- Cemeteries/maintenance

# About Torres Shire

Papua New Guinea

The Torres Strait

**100+**  
**islands**

Traditionally known  
as Zenadth Kes

The dialects

**Kala Lagau**  
**Ya & Meriam**

*Torres Strait*

**Arafura**  
**Sea**

The council

**4 Councillors**  
**1 Mayor**

**Gulf of**  
**Carpentaria**

**Coral**  
**Sea**

**Australia**  
**Cape York**

### The places

**Waibene,  
Ngurupai,  
Gealug,  
Muwai,  
Muralag,  
Palilug**

### Council meetings

**3<sup>rd</sup>  
Tuesday  
of the  
month**

**Thursday Island.**

## Shire profile

The Shire of Torres is a local government area located in Far North Queensland, Australia, covering large sections of the Torres Strait Islands and the northern tip of Cape York Peninsula north of 11°S latitude, it is administered from Thursday Island.

The Torres Shire consists of Waibene, Ngurupai, Gealug, Muwai, Muralag, Palilug and areas of the Northern Peninsula of Cape York. It does not include the islands a part of Torres Strait Island Regional Council and does not include part of Cape York covered by the Northern Peninsula Area Regional Council. The Torres Strait is made up of more than a hundred islands and occupies the sea country between two mainland areas: Australia (Koei Dhawdhay) and Papua New Guinea (Moegi Dhawdhay). The sea country is the recognised Native Land and Waters of Guda Maluyligal, Maluyligal, Kulkalgal, Kemer Kemer Meriam, Kaiwalagal - the seafaring nations of Zenadth Kes. Two dialects are spoken within three groups of islands, predominantly by the 'creole' languages. These dialects are Kala Lagau Ya and Meriam. Zenadth Kes was governed by Kod Systems, an ancient form of governing structure, prior to colonisation. The peoples of the Shire are First Nations peoples.

The council consists of four elected members (councillors) together with an elected Mayor. The Mayor is elected separately by the entire Shire. Meetings are held on the third Tuesday of each month at the Torres Shire Council offices at Douglas Street, Thursday Island.

### Vision

To lead, provide and facilitate a sustainable, safe and culturally vibrant community.

### Mission statement

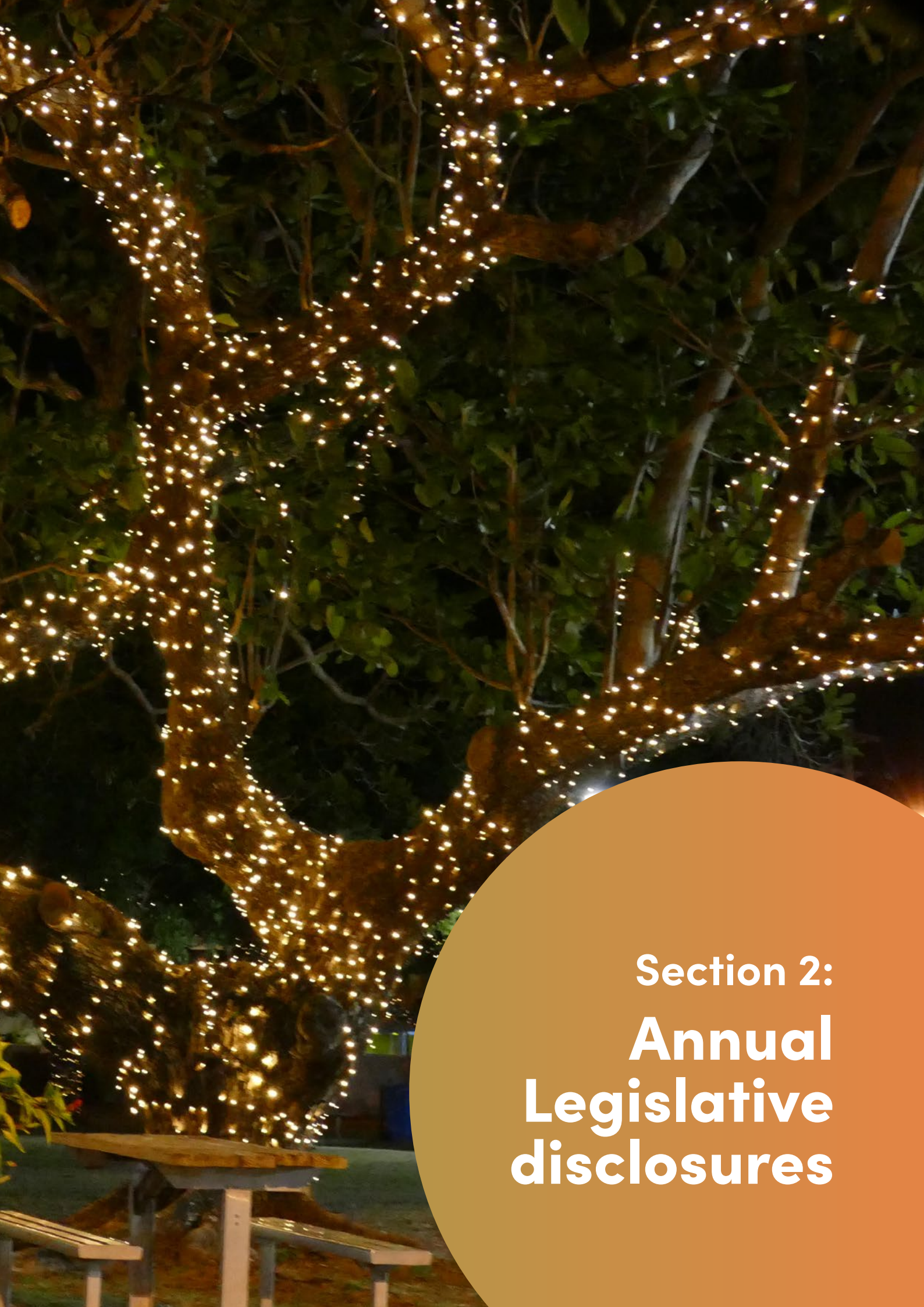
Torres Shire Council through community consultation will focus in the promotion of community values together with the improvement of the quality of lifestyle whilst ensuring efficiency of servicing and protection of the environment.

### Goals

Goals are identifiable long-term end results or outcomes which together enable Council to achieve its Mission. Council has adopted the following goals:

- To develop an organisational environment that fosters fairness and honesty, high productivity and continual improvement in management and workplace practices.
- To give optimum value for money.
- To promote Council universally as being a professional and committed organisation dedicated to fulfilling the needs and expectations of the community.
- To maintain excellent teamwork between the Community, Council and Staff.
- To develop communication and consultation strategies to ensure a meaningful working partnership with all stakeholders.





**Section 2:  
Annual  
Legislative  
disclosures**

# Annual Legislative disclosures

## Corporate governance

Torres Shire Council continues to be a responsible local government, operating in accordance with legislation and focusing on the ethical business activities and relationships between Councillors, senior management, employees, the community, government departments, business clients and other key stakeholders.

Council monitors and maintains compliance through the following:

- Education and awareness of organisational responsibilities and accountabilities
- Superintend strong financial governance and fiscal responsibility
- Monitor and maintain compliance with legislation, policy, standards and controls
- Internal practices, procedures and ethical decision-making are integrated with ongoing or continuous improvement and transparent reporting
- Ensuring the community are key stakeholders and germane to decision-making and consultation opportunities.

## Risk management

This year Council has adopted a Business Continuity Plan and sub plans, integrated IAuditor into its business operations and adopted a Risk Management Strategy taken to minimise such risks. Council has a Risk Management Policy, Risk Management Strategy. Risk management is the identification, assessment and prioritisation of risks.

## Strategic risks

- Are reported on through the Internal Auditor and the Internal Audit Committee
- Forms part of the monthly Council Reports

## Operational risks

Through Council's performance and risk plans, tools and framework





# Councillor remuneration and expenses reimbursement

## Councillor remuneration

Local Government Councillors' remuneration for the time and effort spent on Council business is determined by the Local Government Remuneration and Discipline Tribunal ('The Tribunal').

The Tribunal has determined that the Torres Shire Council is a Category 1 Council and the following annual remuneration amounts applied to Category 1 Councils during the period 1 July 2020 to 30 June 2021:

### Remuneration determined

(from 1 July 2020) Torres Shire Council	Rate (\$ pa)
Mayor	108,222
Deputy Mayor	62,435
Councillors	54,110

The total remuneration paid to each Councillor and the total superannuation contribution paid on behalf of each Councillor during the period 1 July 2020 to 30 June 2021 is as follows:

Name	Remuneration paid	Superannuation paid
Cr. Vonda Malone	108,222.00	10,273.17
Cr Gabriel Bani	62,435.00	5,926.65
Cr. Thomas Loban	54,110.00	5,137.70
Cr John Abednego	54,110.00	6,489.79
Cr Allan Ketchell	54,110.00	5,137.70

## Councillor expenses reimbursement

In addition to remuneration for time spent on Council business, Local Government Councillors are also entitled to receive reimbursement of all approved expenses incurred in undertaking their role as a Councillor.

Council has adopted the Councillor Remuneration, Expenses Reimbursement and Resources Policy as required by section 250 of the *Local Government Regulation 2012*.

In accordance with policy provisions, Councillors were also provided with the facilities and resources necessary to effectively undertake the requirements of their roles including office, meeting, secretarial and other support. The Mayor is provided with a fully maintained vehicle, all Councillors are provided with smart phones, iPads and other appurtenances; all Councillors are covered by relevant insurances, as well as provided with travel and accommodation. Travel Allowance (meal allowances), attendance at conferences, workshops, forums or other relevant meetings are also funded by Council.

The total amount of travel allowances paid to each Councillor during the period 1 July 2020 to 30 June 2021 is as follows:

Name	Amount
Cr. Vonda Malone	4,288.40
Cr. Gabriel Bani	3,835.80
Cr. Thomas Loban	1,382.25
Cr. John Abednego	1,220.00
Cr Allan Ketchell	1,328.80

## Overseas travel

No overseas travel was undertaken during the 2020/2021 financial year.

## Councillor meeting attendance

Below list outlines Councillor attendance at council meetings held between 1 July 2020 to 30 June 2021.

Leave was granted for the unattended meetings by Councillors.

Ordinary meetings July 2020 to 30 June 2021	Number
Mayor Vonda Malone	12
Deputy Mayor Gabriel Bani	10
Cr Thomas Loban	12
Cr John Abednego	9
Cr Allan Ketchell	9
Special meetings July 2020 to 30 June 2021	Number
Mayor Vonda Malone	14
Deputy Mayor Gabriel Bani	13
Cr Thomas Loban	14
Cr John Abednego	7
Cr Allan Ketchell	9



### Councillor Conduct

The table below outlines complaints dealt with during the financial year in accordance with the Councillors conduct Framework provided for under Chapter 5A of the Local Government Act 2009.

Orders made under section 150I(2) of the Act	Nil
Orders made under section 150AH(1) of the Act	Nil
Orders made under section 150AR(1) of the Act	Nil
Complaints referred to the Independent Assessor under section 150P(2)(a) of the Act	2
Notifications made to the Crime and Corruption Commission under section 150P(3) of the Act	Nil
Notifications made to the Independent Assessor under section 150R(2) of the Act	Nil
Notifications made to the Independent Assessor under section 150S(2)(a) of the Act	Nil
Decisions made under sections 150W(1)(a), (b) and (d) of the Act	Nil
Decisions made under sections 150W(1)(a), (b) and (e) of the Act	Nil
Referrals received from the Independent Assessor under section 150AC(3)(a) of the Act	Nil
Information provided to the Independent Assessor under section 150AF(4)(a) of the Act	Nil
Number of occasions Council requested another entity to investigate Councillor conduct under Chapter 5A, Part 3, Division 5 of the Act	Nil
Complaints referred to the Independent Assessor for which no further action was taken under section 150Y of the Act	Nil

Complaints referred back to Council by the Independent Assessor under section 150W(b) for investigation under section 150AF of the Act	Nil
Applications heard by the Councillor Conduct Tribunal	Nil

### Remuneration payable to senior management

The total of all remuneration packages payable in 2020/21 to the senior management of the Council was \$730,479. The below table provides the number of senior management staff and their remuneration value range.

Remuneration Band	Number
\$200,000 to \$250,000	1
\$150,000 to \$200,000	3
\$100,000 to \$150,000	0
< \$100,000	0

### Public Sector Ethics Act

*The Public-Sector Ethics Act 1994* requires that the Annual Report of each public-sector entity (which includes a Local Government) must include an implementation statement giving details of the action taken during the reporting period to comply with those sections of the Act relating to preparation of codes of conduct and access to, and education and training in the ethics principles and public sector ethics.

#### The four ethics principles are:

- Integrity and impartiality;
- Promoting the public good;
- Commitment to the system of government; and



- Accountability and transparency.

These Principles are enshrined in Council' Employee Code of Conduct.

Council's Employee Code of Conduct is compliant with all applicable legislation. Annual education and training in relation to the ethics principles and the Code of Conduct forms part of Council's Annual Training Plan for all staff. The Code and Associated Standards also form part of the induction process for all new employees and refresher training is provided to all employees.

Copies of the Code of Conduct are provided for each workplace for access by Council staff. Contractors, visitors and work experience students are also inducted into these Principles and Standards.

Council's administrative procedures and management practices have regard to the ethics obligations of public officials and the Council's Code of Conduct and all employees are required to act in ways which give a commitment to a high standard of ethics and which ensure the highest standards of public administration of conduct.

#### **Record of deputations for 2020/2021**

Council ordinary meeting	Deputation by
Tuesday, 21 July 2020	Department of Community, Disability Services and Seniors - Tracy Board
Tuesday, 18 August 2020	WW2 Slit Trench Project Horn Island - Vanessa SeeKee
Tuesday, 18 August 2020	Member for Leichhardt Hon. Warren Entsch

Tuesday, 15 September 2020	Queensland Biosecurity
Wednesday, 9 December 2020	Gur A Baragharaw Kod (GBK)
Wednesday, 27 January 2021	Torres Shire Council Planning Scheme and IDAS 20/03 and IDAS 20/01 - Greg Overden
Wednesday, 3 February 2021	Preston Law - Andrew Kerr
Tuesday, 16 February 2021	Community Enterprise Queensland - Fred Gela
Monday, 8 March 2021	Peak Services - Troy Wild (via teleconference)
Tuesday, 16 March 2021	Department of Environment and Science
Thursday, 15 April 2021	Peak Services - Troy Wild (via teleconference)
Tuesday, 20 April 2021	Department of Seniors, Disability Services, Aboriginal and Torres Strait Islander Partnership
Tuesday, 20 April 2021	Torres Strait Island Regional Council
Wednesday, 26 May 2021	Peak Services - Troy Wild
Monday, 14 June 2021	DATSIP - Gerhard Visser
Tuesday, 15 June 2021	Citizenship Ceremony

#### **Right to Information (RTI)**

Council encourages the sharing of information via avenues other than formal Freedom of Information procedure held by Council. Wherever possible, Council attempts to provide information upon request as a matter of course without the need to submit a formal RTI application. Council

received two (2) applications for RTI during 2020/2021. Council resolved both applications in accordance with the requirements of the Office of the Information Commissioner.

### Queensland Ombudsman

The Queensland Ombudsman is an independent body that aims to improve public administration in Queensland. The Office investigates complaints about state government agencies, local councils (including state schools and TAFE), and public universities. Their complaints assessment and investigation service is free and independent. Council received the one (1) application to the Queensland Ombudsman. Council resolved the application in accordance with the requirements of the Queensland Ombudsman's office.

### Administrative Action Complaints

Administrative complaints are processed in accordance with the provisions of the Council's adopted Complaints Policy. The objectives of the policy are to ensure that the Council has an organised way of responding to, recording, reporting and using complaints to improve service to the community.

### The complaints handling/management system governed by the policy aims to:

- Ensure procedural fairness and natural justice, such that complaints are considered on their merits and the principles of natural justice are observed.
- Where applicable, the outcomes from the complaints process are applied to improve Council's business operations, policies and procedures.
- Uphold transparency and accountable, such that decisions and outcomes regarding a complaint are made available to the affected person, subject to statutory provisions.
- Is accessible and easy to understand and in so doing ensures feedback from the community in a form which engenders participation.

Description	Number
Administrative action complaints carried over from the previous financial year	0
Administrative action complaints lodged for 2020/21	37
Administrative action complaints resolved for 2020/21	33
Administrative action complaints not resolved for 2020/21	4
Administrative action complaints not resolved at the close of the financial year 2020/21 which were lodged during the previous financial year 2019/20	1

### Tenders and expressions of interest

Number	Details
02/2020	Contract for Heavy Machinery and Earth Moving Equipment (CAT-Branded)
03/2020	Service Truck with Tilt Tray Deck
04/2020	Supply and Delivery of a 2C Survey Vessel for Wildlife Management Purposes
05/2020	Supply and Delivery of an Industrial Metal Shredder
01/2021	Supply and delivery of steel reinforced concrete pipes
02/2021	Supply and Install of Outdoor Fitness Equipment (OFE) and Playground Softfall
03/2021	Contract for Garbage Truck Purchase
04/2021	Tamwoy Town Precinct Masterplan
06/2021	Building Asset Assessment
07/2021	Valuation of Non-Current Assets
08/2021	Waiben Esplanade Seawall Rehabilitation (including variation for additional scope)
09/2021	Submarine Water Line
10/2021	Horn Island Airport Upgrade Business Case
11/2021	Transport of Waste
12/2021	Aplin Road Upgrade
13/2021	Softfall Installation
14/2021	Preferred Suppliers List

### Changes to tenders

There were nil occasions during the year where persons who submitted a tender were invited to change their tender to take account of a change in the tender specification prior to Council deciding under section 228(7) of the *Local Government Regulation 2012*.

### List of Council Registers

- Register of Members Interests
- Register of Local Laws and Subordinate Local Laws
- Register of Councillor Conduct
- Register of Lands
- Register of Delegations by Council to the CEO
- Register of Policies
- Register of Roads
- Cemetery Register
- Register of Assets
- Impounding Register
- Register of Cost Recovery Fees
- Gifts and Benefits Register

- Register of Delegations by the Chief Executive Officer to Employees and Contractors
- Register of On-site Sewerage Facilities

## Statistics and Other information

### Shire Roads

Councils controlled roads	KM	State controlled roads	KM
Thursday Island	22.233		
Horn Island	24.679	Thursday Island	4.76
Prince of Wales Island	9.440		
Goode Island & mainland area	19.100		

### Parks and recreation

Number of public toilets 9. Number of playgrounds 5. Council is trustee for 45 reserves for 13 different purposes across 10 islands and on Cape York. The total area is 6,420.5536 hectares.

## Animal Management

### Dogs and cats

All dogs and cats over three (3) months of age must be registered annually.

**Dogs** - It is unlawful to keep an unspayed female or male dog unless the owner has paid a higher registration fee. Only two dogs permitted on any property without Council approval, otherwise an annual permit fee applies for additional dogs. If a dog is found to be roaming in public places without being on a lead, it may be impounded and charges will apply before the animal is released to the owner.

**Cats** - Only two cats are permitted on any property.

Torres Shire Council provides regular veterinary visits to Thursday and Horn Island – dates of visits are available from Council Reception and are advertised.

### Veterinarian visits 2020/2021

Date	No. Consults	Animals desexed	Other surgery	Total seen by vet
7-8 Aug\ 2020	30	0	0	30
30-31 Oct 2020	11	0	0	11
19-20 Feb 2021	7	0	0	7

### Euthanased animals

Cats - feral	146
Dogs - surrendered	121

### Impounded and released

Dogs	64
------	----

### Animal complaints

Barking and aggressive dogs	26
Straying and excessive numbers	71
Cats	102

Council had difficulty providing it's regular veterinary service, particularly in relation to desexing and surgeries facilities during the year 2020/2021. The difficulties were occasioned by a combination of COVID-19 lockdowns and the non-desire of Council's veterinary practitioner to undertake desexing and surgeries. Council has contracted a new veterinary service to resolve this issue.

# Grants to community organisations

Council's Community Grants Policy was updated this year, on the advice of the Internal Auditor to ensure it reflected sector wide best practice. The following grants/donations were provided to community groups and sporting clubs during the period 1 July 2020 to 30 June 2021.

Councillors of the Torres Shire Council are not provided with discretionary funds to allocate as they see fit. Funding was not therefore provided to community organisations from this source.

Organisation	Purpose of grant	Amount
Crossroads Fellowship	Machinery support	\$1,000 (in kind)

## Competitive Neutrality Complaints

During the 2020/21 financial year, Council was not in receipt of any competitive neutrality complaints.

During the same period, Council was not in receipt of any Queensland Productivity Commission notices of investigations, nor any Queensland Productivity Commission recommendations on any competitive neutrality complaints.

## Conduct of Business Activities – application of code

The following business activities were conducted by Council during the 2020/21 financial year:

- Water Supply
- Sewerage
- Waste Management
- Quarry production
- Horn Island Airport
- Sports Complex

*The Local Government Act 2009 (s 45 (c))* requires that a Council's Annual Report must identify the business activities that are a significant business activity. A significant business activity does not include a roads activity, or an activity related to the provision of library services. All significant business activities have had the Competitive Neutrality Principles applied. *The Local Government Regulation 2012 (s19)* identifies the following expenditure thresholds for significant business activities:

- 10,000 or more premises being connected to a water service for the provision of combined water and sewerage services

- \$9.7 million for another business activity

The Regulation also provides that a Local Government must use the financial information for the previous financial year that was presented to the Local Government's budget meeting to identify each new significant business activity for the financial year. None of the Council's business activities exceeded the threshold for a significant business activity for the 2020/21 financial year. The business activities listed above were also conducted by Council in the previous financial year (2019/20), and there were no new business activities commenced in 2020/21.

## Non-current assets as an expense

There were no resolutions made during the year under section 206(2) of the *Local Government Regulation 2012* (setting an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense). It has previously been determined that the threshold for capitalisation of asset classes other than land is \$5,000.

## Special rates/charges levied

Council did not take any action in relation to, or expend funds on, a service, facility or activity, during the year, under section 190(d) of the *Local Government Regulation 2012*:

- supplied by another local government under an agreement for conducting a joint government activity; and
- for which the local government levied special rates or charges for the financial year.

## Rate rebate and remission policy

The Rate Policy sets out Council policy, as per annual budget resolution, in relation to the granting of rebates and remissions on rates and charges.

*The Local Government Regulation 2012 - Chapter 4, Part 10 Concessions*, gives local governments the power to grant concessions for rates and charges. A concession may only be of the following types:

1. a rebate of all or part of the rates or charges
2. an agreement to defer payment of the rates or charges
3. an agreement to accept a transfer of unencumbered land in full or part payment of the rates or charges

A concession may only be granted by resolution of the Council and for the Torres Shire Council and this is done as

part of the annual budget adoption process and also noted in the adopted Revenue Statement.

### **Debt policy**

The Debt Policy details the principles upon which Council bases its decisions when considering the type of expenditure to be funded by borrowings for the financial years 2020/21 to 2030/31, the total current and projected borrowings and the range of periods over which they will be repaid.

### **Revenue policy**

The Revenue Policy (adopted annually at the budget meeting) governs the principles used by Council for making and levying rates and utility charges, exercising powers to grant rebates and concessions, for recovering unpaid amounts of rates and charges and the setting of miscellaneous fees and charges.

### **Audit committee**

Council's Audit Committee was formed during the year ended 30 June 2021, following a recruitment process for an independent chair undertaking in January and February of 2021.

The Audit Committee consists of the following members:

Mr Michael Booth – Independent Chair

Mrs Vonda Malone – Mayor

Mr Gabriel Bani – Deputy Mayor

Council's CEO (Mrs Dalassa Yorkston) and Director Corporate and Community Services (Mr Shane Whitten) also attend Council's Audit Committee Meetings.

The Audit Committee has met in March 2021 and June 2021 to establish the oversight protocols the Committee has responsibility for.

The Audit Committee also met in October 2021 to endorse the financial statements contained within this 2021 Annual Report.

The Audit Committee meets quarterly with the next scheduled meeting to be held in January 2022.

### **Internal Audit**

In the year ended 30 June 2021, Council's Internal Audit function was provided by Altius Advisors.

Reviews into Council's Procurement Controls and Fraud Prevention Controls were undertaken during the financial year with Council undertaking to implement all feasible recommendations.

Council's Audit Committee have reviewed the reports provided and are now responsible for monitoring the implementation of these recommendations by Council management.









**Section 3:  
Torres Shire  
Council  
Community  
Financial Report  
2020/2021**

# Community Financial Report – 2020/2021

The community financial report aims to simplify Council’s official financial statements by providing a visual representation of our financial performance for the period 1 July 2020 to 30 June 2021.

Each report in Council’s financial statements provides information on a specific aspect of our financial performance, with the statements collectively providing a profile of the financial performance and wealth of Council.

Council’s financial statements are included in Section 5 – TSC Financial Statements.

This community financial report consists of four key statements:

## 1. Statement of Comprehensive Income

which measures how Council performed in relation to income and expenses during the financial year. This statement illustrates how money received from Council operations is spent.

This financial year, Council achieved a net result of negative \$1.4 million compared with prior year positive result of \$7.3 million. The decrease from last year was largely due to an increase in capital expenses – namely impairment of non-current assets and land held for resale plus the impact of the refuse and quarry restoration provisions.

Employee benefits have increased from \$8.3 million to \$8.6 million, while materials and services have decreased by \$1.5 million. The decrease was mainly due to COVID costs incurred in 2019–20 of which council received reimbursements from both the Commonwealth and State Government in 2020–21.

Revenue	2020/21 \$'000	2019/20 \$'000
Net rates, levies and charges	6,013	6,143
Fees and charges	4,950	4,413
Rental and other income	1,889	799
Interest revenue	170	338
Sales and recoverable works	534	1,306
Grants and contributions - operating	4,770	4,042
<b>Total revenue</b>	<b>18,326</b>	<b>17,041</b>

Expenses	2020/21 \$'000	2019/20 \$'000
Employee benefits	8,638	8,359
Materials and services	7,745	9,276
Finance costs	72	263
Depreciation and amortisation	4,895	4,608
<b>Total Expenses</b>	<b>21,350</b>	<b>22,506</b>
<b>Operating deficit</b>	<b>(3,024)</b>	<b>(5,465)</b>
Capital grant/Other capital income	5,115	11,899
Capital expenses	3,544	912
<b>Net Result</b>	<b>(1,453)</b>	<b>7,346</b>

## Revenue Sources

### Where does our money come from?

Throughout the 2020–21 financial year, Council earned \$18.3 million in operating revenues.

The most significant contributors to revenue include:

Rates, levies and utility charges	\$6.0 million
Fees and charges revenue	\$4.9 million
Grants and contributions - operating	\$4.7 million

33% of total revenue comes from net rates, levies and charges and 26% from grants and subsidies which includes the Financial Assistance Grants of \$ 4.1 million.

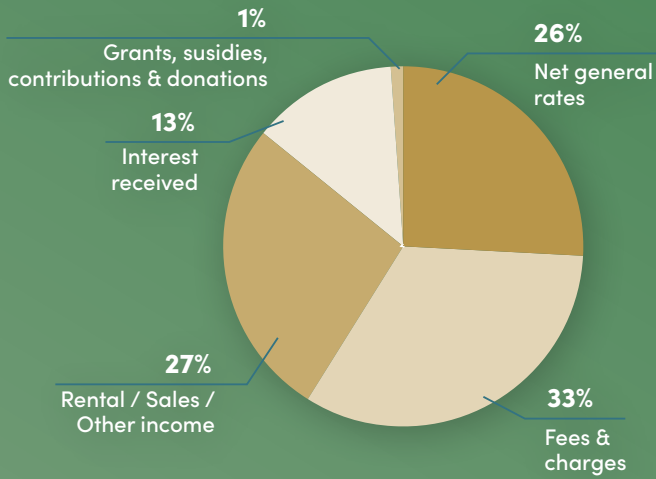
## Operating Expenses

### Where does our money go?

Council incurs operating and maintenance expenses in the provision of goods and services to our communities including key essential services such as roads, water, sewerage and facilities.

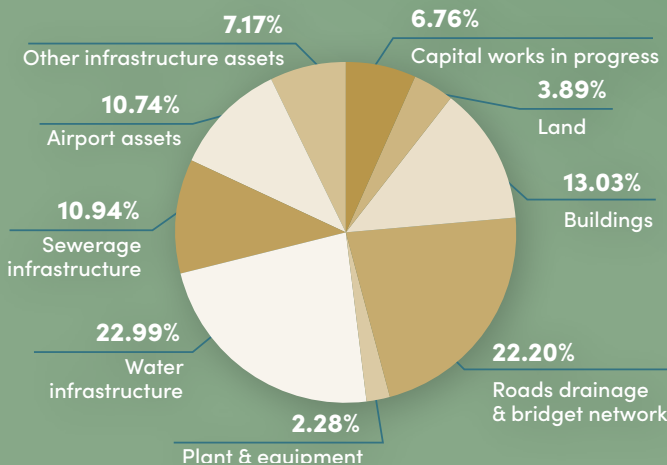
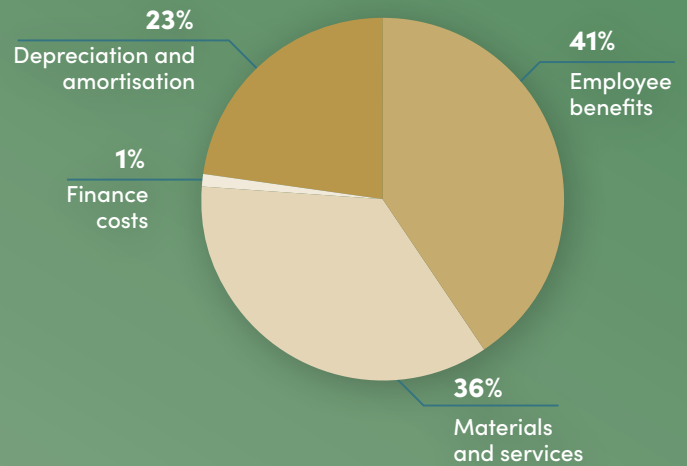
Key operating expenses during the 2020/21 financial year were:

Employee benefits	\$8.6 million
Materials and services	\$7.7 million
Depreciation	\$4.9 million



## Operating revenue 2020/2021

## Operating expenses 2020/2021



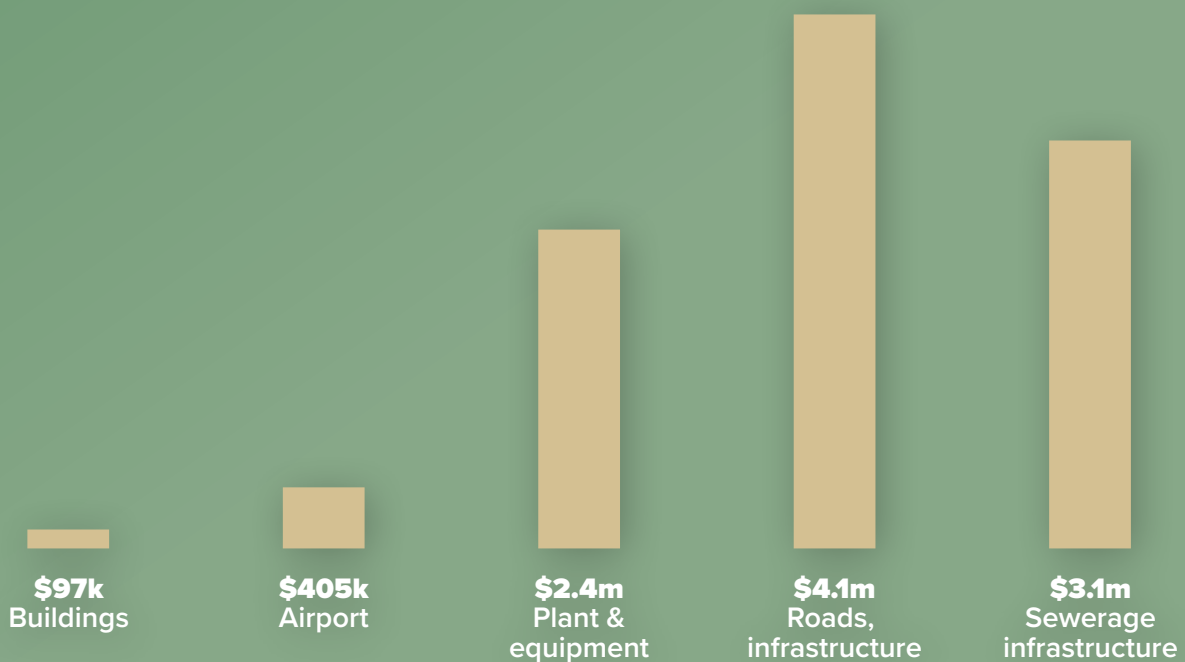
## Council Plant Property & Equipment at 30 June 2021

Plant property & equipment by asset class and % of total

# Cash balance



# Capital works completed in 2020/21



## 2. Statement of Financial Position

This statement measures what we own (our assets), what we owe (our debts) and our net worth at the end of the financial year 30 June 2021.

### Total Assets – What we own

The major components of our assets include:

Property, plant and equipment	\$184.7 million
Cash	\$22.5 million
Receivables, contract assets & inventories	\$4.5 million

### Total Liabilities – What we owe

The major components of our liabilities include:

Payables	\$ 2.1 million
Provisions	\$ 5.3 million
Borrowings	\$602,611
Contract liabilities (unspent grant)	\$ 6.7 million

During the financial year, total borrowings paid to Queensland Treasury Corporation (QTC) were \$47,935.

### Plant property & equipment by asset class and % of total

Water infrastructure represents 22.99% of Council's total assets followed by roads infrastructure of 22.2 %.

## 3. Statement of Changes in Equity:

The statement of changes in equity measures the changes in our net wealth and shows the movements in our retained earnings and asset revaluation surplus. In the 2020-21 financial year council's net worth increased by \$4.0 million.

## 4. Statement of Cash Flows.

This statement outlines how much cash we received and spent throughout the year. The closing balance reflects how much cash Council had at year end.

The table below shows a comparison of how much we received and paid in each type of activities between 2020-21 and 2019-20 financial years

Cashflow Summary	2020/21 \$'000	2019/20 \$'000
Opening Cash Balance	20,618	20,619
Net Cashflow from Operating Activities	1,359	1,359
Net Cashflow from Investing Activities	390	390
Net Cash flow from Financing Activities	(297)	(297)
<b>Closing Cash Balance</b>	<b>22,070</b>	<b>22,071</b>
<b>Increase in cash position</b>		<b>514</b>

Council's cash position in 2020-21 have increased by \$ 0.514 million compared to that of prior year.

During the financial year 2020-21, Council have completed capital projects to the value of \$10.1 million. Work in progress at 30 June was \$ 12.5 million.

Council was able to deliver these projects with funding assistance received from Commonwealth and State governments. In 2020-21, Council received capital grants of \$5.1 million.

## Financial sustainability ratios

**Operating surplus ratio** indicates the extent to which operational revenues raised cover operating expenses.

Target: between 0% and 10%

The ratio for 2020-21 is a **negative 16.50%** which is outside of the target range.

**Asset sustainability ratio** indicates the extent to which assets are being replaced as they reach the end of their useful lives.

Target: greater than 90%

The ratio was **31.41%** in 2020-21, which is outside of the target range.

**Net financial liabilities ratio** indicates the extent to which operating revenue can cover net financial liabilities.

Target: not greater than 60%

Council has a **negative 64.30%** ratio, which means that Council has the ability to increase its loan borrowing. In the case of this particular ratio, a negative ratio is a strength.











# Section 4: Torres Shire Council Financial Statements

for the year ended 30 June 2021



## Table of Contents

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the financial statements

1 Information about these financial statements

2 Analysis of results by function

3 Revenue

4 Grants, subsidies, contributions and donations

5 Employee benefits

6 Materials and services

7 Finance costs

8 Capital expenses/(income)

9 Cash and cash equivalents

10 Receivables

11 Inventories

12 Property, plant and equipment

13 Payables

14 Borrowings

15 Provisions

16 Contract balances

17 Leases

18 Asset revaluation surplus

19 Commitments for expenditure

20 Contingent liabilities

21 Superannuation

22 Reconciliation of net result for the year to net cash inflow from operating activities

23 Events after the reporting period

24 Financial instruments and financial risk management

25 Transactions with related parties.

26 Reconciliation of liabilities arising from financing activities

27 Correction of Error

Management Certificate

Independent Auditor's Report (General Purpose Financial Statements)

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report (Current Year Financial Sustainability Statement)

Unaudited Long Term Financial Sustainability Statement

Certificate of Accuracy - for the Long Term Financial Sustainability Statement

# Statement of Comprehensive Income

for the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	6,013,368	6,142,893
Fees and charges	3(b)	4,950,374	4,413,586
Rental income	3(c)	680,117	614,260
Interest received	3(d)	169,577	337,963
Sales revenue	3(e)	533,676	1,306,143
Other income	3(f)	1,209,419	184,750
Grants, subsidies, contributions and donations	4(a)	4,769,610	4,041,579
<b>Total recurrent revenue</b>		<u>18,326,141</u>	<u>17,041,173</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4(b)	5,114,691	11,898,822
<b>Total capital revenue</b>		<u>5,114,691</u>	<u>11,898,822</u>
<b>Total income</b>		<u>23,440,832</u>	<u>28,939,995</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	5	(8,638,462)	(8,359,030)
Materials and services	6	(7,744,933)	(9,276,363)
Finance costs	7	(71,532)	(262,422)
Depreciation and amortisation			
Property, plant and equipment	12	(4,679,402)	(4,339,276)
Right of use assets	17	(215,581)	(268,811)
		<u>(21,349,909)</u>	<u>(22,505,902)</u>
<b>Capital income/(expenses)</b>	8	(3,544,074)	911,748
<b>Total expenses</b>		<u>(24,893,983)</u>	<u>(21,594,154)</u>
<b>Net result</b>		<u>(1,453,151)</u>	<u>7,345,841</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	18	5,506,250	(848,100)
<b>Total other comprehensive income for the year</b>		<u>5,506,250</u>	<u>(848,100)</u>
<b>Total comprehensive income for the year</b>		<u>4,053,099</u>	<u>6,497,741</u>

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

# Statement of Financial Position

for the year ended 30 June 2021

	Note	2021 \$	2020 - Restated \$
<b>Current assets</b>			
Cash and cash equivalents	9	22,584,505	22,070,654
Receivables	10	2,964,216	3,109,784
Contract assets	16(a), 27	725,378	1,885,924
Inventories	11	867,403	1,726,572
<b>Total current assets</b>		<u>27,141,501</u>	<u>28,792,934</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	184,738,308	178,719,399
Right of use assets	17	624,940	804,449
<b>Total non-current assets</b>		<u>185,363,248</u>	<u>179,523,848</u>
<b>Total assets</b>		<u>212,504,749</u>	<u>208,316,783</u>
<b>Current liabilities</b>			
Payables	13	2,133,262	3,071,414
Contract liabilities	16 (b)	6,685,044	6,733,149
Borrowings	14	52,559	49,519
Lease liabilities	17	202,098	245,494
Provisions	15	524,702	470,111
<b>Total current liabilities</b>		<u>9,597,664</u>	<u>10,569,686</u>
<b>Non-current liabilities</b>			
Borrowings	14	550,052	601,028
Lease liabilities	17	446,205	575,213
Provisions	15	4,763,989	3,477,116
<b>Total non-current liabilities</b>		<u>5,760,245</u>	<u>4,653,357</u>
<b>Total liabilities</b>		<u>15,357,910</u>	<u>15,223,043</u>
<b>Net community assets</b>		<u>197,146,839</u>	<u>193,093,740</u>
<b>Community equity</b>			
Asset revaluation surplus	18	89,851,374	84,345,124
Retained surplus		107,295,465	108,748,616
<b>Total community equity</b>		<u>197,146,839</u>	<u>193,093,740</u>

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

# Statement of Changes in Equity

for the year ended 30 June 2021

	Asset revaluation surplus	Retained Surplus	Total
Note	\$	\$	\$
<b>Balance as at 1 July 2020</b>	84,345,124	108,748,616	193,093,740
Net result	-	(1,453,151)	(1,453,151)
Other comprehensive income for the year			
Increase in asset revaluation surplus	18 5,506,250	-	5,506,250
<b>Total comprehensive income for the year</b>	<u>5,506,250</u>	<u>(1,453,151)</u>	<u>4,053,099</u>
<b>Balance as at 30 June 2021</b>	<u>89,851,374</u>	<u>107,295,465</u>	<u>197,146,839</u>
<b>Restated Balance as at 1 July 2019</b>	85,193,224	105,400,431	190,593,655
Restated Adjustment on initial application of AASB 15/AASB 1058	27 -	(3,997,656)	(3,997,656)
<b>Restated balance at 1 July 2019</b>	<u>85,193,224</u>	<u>101,402,775</u>	<u>186,595,999</u>
Net result	-	7,345,841	7,345,841
Other comprehensive income for the year			
Decrease in asset revaluation surplus	18 (848,100)	-	(848,100)
<b>Total comprehensive income for the year</b>	<u>(848,100)</u>	<u>7,345,841</u>	<u>6,497,741</u>
<b>Balance as at 30 June 2020</b>	<u>84,345,124</u>	<u>108,748,616</u>	<u>193,093,740</u>

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

# Statement of Cash Flows

for the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		14,086,456	13,215,911
Payments to suppliers and employees		(17,302,308)	(16,756,193)
		<u>(3,215,852)</u>	<u>(3,540,282)</u>
Interest received		169,577	337,963
Rental income		680,117	614,260
Non capital grants and contributions		4,769,610	4,041,579
Borrowing costs		(77,926)	(94,327)
<b>Net cash inflow (outflow) from operating activities</b>	22	<u>2,325,527</u>	<u>1,359,193</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	12	(6,706,028)	(12,412,753)
Proceeds from sale of property plant and equipment	8	-	-
Grants, subsidies, contributions and donations	4 (b)	5,114,691	12,802,933
<b>Net cash inflow (outflow) from investing activities</b>		<u>(1,591,337)</u>	<u>390,180</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	14	(47,935)	(44,960)
Repayments made on finance leases	17	(172,404)	(252,552)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(220,339)</u>	<u>(297,512)</u>
<b>Net increase in cash and cash equivalent held</b>		<u>513,851</u>	<u>1,451,861</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		22,070,654	20,618,794
<b>Cash and cash equivalents at end of the financial year</b>	9	<u>22,584,505</u>	<u>22,070,654</u>

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

# Notes to the financial statements

for the year ended 30 June 2021

## 1 Information about these financial statements

### 1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore, in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment which are measured at fair value.

### 1.B Constitution

Torres Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

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

Torres Shire Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2020, none of the standards had a material impact on reported position, performance and cash flows.

### 1.D Standards issued by AASB but not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standards are expected to have a significant impact for Council then further information has been provided in this note.

Standard and impact	Date council will apply the standard
AASB 2020-21 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards	1 January 2023
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-20 and Other Amendments	1 January 2022



# Notes to the financial statements

for the year ended 30 June 2021

## 1 Significant accounting policies (continued)

### 1.E Estimates and judgements

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.

- Valuation and depreciation of property, plant and equipment (Note 12)
- Impairment of property, plant and equipment (Note 10)
- Provisions (Note 15)
- Valuation of finance leases (Note 22)
- Contingent liabilities (Note 20)
- Financial instruments (Note 24)
- Revenue recognition (Note 3)

### 1.F Rounding and comparatives

The financial statements are in Australian dollars that have been rounded to the nearest \$1, unless otherwise stated.

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

### 1.G Volunteer services

Council currently does not have volunteer services that it receives.

### 1.H Taxation

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

### 1.I Impacts from the COVID-19 pandemic

Council's operations for the year ended 30 June 2021 have been impacted by the COVID-19 pandemic. The following steps were taken by Council in response to the pandemic during the year.

#### *Repatriation of Residents*

In April 2020, Council incurred approximately \$1.2m in costs associated with setting up and maintaining a quarantine facility for students who returned to the Torres Strait are were required to be quarantined. Council actively lobbied both the Commonwealth and State Governments to contribute towards the significant costs incurred. In 2020/21, Council received reimbursements totalling \$1.0 million.

#### *General Rates*

To ease the financial burden on the community during this difficult period, Council has provided extensions to the due dates for property rates payable. Council also waived it's right to charge interest on current overdue rates until 31 December 2020. Interest on overdue outstanding rates incurred prior to 1 July 2019 remains chargeable. The financial impact of this is not material.

# Notes to the financial statements

for the year ended 30 June 2021

## 2. Analysis of results by function

### 2(a) Components of Council functions

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

#### **Corporate services**

The objective of corporate governance is for Council to be open, accountable, transparent and deliver value for money and community outcomes. Includes governance, recruitment, training and development, community consultation, office and financial administration, investments, economic development and tourism.

#### **Finance and information**

Includes revenue collection for Council and cost of operations of corporate expenses ranging from superannuation, insurance, finance costs, workers compensation and employee expenses. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

#### **Regulatory services**

Includes town planning, subdivisions, building control and housing. The goal of this function is to provide accurate, timely and appropriate information to support sound decision making and meet statutory requirements.

#### **Community and cultural services**

Includes cultural and historical, libraries, parks and gardens, public amenities, sports fields, stadiums and halls and swimming pools. The goal of community services is to ensure Council is a healthy, vibrant, contemporary and connected community.

#### **Engineering and works**

Includes drainage, construction and maintenance of roads, footpaths, street lighting, plant operation, supervision and design, other transportation, boat ramps and bus shelters. The objective of the transport infrastructure program is to ensure the community is serviced by a high quality and effective road network.

#### **Environmental services**

Includes animal control and welfare, public conveniences, cemeteries, emergency services, environmental protection, area beautification, waste management and health.

#### **Business units**

Operation and management of Council's business units.

Council is responsible for the management and upkeep of the airport at Horn Island, which receives daily flights from QANTAS and other commercial airlines, as well as private operators of light aircraft and helicopters.

The Horn Island quarry ceased trading on 30 June 2021. Rehabilitation works are now underway in preparation for the expiration of the lease in October 2024.

#### **Water infrastructure**

The goal of this program is to support a healthy, safe community through sustainable water services. This function includes all activities relating to water including flood and waterways

#### **Sewerage infrastructure**

This function protects and supports the health of our community by sustainably managing sewerage infrastructure.

# Notes to the financial statements

## for the year ended 30 June 2021

### 2 Analysis of results by function

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

#### Year ended 30 June 2021

Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other	\$	Grants	Other	\$							
								\$	\$				
Corporate services	-	1,046,565	-	-	-	1,046,565	(956,972)	-	(956,972)	89,593	89,593	11,402,601	
Finance and information	3,974,023	1,198,668	-	-	-	5,172,691	(3,945,946)	(761,560)	(4,707,506)	1,226,745	465,185	27,766,441	
Community and cultural	102,144	625,668	13,601	-	-	741,413	(2,326,898)	(127,203)	(2,454,101)	(1,599,087)	(1,712,689)	37,301,339	
Regulatory services	246,163	143,038	342,341	-	-	731,542	(1,213,271)	-	(1,213,271)	(824,070)	(481,729)	-	
Engineering and works	224,891	189,637	1,842,928	-	-	2,257,456	(4,024,975)	(1,386,765)	(5,411,740)	(3,610,447)	(3,154,283)	53,499,532	
Environmental services	(1,624)	1,920,076	1,290,408	-	-	3,208,861	(2,201,374)	(1,264,658)	(3,466,032)	(282,922)	(257,172)	-	
Business units	224,013	5,365,411	473,977	-	-	6,063,401	(3,262,292)	(3,887)	(3,266,179)	2,327,132	2,797,222	19,842,771	
Water infrastructure	-	1,925,036	1,144,053	-	-	3,069,089	(1,858,733)	-	(1,858,733)	66,303	1,210,356	42,476,631	
Sewerage infrastructure	-	1,142,433	7,381	-	-	1,149,815	(1,559,450)	-	(1,559,450)	(417,017)	(409,636)	20,215,433	
<b>Total Council</b>	<b>4,769,610</b>	<b>13,556,531</b>	<b>5,114,691</b>	<b>-</b>	<b>-</b>	<b>23,440,832</b>	<b>(21,349,910)</b>	<b>(3,544,073)</b>	<b>(24,893,983)</b>	<b>(3,023,770)</b>	<b>(1,453,151)</b>	<b>212,504,749</b>	

#### Year ended 30 June 2020

Functions	Gross program income						Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Recurring			Capital				Recurring	Capital				
	Grants	Other	\$	Grants	Other	\$							
								\$	\$				
Corporate services	-	1,060,066	-	-	-	1,060,066	(1,022,566)	-	(1,022,566)	37,500	37,500	9,372,296	
Finance and information	3,532,029	332,641	-	-	-	3,864,670	(3,397,015)	-	(3,397,015)	467,655	467,655	28,697,472	
Community and cultural	139,989	524,261	185,446	-	-	849,697	(2,471,159)	-	(2,471,159)	(1,806,908)	(1,621,462)	35,662,012	
Regulatory Services	30,334	14,011	87,274	-	-	131,618	(570,251)	-	(570,251)	(525,907)	(438,633)	-	
Engineering and works	227,322	222,844	4,726,413	-	-	5,176,579	(4,560,709)	-	(4,560,709)	(4,110,543)	615,870	53,356,462	
Environmental services	111,905	2,015,445	-	-	-	2,127,349	(3,836,771)	929,263	(2,907,508)	(1,709,422)	(780,158)	-	
Business units	-	5,712,824	364	-	-	5,713,188	(3,766,236)	(17,515)	(3,783,752)	1,946,588	1,929,436	19,233,919	
Water infrastructure	-	2,004,043	5,631,390	-	-	7,635,433	(1,657,873)	-	(1,657,873)	346,170	5,977,560	43,245,887	
Sewerage infrastructure	-	1,113,460	1,267,934	-	-	2,381,394	(1,223,322)	-	(1,223,322)	(109,863)	1,158,072	17,848,822	
<b>Total Council</b>	<b>4,041,579</b>	<b>12,999,595</b>	<b>11,898,822</b>	<b>-</b>	<b>-</b>	<b>28,939,995</b>	<b>(22,505,902)</b>	<b>911,748</b>	<b>(21,594,154)</b>	<b>(5,464,729)</b>	<b>7,345,841</b>	<b>207,416,872</b>	

# Notes to the financial statements

for the year ended 30 June 2021

## 3 Revenue

### (a) Rates, levies and charges

Rates and annual charges are recognised as revenue when the Council obtains control over 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.

	2021	2020
	\$	\$
General rates	1,134,610	1,117,653
Water	1,192,123	1,159,189
Water consumption, rental and sundries	732,912	836,978
Sewerage	1,142,433	1,113,478
Garbage charges	1,918,821	2,011,814
Total rates and utility charge revenue	<u>6,120,900</u>	<u>6,239,112</u>
Less: Discounts	(104,534)	(93,226)
Less: Pensioner remissions	<u>(2,999)</u>	<u>(2,994)</u>
	<u><u>6,013,368</u></u>	<u><u>6,142,893</u></u>

### (b) Fees and charges

Revenue arising from fees and charges are recognised at a point in time when or as the performance obligation is completed and the customer receives the benefit of the goods/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 services or in some cases, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

	2021	2020
	\$	\$
Building and development fees	117,231	7,649
Cemetery fees	10,347	18,354
Licences and registrations	15,759	9,361
Sports Complexes and Fields/Ovals	150,647	104,391
Airport landing fees	4,651,744	4,263,203
Other fees and charges	4,647	10,628
	<u><u>4,950,374</u></u>	<u><u>4,413,586</u></u>

### (c) Rental income

Rent is recognised as income on a periodic straight line basis over the lease term.

Rental income	680,117	614,260
	<u><u>680,117</u></u>	<u><u>614,260</u></u>

### (d) Interest received

Interest received from bank and deposits at call with Queensland Treasury Corporation (QTC) is accrued over the term of the investment.

Interest received from QTC investment accounts	150,126	298,924
Interest received from financial institutions	8	282
Interest from overdue rates and utility charges	19,443	38,757
	<u><u>169,577</u></u>	<u><u>337,963</u></u>

# Notes to the financial statements

for the year ended 30 June 2021

## (e) Sales revenue

The sale of goods is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. 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. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

During this financial year, Council received reimbursements from both the Commonwealth and State Government relating to expenditure incurred during 2019/2020 for COVID-19 related costs.

	2021 \$	2020 \$
<b>Rendering of services</b>		
Contract and recoverable works	164,362	154,143
	<u>164,362</u>	<u>154,143</u>
<b>Sale of goods</b>		
Souvenirs	25	2,635
Quarry materials	334,806	1,111,347
Sports complex kiosk	34,483	38,018
	<u>369,314</u>	<u>1,152,001</u>
Total sales revenue	<u>533,676</u>	<u>1,306,143</u>
<b>(f) Other income</b>		
Other income	197,278	184,750
Reimbursement of COVID-19 costs	1,012,141	-
	<u>1,209,419</u>	<u>184,750</u>

## 4 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 are varied based on the agreement. 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 and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

### *Grant income under AASB 1058*

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is 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 standards.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

# Notes to the financial statements

for the year ended 30 June 2021

## 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 is 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.

## 4 Grants, subsidies, contributions and donations (continued)

### Donations and contributions

Where 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 asset since there are no enforceable performance obligations.

Physical assets contributed to council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

(a) Operating	2021	2020
	\$	\$
General purpose grants	4,104,398	3,706,351
State government subsidies and grants	366,676	100,033
Commonwealth government subsidies and grants	291,036	202,876
Donations	7,500	32,319
	<u>4,769,610</u>	<u>4,041,579</u>

### (b) Capital

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

State government grants and subsidies	3,406,046	10,199,386
Commonwealth government grants and subsidies	1,708,645	1,699,436
	<u>5,114,691</u>	<u>11,898,822</u>

### (c) Timing of revenue recognition for grants, subsidies, contributions and donations

	2021	2020
	\$	\$
Revenue recognised at a point in time		
Grants and contributions	5,329,785	4,009,260
Donations	7,500	32,319
Revenue recognised over time		
Grants and contributions	<u>5,446,927</u>	<u>11,898,822</u>
	<u>10,784,212</u>	<u>15,940,401</u>

# Notes to the financial statements

for the year ended 30 June 2021

## 5 Employee benefits

Employee benefit expenses are recorded when the service has been provided by the employee.

	2021	2020
	\$	\$
Total staff wages and salaries	6,391,446	5,934,316
Council remote allowance	368,274	300,088
Councillors' remuneration	332,890	326,459
Annual, sick and long service leave entitlements	1,087,010	1,153,293
Superannuation	21 811,545	795,182
	<u>8,991,165</u>	<u>8,509,337</u>
Other employee related expenses	115,730	291,891
	<u>9,106,895</u>	<u>8,801,228</u>
Less: Capitalised employee expenses	(468,434)	(442,198)
	<u>8,638,462</u>	<u>8,359,030</u>

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

	2021	2020
	Number	Number
Total Council employees at the reporting date:		
Elected members	5	5
Administration staff	24	24
Depot and outdoors staff	79	82
Total full time equivalent employees	<u>108</u>	<u>111</u>

## 6 Materials and services

Expenses are recorded on an accruals basis as Council receives the goods or services.

	2021	2020
	\$	\$
Advertising and marketing	19,862	17,311
Administration supplies and consumables	451,374	416,085
Audit of annual financial statements by the Auditor-General of Queensland*	132,438	183,526
Communications and IT	431,440	535,586
Consultants	922,326	622,650
Contractors	1,479,323	1,719,579
Insurance	590,637	456,972
Legal costs	362,703	231,362
Power	461,680	560,646
Refuse collection	27,573	37,868
Repairs and maintenance	2,362,005	1,329,796
Subscriptions and registrations	90,925	82,892
Transport and barging	101,212	225,971
Other materials and services	311,436	2,856,118
	<u>7,744,933</u>	<u>9,276,363</u>

\*Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial statements are \$ 140,000 (2020: \$123,000)

# Notes to the financial statements

for the year ended 30 June 2021

7 Finance costs	2021	2020
	\$	\$
Finance costs charged by the Queensland Treasury Corporation	39,076	45,345
Bank charges	37,340	33,955
Impairment of receivables	10 (73,504)	77,479
Interest on finance leases	17 38,850	48,981
Quarry rehabilitation	15 11,824	17,496
Refuse restoration	15 17,946	39,166
	<u>71,532</u>	<u>262,422</u>

## 8 Capital expenses/(income)

### Loss on impairment

Council has recognised impairment losses on assets destroyed by natural weather events, along with assets renewed and upgraded. Council has also impaired the value of the Horn Island Affordable Housing Land which will not realise any proceeds to Council upon disposal.

	2021	2020
	\$	\$
Loss on impairment and assets write off	1,513,968	-
Land held for development and sale	761,560	0
Total impairment losses	<u>2,275,528</u>	<u>-</u>
<b>Provision for restoration of refuse and</b>		
Discount rate adjustment to refuse restoration provision	15 1,264,658	(929,264)
Discount rate adjustment to quarry rehabilitation liability	15 3,887	17,516
	<u>1,268,545</u>	<u>(911,748)</u>
Total capital expenses	<u>3,544,074</u>	<u>(911,748)</u>

## 9 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

	2021	2020
	\$	\$
Cash at bank and on hand	2,865,975	372,625
Deposits at call	19,718,529	21,698,029
Balance per Statement of Cash Flows	<u>22,584,504</u>	<u>22,070,654</u>
Cash and cash equivalents	22,584,504	22,070,654
Less: Externally imposed restrictions on cash (i)	(6,685,044)	(6,733,149)
Unrestricted cash	<u>15,899,460</u>	<u>15,337,505</u>



# Notes to the financial statements

for the year ended 30 June 2021

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

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

i) Unspent government grants and subsidies	6,685,044	6,733,149
Total externally imposed restrictions on cash assets.	<u>6,685,044</u>	<u>6,733,149</u>

## 9 Cash and cash equivalents (continued)

ii) Internal allocations of cash at the reporting date:

Internal allocations of cash may be lifted by a Council with a resolution.

Future capital works	2,392,900	4,026,130
Total internal allocated cash	<u>2,392,900</u>	<u>4,026,130</u>

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

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 from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages). 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.

	2021 \$	2020 \$
<b>Trust funds held for outside parties</b>		
Security deposits	141,276	119,550
	<u>141,276</u>	<u>119,550</u>

Some funds belonging to Council are held in the trust funds of third parties. These include grants for water and sewerage infrastructure.

### Funds held in trust by outside parties

DFK Kidsons holding funds for Major Infrastructure Program	11,301,039	11,150,179
	<u>11,301,039</u>	<u>11,150,179</u>

## 10 Receivables

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

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

# Notes to the financial statements

for the year ended 30 June 2021

	2021 \$	2020 \$
<b>Current</b>		
Rateable revenue and utility charges	550,278	714,844
Water charges not yet levied	741,664	739,342
Other debtors	1,442,159	1,396,806
Less impairment	(20,649)	(181,757)
GST recoverable	57,062	291,747
Prepayments	193,702	148,802
	<u>2,964,216</u>	<u>3,109,784</u>

Interest is charged on outstanding rates at a rate of 8.53% per annum. No interest is charged on other debtors.

## 10 Receivables (continued)

	2021 \$	2020 \$
Movement in accumulated impairment losses (other debtors) is as follows:		
Opening balance at 1 July	(181,757)	(104,278)
Impairment debts written off during the year	107,197	-
Debts recovered	79,506	-
Additional impairments recognised	7 (25,595)	(77,479)
Closing Balance at 30 June	<u>(20,649)</u>	<u>(181,757)</u>

Council has identified 2 distinctive groupings of its receivables: Rates and charges and other debtors.

Rates and Charges: Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

Other Debtors: Council identifies other debtors as receivables which include fees and charges, rent and recoverable works.

## 11 Inventories

Stores and raw materials held for consumption and distribution are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost except for land where the costs are allocated to the relevant parcel.

All Inventories held for distribution are:

- goods to be supplied at no or nominal charge, and
- goods to be used for the provision of services at no or nominal charge.

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

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Council will not realise any proceeds from the disposal of the land held for development and sale.

	2021 \$	2020 \$
<b>Inventories held for distribution</b>		
Quarry and road materials	642,045	738,066
Plant and equipment stores	225,359	226,946
	<u>867,403</u>	<u>965,012</u>
<b>Land held for development and sale</b>	-	761,560
Total inventories	<u>867,403</u>	<u>1,726,572</u>

# Notes to the financial statements for the year ended 30 June 2021

12 Property, plant and equipment

	Note	Land	Buildings	Furniture and equipment	Plant and equipment	Road, drainage and bridge network	Water	Sewerage	Airport	Other infrastructure assets	Work in progress	Total
Basis of measurement												
Fair value category												
<b>Asset values</b>												
Opening gross value as at 1 July 2020		7,193,800	34,589,089	498,871	10,278,981	49,182,871	60,774,233	27,110,361	23,302,248	20,085,621	15,884,352	248,900,427
Additions		-	-	-	-	-	-	-	-	-	6,706,028	6,706,028
Disposals / Impairments	8	-	(440,750)	-	(873,427)	(1,729,173)	-	-	-	-	-	(3,043,351)
Revaluation adjustment to asset revaluation surplus	18	-	1,685,445	-	1,820	3,997,274	-	-	1,899,168	(66,100)	(10,104,015)	7,517,606
WIP Transfers between classes		-	97,118	-	2,424,167	4,063,562	-	3,113,804	405,364	-	-	-
<b>Closing gross value as at 30 June 2021</b>		<b>7,193,800</b>	<b>35,930,902</b>	<b>498,871</b>	<b>11,831,541</b>	<b>55,514,533</b>	<b>60,774,233</b>	<b>30,224,165</b>	<b>25,606,780</b>	<b>20,019,521</b>	<b>12,486,364</b>	<b>250,080,710</b>

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2020		-	12,922,512	213,201	8,386,155	11,710,761	17,528,346	9,261,539	4,068,328	6,090,186	-	70,181,028
Depreciation expense		-	641,647	53,857	259,297	942,668	769,256	747,193	545,135	720,348	-	4,679,402
Revaluation adjustment to asset revaluation surplus	18	-	(1,382,262)	-	3,528	2,269,345	-	-	1,150,546	(29,800)	-	2,011,357
Disposals / Impairments	8	-	(313,547)	-	(794,427)	(421,408)	-	-	-	-	-	(1,529,382)
Impairment adjustment to income	10	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at 30 June 2021</b>		<b>-</b>	<b>11,868,350</b>	<b>267,058</b>	<b>7,854,553</b>	<b>14,501,366</b>	<b>18,297,602</b>	<b>10,008,732</b>	<b>5,764,009</b>	<b>6,780,734</b>	<b>-</b>	<b>75,342,405</b>

**Total written down value as at 30 June 2021**

		7,193,800	24,062,552	231,813	3,976,988	41,013,167	42,476,631	20,215,433	19,842,771	13,238,787	12,486,364	184,738,308
Range of estimated useful life in years		Land, Not depreciated	40 - 100	12	2 - 20	5 - 100	20 - 80	20 - 60	10-250	20 - 40	-	-
Additions comprise:		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewals		-	138,947	-	-	1,232,494	-	-	-	-	-	1,371,441
Other additions		-	-	-	1,471,463	588,504	964,038	118,447	412,599	1,779,536	-	5,334,567
Total additions		-	138,947	-	1,471,463	1,820,998	964,038	118,447	412,599	1,779,536	-	6,706,028

# Notes to the financial statements

Torres Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2021

## 12 Property, plant and equipment (continued)

30 June 2020

Basis of measurement Fair value category	Note	Land		Buildings		Furniture and equipment		Plant and equipment		Road, drainage and bridge network		Water		Sewerage		Airport		Other infrastructure assets		Work in progress		Total
		Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	Fair Value Level 3	Cost	
<b>Asset values</b>		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2019		8,041,900	33,396,183	450,698	10,278,981	48,072,588	59,073,133	27,110,361	22,258,852	15,704,265	12,948,812	237,335,773	12,412,753									
Additions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to asset revaluation surplus	18	(848,100)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(848,100)
WIP Transfers between classes		-	1,192,905	48,173	-	1,110,283	1,701,100	-	1,043,396	4,381,355	(9,477,213)	-	-	-	-	-	-	-	-	-	-	-
<b>Closing gross value as at 30 June 2020</b>		7,193,800	34,589,089	498,871	10,278,981	49,182,871	60,774,233	27,110,361	23,302,248	20,085,621	15,884,352	248,900,426	12,412,753									

## Accumulated depreciation and impairment

Opening balance as at 1 July 2019		-	12,311,257	162,251	8,108,492	10,825,544	16,781,219	8,688,123	3,549,002	5,415,865	-	65,841,763										
Depreciation expense		-	611,255	50,950	277,663	885,217	747,127	573,416	519,326	674,321	-	4,339,276										
Revaluation adjustment to asset revaluation surplus		-	-	-	-	-	-	-	-	-	-	-										
<b>Accumulated depreciation as at 30 June 2020</b>		-	12,922,512	213,201	8,386,155	11,710,761	17,528,346	9,261,539	4,068,328	6,090,186	-	70,181,029										

## Total written down value as at 30 June 2020

7,193,800		21,666,577	285,670	1,892,826	37,472,110	43,245,887	43,245,887	17,848,822	19,233,919	13,995,435	15,884,352	178,719,399										
Land, Not depreciated		40 - 100	12	2 - 20	5 - 100	20 - 80	20 - 60	20 - 60	10 - 250	20 - 40												

Range of estimated useful life in years

Additions comprise:

Renewals		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other additions		-	161,768	-	-	3,322,652	-	-	494,488	935,144	-	4,914,052										
Total additions		-	629,409	48,173	-	45	5,464,197	1,175,487	76,200	105,191	-	7,498,701										
		-	791,177	48,173	-	3,322,697	5,464,197	1,175,487	570,688	1,040,335	-	12,412,753										

# Notes to the financial statements

for the year ended 30 June 2021

## 12 Property, plant and equipment (continued)

### (a) Recognition

Plant and equipment with a total value of less than \$5,000, and 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.

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. However, routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred.

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

### (b) Measurement

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

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

### (c) Depreciation

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, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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, less its estimated residual value, 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.

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.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values 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 annual 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.

# Notes to the financial statements

for the year ended 30 June 2021

## 12 Property, plant and equipment (continued)

### (d) Impairment

Property, 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.

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

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

### (e) Valuation

#### (i) Valuation processes

For assets that are measured at fair value, comprehensive revaluations are conducted at least every three years. In intervening years, consideration will be given to the application of indices for individual asset classes based on a desktop assessment of the likely movement in values. Valuations are either conducted by suitably qualified independent Valuers or, where Council possesses the internal expertise for a particular asset class, valuations are undertaken in house.

*Comprehensive revaluation:* A comprehensive revaluation involves the utilisation of the cost or market approach methodology to determine fair value as well as physical inspection and condition rating of either the entire asset class or a representative sample, a physical stocktake and review of unit rates or individual asset values.

*Indexation Revaluation:* An indexation revaluation involves a desktop assessment utilising indexation methodology, which does not change the level of valuation with regards to AASB 13 fair value hierarchy.

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate.

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 or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable, such as prices for similar assets, for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

There were no transfers between levels of the hierarchy during the year.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

# Notes to the financial statements

for the year ended 30 June 2021

## 12 Property, plant and equipment (continued)

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

#### Land (level 3)

Land fair values were determined by independent valuers, Australis Asset Advisory Group at 30 June 2019 when a full revaluation was conducted. At 30 June 2021, a desktop valuation of land was performed. No indexation was applied to the land assets as the increase was immaterial.

Where an observable market for Council land assets could be identified, fair value was measured by way of a market approach (Level 2), utilising sale prices of comparable properties after adjusting for differences in key attributes of the property. Where a significant adjustment was required between the sale prices of comparable properties, fair value was measured by way of a market approach (Level 3).

#### Buildings and Other Infrastructure Assets (Level 3)

The fair value of buildings was derived from a comprehensive valuation exercise performed independently by APV Valuers and Asset Management, registered valuers as at 30 June 2021. Where an observable market for Council assets could be identified, fair value was measured by way of a cost approach (Level 3).

Based on the valuers' review of the available market data, due to the thinly traded nature of the Torres property market, no assets have been assessed on a market approach. This includes residential housing.

For assets that were considered of a specialist nature and did not meet the criteria for a market approach, fair value was measured on the basis of a cost approach (Level 3). Under this methodology the gross replacement cost was assessed on the basis that it reflected a modern equivalent asset with similar service potential.

Under the cost approach, the assets fair value is the result of the gross current value less accumulated depreciation, to reflect the consumed or expired service potential of the asset. The most significant inputs into the valuation were the rate per square metre (to arrive at the gross replacement cost) and a condition score reflecting the remaining useful life of the asset. For the Torres Shire Council area, all building and other structures assets were assessed under this approach.

In determining the level of accumulated depreciation for assets under cost approach, as the first step an economic useful life (EUL) was provided to each asset on a componentised basis. As a second step, the condition score, which has direct influence on the remaining useful life (RUL) of the asset was assessed and applied to each asset. The RUL takes into consideration the assets physical characteristics, age, recent repairs or capital works, as well as factors such as functionality, capability, utilisation and obsolescence. Estimates of expired service potential and remaining useful lives were determined on a straight-line basis and where required, assets were disaggregated into significant components which exhibit different useful lives.

There are no residual values on Council's building assets.

While some of the inputs to the gross replacement cost, such as the rate per square metre or per unit, can be supported by observable data (Level 2), the estimates of economic useful life, pattern of consumption, and condition score, which are used to calculate the accumulated depreciation comprise unobservable inputs (Level 3). Due to the fact the inputs are significant to the valuation, the overall cost approach methodology is considered a Level 3.

# Notes to the financial statements

## for the year ended 30 June 2021

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

#### Roads and Airport (Level 3)

The last full revaluation of roads and airport infrastructure assets was undertaken by independent valuers, Australis Asset Advisory Group (Australis) effective 30 June 2021. All infrastructure assets were classed as specialised in nature with limited market, therefore the cost approach (Level 3) was utilised.

In line with Councils accounting policy for impairment of its Property, Plant and Equipment, an impairment loss is recognised in the accounts. These impairment losses are recognised against specific assets that have been destroyed by natural weather events and other assets that have been renewed and upgraded, or are no longer serviceable.

#### *Current replacement cost*

The valuers have categorised roads and airport infrastructure assets into roads, kerb and channel, carparks, bridges, footpaths, stormwater drains, stormwater pits and airport. The asset types are further differentiated by physical characteristics (i.e. floodways, culverts, grids, medians, kerb & channel, footpaths). Hardstands including roads segments are then componentised into formation, pavement and seal (where applicable). Other assets are componentised based on service potential or consumption rate. Australis has assumed that environmental factors such as soil type, climate and topography are consistent across each segment. Australis has also assumed each segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

Current replacement cost was calculated by reference to asset linear and area specifications, estimated labour and material inputs, services costs, and overhead allocations. The valuer have assumed that pavements are constructed to varying depths dependant on usage type and hierarchy. All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects.

Australis has conducted a physical condition survey as a base for the condition assessment of assets. Australis has conducted site inspection of all sealed roads, the majority of paved roads (>85%), and a sample of formed roads. Australis has utilised a 0 to 10 point condition scoring system for the physical condition assessment where 0 relates to a new asset and 10 to an asset at its end of its useful life, obsolescence factors were applied following this to arrive at an adopted RUL.

While the inputs to the gross replacement cost, being a rate per square metre or per unit can be supported by market evidence (Level 2), the estimates of useful life, pattern of consumption and condition score, which are used to calculate the accumulated depreciation comprise unobservable inputs (Level 3). Where these other inputs are significant to the valuation, the overall valuation has been classified a Level 3.

#### *Accumulated Depreciation*

In determining the level of accumulated depreciation, transport assets were disaggregated into components exhibiting varying consumption patterns. Assets were condition assessed based on accepted visual defect severity ratings along with adjustments for obsolescence.

The increase in accumulated depreciation is in line with the recent capital expenditure and overall improved asset information and asset performance as long life high value assets enter mid-lifecycle phases.



# Notes to the financial statements

for the year ended 30 June 2021

## 12 Property, plant and equipment (continued)

### Water and Sewerage (Level 3)

The last full valuation of water and sewerage assets was undertaken by independent valuers, Australis Asset Advisory Group (Australis) effective 30 June 2019. A desktop valuation of water and sewerage infrastructure assets was undertaken by Australis effective 30 June 2021. No indexation was applied to water and sewerage infrastructure assets as the calculated increase was immaterial. All infrastructure assets were classed as specialised in nature with limited market, therefore the cost approach (Level 3) was utilised.

#### *Current replacement cost*

Australis has utilised a comprehensive methodology to value the water and sewerage infrastructure assets. It has relied on both supplied asset data, field collected condition and asset quantities.

CRC was calculated by reference to asset linear and area specifications, or lump sum estimated labour and material inputs, services costs, and overhead allocations. For internal construction estimates, material and services prices were based on supplier contract rates or supplier price lists. All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects.

Australis has conducted a physical condition survey of the physically accessible (above ground) assets. Australis has utilised a 0 to 10-point scoring system for the physical condition assessment where 0 relates to a new asset and 10 to an asset at its end of its useful life, obsolescence factors were applied following this to arrive at an adopted RUL. Underground or inaccessible assets were assessed using supplied historical data and construction dates.

While the inputs to the gross replacement costs being a rate per square metre or per unit can be supported by market evidence (Level 2), the estimates of useful life, pattern of consumption and condition score, which are used to calculate the accumulated depreciation comprise unobservable inputs (Level 3). Where these other inputs are significant to the valuation the overall valuation has been classified a Level 3.

#### *Accumulated Depreciation*

In determining the level of accumulated depreciation, water and sewerage assets were disaggregated into components exhibiting varying consumption patterns. Assets were condition assessed based on accepted visual defect severity ratings along with adjustments for obsolescence.

### Quarry Assets (Level 3)

The last full valuation of quarry assets was undertaken by independent valuers, Australis Asset Advisory Group (Australis) at 30 June 2019. A desktop valuation of quarry assets was undertaken by Council effective 30 June 2021. All infrastructure assets were classed as specialised in nature with limited market, therefore the cost approach (Level 3) was utilised. A further assessment of quarry assets with respect to disposal or redeployment is currently being undertaken as part of the Quarry Rehabilitation Plan.

#### *Current replacement cost*

Australis have utilised a comprehensive methodology to value the quarry assets. It has relied on both supplied asset data, field collected condition and asset quantities.

# Notes to the financial statements

for the year ended 30 June 2021

## 12 Property, plant and equipment (continued)

### Quarry Assets (Level 3) (continued)

CRC was calculated by reference to asset specifications, or lump sum estimated labour and material inputs, services costs, and overhead allocations. For internal construction estimates, material and services prices were based on supplier contract rates or supplier price lists. All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects.

Australis has conducted a physical condition survey of the assets. Australis has utilised a 0 to 10-point scoring system for the physical condition assessment where 0 relates to a new asset and 10 to an asset at its end of its useful life, obsolescence factors were applied following this to arrive at an adopted RUL.

While the inputs to the gross replacement costs being a rate per square metre or per unit can be supported by market evidence (Level 2), the estimates of useful life, pattern of consumption and condition score, which are used to calculate the accumulated depreciation comprise unobservable inputs (Level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as Level 3.

#### *Accumulated Depreciation*

In determining the level of accumulated depreciation, quarry assets were disaggregated into components exhibiting varying consumption patterns. Assets were condition assessed based on accepted visual defect severity ratings along with adjustments for obsolescence.

# Notes to the financial statements

for the year ended 30 June 2021

## 13 Payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as wages and salaries, annual and long service leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

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

	2021 \$	2020 \$
<b>Current</b>		
Creditors and accruals	1,170,180	2,410,036
Prepaid Rates & Debtors	146,364	57,907
Annual leave	737,161	591,371
Other entitlements	79,556	12,100
	<u>2,133,262</u>	<u>3,071,414</u>

## 14 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.

All borrowings are in \$A denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment date is 15 June 2030. There have been no defaults or breaches of the loan agreement during the period.

Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

	2021 \$	2020 \$
<b>Current</b>		
Loans - Queensland Treasury Corporation	52,559	49,519
	<u>52,559</u>	<u>49,519</u>
<b>Non-current</b>		
Loans - Queensland Treasury Corporation	550,052	601,028
	<u>550,052</u>	<u>601,028</u>
<b>Loans - Queensland Treasury</b>		
Opening balance at beginning of financial year	650,547	695,507
Principal repayments	(47,935)	(44,960)
Book value at end of financial year	<u>602,611</u>	<u>650,547</u>

The QTC loan market value at the reporting date was \$ 748,917. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government.

# Notes to the financial statements

for the year ended 30 June 2021

## 15 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 published on the Department of State Development, Infrastructure, Local Government and Planning website.

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

### *Refuse dump restoration and quarry rehabilitation*

A provision is made for the cost of restoring refuse dumps and quarries where it is probable the Council will be liable, or required, to do this when the use of the facilities is complete.

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump site, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure date, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Due to the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will close in 2053 and that the restoration will occur progressively over the subsequent years.

The provision for quarry rehabilitation represents the present value of the anticipated future costs associated with the closure of the quarry, refilling the basin, and reclamation and rehabilitation of the site. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur in 2024.

The quarry is situated on Council controlled leased land. The provision for quarry rehabilitation is treated as an expense in the year the provision is first recognised. Changes in the provision not arising from the passing of time are treated as an expense or income. Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost/income.

	Note	2021 \$	2020 \$
<b>Current</b>			
Long service leave		524,702	470,111
		<u>524,702</u>	<u>470,111</u>
<b>Non-current</b>			
Quarry rehabilitation		1,359,353	1,343,641
Refuse restoration		3,321,876	2,039,272
Long service leave		82,760	94,203
		<u>4,763,989</u>	<u>3,477,116</u>

## Notes to the financial statements

for the year ended 30 June 2021

## 15 Provisions (continued)

	2021	2020
	\$	\$
Details of movements in provisions:		
<b>Quarry rehabilitation</b>		
Balance at beginning of financial year	1,343,641	1,308,630
Increase in provision due to unwinding of discount	7 11,824	17,496
Increase/(decrease) in provision due to change in discount rate	8 3,887	17,516
Balance at end of financial year	<u>1,359,353</u>	<u>1,343,641</u>

This is the present value of the estimated cost of restoring the quarry site to a useable state at the end of its useful life. The projected cost of \$1,421,698 is expected to be incurred in 2024.

**Refuse restoration**

Balance at beginning of financial year	2,039,272	2,929,369
Increase in provision due to unwinding of discount	7 17,946	39,166
Increase (decrease) in provision due to change in discount rate	8 1,264,658	(929,264)
Balance at end of financial year	<u>3,321,876</u>	<u>2,039,272</u>

This is the present value of the estimated cost of restoring the refuse disposal site to a useable state at the end of its useful life. The projected cost is \$ 5,359,425 excluding ongoing monitoring costs and this cost is expected to be incurred in 2053.

**Long service leave**

Balance at beginning of financial year	564,314	481,119
Long service leave entitlement arising	82,919	156,929
Long service entitlement paid	<u>(39,771)</u>	<u>(73,734)</u>
Balance at end of financial year	<u>607,462</u>	<u>564,314</u>

## 16 Contract balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

<b>a Contract assets</b>	<u>725,378</u>	<u>1,885,924</u>
<b>b Contract liabilities</b>		
Funds received upfront to construct Council controlled assets	5,930,822	6,322,950
Non-capital performance obligations not yet satisfied	<u>754,222</u>	<u>410,199</u>
	<u>6,685,044</u>	<u>6,733,149</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	<u>4,322,522</u>	<u>5,921,063</u>
	<u>4,322,522</u>	<u>5,921,063</u>

# Notes to the financial statements

for the year ended 30 June 2021

## 16 Contract balances (continued)

### c Significant changes in contract balances

The significant movements in contract assets and contract liabilities that have occurred during the year was due to significant monies received in advance.

## 17 Leases

Council has leases in place over buildings, vehicles and land. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

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 where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

### 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.

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

Council has elected to measure the right of use arising from the concessionary leases at costs which is based on the associated lease liability at initial recognition.

### Terms and conditions of leases

#### *Buildings*

a. Council (lessee) leased two units from Sunacco No.17 Pty Ltd (lessor) which are used for staff accommodation. The leases are for fixed terms of three years. They commenced in 2017 and 2018. The lease for unit 1 at 16 Hargrave Street, Thursday Island expired on 5 February 2020. The lease for unit 2 at 16 Hargrave Street, Thursday Island will expire on 18 December 2021. Both leases include a fixed annual rental increase of 4%. Council has continued to lease unit 1 at 16 Hargrave Street since the expiry date of the lease. The lease calculation will be updated by Council when the lease contract becomes available.

b. Council has also leased two other units, which are used for employee housing, at 27 John Street and 32 Hargrave Street, Thursday Island. The original lease contracts have expired. Council is still using the properties, but these are on periodic leases.

#### *Vehicles*

Council has six lease contracts with SG Fleet Australia Pty Ltd for the use of its vehicles for operational purposes. Every contract includes a five-year term. These started in 2019 and will end in 2024. Five of these leases have bargain purchase options which would qualify them as finance leases. However, management do not intend to exercise the options, therefore Council will treat them as operating leases. Council has 1 further vehicle lease with QFleet. This 3 year lease concludes in October 2021.

# Notes to the financial statements

## for the year ended 30 June 2021

### 17 Leases (continued)

#### Lands

Council (lessee) has an existing lease with Kaurareg Aboriginal Land Trust (lessor) for the extraction of sand. It has a twenty-one-year term which commenced on 24 October 2003 and will expire on 23 October 2024. Council pays a royalty amount to the lessor by reference to the volume of all sand won and removed from the sand extraction area in accordance with the royalty rate calculated during the period of the term.

Council (lessee) has an existing lease contract with the State of Queensland represented by the Department of Natural Resources, Mines and Energy (lessor) for the use of its land. It includes a ten-year term, which started on 10 October 2017 and will end on 9 October 2027. The lease is subject to rent increases which are based on 3 years' average rental value at 6%.

#### Right of use assets

	Buildings	Vehicles	Land*	Total
Balance at 1 July 2020	106,352	344,051	354,046	804,449
Additions to right of use assets	-	-	36,072	36,072
Depreciation/Amortisation charge	72,442	96,120	47,019	215,581
Balance at 30 June 2021	33,910	247,931	343,099	624,940
Adoption of AASB 16 at 1 July 2019	232,760	440,481	400,019	1,073,260
Depreciation/Amortisation charge	126,408	96,430	45,973	268,811
Balance at 30 June 2020	106,352	344,051	354,046	804,449

\*Depreciation/amortisation relates to the Right of use assets not the physical land asset.

#### Lease liabilities

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

2021	< 1 year	1-5 years	> 5 years	Total per Statement of Financial Position
Buildings	30,465	-	-	30,466
Vehicles	107,633	159,387	-	267,020
Land	64,000	275,411	11,406	350,817
Total	202,098	434,798	11,406	648,303
2020	< 1 year	1-5 years	> 5 years	Total per Statement of Financial Position
Buildings	77,194	28,647	-	105,841
Vehicles	108,299	244,967	-	353,265
Land	60,000	250,374	51,227	361,601
Total	245,493	523,988	51,227	820,707

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

The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee

## Notes to the financial statements

for the year ended 30 June 2021

## 17 Leases (continued)

2021	Buildings	Vehicles	Land	Total
Interest on lease liabilities	1,818	15,451	21,581	38,850
Depreciation of right of use of asset	72,442	96,120	47,019	215,581
	74,260	111,571	68,600	254,431
Total cash outflow for the lease	77,194	108,132	62,000	247,326
2020	Buildings	Vehicles	Land	Total
Interest on lease liabilities	6,317	21,084	21,581	48,981
Depreciation of right of use of asset	126,408	96,430	45,973	268,811
	132,725	117,513	67,554	317,792
Total cash outflow for the lease	133,236	108,299	60,000	301,535

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

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

Below is a summary of Council's peppercorn leases with various parties:

A peppercorn lease for Council's use of TRAWQ Community Hall on lot 21 and lot 28 on Crown Plan T20722. The agreement is between Council (lessee) and the State of Queensland, as represented by the Department of Aboriginal and Torres Strait Islanders Partnerships (lessor). The lease term is for a period of 3 years with nominal rent of \$1.00 per annum. It commenced on 1 January 2016 and ended on 31 December 2018. In December 2018, Council was granted a lease extension for a period of 3 years on the same terms and conditions.

Council has a peppercorn lease for the use of the Child Care Centre on lot 8 on SP 29084. The agreement is between Council as the lessee and the State of Queensland, as represented by the Department of Education (lessor). The lease term is for a period of 3 years and 9 months with a nominal rent of \$1.00 per annum. The lease term started on 1 April 2018 and will end on 31 December 2021, with nil options.

Council has a peppercorn lease for the use of public amenities on Horn Island on lot 26 on SP 108474. Far North Queensland Ports Corporation Limited and Council are the lessor and the lessee, respectively. The lease term is for a period of 15 years with a nominal rent of \$1.00 per annum. The lease commencement date is on 1 January 2018 and will end on 31 December 2032, with nil options.

Council has a potential peppercorn lease for the use of premises on lot 3 and lot 5 on SP 292844. The agreement would be between Council (lessee) and the State of Queensland as represented by Department of Housing and Public Works (lessor). It has a nominal rent of \$1.00 per annum payable on demand. Council has yet to formalise this lease agreement.

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

*Council as a lessor*

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance, otherwise it is an operating lease.



# Notes to the financial statements

for the year ended 30 June 2021

## 17 Leases (continued)

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income is recognised on a straight-line basis over the lease term.

The Council leases various properties and sites it owns or has exclusive rights to across the Shire. The minimum lease receipts are as follows:

	2021 \$	2020 \$
Not later than one year	384,030	359,675
One to five years	1,312,813	1,222,102
Later than five years	865,194	1,452,437
	<u>2,562,037</u>	<u>3,034,214</u>

## 18 Asset revaluation surplus

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

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

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

	2021 \$	2020 \$
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	84,345,124	85,193,224
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	(848,100)
Buildings	2,924,832	-
Other infrastructure assets	(36,300)	-
Road, drainage and bridge network	1,798,840	-
Plant	71,964	-
Water	-	-
Sewerage	-	-
Airport	746,914	-
Change in value of future rehabilitation cost:		
Landfill restoration	-	-
Balance at end of financial year	<u>89,851,374</u>	<u>84,345,124</u>

### Asset revaluation surplus analysis

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

Land and improvements	3,376,007	3,376,007
Buildings	9,636,464	6,711,632
Other infrastructure assets	1,923,861	1,960,161
Plant	-	(71,964)
Road, drainage and bridge network	20,784,534	18,985,694
Water	31,538,286	31,538,286
Sewerage	8,686,670	8,686,670
Airport	12,920,780	12,173,866
Landfill restoration	984,771	984,771
	<u>89,851,374</u>	<u>84,345,124</u>

# Notes to the financial statements

for the year ended 30 June 2021

## 19 Commitments for expenditure

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

	2021 \$	2020 \$
<b>Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Garbage collection contract	4,666,750	743,480
	<u>4,666,750</u>	<u>743,480</u>

## 20 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 2021 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

### Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$ 118,250 (2019-20: \$122,688).

## 21 Superannuation - Regional Defined Benefit Fund

Council contributes to the LGIAsuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIAsuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

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

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Torres Shire Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However, the risk of this occurring is extremely low and in accordance with the LGIAsuper trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

The next actuarial review is not due until 1 July 2021.

# Notes to the financial statements

for the year ended 30 June 2021

## 21 Superannuation - Regional Defined Benefit Fund (continued)

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	Note	2021 \$	2020 \$
Superannuation contributions made to the Regional Defined Benefits Fund		8,855	8,654
Other superannuation contributions for employees		802,690	786,528
Total superannuation contributions paid by Council for employees:	5	811,545	795,182

## 22 Reconciliation of net result for the year to net cash inflow from operating activities

	Note	2021 \$	2020 \$
Net result		(1,453,151)	7,345,841
Non-cash items:			
Depreciation and amortisation	12 & 17	4,894,983	4,608,088
Impairment of property plant and		1,513,968	-
Change in future rehabilitation and restoration costs		1,298,315	(855,086)
		7,707,267	3,753,002
Investing and development activities:			
Net (profit)/loss on disposal of non-current assets	8	-	-
Capital grants and contributions	4 (b)	(5,114,691)	(11,898,822)
		(5,114,691)	(11,898,822)
Changes in operating assets and liabilities:			
(Increase)/ decrease in receivables		1,306,114	1,300,563
(Increase)/ decrease in inventories		859,169	10,469
(Increase)/decrease in right of use assets		(36,072)	-
Increase/(decrease) in payables		(938,152)	819,492
Increase/(decrease) in liabilities		(48,105)	(54,544)
Increase/(decrease) in other provisions		43,148	83,195
		1,186,103	2,159,175
Net cash inflow from operating activities		2,325,527	1,359,193

## 23 Events after the reporting period

No significant event is known after the reporting period.

# Notes to the financial statements

for the year ended 30 June 2021

## 24 Financial instruments and financial risk management

### Financial assets and financial liabilities

Torres Shire Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

#### Risk Management Framework

Torres Shire 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.

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

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

Torres Shire Council does not enter into derivatives.

#### 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 state/ commonwealth bodies or 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 Shire Council.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2021 \$	2020 \$
<b>Financial assets</b>			
Cash and cash equivalents	9	22,584,504	22,070,654
Receivables - rates	10	550,278	714,844
Receivables - other	10	2,163,174	1,954,390
<b>Other credit exposures</b>			
Guarantees	20	118,250	122,688
<b>Total financial assets</b>		<u>25,416,206</u>	<u>24,862,576</u>

# Notes to the financial statements

for the year ended 30 June 2021

## 24 Financial instruments and financial risk management (continued)

### *Cash and cash equivalents*

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

### *Trade and other*

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

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

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

### *Expected credit loss assessment*

The Council uses a provision matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

At 30 June 2021, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2021	2020
	\$	\$
Property charges	1,291,942	1,454,185
Other	1,421,510	1,215,049
<b>Total</b>	<b><u>2,713,452</u></b>	<b><u>2,669,234</u></b>

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

	2021		2020	
	Not credit- impaired	Credit- impaired	Not credit- impaired	Credit- impaired
	\$	\$	\$	\$
Not past due	833,474	1,358,390	913,601	796,148
Past due 31-60 days	-	88,293	-	83,220
Past due 61-90 days	-	1,262	-	14,175
More than 90 days	458,468	51,277	656,937	665,295
Impaired	-	(20,649)	-	(181,757)
<b>Total</b>	<b><u>1,291,942</u></b>	<b><u>1,478,573</u></b>	<b><u>1,570,538</u></b>	<b><u>1,377,080</u></b>

# Notes to the financial statements

for the year ended 30 June 2021

## 24 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.

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

#### Exposure to liquidity risk

Torres Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 14.

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2021</b>					
Trade and other payables	1,170,180	-	-	1,170,180	1,170,180
Loans - QTC	88,595.00	354,380	354,380	797,355	602,611
	<u>1,258,775</u>	<u>354,380</u>	<u>354,380</u>	<u>1,967,535</u>	<u>1,772,791</u>
<b>2020</b>					
Trade and other payables	2,410,036	-	-	2,410,036	2,410,036
Loans - QTC	88,595	354,380	442,975	885,950	650,547
	<u>2,498,631</u>	<u>354,380</u>	<u>442,975</u>	<u>3,295,986</u>	<u>3,060,583</u>

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

### Market risk

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

#### Interest rate risk

Torres Shire Council is exposed to interest rate risk through investments and borrowings with QTC.

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

#### Sensitivity

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

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

## Notes to the financial statements

for the year ended 30 June 2021

## 24 Financial instruments and financial risk management (continued)

*Sensitivity (continued)*

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

	Net carrying	Effect on Net Result		Effect on Equity	
	amount	1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
<b>2021</b>					
QTC cash fund	19,718,529	197,185	(197,185)	197,185	(197,185)
Loans - QTC*	(602,611)	-	-	-	-
<b>Net total</b>	<b>19,115,918</b>	<b>197,185</b>	<b>(197,185)</b>	<b>197,185</b>	<b>(197,185)</b>
<b>2020</b>					
QTC cash fund	21,698,029	216,980	(216,980)	216,980	(216,980)
Loans - QTC*	(650,547)	-	-	-	-
<b>Net total</b>	<b>21,047,482</b>	<b>216,980</b>	<b>(216,980)</b>	<b>216,980</b>	<b>(216,980)</b>

In relation to the QTC loans held by the Council, the following has been applied:

QTC Fixed Rate Loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity. Council has one loan which was converted to Fixed Rate on 1 April 2016.

\*QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

**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.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 14.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

	2021	2020
	\$	\$
<b>Council</b>		
<b>Financial assets</b>		
QTC cash fund	19,718,529	21,698,029
Receivables	2,964,216	3,109,784
	<b>22,682,745</b>	<b>24,807,813</b>
<b>Financial liabilities</b>		
Loans - QTC	602,611	650,547
Payables	2,133,262	3,071,414
	<b>2,735,873</b>	<b>3,721,961</b>

# Notes to the financial statements

for the year ended 30 June 2021

## 25 Transactions with related parties.

### (a) Subsidiaries

There are no Subsidiaries in which Council has any interest.

### (b) Transactions with associates

In 2020-21, Torres Shire Council paid the amount of \$ 11,000 (2019-20: \$11,000) membership fee to Torres Cape Indigenous Council Alliance Incorporated (TCICA). The organisation was established in 2013 of which Council is one of the 14 members of the organisation.

### (c) Transactions with joint ventures

There are no Joint Ventures in which Council has any interest.

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

KMP include the Mayor, Councillors, Council's Chief Executive Officer and some executive

Chief Executive Officer	Dalassa Yorkston
Director of Corporate & Community Services	Shane Whitten
Director of Governance & Planning Services	Maxwell Duncan
Director of Engineering & Infrastructure Services	Ed Kulpa

The Mayor and Councillors are also considered subject to disclosure as they have decision making responsibility.

Mayor	Vonda Malone
Deputy Mayor	Gabriel Bani
Councillor	John Abednego
Councillor	Allan Ketchell
Councillor	Thomas Loban

The compensation paid to KMP comprises:

	2021	2020
	\$	\$
Short-term employee benefits	1,076,295	1,005,862
Superannuation Contributions	115,387	107,162
Long Term employee benefits	19,841	17,280
<b>Total</b>	<b>1,211,523</b>	<b>1,130,304</b>

### (e) 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, child and dependent of a KMP or their spouse.

There are 3 (2020: 6) employees that are close family members of KMP. These employees are employed through an arm's length process and paid in accordance with the relevant Award of the jobs they perform.

The majority of the entities and people that are related parties of Council live and operate on the islands of the Torres Shire Council community.

Therefore, on a regular basis, ordinary citizen transactions occur between Council and its related parties. Council has not included these types of transactions in its disclosure as they are made on the same terms and conditions available to the general public.



## Notes to the financial statements

for the year ended 30 June 2021

## 26 Reconciliation of liabilities arising from financing activities

	As at 30 June 2020	Cash Flows/Change in accounting policy	As at 30 June 2021
	\$	\$	\$
Loans - Note 14	650,547	(47,936)	602,611
Lease Liability - Note 17	820,707	(172,404)	648,303
	<u>1,471,254</u>	<u>(220,340)</u>	<u>1,250,914</u>

	As at 30 June 2019	Cash Flows/Change in accounting policy	As at 30 June 2020
	\$	\$	\$
Loans - Note 14	695,507	(44,960)	650,547
Lease Liability - Note 17	-	(252,553)	-
Lease Liability - initial application Note 17	-	1,073,260	820,707
	<u>695,507</u>	<u>775,747</u>	<u>1,471,254</u>

## 27 Correction of Error

During the financial year ended 30 June 2021, Council received revenue of \$899,911 related to projects completed in prior years. This has had the impact of understating Council's assets, retained surplus and community equity balances.

## Statement of Financial Position as at 1 July 2019


	Original balance as presented at 1 July 2019	Adjustment	Restated balance at 1 July 2019
	\$	\$	\$
Contract Assets	1,935,781	899,911	2,835,692
Adjustment on initial application of AASB 15/AASB 1058	4,897,567	(899,911)	3,997,656
	<u>6,833,348</u>	<u>-</u>	<u>6,833,348</u>

## Comparative figures for 30 June 2020

	Original balance as presented at 30 June 2020	Adjustment	Restated balance at 1 July 2020
	\$	\$	\$
Contract Assets	986,013	899,911	1,885,924
Total Current Assets	27,893,023	899,911	28,792,934
Total Assets	207,416,872	899,911	208,316,783
Retained Surplus	107,848,705	899,911	108,748,616
Total Community Equity	192,193,829	899,911	193,093,740

# Notes to the financial statements

for the year ended 30 June 2021

<b>Torres Shire Council</b> Financial statements For the year ended 30 June 2021	
<b>Management Certificate</b> For the year ended 30 June 2021	
These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the <i>Local Government Regulation 2012</i> (the Regulation) and other prescribed requirements.	
In accordance with section 212(5) of the Regulation we certify that:	
(i) the prescribed requirements of the <i>Local Government Act 2009</i> and <i>Local Government Regulation 2012</i> for the establishment and keeping of accounts have been complied with in all material respects; and	
(ii) the general purpose financial statements, as set out on pages 1 to 43, 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 Vonda Malone	 _____ Chief Executive Officer Dalassa Yorkston
Date: <u>14 / 10 / 2021</u>	Date: <u>14 / 10 / 2021</u>

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Torres Shire Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Torres Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### Basis for opinion

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

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

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

#### Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Torres Shire Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

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

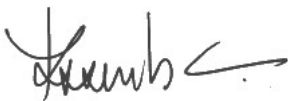
#### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

#### **Prescribed requirements scope**

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



Sri Narasimhan  
as delegate of the Auditor-General

14 October 2021

Queensland Audit Office  
Brisbane

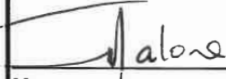
# Current year Financial Sustainability Statements

for the year ended 30 June 2021

Torres Shire Council Current-year Financial Sustainability Statement For the year ended 30 June 2021			
Measures of Financial Sustainability	How the measure is calculated	Actual	Target
Council's performance at 30 June 2021 against key financial ratios and targets:			
Operating surplus ratio	Net Operating result (excluding capital items) divided by total operating revenue (excluding capital items)	-16.50%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	31.41%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items).	-64.30%	not greater than 60%
<b>Note 1 - Basis of Preparation</b>			
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the <i>Local Government Regulation 2012</i> and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2021.			

# Notes to the financial statements

for the year ended 30 June 2021

<b>Certificate of Accuracy</b> For the year ended 30 June 2021	
<p>This current-year financial sustainability statement has been prepared pursuant to Section 178 of the <i>Local Government Regulation 2012</i> (the regulation).</p> <p>In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.</p>	
 _____ Mayor Vonda Malone	 _____ Chief Executive Officer Dalassa Yorkston
Date: <u>14 / 10 / 2021</u>	Date: <u>14 / 10 / 2021</u>

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Torres Shire Council

### Report on the current-year financial sustainability statement

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Torres Shire Council for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Torres Shire Council for the year ended 30 June 2021 has been accurately calculated.

#### Basis of opinion

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

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (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 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

#### Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Torres Shire Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the current-year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.



However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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

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

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

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

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

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

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

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

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

# Torres Shire Council

## Notes to the financial statements

### for the year ended 30 June 2021

#### Unaudited Long-Term Financial Sustainability Statement Prepared as at 30 June 2021

Measures of Financial Sustainability	Measure	Projected for the years ended										
		30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031
Operating surplus ratio	Net result divided by total operating revenue	-16.50%	-32.33%	-29.55%	-29.56%	-29.54%	-29.59%	-29.13%	-28.22%	-28.29%	-28.49%	-28.46%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	31.41%	64.60%	37.11%	44.74%	46.96%	49.19%	49.44%	53.05%	51.96%	47.99%	48.00%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	-64.30%	-24.06%	-21.78%	-20.51%	-19.01%	-17.05%	-15.19%	-13.27%	-11.45%	-9.59%	-5.19%

Target: 0%  
Between 0% and 10%  
greater than 90%  
not greater than 60%

#### Torres Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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



Sri Narasimhan  
as delegate of the Auditor-General

14 October 2021

Queensland Audit Office  
Brisbane

# Notes to the financial statements

for the year ended 30 June 2021

<b>Certificate of Accuracy</b> <b>For the long-term financial sustainability statement prepared as at 30 June 2021</b>	
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the <i>Local Government Regulation 2012</i> (the regulation).	
In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.	
 _____ <b>Mayor</b> <b>Vonda Malone</b> Date: <u>14, 10, 2021</u>	 _____ <b>Chief Executive Officer</b> <b>Dalassa Yorkston</b> Date: <u>14, 10, 2021</u>





**Torres Shire Council**

68 Douglas Street  
Thursday Island QLD 4875  
[Torres.qld.gov.au](http://Torres.qld.gov.au)