

**Torres Shire Council**  
**Financial Statements**  
**for the year ended 30 June 2025**

# Torres Shire Council

## Financial Statements

### For the year ended 30 June 2025

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#### 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 Current Year Financial Sustainability Statement - Contextual Ratios

Certificate of Accuracy (Unaudited Current Year Financial Sustainability Statement - Contextual Ratios)

Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy (Unaudited Long Term Financial Sustainability Statement)

**Torres Shire Council**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2025**

		2025	2024
	Note	\$	\$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates, levies and charges	3(a)	7,701,849	7,444,228
Fees and charges	3(b)	8,504,338	7,215,592
Sales revenue	3(d)	275,801	210,824
Grants, subsidies, contributions and donations	4(a)	14,696,961	717,544
<b>Total recurrent revenue</b>		<u>31,178,949</u>	<u>15,588,188</u>
Rental income	3(c)	812,437	804,646
Interest received	3(d)	1,417,610	1,065,715
Other income		393,070	249,699
<b>Total operating revenue</b>		<u>33,802,066</u>	<u>17,708,248</u>
<b>Capital income</b>			
Grants, subsidies, contributions and donations	4(b)	13,937,436	11,187,814
Other capital income	5	748,661	-
<b>Total capital income</b>		<u>14,686,097</u>	<u>11,187,814</u>
<b>Total income</b>		<u>48,488,163</u>	<u>28,896,062</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(10,870,950)	(10,798,561)
Materials and services	7	(13,882,257)	(10,026,496)
Finance costs	8	(100,908)	(200,420)
Depreciation and amortisation			
Property, plant and equipment	13	(7,030,665)	(6,815,639)
Right of use assets	17	(48,534)	(107,606)
		<u>(31,933,314)</u>	<u>(27,948,722)</u>
<b>Capital Expense</b>	9	(7,145,179)	-
<b>Total expenses</b>		<u>(39,078,493)</u>	<u>(27,948,722)</u>
<b>Net result</b>		<u>9,409,670</u>	<u>947,340</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase / (decrease) in asset revaluation surplus	18	12,541,412	7,019,179
<b>Total other comprehensive income for the year</b>		<u>12,541,412</u>	<u>7,019,179</u>
<b>Total comprehensive income for the year</b>		<u>21,951,082</u>	<u>7,966,519</u>

*The above statement should be read in conjunction with the accompanying notes and material accounting policies.*

**Torres Shire Council**  
**Statement of Financial Position**  
**as at 30 June 2025**

	Note	2025 \$	2024 \$
<b>Current assets</b>			
Cash and cash equivalents	10	27,286,069	22,528,645
Receivables	11	4,609,274	4,140,964
Contract assets	16(a)	4,894,981	1,186,118
Inventories	12	1,169,834	819,624
Lease Receivable	17	9,407	-
<b>Total current assets</b>		<u>37,969,565</u>	<u>28,675,351</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	239,327,590	224,665,413
Right of use assets	17	151,788	200,322
Lease Receivable	17	293,839	-
<b>Total non-current assets</b>		<u>239,773,217</u>	<u>224,865,736</u>
<b>Total assets</b>		<u>277,742,782</u>	<u>253,541,087</u>
<b>Current liabilities</b>			
Payables	14	3,515,400	3,338,639
Contract liabilities	16(b)	10,029,265	6,658,374
Lease liabilities	17	63,388	65,650
Provisions	15	663,436	1,992,007
<b>Total current liabilities</b>		<u>14,271,489</u>	<u>12,054,670</u>
<b>Non-current liabilities</b>			
Lease liabilities	17	79,262	134,487
Provisions	15	1,261,178	1,172,165
<b>Total non-current liabilities</b>		<u>1,340,440</u>	<u>1,306,652</u>
<b>Total liabilities</b>		<u>15,611,929</u>	<u>13,361,322</u>
<b>Net community assets</b>		<u>262,130,853</u>	<u>240,179,763</u>
<b>Community equity</b>			
Asset revaluation surplus	18	133,464,507	120,923,095
Retained surplus		128,666,346	119,256,668
<b>Total community equity</b>		<u>262,130,853</u>	<u>240,179,763</u>

*The above statement should be read in conjunction with the accompanying notes and material accounting policies.*

**Torres Shire Council**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2025**

	Asset revaluation surplus	Retained Surplus	Total
Note	\$	\$	\$
<b>Balance as at 1 July 2024</b>	120,923,095	119,256,668	240,179,763
Net result	-	9,409,678	9,409,678
Other comprehensive income for the year			
Increase in asset revaluation surplus	18 12,541,412	-	12,541,412
<b>Total comprehensive income for the year</b>	<u>12,541,412</u>	<u>9,409,678</u>	<u>21,951,090</u>
<b>Balance as at 30 June 2025</b>	<u>133,464,507</u>	<u>128,666,346</u>	<u>262,130,853</u>
<b>Balance as at 1 July 2023</b>	113,903,916	118,309,328	232,213,244
Net result	-	947,340	947,340
Other comprehensive income for the year			
Increase in asset revaluation surplus	18 7,019,179	-	7,019,179
<b>Total comprehensive income for the year</b>	<u>7,019,179</u>	<u>947,340</u>	<u>7,966,519</u>
<b>Balance as at 30 June 2024</b>	<u>120,923,095</u>	<u>119,256,668</u>	<u>240,179,763</u>

*The above statement should be read in conjunction with the accompanying notes and material accounting policies.*

**Torres Shire Council**  
**Statement of Cash Flows**  
**For the year ended 30 June 2025**

	Note	\$	2024 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		16,547,837	14,904,843
Payments to suppliers and employees		<u>(25,669,664)</u>	<u>(19,529,341)</u>
		(9,121,827)	(4,624,498)
Interest received		1,417,610	1,065,715
Rental income		818,249	804,646
Non capital grants and contributions		15,702,286	499,126
Borrowing costs		<u>(8,514)</u>	<u>(66,147)</u>
<b>Net cash inflow (outflow) from operating activities</b>	22	<u>8,807,804</u>	<u>(2,321,158)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	13	(14,667,032)	(12,906,727)
Grants, subsidies, contributions and donations		10,674,139	15,381,229
<b>Net cash inflow (outflow) from investing activities</b>		<u>(3,992,893)</u>	<u>2,474,502</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(495,703)
Repayments made on leases	17	<u>(57,487)</u>	<u>(123,479)</u>
<b>Net cash inflow (outflow) from financing activities</b>		<u>(57,487)</u>	<u>(619,182)</u>
<b>Net increase in cash and cash equivalent held</b>		<u>4,757,424</u>	<u>(465,838)</u>
<b>Cash and cash equivalents at the beginning of the financial year</b>		22,528,645	22,994,483
<b>Cash and cash equivalents at end of the financial year</b>	10	<u>27,286,069</u>	<u>22,528,645</u>

*The above statement should be read in conjunction with the accompanying notes and material accounting policies.*

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**1 Information about these financial statements**

**1.A Basis of preparation**

These general purpose financial statements are for the period 1 July 2024 to 30 June 2025. 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 2024, 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 2025, these standards have not been adopted by Council and will be included in the financial statements on their effective date. None of the standards are expected to have a material impact for Council.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**1 Information about these financial statements (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)
- Provisions (Note 14)
- Contingent liabilities (Note 19)
- Revenue recognition (Notes 3 and 4)

**1.F Rounding and comparatives**

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

**1.G Taxation**

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

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**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 were completed as at 30 June 2025.

**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 management.

**Sewerage infrastructure**

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

Torres Shire Council  
Notes to the financial statements  
For the year ended 30 June 2025

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 2025

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$							
Corporate services	-	1,239,687	-	-	1,239,687	(1,348,482)	-	(1,348,482)	(108,795)	(108,795)	13,641,650
Finance and information	12,715,806	1,419,718	-	-	14,135,524	(5,446,648)	-	(5,446,648)	8,688,876	8,688,876	38,415,194
Community and cultural	838,404	652,763	975,442	-	2,466,609	(4,261,328)	-	(4,261,328)	(2,770,161)	(1,794,719)	44,600,540
Regulatory services	-	283,386	5,087,873	-	5,371,259	(1,103,779)	-	(1,103,779)	(820,393)	4,267,480	-
Engineering and works	1,142,751	179,501	7,774,684	748,661	9,845,597	(7,054,851)	(7,145,179)	(14,200,030)	(5,732,599)	(4,354,433)	78,666,913
Environmental services	-	2,587,937	89,233	-	2,677,170	(3,947,046)	-	(3,947,046)	(1,359,109)	(1,269,876)	-
Business units	-	8,748,757	10,204	-	8,758,961	(3,740,973)	-	(3,740,973)	5,007,784	5,017,988	21,951,273
Water infrastructure	-	2,618,554	-	-	2,618,554	(3,304,721)	-	(3,304,721)	(686,167)	(686,167)	54,039,762
Sewerage infrastructure	-	1,374,802	-	-	1,374,802	(1,725,486)	-	(1,725,486)	(350,684)	(350,684)	26,427,450
<b>Total Council</b>	<b>14,696,961</b>	<b>19,105,105</b>	<b>13,937,436</b>	<b>748,661</b>	<b>48,488,163</b>	<b>(31,933,314)</b>	<b>(7,145,179)</b>	<b>(39,078,493)</b>	<b>1,868,752</b>	<b>9,409,670</b>	<b>277,742,782</b>

Year ended 30 June 2024

Functions	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurring operations	Net result	Assets
	Recurrent		Capital			Recurrent	Capital				
	Grants	Other	Grants	Other							
	\$	\$	\$	\$							
Corporate services	-	1,156,765	-	-	1,156,765	(1,208,695)	-	(1,208,695)	(51,930)	(51,930)	11,593,273
Finance and information	298,768	1,032,433	-	-	1,331,201	(4,740,695)	-	(4,740,695)	(3,409,494)	(3,409,494)	28,593,435
Community and cultural	198,033	637,330	3,586,894	-	4,422,257	(3,915,360)	-	(3,915,360)	(3,079,997)	506,897	45,636,859
Regulatory Services	168,030	133,309	5,478,591	-	5,779,930	(1,188,692)	-	(1,188,692)	(887,353)	4,591,238	-
Engineering and works	23,950	152,025	1,676,638	-	1,852,613	(6,400,649)	-	(6,400,649)	(6,224,674)	(4,548,036)	63,628,811
Environmental services	28,763	2,325,278	466,711	-	2,820,752	(2,347,776)	-	(2,347,776)	6,265	472,976	-
Business units	-	7,524,108	191,077	-	7,715,185	(3,452,797)	-	(3,452,797)	4,071,311	4,262,388	23,789,936
Water infrastructure	-	2,719,245	-	-	2,719,245	(3,341,812)	-	(3,341,812)	(622,567)	(622,567)	52,963,584
Sewerage infrastructure	-	1,310,211	-	-	1,310,211	(1,352,246)	-	(1,352,246)	(42,035)	(42,035)	27,160,561
<b>Total Council</b>	<b>717,544</b>	<b>16,990,704</b>	<b>11,399,911</b>	<b>-</b>	<b>29,108,159</b>	<b>(27,948,722)</b>	<b>-</b>	<b>(27,948,722)</b>	<b>(10,240,474)</b>	<b>1,159,437</b>	<b>253,366,459</b>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**3 Revenue**

**(a) Rates, levies and charges**

Rates and annual charges are recognised as revenue at 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.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
General rates	1,274,744	1,197,320
Water	1,430,131	1,360,873
Water consumption, rental and sundries	1,163,657	1,354,372
Sewerage	1,374,074	1,310,211
Garbage charges	2,564,684	2,324,735
Total rates and utility charge revenue	7,807,290	7,547,511
Less: Discounts	(101,917)	(99,398)
Less: Pensioner remissions	(3,524)	(3,885)
	<u>7,701,849</u>	<u>7,444,228</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.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Building and development fees	268,426	98,531
Cemetery fees	14,135	9,838
Licences and registrations	33,540	31,222
Sports Complexes and Fields/Ovals	160,735	235,628
Airport landing fees	8,019,406	6,833,216
Other fees and charges	8,096	7,157
	<u>8,504,338</u>	<u>7,215,592</u>

**(c) Rental income**

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

Rental income	812,437	804,646
	<u>812,437</u>	<u>804,646</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	1,347,226	1,002,987
Interest from overdue rates and utility charges	70,384	62,728
	<u>1,417,610</u>	<u>1,065,715</u>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**(d) Sales revenue**

Sale of goods revenue is recognised at the point in time that the customer obtains control of the goods, generally at delivery. 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.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Rendering of services</b>		
Contract and recoverable works	223,041	129,844
	<u>223,041</u>	<u>129,844</u>
<b>Sale of goods</b>		
Sports complex kiosk	52,760	80,980
	<u>52,760</u>	<u>80,980</u>
Total sales revenue	<u><u>275,801</u></u>	<u><u>210,824</u></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 satisfaction of the contract performance obligation.

*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.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

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

*Capital grants*

Where Council receive funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised 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.

<b>(a) Operating</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
General purpose grants*	13,625,720	252,260
State government subsidies and grants	953,667	310,688
Commonwealth government subsidies and grants	107,574	154,596
Donations	10,000	-
	<u>14,696,961</u>	<u>717,544</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	10,990,598	8,525,588
Commonwealth government grants and subsidies	1,026,838	2,662,226
Contributions	1,920,000	-
	<u>13,937,436</u>	<u>11,187,814</u>

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

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Revenue recognised at a point in time		
Grants and contributions	14,391,427	1,503,076
Contributions	1,920,000	-
Revenue recognised over time		
Grants and contributions	12,322,970	10,614,379
	<u>28,634,397</u>	<u>12,117,455</u>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

<b>5 Other capital income</b>		<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
<b>Provision for quarry restoration</b>			
Write off provision due to completion of quarry rehabilitation and closure activities.	14	748,661	-
<b>Total capital income</b>		<u>748,661</u>	<u>-</u>

<b>6 Employee benefits</b>		<b>2025</b>	<b>2024</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Total staff wages and salaries		7,459,347	7,635,256
Council remote allowance		375,502	387,144
Councillors' remuneration		367,351	351,638
Annual, sick and long service leave entitlements		1,569,048	1,353,750
Superannuation	21	1,000,369	1,013,782
		<u>10,771,617</u>	<u>10,741,570</u>
Other employee related expenses		120,595	75,027
		<u>10,892,212</u>	<u>10,816,597</u>
Less: Capitalised employee expenses		(21,262)	(18,036)
		<u>10,870,950</u>	<u>10,798,561</u>

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

	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>
Total Council employees at the reporting date:		
Elected members	5	5
Administration staff	33	33
Depot and outdoors staff	76	71
<b>Total full time equivalent employees</b>	<u>114</u>	<u>109</u>

<b>7 Materials and services</b>		<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
Advertising and marketing		32,653	20,252
Administration supplies and consumables		981,637	692,959
Audit of annual financial statements by the Auditor-General of Queensland*		140,776	138,309
Communications and IT		628,856	452,719
Consultants		1,336,501	882,846
Contractors		3,569,402	1,701,931
Insurance		1,266,481	1,162,787
Legal costs		272,457	226,542
Power		691,256	523,270
Refuse collection		24,274	66,151
Repairs and maintenance		3,031,605	2,556,966
Subscriptions and registrations		104,394	98,854
Transport and barging		283,075	394,036
Other materials and services		1,518,890	1,108,874
		<u>13,882,257</u>	<u>10,026,496</u>

\*Total audit fees quoted by the Queensland Audit Office relating to the 2024-25 financial statements are \$149,900 (2024: \$138,309)

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**8 Finance costs**

	2025	2024
Note	\$	\$
Finance costs charged by the Queensland Treasury Corporation	-	50,059
Bank charges	45,471	34,513
Impairment of receivables	-	2,291
Interest on finance leases	17 8,514	16,088
Refuse restoration	15 46,923	97,469
	<u>100,908</u>	<u>200,420</u>

**9 Capital expenses**

**Loss on disposal of non-current assets**

Proceeds from the sale of property, plant and equipment	-	-
Less: Carrying value of property, plant and equipment disposed of	275,368	-
	<u>275,368</u>	<u>-</u>

**Loss on transfer of assets via finance lease**

Book value of property, plant and equipment	7,178,869	-
Less: initial recognition of finance leases	309,058	-
	<u>6,869,811</u>	<u>-</u>
Total capital expenses	<u>7,145,179</u>	<u>-</u>

**10 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. Cash and deposits at call are held in the National Australia Bank (NAB) and Queensland Treasury Corporation (QTC) in normal term deposits, business cheque accounts and

	2025	2024
	\$	\$
Cash at bank and on hand	2,526,572	370,464
Deposits at call	24,759,497	22,158,181
Balance per Statement of Cash Flows	<u>27,286,069</u>	<u>22,528,645</u>
<b>Unrestricted cash</b>		
Cash and cash equivalents	27,286,069	22,528,645
Less: Externally imposed restrictions on cash	(10,029,265)	(6,658,374)
Unrestricted cash	<u>17,256,804</u>	<u>15,870,271</u>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**10 Cash and cash equivalents (continued)**

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:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
i) Unspent government grants and subsidies	10,029,265	6,658,374
Total externally imposed restrictions on cash assets	<u>10,029,265</u>	<u>6,658,374</u>
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	7,423,034	5,442,538
Total internal allocated cash	<u>7,423,034</u>	<u>5,442,538</u>

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from security deposits lodged to guarantee performance, retentions, bonds and other deposits. 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.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Trust funds held for outside parties</b>		
Security deposits	152,843	165,192
	<u>152,843</u>	<u>165,192</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	7,214,450	6,656,528
	<u>7,214,450</u>	<u>6,656,528</u>

**11 Receivables**

Settlement of receivables 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 impairment 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.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**11 Receivables (continued)**

	2025	2024
Note	\$	\$
<b>Current</b>		
Rateable revenue and utility charges	597,726	481,666
Water charges not yet levied	1,095,666	1,220,257
Other debtors	2,564,943	2,094,570
Less impairment	(17,436)	(17,436)
GST recoverable	113,587	67,406
Prepayments	254,788	294,501
	<u>4,609,274</u>	<u>4,140,964</u>

Interest is charged on outstanding rates at a rate of 12.35 % per annum. No interest is charged on other debtors.

Movement in accumulated impairment losses (other debtors) is as follows:

Opening balance at 1 July	(17,436)	(17,436)
Closing Balance at 30 June	<u>(17,436)</u>	<u>(17,436)</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.

**12 Inventories**

Inventory costs are assigned on the basis of weighted average cost.

	2025	2024
	\$	\$
<b>Inventories held for distribution</b>		
Quarry and road materials	756,768	467,682
Plant and equipment stores	413,066	351,942
Total inventories	<u>1,169,834</u>	<u>819,624</u>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**13 Property, plant and equipment**

**30 June 2025**

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	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair value category	Level 3	Level 3			Level 3	Level 3	Level 3	Level 3	Level 3		
<b>Asset values</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2024	7,667,624	44,920,072	566,275	12,813,534	70,181,937	81,268,609	40,739,662	32,791,939	27,759,157	14,207,466	332,916,275
Additions										14,667,032	14,667,032
Disposals				(2,258,099)						(7,178,869)	(9,436,968)
Donated assets	1,920,000										1,920,000
Revaluation adjustment to asset revaluation surplus					21,739,979	4,063,430		21,756,221			47,559,630
WIP Transfers between classes	69,731	1,058,830	12,665	848,627			222,894			(2,212,748)	(0)
<b>Closing gross value as at 30 June 2025</b>	<b>9,657,355</b>	<b>45,978,902</b>	<b>578,940</b>	<b>11,404,062</b>	<b>91,921,916</b>	<b>85,332,039</b>	<b>40,962,556</b>	<b>54,548,160</b>	<b>27,759,157</b>	<b>19,482,881</b>	<b>387,625,968</b>

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2024	-	18,365,615	444,466	9,010,840	20,637,546	28,305,025	13,577,955	9,002,002	8,907,412	-	108,250,862
Depreciation expense	-	1,235,733	35,389	491,890	1,174,072	1,497,143	956,005	829,553	810,880	-	7,030,665
Revaluation adjustment to asset revaluation surplus	18	-	-	-	10,744,145	1,490,108	-	22,765,330	-	-	34,999,583
Disposals / Impairments	9	-	-	(1,982,731)	-	-	-	-	-	-	(1,982,731)
<b>Accumulated depreciation as at 30 June 2025</b>	<b>-</b>	<b>19,601,348</b>	<b>479,855</b>	<b>7,519,999</b>	<b>32,555,763</b>	<b>31,292,276</b>	<b>14,533,960</b>	<b>32,596,885</b>	<b>9,718,292</b>	<b>-</b>	<b>148,298,379</b>

**Total written down value as at 30 June 2025**

	9,657,355	26,377,554	99,085	3,884,063	59,366,153	54,039,763	26,428,596	21,951,275	18,040,865	19,482,881	239,327,590
Range of estimated useful life in years	Land: Not depreciated.	5 - 85	5 - 15	1 - 20	10 - 238	5 - 200	5 - 125	10 - 80	5 - 250		

Additions - work in progress comprise:

Renewals	-	306,847	-	-	7,065,407	137,452	173,799	31,680	562,352	-	8,277,536
Other additions	1,989,731	3,200,993	577,475	1,194,172	584,124	-	-	35,505	727,496	-	8,309,496
<b>Total additions</b>	<b>1,989,731</b>	<b>3,507,840</b>	<b>577,475</b>	<b>-</b>	<b>7,649,530</b>	<b>137,452</b>	<b>173,799</b>	<b>67,185</b>	<b>1,289,848</b>	<b>-</b>	<b>16,587,032</b>

**Torres Shire Council**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2025**

**13 Property, plant and equipment (continued)**

**30 June 2024**

	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	Fair Value	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Fair value category	Level 3	Level 3			Level 3	Level 3	Level 3	Level 3	Level 3		
<b>Asset values</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2023	7,319,692	41,736,491	566,275	12,806,698	68,588,199	81,268,609	33,438,757	31,979,261	25,670,116	7,962,708	311,336,805
Additions										12,906,727	12,906,727
Revaluation adjustment to asset revaluation surplus	347,933	1,800,368	-	-	-	-	7,213,792	-	(689,350)	-	8,672,743
WIP Transfers between classes		1,383,213	-	6,836	1,593,738	-	87,113	812,678	2,778,391	(6,661,969)	-
<b>Closing gross value as at 30 June 2024</b>	<b>7,667,624</b>	<b>44,920,072</b>	<b>566,275</b>	<b>12,813,534</b>	<b>70,181,937</b>	<b>81,268,609</b>	<b>40,739,662</b>	<b>32,791,939</b>	<b>27,759,157</b>	<b>14,207,466</b>	<b>332,916,275</b>

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2023

Depreciation expense

Revaluation adjustment to asset revaluation surplus

Disposals / Impairments

**Accumulated depreciation as at 30 June 2024**

**Total written down value as at 30 June 2024**

Range of estimated useful life in years

Additions - work in progress comprise:

Renewals

Other additions

Total additions

	-	15,887,353	378,564	8,531,588	19,459,691	26,807,882	10,951,698	8,204,246	7,789,704	-	98,010,726
	-	1,190,439	65,902	479,252	1,177,855	1,497,143	792,352	797,756	814,940	-	6,815,639
	-	1,287,823	-	-	-	-	1,833,905	-	302,768	-	3,424,497
	-	-	-	-	-	-	-	-	-	-	-
	-	18,365,615	444,466	9,010,840	20,637,546	28,305,025	13,577,955	9,002,002	8,907,412	-	108,250,862
	7,667,624	26,554,457	121,809	3,802,694	49,544,392	52,963,584	27,161,707	23,789,937	18,851,745	14,207,466	224,665,413
	Land: Not depreciated.	5 - 85	5 - 15	1 - 20	10 - 238	5 - 200	5 - 125	10 - 80	5 - 250		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	-	177,833	-	-	1,583,576	145,720	136,208	178,015	306,128	-	2,527,480
	-	7,008,416	-	540,611	118,701	-	7,500	704,883	1,999,136	-	10,379,247
	-	7,186,249	-	540,611	1,702,277	145,720	143,708	882,898	2,305,264	-	12,906,727

**Torres Shire Council  
Notes to the Financial Statements  
For the year ended 30 June 2025**

**13 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.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against asset revaluation surplus.

**(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.

**13 Property, plant and equipment (continued)**

**(d) Valuation**

**(i) Valuation processes**

Council compares the carrying amount of its property, plant and equipment on an annual basis to current fair value and makes adjustments where these materially different. For assets that are measured at fair value, comprehensive revaluations are conducted at least every three years, where Council engages external professional qualified valuer. 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.

*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.

Torres Shire Council  
Notes to the financial statements  
For the year ended 30 June 2025

13 Property, plant and equipment (continued)  
(ii) Valuation techniques used to derive fair values

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied (change in Index recognised this year)	Other interim revaluation adjustment
Land (level 3)  2025: \$9,657,355 2024: \$7,667,624	Market approach	30-Jun-24	2024: Comprehensive Valuation - AVR Consulting. 2025: Nil	Current zoning Sale prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as property size)	0%	Nil
Buildings and other infrastructure assets (level 3)  2025: \$44,418,419 2024: \$45,406,202	Current replacement cost	30-Jun-24	2024: Comprehensive Valuation - AVR Consulting. 2025: Nil	Gross replacement cost · Indexed for subsequent changes in construction costs. · Unit rates for construction as at the comprehensive revaluation date. Industry standard cost guides, project costs from recently completed buildings · Remaining useful lives including existing conditions	0%	Nil
Roads and Airport (level 3)  2025: \$81,317,428 2024: \$73,334,328	Current replacement cost	30-Jun-25	2024: Indexation AVR Consulting 2025: Comprehensive Valuation Shepherd Asset Management Solutions	Existing supply contract rates for raw materials appropriate for the asset based on age, size, location and condition Labour rates based on Council's EBA Average cost of outsourced projects Remaining useful lives including existing conditions	0%	Nil
Water and sewerage assets (level 3)  2025: \$80,468,359 2024: \$80,125,291	Current replacement cost	30-Jun-23	2024: Indexation AVR Consulting 2025: Indexation Shepherd Asset Management Solutions	Development, soil and depth factors taking into account current condition Gross replacement cost per square metre based on appropriate materials Remaining useful lives and physical obsolescence	Water - 5% Sewerage - 0%	Nil

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**14 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.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Creditors and accruals	1,921,254	2,019,259
Prepaid Rates & Debtors	517,610	336,808
Annual leave	964,558	876,189
Other entitlements	111,978	106,383
	<u>3,515,400</u>	<u>3,338,639</u>

**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.

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*

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.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**15 Provisions (continued)**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Long service leave	663,436	663,459
Quarry rehabilitation	-	1,328,548
	<u>663,436</u>	<u>1,992,007</u>
<b>Non-current</b>		
Refuse restoration	1,109,618	1,044,061
Long service leave	151,560	128,104
	<u>1,261,178</u>	<u>1,172,165</u>

Details of movements in provisions:

**Quarry rehabilitation**

Balance at beginning of financial year		1,328,548	1,356,484
Amounts used		(579,887)	(27,936)
Write off provision due to completion of quarry rehabilitation and closure activities.	8	(748,661)	-
Balance at end of financial year		<u>-</u>	<u>1,328,548</u>

The quarry rehabilitation works were completed during the financial year 2024/25. No further obligation is required beyond 30 June 2025 as the lessor has acknowledged that Council does not need to carry out further rehabilitation as at 15 July 2025.

**Refuse restoration**

Balance at beginning of financial year		1,044,061	2,717,526
Increase in provision due to unwinding of discount	8	46,923	97,469
Increase (decrease) in provision due to change in discount rate, inflation and projected cost	18	18,634	(1,770,934)
Balance at end of financial year		<u>1,109,618</u>	<u>1,044,061</u>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**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>	4,894,981	1,186,118
<b>b Contract liabilities</b>		
Funds received upfront to construct Council controlled assets	8,957,778	6,592,212
Non-capital performance obligations not yet satisfied	1,071,487	66,162
	<u>10,029,265</u>	<u>6,658,374</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	3,371,896	1,757,968
Non-capital performance obligations	149,421	256,801
	<u>3,521,317</u>	<u>2,014,769</u>

**c Significant changes in contract balances**

The significant movements in contract assets and contract liabilities that have occurred during the year was due to flood damage funded works, Work for Queensland, climate resilience grant and housing investment fund.

**17 Leases**

Council has leases in place over buildings and land.

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 asset 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*

Council (lessee) leased six units, which are used for employee housing. The lease contracts have expired and Council is still using the properties on a periodic basis. The lease calculation will be updated by Council when the lease contract becomes available.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**17 Leases (continued)**

*Land*

Council (lessee) has an existing lease contract with the State of Queensland represented by the Department of Natural Resources and Mines, Manufacturing and Regional and Rural Development (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**

	Vehicles	Land*	Total
Balance at 1 July 2024	-	200,322	200,322
Depreciation/Amortisation charge	-	(48,534)	(48,534)
Balance at 30 June 2025	-	151,788	151,788
Balance at 1 July 2023	59,072	248,856	307,928
Depreciation/Amortisation charge	(59,072)	(48,534)	(107,606)
Balance at 30 June 2024	-	200,322	200,322

*\*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.

<b>2025</b>	<b>&lt; 1 year</b>	<b>1-5 years</b>	<b>Total per Statement of Financial Position</b>
Land	63,388	79,262	142,650
Total	63,388	79,262	142,650
<b>2024</b>	<b>&lt; 1 year</b>	<b>1-5 years</b>	<b>Total per Statement of Financial Position</b>
Land	92,766	107,371	200,137
Total	92,766	107,371	200,137

**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

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**17 Leases (continued)**

<b>2025</b>	<b>Vehicles</b>	<b>Land</b>	<b>Total</b>
Interest on lease liabilities	-	8,514	8,514
Depreciation of right of use of asset	-	48,534	48,534
	-	57,048	57,048
Total cash outflow for the lease	-	57,487	57,487
<b>2024</b>	<b>Vehicles</b>	<b>Land</b>	<b>Total</b>
Interest on lease liabilities	4,143	11,945	16,088
Depreciation of right of use of asset	59,072	48,534	107,606
	63,215	60,479	123,694
Total cash outflow for the lease	73,567	66,000	139,567

*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:

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 with a nominal rent of \$1.00 per annum. The lease term started on 1 January 2022 and will end on 31 December 2024, 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.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**17 Leases (continued)**

***Council as a lessor***

***Operating leases***

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases.

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

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Within one year	753,471	753,471
One to five years	2,189,411	2,331,975
Later than five years	2,596,704	2,947,875
	<u>5,539,586</u>	<u>6,033,322</u>

***Finance leases***

Council entered into a lease for 9 dwellings as lessor to the Queensland Government for 40 years from 10 December 2024. The total lease payment per dwelling in the current year was \$1,045. These lease payments are required to be adjusted each year by the change in the Consumer Price Index (All Groups) for Brisbane. As the gross lease payments are insufficient to cover the fair value (current replacement cost) of the leased properties, there is no interest rate implicit in the leases and therefore no finance income will arise from the leases. Consequently, the leases are recognised at the present value of the expected future lease payments receivable. Gains / (loss) on revaluation of finance lease assets are recognised as other income / expense.

The calculation of fair value has included an estimate of average annual CPI increases of 2.5% (2024: NIL%) and a discount rate of 3.63% (2024: NIL%).

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Finance lease receivable	9,407	-
	<u>9,407</u>	<u>-</u>
<b>Non-current</b>		
Finance lease receivable	293,839	-
	<u>293,839</u>	<u>-</u>

A reconciliation between the gross investment in the lease and the fair value of lease payments receivable is as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Gross minimum lease payments		
Not later than one year	9,407	-
Later than one year but not later than	37,629	-
Later than five years	324,083	-
	371,119	-
Add: Estimated contingent rent	246,979	-
Less: Present value adjustment	(314,851)	-
Fair value of lease payments	<u>303,247</u>	<u>-</u>
The fair value of lease payments		
Not later than one year	9,407	-
Later than one year but not later	36,615	-
Later than five years	257,225	-
	<u>303,246</u>	<u>-</u>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**17 Leases (continued)**

	2025	2024
	\$	\$
<b>Movements in finance leases were as follows:</b>		
Opening balance	-	-
Add: Initial recognition of new	309,058	-
Less: Lease receipts	(5,812)	-
Add: (Loss) / Gain on revaluation	-	-
Closing balance	<u>303,246</u>	<u>-</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.

	2025	2024
	\$	\$
<b>Movements in the asset revaluation surplus were as follows:</b>		
Balance at beginning of financial year	120,923,095	113,903,916
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	-	347,933
Buildings	-	512,545
Other infrastructure assets	-	(992,118)
Road, drainage and bridge	10,995,834	-
Water	2,573,322	-
Sewerage	-	5,379,887
Airport	(1,009,109)	-
Change in value of future rehabilitation cost: 15	<u>(18,635)</u>	<u>1,770,934</u>
Balance at end of financial year	<u>133,464,507</u>	<u>120,923,095</u>

\*The opening balance of 2024 been restated due to a correction of a prior year error relating to expenditure incurred in prior year that was not identified as grant funded expenditure at 30 June 2023.

**Asset revaluation surplus analysis**

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

Land and improvements	3,849,832	3,849,832
Buildings	13,209,047	13,209,047
Other infrastructure assets	2,862,054	2,862,054
Road, drainage and bridge	39,073,163	28,077,329
Water	37,939,954	35,366,632
Sewerage	18,081,893	18,081,893
Airport	15,317,544	16,326,653
Landfill restoration	<u>3,131,022</u>	<u>3,149,657</u>
	<u>133,464,507</u>	<u>120,923,095</u>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**19 Commitments for expenditure**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Contractual commitments</b>		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Garbage collection contract	933,350	1,952,370
Cleaning contractors	643,590	1,148,445
	<u>1,576,940</u>	<u>3,100,815</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 2025 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**Local Government Workcare**

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there 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 \$178,132 (2023-24: \$170,199).

**21 Superannuation - Regional Defined Benefit Fund**

Council contributes to the Brighter Super 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 Brighter Super 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 managed by the Brighter Super trustee.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the Council.

Torres Shire Council may 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 Brighter Super trust deed changes to council's obligations will only be made on the advice of an actuary.

The last completed triennial assessment of the scheme was undertaken as at 1 July 2024. The actuary indicated that the valuation date of 1 July 2022, 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 measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. 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 triennial review is not due until 1 July 2027.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

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

The most significant risks that may result in Brighter Super 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	2025 \$	2024 \$
Superannuation contributions made to the Regional Defined Benefits Fund		9,974	9,289
Other superannuation contributions for employees		990,395	1,004,493
Total superannuation contributions paid by Council for employees:	6	<u>1,000,369</u>	<u>1,013,782</u>

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

	Note	2025 \$	2024 \$
Net result		9,409,670	947,340
Non-cash items:			
Depreciation and amortisation	13 & 17	7,079,199	6,923,245
Change in future rehabilitation and restoration costs		46,923	97,469
		<u>7,126,122</u>	<u>7,020,714</u>
Investing and development			
Net (profit)/loss on disposal of non-current assets	9	7,145,179	-
Capital grants and contributions	4 (b)	(13,937,436)	(11,187,814)
		<u>(6,792,257)</u>	<u>(11,187,814)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(462,491)	(215,500)
(Increase)/decrease in inventories		(350,210)	(24,744)
Increase/(decrease) in payables		176,761	1,344,579
Increase/(decrease) in contract liabilities		1,005,325	(218,418)
Increase/(decrease) in other provisions		(1,305,116)	12,684
		<u>(935,731)</u>	<u>898,601</u>
Net cash inflow/(outflow) from operating activities		<u>8,807,804</u>	<u>(2,321,158)</u>

**23 Events after the reporting period**

Council is not aware of any events after the reporting period that are likely to have a material impact on the financial statements.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**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 oversees management's monitoring of compliance with its risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the organisation. While no Audit and Risk Committee meetings were held during the 2024–25 financial year, the Committee was formally re-established in late June 2025 to support Council's oversight of risk, internal control, and audit functions.

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

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**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. 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.

*Receivables*

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 receivables. The Council does not have 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 receivables from individual customers, which comprise a very large number of small balances.

At 30 June 2025, the exposure to credit risk for receivables by type of counterparty was as follows:

	2025	2024
	\$	\$
Property charges	1,693,392	1,701,923
Other	2,661,094	2,144,540
Total	<u>4,354,486</u>	<u>3,846,463</u>

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

	2025		2024	
	Not credit- impaired \$	Credit- impaired \$	Not credit- impaired \$	Credit- impaired \$
Not past due	1,293,557	2,409,643	1,433,280	1,794,572
Past due 31-60 days	-	5,782	-	222,860
Past due 61-90 days	-	140,452	-	71,678
More than 90 days	513,421	9,067	336,049	5,460
Impaired	-	(17,436)	-	(17,436)
Total	<u>1,806,979</u>	<u>2,547,508</u>	<u>1,769,329</u>	<u>2,077,134</u>

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**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.

**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 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.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

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

**Fair value**

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

The carrying amounts of cash and cash equivalents, short-term receivables, and short-term payables are assumed to approximate their fair values at year end, due to their short-term nature.

**Torres Shire Council**  
**Notes to the financial statements**  
**For the year ended 30 June 2025**

**25 Transactions with related parties**

**(a) Transactions with associates**

In 2024-25, Torres Shire Council paid the amount of \$11,000 (2023-24: \$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 16 members of the organisation.

**(b) Transactions with key management personnel (KMP)**

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

The compensation paid to KMP comprises:

	2025	2024
	\$	\$
Short-term employee benefits	858,823	1,126,152
Superannuation Contributions	92,770	119,935
Termination benefits	-	58,846
Long Term employee benefits	5,938	19,778
<b>Total</b>	<b>957,531</b>	<b>1,324,711</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 4 (2024: 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 TSC Enterprise Bargaining Agreement.

During the financial year 2024-25, three executive positions were held by external providers. These positions are Director of Corporate and Community Services and Director of Engineering Operations. Total value of services amounted to \$390,702.

Torres Shire Council purchases goods and services from entities controlled by key management personnel. These transactions were on arm's length basis and were in the course of normal council operations.

Details of Transaction	2025	2024
	\$	\$
Purchase of services	-	1,500
Purchase of goods	6,941	70
<b>Total</b>	<b>6,941</b>	<b>1,570</b>

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

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.

**(g) Outstanding balances**

There were no outstanding balances relating to transactions with related parties at year end.

Torres Shire Council  
Financial statements  
For the year ended 30 June 2025

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

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 36, 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  
Elsie Seriat

Date: 31 / 10 / 2025



\_\_\_\_\_  
Chief Executive Officer  
Mary Bani

Date: 31 / 10 / 2025

## 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.

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

In my opinion, the financial report:

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

#### Basis for opinion

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

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

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

#### Other information

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

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

This description forms part of my auditor's report.

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

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

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

### **Prescribed requirements scope**

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



William Cunningham  
as delegate of the Auditor-General

31 October 2025

Queensland Audit Office  
Brisbane

Torres Shire Council  
 Current-year Financial Sustainability Statement  
 For the year ended 30 June 2025

Type	Measure	Target (Tier 6)	Actual Current Year	5-Year Average	Council Narrative
			Council		
<b>Audited ratios</b>					
Liquidity	Unrestricted Cash Expense Cover Ratio	> 4 months	8	N/A	Well above target
Operating Performance	Operating Surplus Ratio	Contextual	5.53%	-18.19%	Advance receipt of Financial Assistance Grant
	Operating Cash Ratio	> 0%	26.77%	9.96%	Advance receipt of Financial Assistance Grant
Asset Management	Asset Sustainability Ratio	> 90%	127.28%	68.69%	Mainly roads, other infrastructure renewals
	Asset Consumption Ratio	> 60%	59.51%	68.03%	On target
Debt Servicing Capacity	Leverage Ratio	0-3 times	0	0.02	No loan outstanding

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

**Certificate of Accuracy**

**For the year ended 30 June 2025**

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

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



\_\_\_\_\_  
Mayor  
Elsie Seriat

Date: 31, 10, 2025



\_\_\_\_\_  
Chief Executive Officer  
Mary Bani

Date: 31, 10, 2025

## 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 2025, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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

#### Basis of opinion

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

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

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

#### Emphasis of matter – basis of accounting

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

#### Other Information

The councillors are responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

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

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.



William Cunningham  
as delegate of the Auditor-General

31 October 2025

Queensland Audit Office  
Brisbane

**Torres Shire Council**

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

For the year ended 30 June 2025

Type	Measure	Target (Tier 6)	Actual Current Year	5-Year Average	Council Narrative
			Council		
<b>Contextual ratios (unaudited)</b>					
Financial Capacity	Council-Controlled Revenue	Contextual	47.94%	60.28%	Mainly fees and charges, leases and rental
	Population Growth	Contextual	-0.17%	1.28%	
Asset Management	Asset Renewal Funding Ratio	N/A	N/A	N/A	Not applicable until 2026/27


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

**Certificate of Accuracy**

For the year ended 30 June 2025

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

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



Mayor  
Elsie Seriat

Date: 31, 10, 2025



Chief Executive Officer  
Mary Bani

Date: 31, 10, 2025

**Torres Shire Council**  
**Unaudited Long-Term Financial Sustainability Statement**  
**For the year ended 30 June 2025**

Type	Measure	Target (Tier 6)	Actuals as at 30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033	30 June 2034	30 June 2035
Financial Capacity	Council-Controlled Revenue	N/A	47.94%	54%	55%	55%	55%	55%	55%	55%	54%	54%	54%
	Population Growth	N/A	-0.17%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Asset Management	Asset Renewal Funding Ratio	N/A	Not applicable										
Operating Performance	Operating Surplus Ratio	Contextual	5.53%	-23%	-22%	-22%	-17%	-17%	-11%	-11%	-6%	-5%	-4%
	Operating Cash Ratio	> 0%	26.77%	2%	4%	3%	8%	7%	11%	11%	15%	15%	16%
Liquidity	Unrestricted Cash Expense Cover Ratio	> 4 months	8	N/A for long-term sustainability statement									
Asset Management	Asset Sustainability Ratio	> 90%	127.28%	125%	39%	40%	40%	39%	41%	41%	43%	48%	48%
	Asset Consumption Ratio	> 60%	59.51%	72%	70%	70%	69%	68%	67%	66%	65%	64%	63%
Debt Servicing Capacity	Leverage Ratio	0-3 times	-	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Council's long term financial management strategy is consistent with council's long term forecast.

**Certificate of Accuracy**

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

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

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



Mayor  
Elsie Seriat

Date: 31 / 10 / 2025



Chief Executive Officer  
Mary Bani

Date: 31 / 10 / 2025