

Annual Report

2021/22



Townsville City Council Annual Report for 2021/22

Townsville City Council presents the 2021/22 Annual Report which provides a comprehensive account of Council's performance, challenges and achievements for the past financial year (1 July 2021 – 30 June 2022).

This Annual Report is part of Council's commitment to open, transparent and accountable governance. It identifies community service delivery and demonstrates how Council is meeting the strategic objectives set out in the Corporate Plan 2021 – 2026 and Operational Plan 2021/22.

Council's vision, strategic objectives and strategies further improve services and facilities as described in the Corporate Plan, Operational Plan and Budget, and are reported in this Annual Report.

Acknowledgement of Country

Townsville City Council acknowledges the Wulgurukaba of Gurambilbarra and Yunbenun, Bindal, Gugu Badhun and Nywaigi as the Traditional Owners of this land. We pay our respects to their cultures, their ancestors and their Elders – past and present – and all future generations.

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White Ribbon accredited organisation.



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Our Year in Review



Message from the Mayor

I am pleased to present the Townsville City Council 2021/22 Annual Report.

The Annual Report highlights Council's critical deliverables during the 2021/22 financial year to inform the community about its annual performance.

Townsville City Council is committed to making well-informed, transparent and responsible decisions in the public interest.

Townsville City Council has not been immune to the financial pressures that have impacted the cost of living and purchasing goods and services. Like many households, Council has felt the significant cost increases in items like fuel, materials, products, services and more.

Despite the challenges of 2021/22 financial year, Council did deliver a small surplus.

Council continued delivering essential services to the Townsville community and played our part in the city's recovery and re-emergence from the COVID-19 pandemic.

Council continued to lay down the foundations so our city could take advantage of emerging energy industries. In our 2021/22 budget, we set aside more than \$18 million to develop the city's hydrogen strategy, invest in solar energy, reduce waste going to landfill and build resilience through our natural environment. \$176 million has been invested on capital works like roads, footpaths, water infrastructure and wastewater assets.

With Townsville's population expected to increase to more than 280,000 by 2041, we recognise the importance of starting work now to build a city for the future. Council will continue to support industry development such as Lansdown Eco-Industrial Precinct and NQ SPARK, both of which will receive significant financial support from the new Federal Government.

Increasingly, the role of Council is more than just rates, roads, and rubbish. Council also has a responsibility to make the city an attractive place to live, work and play.

We have invested significantly into upgrading several of our city's parks, as well as maintaining our more than 350 parks and open spaces for the community to enjoy.

Our continuing support for local sporting and cultural groups, from North Queensland Basketball to the Townsville Choral Society, supports us as a liveable city.

During 2021/22, Council also helped to attract world-class entertainment to the city through events like the North Australian Festival of Arts, Supercars, and the Rugby Championship double-header, to name a few.

Supply chain issues borne out of the pandemic have significantly contributed to increased costs of materials, thereby driving up the cost of doing business. Similarly, labour market challenges are plaguing the entire nation, from which we are not immune. Away from the lingering impacts of the pandemic, sanctions imposed on Russia following their unprovoked attack on Ukraine has sent the cost of fuel and other key commodities skyrocketing to all-time highs in a very short period.

We recognise that Council is not alone in this, with businesses and households facing similar cost of living pressures.

Council has a vision to ensure Townsville is one of Australia's most liveable cities, and we are committed to creating placemaking opportunities that enhance our lifestyle, economy and employment.

Despite the global uncertainty, we remain on track to achieve that.

Thank you to my fellow councillors, the Council staff, and the Chief Executive Officer for their work in delivering this vision for Townsville.



A stylized, handwritten signature in black ink that reads 'Jenny Hill'.

Cr Jenny Hill
Mayor of Townsville

Message from the Chief Executive Officer

In 2021 Townsville City Council launched a visionary plan to grow Townsville into a globally connected, sustainable, and progressive city. The Corporate plan for 2021-2026 provided the focus and purpose required to keep the city moving amidst the ongoing uncertainty of a global pandemic. Last financial year was the first year of delivery against the goals of that plan and despite the ongoing challenges presented by COVID-19, the Townsville community continued to develop.

The Council's team has delivered strong financial performance despite the challenging external factors, the 2021/22 operating result was a surplus of \$3.5 million against a budgeted deficit of \$1.8 million. The Queensland Treasury credit review resulted in an outcome of sound with a developing outlook, as well as an unqualified audit of the financial results being delivered by the Queensland Audit Office.

In our role as a service provider, promoter, funder, facilitator and regulator, we have successfully delivered services to our community of near on 200,000 people whilst promoting business growth and industry expansion and attracting unprecedented investment from the private sector and all levels of government to deliver for Townsville. We have decided 803 development applications, collected 6.4 million bins, diverted 79,370 thousand tonnes from landfill, processed 18,696 megalitres of wastewater, treated 43,545 megalitres of water, serviced 1,830 kilometres of roads and 582 kilometres of footpaths, maintained and enhanced 351 parks, mowed over 3,500 hectares of grass, completed 259,721 customer service interactions, hosted over 60 events, and delivered 694,039 library physical and digital loans.

Our vision to grow Townsville is delivering and building further confidence in Townsville as a destination to work, live and enjoy a pristine environment. The growth trajectory is backed by record low unemployment, significantly increased business and property growth and record investments.

From locally-based Cubic Defence securing a \$319 million training deal with the Australian Government to support the Australian Army's Combat Training Centre to the formation of the North Queensland Simulation Park (NQ SPARK) and hundreds of millions committed for innovative future-focussed industry growth across nearly every sector in the city - Townsville is growing.

Stage 2 of the Houghton pipeline project to deliver water security for industry, business and community for the next 100 years is progressing as planned and is on track for delivery in 2024.

Lansdown Eco-Industrial Precinct, Townsville's advanced manufacturing, processing, technology, and emerging industries hub, achieved the backing of both the state and federal governments with the necessary investments to construct the enabling infrastructure required to activate the site and support the establishment of key proponents.

In a year of significant investment in the city, the Federal Government also committed \$70 million for Townsville to advance plans as a renewable hydrogen producer following significant advocacy efforts by civic leaders to position the city as an emerging destination for hydrogen production.

With the population of Townsville projected to reach over 280,000 by 2041 we are a city focussed on delivering for growth.

We are advancing the liveability of our community and delivering jobs of the future. We are building confidence and investing to drive economic growth for all of North Queensland.

I want to acknowledge and thank everyone – from our Councillors to our staff, business and industry partners and community for the successes we have achieved in the last 12 months. It has been an incredible privilege to work with you all in delivering for Townsville and look forward to carrying the momentum through for many years to come.



A handwritten signature in black ink that reads "Prins Ralston".

Prins Ralston
Chief Executive
Officer

Our Annual Report

Council measures its performance in its Annual Report in terms of progress made in implementing the Corporate Plan.

The Annual Report provides information about Townsville City Council and in delivering the:

- Corporate Plan 2021-2026
- Budget and Operational Plan, including Waste and Water Performance Plans

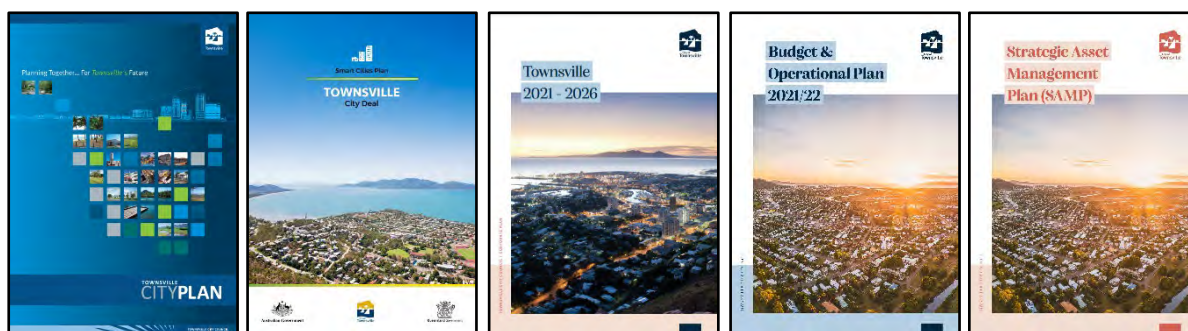
In accordance with section 45(b) of the *Local Government Act 2009*, Council has established commercial business units for its significant water and waste business activities.

Council reports its performance by publishing:

- Townsville Dashboards
- Quarterly Performance Reports
- Annual Report

Council's strategies and plans include:

- Townsville City Plan – sets the direction for development and growth over the next 25 years
- Townsville City Deal – a 15-year commitment between the Australian Government, Queensland Government and Townsville City Council to work together to plan and deliver transformative outcomes for Townsville and its residents
- Townsville 2021-2026 (5-year Corporate Plan) – outlines the city's shared vision for Townsville and the key issues and priorities for Council over the next five years and beyond
- Budget and Operational Plan – Council's annual plan to allocate resources to deliver specific projects, activities and events in pursuit of the Corporate Plan
- Strategic Asset Management Plan – articulates the Asset Management System Model, Asset Management Framework and Asset Management Capability Delivery Model for Council



Growing

Townsville



Townsville 2021 – 2026

Townsville City Council Corporate Plan

 Our Vision A globally connected community driven by lifestyle and nature	 Our Purpose Grow Townsville	 Our Mission Add 6,400 new jobs by 2026
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Our Lifestyle

Townsville is the perfect place to live, work and play!

With more than 300 days of sunshine, and a daily rush hour of less than 20 minutes, Townsville's lifestyle is second to none.


From the reef and its tropical islands to lush rainforests, and endless natural beauty – Townsville is all about easy living with plenty of big city benefits.

Townsville is home to Australia's largest garrison city, world-class events, leading education providers, cutting-edge health facilities, affordable housing, and a global bustling port.

The city offers a range of diverse experiences, from the awe-inspiring Great Barrier Reef, World Heritage Wet Tropics rainforest to the dirt and dust of the Australian outback.

The diverse economy of North Australia's largest city boasts an enviable lifestyle.

Our Role

 Provider Service Delivery	 Promoter Advocating for our city	 Funder Investing in business to deliver services	 Facilitator Being inclusive and bringing groups together	 Regulator Regulating some activities through legislation
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Central Park Boardwalk, Townsville CBD

Goal 1

A city that connects you to what you need at the time you choose.

Goal Objectives

- 1.1 A physically and digitally connected smart city
- 1.2 A city that facilitates 24-hour access to services
- 1.3 A vibrant city centred around inclusive connected neighbourhoods

Growing Townsville

- > Launch of the new Raintree Zoom Room, a space to hold digital meetings and is available for the community to use at CityLibraries Aitkenvale.
- > Completion of stage 3 of the Navability Study. The Navability Study is a lived experience study to understand the experiences of wheelchair users on pathways and provides data to support people's decision making when trip planning within mapped neighbourhoods/destinations, promoting social connection, belonging and active lifestyles.
- > Completion and endorsement of Council's third Reconciliation Action Plan (RAP). The RAP contributes to Council's reconciliation journey and vision for a cohesive and united community where Aboriginal and Torres Strait Islander people's cultures, histories, and contributions are shared in creating an inclusive future of social and economic prosperity for all.
- > Constructed the Nelly Bay pedestrian link to better connect Nelly Bay and Picnic Bay by providing pedestrians with a safe travel route.
- > Completion of upgrade to Corcoran Park including four entirely new netball courts, lighting, and a turfed and landscaped area. Two of the four netball courts include markings which also allow for Pickleball, Junior netball and Fast 5 netball.
- > Construction of Horseshoe Bay multipurpose courts for netball, basketball, futsal and tennis with lighting.
- > Construction of a new walking trail connecting Castle Hill to the central business district.



582 km
of footpaths



1,830 km
of roads



565
campaigns,
engaging and
informing our
community



96.8%
customer
requests
completed



6.4
average days to
resolve customer
requests



© Ross River Solar Farm © buddphotography.com.au

Goal 2

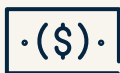
A circular economy that advances business and moves towards zero waste.

Goal Objectives

- 2.1 Zero landfill by 2030
- 2.2 A carbon neutral Council by 2040
- 2.3 Procurement that encourages business innovation and circular economy principles

Growing Townsville

- > Commenced a Food Organics and Garden Organics (FOGO) trial across approximately 1,500 households in Townsville. The roll-out of FOGO and Garden Organics (GO) bins is an action outlined in the Australian Government's National Waste Policy.
- > Strong progress has been made on the development of a Regional Waste Management plan for North Queensland Regional Organisation of Councils (NQROC). The plan will set out the priorities for the management of municipal waste and enhancing the focus on resource recovery.
- > Adopted Council's Reef Guardian Action Plan 2020–2024 to further Council's commitment to working together today for a healthier reef tomorrow.
- > Commenced recycling the material collected by street sweepers.
- > Working to develop business outcomes with environmental outcomes to employ First Nation's people and youth, while restoring landscapes and developing humification of problem weeds through continuous fermentation piles across our city.
- > Investigating the feasibility of developing an Energy from Waste Business Case in conjunction with the NQROC. Under Queensland Government policy, it is permissible to utilise energy from waste to manage residual material which is leftover and unwanted following removal of the recyclable and organic content.
- > Supported three Tip Shops to facilitate reuse of items delivered to the landfill and transfer stations.
- > Commenced transition to renewable energy with the purchase of electric vehicles.



87.5%

local procurement spend



9 months

completed of a 12 month FOGO trial



33%

of Waste material diverted from landfill



245.7 tonnes

of material reused through tip shops



Ornatas Hatchery, Toomulla Beach

Goal 3

The hub for modern industry.

Goal Objectives

- 3.1 Enabling development ready sites that attract industry, de-risks investment and value adds to supply chains
- 3.2 Supporting the establishment of renewable energy sources to facilitate green industry
- 3.3 Lead economic transition that supports future industries and business establishment in Townsville

Growing Townsville

- > Approved Edify Energy's development application for a Green Hydrogen facility at the Lansdown Eco-Industrial Precinct.
- > Worked to develop Townsville as an innovative sustainable business centre to attract green industries to Lansdown through the United Nations Industrial Development Organisation (UNIDO) Framework for Eco-Industrial Parks.
- > Integrated solar energy/batteries, energy efficiency and demand/network cost reduction opportunities into Townsville City Council's 10-year Energy Management Plan for Council owned facilities and buildings.
- > Invested \$5.3 million to strengthen water security by upgrading the key pipeline that supplies water to Rasmussen and Condon.
- > Invested more than \$40 million in critical infrastructure to strengthen Townsville's water security to support development of modern industry.
- > Commenced the upgrade of Douglas Water Treatment Plant clarifiers to provide expanded ability to filter raw water from the dam and reduce algae blooms and high turbidity water impacting the production of high quality water supply for homes and business across the city.



851

development
applications lodged



803

development
applications decided



1233

plumbing and
drainage applications
lodged



1209

plumbing and
drainage applications
decided

Goal 4

A sustainable destination that embraces and participates in the arts, sports, events and recreational activities.

Birds of Tokyo, Townsville Eats – Origin Edition

Goal Objectives

- 4.1 Growing the city through world leading placemaking that provides a national and international platform
- 4.2 Growing the opportunities to participate in sport and support sporting excellence
- 4.3 Developing home-grown entertainment and arts culture supported by world class visual and performing arts facilities
- 4.4 World class liveability through excellent open spaces which promote, protect, and encourage utilisation of our natural environment and heritage

Growing Townsville

- > The Palmetum Botanical Garden received a \$2.1 million irrigation system upgrade funded by the Queensland Government.
- > The Ephemera: Seaside Sculptures 20th anniversary attracted more than 180,000 visitors at the Strand.
- > Adopted the Townsville Mountain Bike Strategy 2021–2031 which outlines key areas for growth of mountain biking in the region.
- > Townsville welcomed The 2021 Rugby Championship at Queensland Country Bank Stadium.
- > Townsville was named a Top 100 Sustainable Destination for a second year in a row.
- > Finalised the Townsville Reef Guardian Action Plan 2020–2024.
- > Implemented the Environmental Operations Plan to reduce risks to community of odorous algal blooms and fish kills.
- > Constructed two basketball half courts at Mt Margaret and Saunders Beach.
- > Established Dry Tropics Nursery specifically to grow dry tropics plants for Council to use across the city's parks and open spaces to showcase gardens.
- > Completed a \$2.1 million upgrade to water mains in Hermit Park and Hyde Park to ensure residents in the area will continue to have a safe, reliable, and healthy water supply now and into the future.
- > Created the Ecosophy Garden to reinvigorate and beautify a prominent city garden, while also showcasing a pollinator-supportive garden.
- > Curated 17 productions throughout the theatre season.



61

city events held



245

performances at
Civic Theatre



180,000

visits to Ephemera



3

world class
botanical gardens



351

parks

Goal 5

A leading centre of education, training and research commercialisation.

Townsville Laboratory Services, Douglas

Goal Objectives

- 5.1 Formalising partnerships with industry, research institutes and all levels of government to support growth, innovation and resilience across the economy
- 5.2 A world leading centre of research commercialisation that drives local manufacturing
- 5.3 A specialist leader in research and simulation

Growing Townsville

- > Sponsored research projects including the assessment of the ecological risk of emerging contaminants of concern released from the Cleveland Bay wastewater treatment plant and the effects of antibiotic resistance genes from the wastewater treatment plant on the green sea turtle populations in Cleveland Bay.
- > Incorporated North Queensland Simulation Park (NQ Spark). The company will be responsible for the establishment and operation of an advanced environmental simulation facility in Townsville and will contribute to the development of industry sectors including emergency services, disaster management and tropical medicine research.
- > Continued developing innovative Environmental Systems with universities and businesses.
- > Built capacity and capability in sustainable solutions across our city with local environmental products and services.
- > Collaborated with James Cook University (JCU) and the cyclone testing facility.
- > The Townsville Laboratory is still the only local government laboratory in Australia that has accreditation for per/poly-fluoroalkyl (PFAS) analysis. PFAS is a contaminant of emerging concern in many countries.
- > The Townsville Laboratory is now the principal service provider of endotoxins analysis for hospitals, clinics, dialysis units and health consultants in North Queensland.
- > Installed machine control in its landfill compactor. This will allow the operators to use real time data to fill to the correct profile instantly. Townsville City Council is the only Council north of Brisbane with a single base station, making the system highly reliable for all users.
- > Improved the local environment by creating job opportunities for First Nations Australians, long-term unemployed and underemployed youth through the Reef Assist Program.
- > Purchased Council's first robotic lawnmower, increasing safety while cutting grass in inaccessible areas.



61,604

laboratory tests
delivered for
external
customers



4

drones in
service



5,000+

trees planted
through Reef
Assist Program



70

trainee,
apprentice and
graduate roles



Our City

Our Community



Estimated resident population (2021)¹

195,515



Projected population by 2041²

282,281



Median age of persons (2021)¹

36 years



Population born overseas (2021)¹

27,079



Indigenous population (2021)¹

8.4%



Number of families (2021)¹

49,777



Residents who volunteer¹

13.3%

Our Economy



Gross Regional Product³

\$13.0b



Residents working in Townsville⁴

106,206



Total value of tourism and hospitality sales (2020)³

\$1.0b



Number of Local Businesses (2021)⁵

11,959



Overnight visitors⁶

1.1m

¹ Source: Australian Bureau of Statistics, Regional Population 2021

² Source: Medium Series, Queensland Population Projections, 2018 edition

³ Source: <http://www.nieir.com.au> National Institute of Economic and Industry Research (NIEIR) ©2021

⁴ Source: National Skills Commission, Small Area Labour Markets as of March Quarter 2022

⁵ Source: Australian Bureau of Statistics, Counts of Australian Businesses, including Entries and Exits, 2016 to 2021

⁶ Source: Tourism & Events Queensland, Townsville Regional Snapshot – Year Ending December 2021

Our City



85,544[^]

Rateable Properties



1,830 km[^]

of Roads



4[^]

Libraries



582 km[^]

of Footpaths



12[^]

Community Centres



351[^]

Parks



196[^]

Playgrounds



162[^]

Parks with
playgrounds and
shaded areas



21[^]

Off-leash
Dog Parks



3[^]

World-class
Botanical Gardens



2[^]

Art Galleries



540[^]

CCTV Security
Cameras



1[^]

Major Performing
Arts Venue



5[^]

Public Swimming
Pools



2[^]

Dams



2[^]

Cemeteries



6[^]

Stinger Nets



14[^]

Boat Ramps



4,037 km[^]

Water and
Wastewater Mains



2[^]

Sports Stadiums

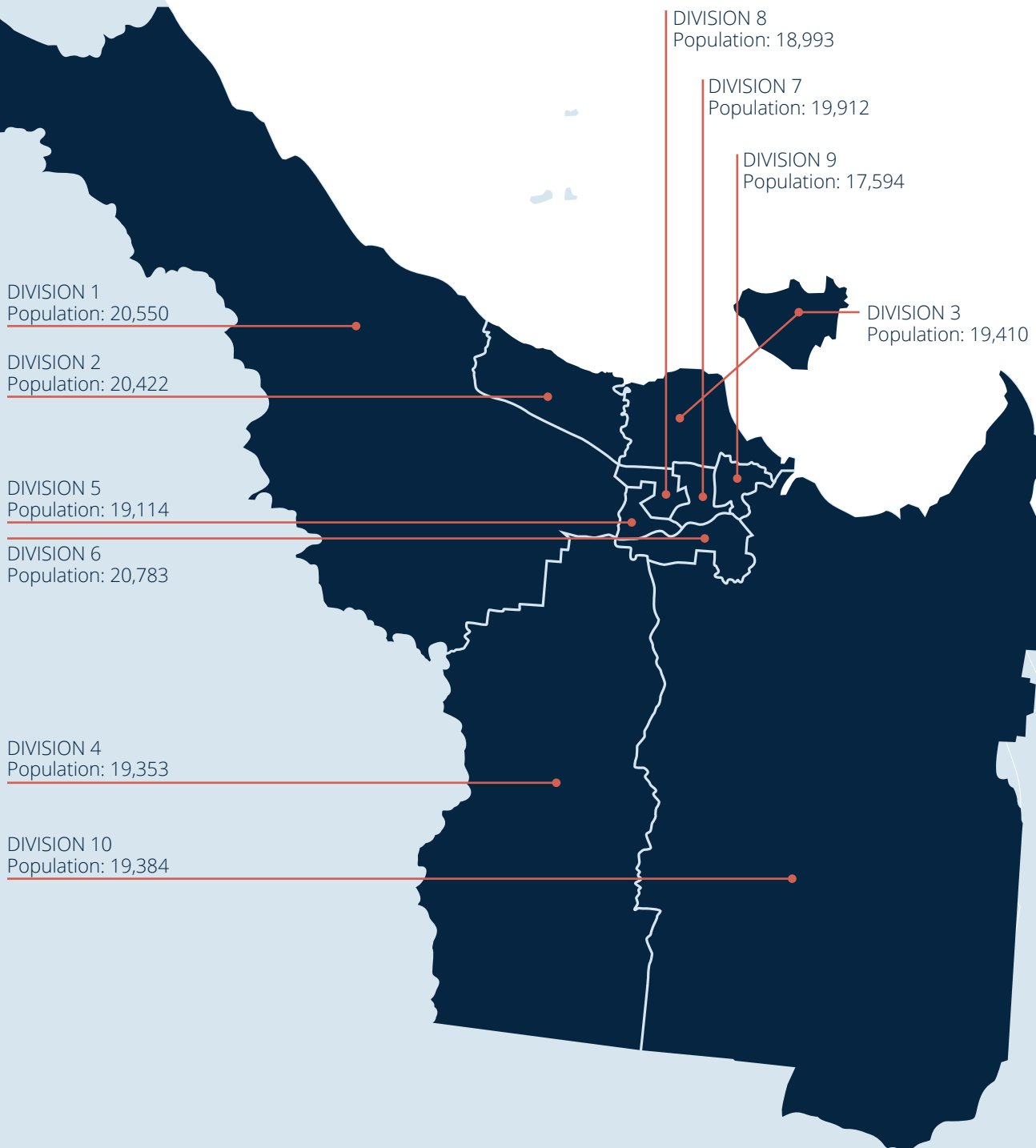
[^]Source: Townsville City Council.

Townsville Profile and Demographics

Total Land Area: 374,201 ha

Estimated Resident Population (2021): 195,515

Population Density: 0.52 persons per hectare



Source: Profile ID, Community Profile, Population Summary
by Division, ABS Estimated Resident Population 2021

Councillors



Mayor Jenny Hill

Term of Office: 7 (non-consecutive)

P. 0418 886 992

E. Mayor@townsville.qld.gov.au

Profile: Councillor Hill has over 20 years' experience as a scientist with mining companies, the Department of Primary Industries, James Cook University and Townsville Hospital. She has over 20 years' service in local government and in 2012 was elected as Townsville's first female Mayor.

Qualifications:

- › Bachelor of Science
- › Master of Public Health and Tropical Medicine including studies in management, economics and accounting
- › Member of Australian Institute of Company Directors



Cr Mark Molachino (Deputy Mayor)

Division 4

Term of Office: 2

P. 0439 849 856

E. Mark.Molachino@townsville.qld.gov.au

Profile: Councillor Molachino was born and raised in Ingham and has worked in the sugar, aviation, mining and construction industries as well as serving 18 years in the Australian Defence Force. He is passionate about creating opportunities that allow families to remain in our great city.

Qualifications:

- › Graduate of the Australian Institute of Company Directors course
- › Diploma of Workplace Health and Safety
- › Diploma of Project Management
- › Diploma of Vocational Education
- › Diploma of Training Design and Development



Cr Margie Ryder

Division 1

Term of Office: 5 (non-consecutive – includes 3 terms at McKinley Shire Council)

P. 0439 915 033

E. Margie.Ryder@townsville.qld.gov.au

Profile: Councillor Ryder served as a Councillor for the Julia Creek/McKinlay Shire Council for 10 years. Councillor Ryder's work in events and tourism has been recognised nationally. She is an experienced business owner and understands the importance of creating more jobs for locals; and looking after volunteer community organisations and their grassroots volunteers.

Qualifications:

- › Diploma of Business
- › Cert IV in Tourism (Operations)
- › Cert IV in Frontline Management
- › Certificate in Events Management



Cr Sue Blom

Division 2

Term of Office: 3 (non-consecutive)

P. 0435 260 342

E. Sue.Blom@townsville.qld.gov.au

Profile: Councillor Blom, 3rd generation Townsville born, has worked and lived in the Northern Beaches of Townsville since 1976. She served two terms as a Councillor with Townsville City Council from 2008 until 2016, representing the then Division 1 area of the Northern Beaches of Townsville.

Qualifications:

- › Trade Certificate in Hairdressing
- › Small business owner

Councillors



Cr Ann-Maree Greaney

Division 3

Term of Office: 2

P. 0448 378 111

E. Ann-Maree.Greaney@townsville.qld.gov.au

Profile: Councillor Greaney is a long-term resident and previously worked for the National Rugby League in Sydney, Tec-NQ, Marketing Manager for the Townsville Hospital Foundation and as Townsville City Council Special Events and Protocol Officer.

Qualifications:

- › Member of Australian Institute of Company Directors
- › Diploma of Education
- › Executive Certificate in Event Management



Cr Russ Cook

Division 5

Term of Office: 2

P. 0439 866 640

E. Russ.Cook@townsville.qld.gov.au

Profile: Councillor Cook was born in Townsville and has spent most of his life here, only moving away due to deployments or postings with the Australian Defence Force and Queensland Police Service. Councillor Cook has been a franchise owner and owned and operated a range of businesses.

Qualifications:

- › Diploma of Arts (Psychology)
- › Diploma of Business Management
- › Diploma of Public Safety (Policing)
- › Member of the Institute of Company Directors



Cr Suzy Batkovic

Division 6

Term of Office: 1

P. 0434 939 419

E. Suzy.Batkovic@townsville.qld.gov.au

Profile: Prior to being elected, Councillor Batkovic was a professional athlete, playing basketball for 23 years in the USA, Europe and Australia. During her time as a professional athlete Councillor Batkovic represented Australia at three Olympic Games winning two silver medals and a bronze medal. Councillor Batkovic also sits on the Board of Directors of the JCU Townsville Fire. Playing professional sport taught Councillor Batkovic about teamwork, leadership, compassion and the importance of listening, how to fight for what is right and, most importantly, what it takes to work together to achieve positive outcomes.



Cr Kurt Rehbein

Division 7

Term of Office: 2

P. 0439 847 860

E. Kurt.Rehbein@townsville.qld.gov.au

Profile: Prior to being elected to Council, Councillor Rehbein worked as a cabinetmaker, RAAF military Dog Handler and as a fire fighter. He wants to help drive Townsville's economy through planning and teamwork, while focusing on keeping rates affordable and supporting local businesses and community groups.

Qualifications:

- › Trade Certificate in Cabinetmaking
- › Certificate III in Dog Handling and Military Operations
- › Diploma in Fire and Rescue Operations and Public Safety

Councillors



Cr Maurie Soars

Division 8

Term of Office: 2

P. 0439 849 622

E. Maurie.Soars@townsville.qld.gov.au

Profile: Councillor Soars has lived in Townsville with his family for over 30 years. He successfully operated his own businesses and managed branches for several national and international companies over the 30 years. Outside of business he is focused on sport and raising funds for various charities and supporting volunteers across Townsville.

Qualifications:

- › Diploma of Business Management
- › Qualified Motor Mechanic and Rigger
- › Director of several organisations



Cr Liam Mooney

Division 9

Term of Office: 1

P. 0434 925 510

E. Liam.Mooney@townsville.qld.gov.au

Profile: Councillor Mooney is a born and bred Townsville local. He has represented Townsville and North Queensland in a wide variety of fields, from music, to performing arts, to soccer and swimming. Councillor Mooney has over 15 years' experience in the events and entertainment industry.



Cr Fran O'Callaghan

Division 10

Term of Office: 1

P. 0418 297 134

E. Fran.O'Callaghan@townsville.qld.gov.au

Profile: Councillor O'Callaghan was born and raised in London of Irish parents. She travelled to Australia in 1991 after completing her education and met her husband on a grazing property in Richmond, NW Queensland. In 1996 they moved to a property near Woodstock on which they still live and breed beef cattle. Councillor O'Callaghan also worked in the public and private sector as a Quantity Surveyor in Townsville for many years.

Qualifications:

- › Bachelor of Science in Quantity Surveying



Events

2021/22



A snapshot of what's been happening in Townsville

July 2021

- > North Australian Festival of Arts (NAFA)
- > Talisman Sabre training exercise
- > NTI Townsville 500
- > Ephemera: Seaside Sculptures 20th anniversary
- > Northern Fringe Festival
- > Pop Up North Queensland 2021
- > Citizenship Ceremony
- > Australian Festival of Chamber Music
- > Kitty Flanagan Live
- > Mike Carney Toyota Paluma Push

September 2021

- > Sealink Magnetic Island Race Week
- > The Rugby Championships at the Queensland Country Bank Stadium
- > Citizenship Ceremony (National Citizenship Day)
- > Townsville Eats – Rugby Championship Edition
- > City Street Eats
- > Welcoming Babies Ceremony

November 2021

- > Disaster Ready Day
- > Remembrance Day
- > 2021 PBR Australia Grand Finals
- > 2RAR Freedom of Entry
- > Welcoming Babies Ceremony
- > A Moment for Safety (internal event)
- > Citizenship Ceremony
- > Walk Against Violence (internal event)
- > TCC Long Service Awards (internal event)

August 2021

- > Vietnam Veterans Day
- > World Triathlon Multisport World Championship
- > McDonald's Townsville Running Festival
- > HMAS Paluma Freedom of Entry
- > Citizenship Ceremony

October 2021

- > Seniors Lifestyle Expo
- > Citizenship Ceremony
- > Riverway Eats – Cricket Edition
- > Delta – Bridge Over Troubled Dreams Tour
- > Indigenous Business Month Launch
- > Music in the City

December 2021

- > Christmas in the City (turning on of the lights)
- > Northern Lights
- > Carols by Candlelight
- > New Year's Eve Celebrations
- > Citizenship Ceremony



January 2022

- > Australia Day Celebrations
- > Survival Day
- > Entry Level Program & Breakfast (internal event)
- > Citizenship Ceremony

March 2022

- > Neighbour Day
- > Welcoming Babies Ceremony
- > Clean Up Australia Day – Sherriff Park
- > Citizenship Ceremony
- > Welcoming Babies Ceremony

May 2022

- > Battle of the Coral Sea Memorial Service (80th anniversary)
- > Australian Army Band Freedom of Entry
- > Corcoran Park Opening
- > Community Tree Planting Day
- > Music in the City
- > Festival of One Act Plays
- > Citizenship Ceremony
- > Townsville Chamber of Commerce 140th Anniversary Civic Reception
- > Volunteering North Qld Civic Reception

February 2022

- > Risographomania exhibition
- > Disintegration: Metadrawing & expanded drawing exhibition
- > Citizenship Ceremony

April 2022

- > Queensland Youth Week
- > ANZAC Day Commemorations
- > Townsville North Queensland Games
- > Melbourne International Comedy Festival Roadshow
- > The Percivals
- > Citizenship Ceremony

June 2022

- > Eco Fiesta – 30 year anniversary
- > Guy Sebastian – Truth Tour
- > Mabo Day (30th anniversary)
- > Qld Youth Pride Walk
- > National Serviceman's Day
- > Citizenship Ceremony
- > Spirit of Reconciliation Awards (internal event)
- > Festival of Stories
- > Green Cup Launch
- > NAFA 2022
- > DFAT Ambassadors Civic Reception & Dinner

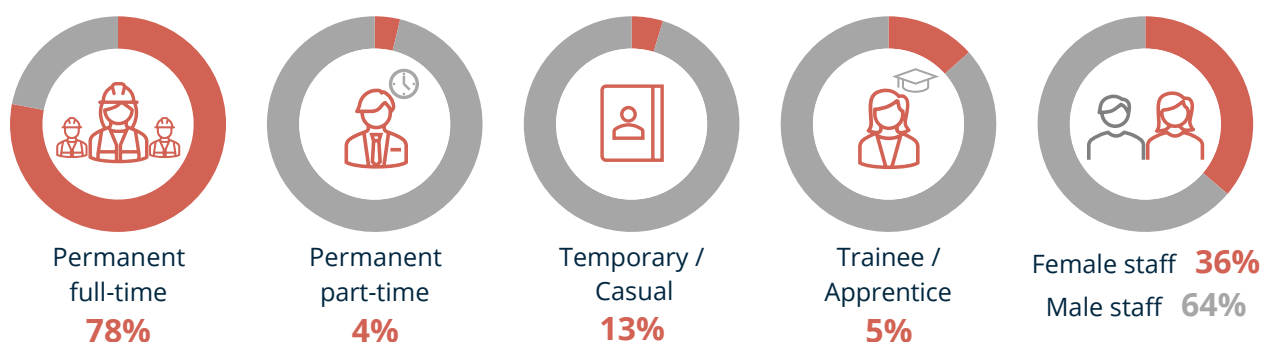
Our People



Our Organisation



Our Workforce Profile



Our Volunteers

Volunteers assist Council in delivering services, protecting the environment, and hosting events. Council acknowledges the wonderful contribution volunteers make to the Townsville community. This financial year Council has had 112 volunteers.

Council manages a number of services that involve community volunteers. During the year, volunteers assisted in the following areas of Council:

- Construction Maintenance and Operations
- Community and Lifestyle
- Environmental Health & Regulation
- Sustainability and Environmental Services

Council would like to thank all the volunteers within the community; those involved with sporting, social and service clubs, community events, environmental initiatives and much more. Volunteers are an integral part of the community fabric and without volunteers Townsville would not be the same. Council's Volunteers Policy can be found on Council's [website](#).

Long Service Awards

Council recognises long serving employees annually with a Long Service Award Ceremony for those who have achieved 10 years of service or more in five-year increments. Attendees include the Mayor, CEO, General Managers, Team Managers, colleagues and guests to show our appreciation and recognition of the hard work and service they have provided over the years. For 2021/22, Council had employees ranging from 10 years of service right through to 45 years of service. The awards are a great opportunity for employees to be recognised for their contributions, big and small over their years of service.

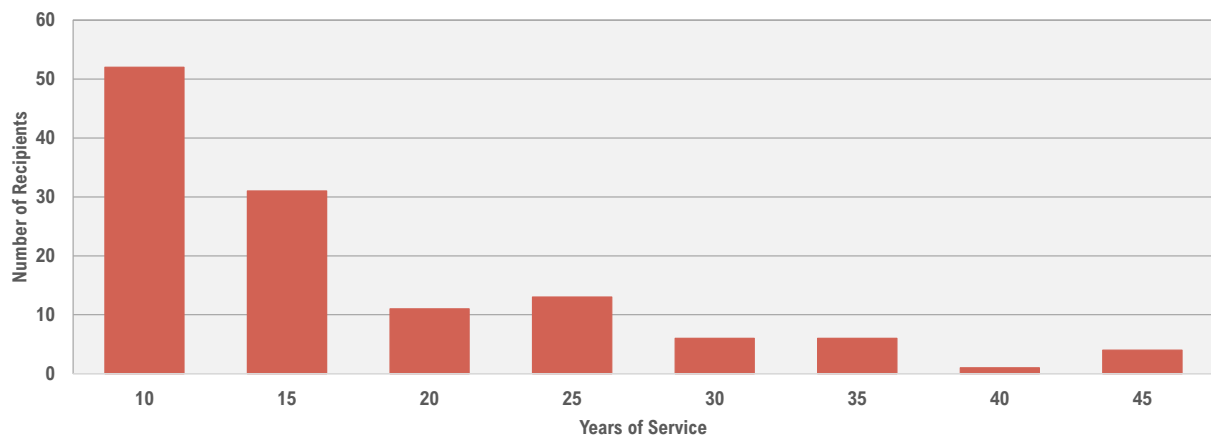
Each employee is presented with a certificate and gift of choice as well as being recognised through videos and stories, presented to the larger workforce for all colleagues across the business to see.

For 2021/22, Council congratulated 124 staff with a total of 2,140 combined years of service.



Image 1 - Long Service Awards Presentation

Council long service award recipient years of service



Our Workplace Health, Safety and Wellbeing

The safety and wellbeing of our people, and all people we interact with, remains our key priority. We put safety first and want everyone to go home safe today and every day. In the past year Council has reduced our lost time injury events by 50% which are now 65% lower than it was 2 years ago.

Council hosted its annual A Moment for Safety Day in October 2021, which saw 1,200 staff attend to gather and discuss the importance of safety to themselves, their colleagues and our community. The event was supported by 22 vendors for the day who took the time to celebrate safety with our staff.

Council established an organisational health and safety representative (HSRs) working group which brings together elected HSRs from all of the different areas of Council to consult on safety matters. The group's key focus is to bring ideas from all work groups to one forum to share ideas and solutions to improve safety outcomes.

As part of Council's wellness strategy, our Employee Assistance Program remains a key offering. This includes employee, family, money, legal, career, nutrition and lifestyle assistance. As part of the program Council offers these services to employees and their immediate family members.

Council has committed to the wellbeing of all employees by developing a health and wellbeing calendar that is aligned with various health & wellbeing initiatives throughout the year. Some of the initiatives in the wellbeing calendar include World Mental Health Week, RUOK?Day, Share the Dignity Drive, Movember and Wear Red to Work Day to name a few.

Council also understands the importance of maintaining physical health and offers weekly onsite soft tissue treatment to all employees across two locations.

Onsite yoga is available to Townsville City Council Fitness Passport members. Fitness Passport is available to employees and immediate families and includes local providers that range from gyms, swimming pools, yoga, health centres and cycle centres.

Our Training and Development

In 2022, Council welcomed 27 new Apprentices and Trainees and 13 Graduates. Council also provided two existing electrical apprentices the opportunity to complete a fifth year Instrumentation (dual trade) qualification. Through the State Government Skilling Queenslanders for Work initiative Townsville City Council welcomed an additional 15 Work Skills Trainees in April 2022, with a further 40 Work Skills Traineeships to commence in 2022. The Entry Level Programs portfolio engages over 100 employees currently. Council celebrates the program and the achievements of our award finalists and winners.



Image 2 - Entry Level Induction and Breakfast

Our Achievements

Council has been recognised for its outstanding contribution to the Townsville community. These awards were State and Nationally recognised.

2021 Queensland Training Awards

Awarded for: North Queensland's regional finalist - Large Employer of the Year Award

Awarded to: Townsville City Council

Awarded for: North Queensland's regional finalist – Harry Hauenschild Apprentice of the Year

Awarded to: Miles Archer

Awarded for: North Queensland's regional finalist – Harry Hauenschild Apprentice of the Year

Awarded to: Abi Winter

Awarded for: North Queensland's regional finalist - Bob Marshman Trainee of the Year Award

Awarded to: Connor Crawford

2021 TAFE Queensland Trade Excellence Awards

Awarded for: Electrical and Refrigeration Apprentice of the Year Winner

Awarded to: Miles Archer

Awarded for: Electrical and Refrigeration Apprentice of the Year Finalist

Awarded to: Wesley Gangemi

Awarded for: Engineering Apprentice of the Year Finalist

Awarded to: Dan Casey

Awarded for: Electrical and Refrigeration Apprentice of the Year Winner

Awarded to: Kyle Howarth



Image 3 - Harry Hauenschild Apprentice of the Year, Abi Winter



Image 4 - Electrical and Refrigeration Apprentice of the Year Finalist, Wesley Gangemi

Our Community Financial Report



Our Community Financial Report

The Community Financial Report is produced to enable the Townsville community, Council's partners, customers and employees to better understand how Council performed financially.

The Community Financial Report is an explanation of Council's financial statements and covers the following five components:

1. **The Statement of Comprehensive Income:** shows information on our financial performance including our revenue, expenses and net profit or loss
2. **The Statement of Financial Position:** shows the monetary value of our assets, liabilities and equity
3. **The Statement of Changes in Equity:** shows the changes in our net wealth
4. **The Statement of Cash Flows:** shows movements of cash and cash equivalents (highly liquid investments that can be readily converted into cash)
5. **The Financial Sustainability Statements:** includes three ratios that show Council's ability to continue operating now and into the future

The below snapshot is of Council's Financial Statements for 2021/22.

Financial Snapshot



Our Credit Rating

has been maintained as **Sound** with a developing outlook



\$176.5 million

spent on **capital investment** including \$71.1 million on renewals of city infrastructure



\$475.6 million

increase in **community equity**



\$464.6 million

spent on providing services and **support to the community**



\$6.0 billion

total in **Community Assets**



\$373.8 million

raised in Rate & Utilities charges



\$625.5 million

in **Liabilities**



\$530.3 million

Total Revenue

Statement of Comprehensive Income

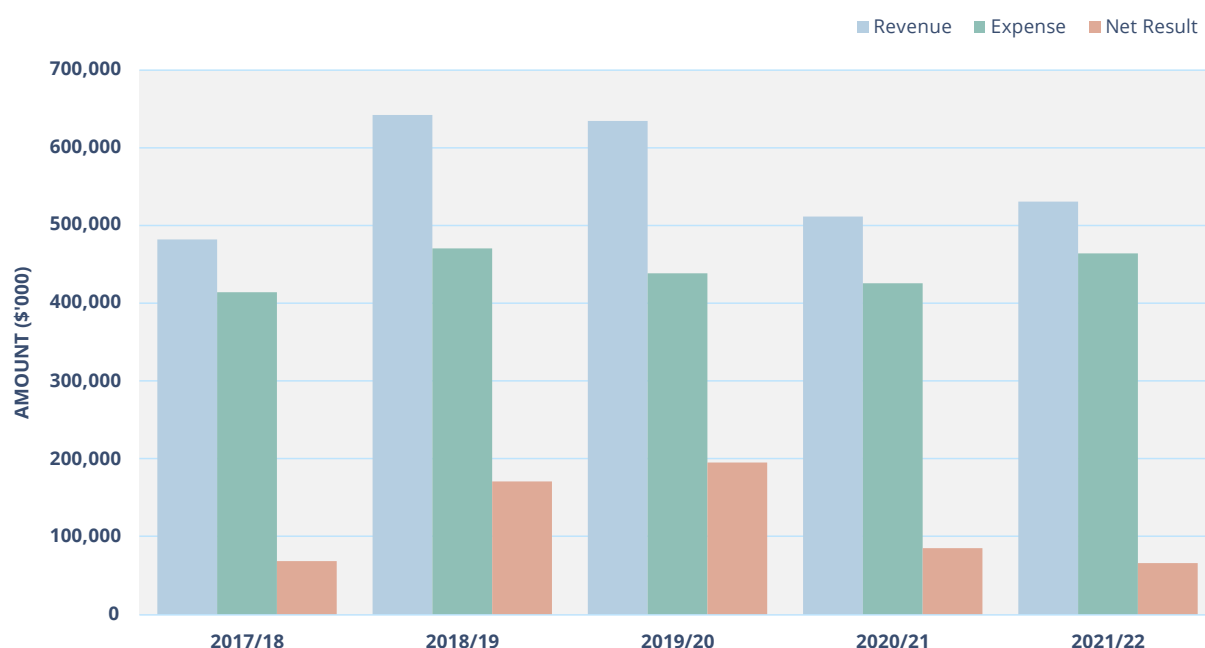
The Statement of Comprehensive Income shows Council's net result for the 2021/22 financial year, calculated using the formula: Total Income *less* Total Expenses *equals* Net Result.

Net Result

Council achieved a net result of \$65.7 million. This result is largely driven by \$48.9 million in grants recognised in the current year for Works of Queensland, the Haughton Pipeline Duplication (Stage 2) and other capital projects. These grants are received from the State and Federal Government and recognised as revenue as projects are delivered. Council also received \$19.5 million in contributions from developers for community infrastructure that provides services to new developments across the city.

Expenses against revenue: five-year trend

The graph and table below show the trend in Council's income, expenses and net result for the past five years.



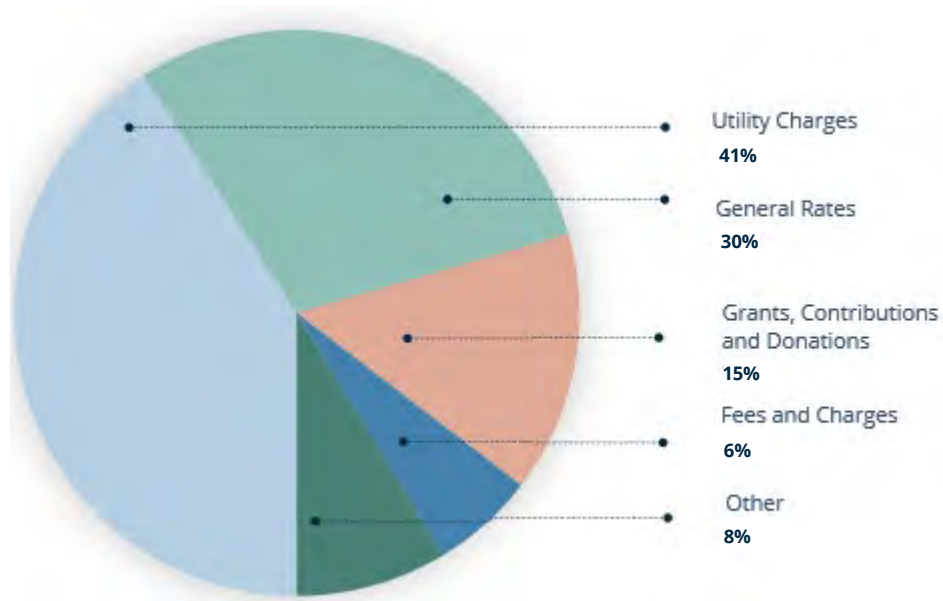
	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)
Revenue	482,612	641,532*	634,745*	511,837	530,298
Expense	414,047	470,865	439,006	431,196	464,579
Net Result	68,565	170,667	195,739	80,641	65,719

*Total revenue for 2018/19 and 2019/20 financial years includes significant grant revenue recognised in relation to Council's water security program, in addition to a revaluation increment recorded for restored assets impacted by the 2019 monsoon event.

Sourcing our income – where money came from

The following graph shows the various sources of Council's \$530.3 million of income.

2021/22



Income is received from Rates and Utilities charges on residential, business and industrial properties, fees and charges from Council operations, State and Federal grants, developer and other contributions, and interest.

Rates and Utilities continue to be the major source of income for the delivery of Council services and infrastructure to our community. Council continues to focus on long-term planning and ongoing renewal and maintenance of infrastructure to keep average rates increases to a minimum.

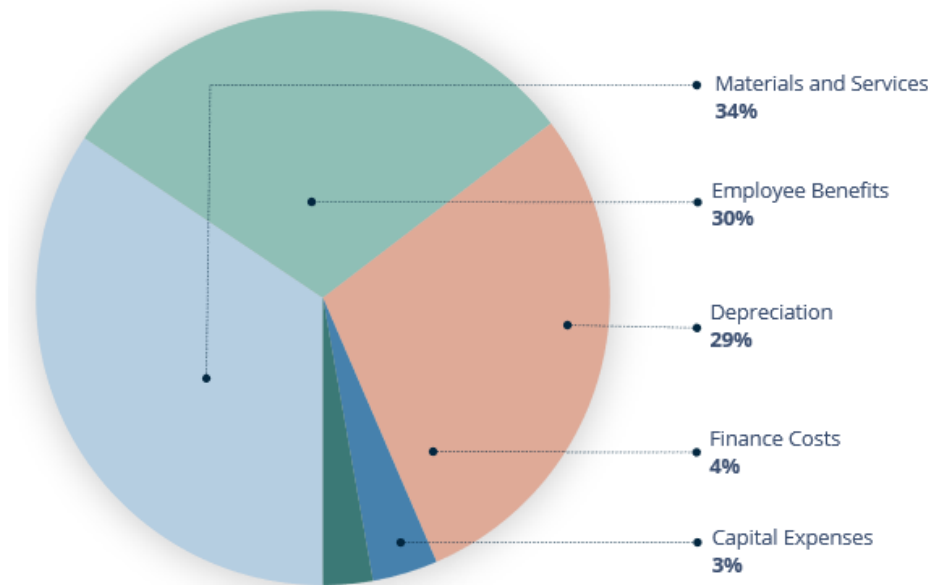
Income

Council's total operating income increased by 7% from the prior year largely due to grant revenue recognised for the repair of assets impacted by the 2019 monsoon event and growth in the number of rateable properties.

Identifying our expenses – where money was spent

The following graph shows the allocation of \$464.6 million of expenditure.

2021/22



Council's expenses are for employee benefits, materials, utilities, services, depreciation, and financing costs to deliver community services. The following information covers operational spending as capital spending is added to the value of assets when incurred.

Depreciation and amortisation represent an allocation of the use or wear and tear over the expected life of the asset. Council has detailed Asset Management Plans (AMPs) to ensure the best value and longest life is achieved for each asset.

Expenditure

Council's total expenses have increased by 7.8% from the prior year largely due to the delivery of funded projects for the rehabilitation of riparian and coastal environments affected by the monsoon. Additional depreciation was also incurred due to the increased value of Council's pipe network, stormwater and transport assets.

Statement of Financial Position

Calculating Council's net worth

The [Statement of Financial Position](#) shows what Council owns (assets), what Council owes (liabilities) and Council's net worth.

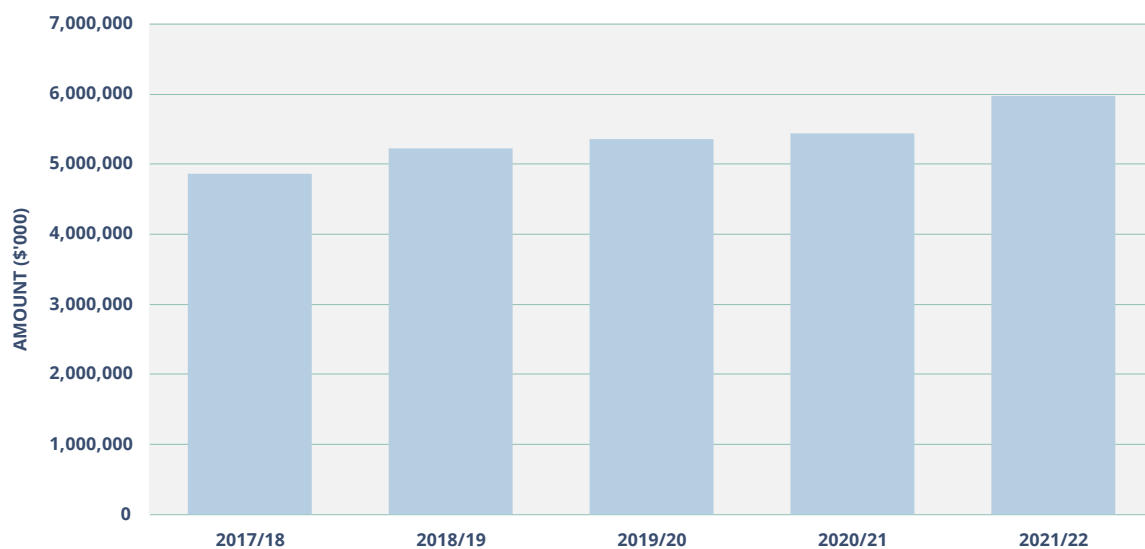
Assets – What the Community Owns

Council's assets include infrastructure, cash, unpaid rates and other amounts owed to Council.

Council's largest asset component is infrastructure and includes roads, pipes and buildings that benefit the Townsville community. The value of Council's total assets has increased from the prior year by \$530.5 million. The majority of the movement was largely attributed to increases in the fair value of Pipe Network and Transport Network, combined with higher cash holdings.

The following graph shows the value of Council's assets over the last five years.

Council Assets – 5 Year Trend



Liabilities – What the Community Owes

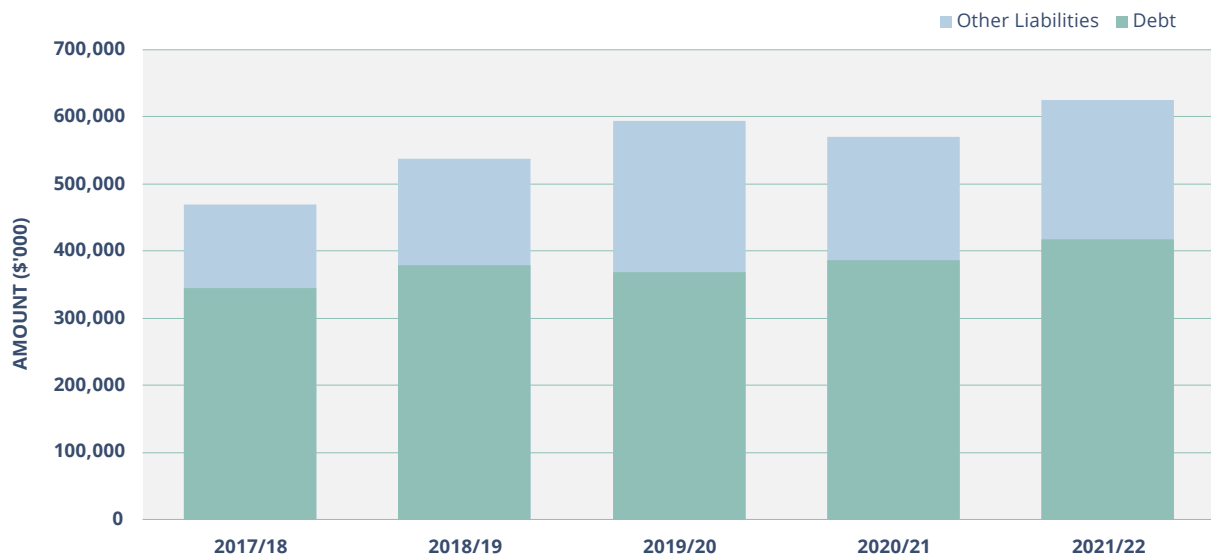
Council's liabilities include money borrowed from Queensland Treasury Corporation, unpaid supplier bills, amounts owing to employees for leave entitlements and provisions for future landfill capping.

Council's total liabilities were \$625.5 million as of 30 June 2022, of which \$417.9 million relates to loans from Queensland Treasury Corporation (Queensland Government owned lending agency).

Total liabilities increased by \$54.9 million from the previous year, which is primarily attributed to \$70.0 million borrowings drawn in June 2022.

The following graph shows the amount of Council's liabilities over the last five years.

Council Liabilities – 5 Year Trend



Statement of Changes in Equity

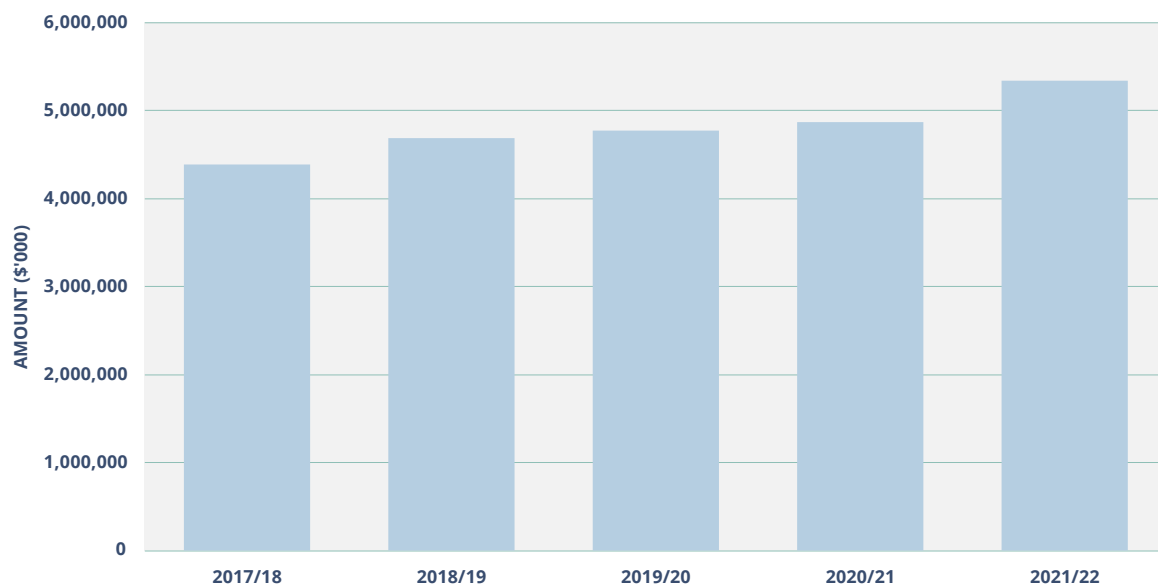
The [Statement of Changes in Equity](#) details the changes in Council's retained earnings over the reporting period and provides a more detailed presentation of the community equity shown in the [Statement of Financial Position](#)

Community equity

Community equity is represented by Council's net worth: what Council owns (total assets of \$6.0 billion) minus what Council owes (total liabilities of \$625.5 million). Community equity, as of 30 June 2022, was \$5.3 billion, which is \$475.6 million higher than the previous year.

The following graph shows the amount of Council's community equity over the last five years.

Community Equity - 5 Year Trend



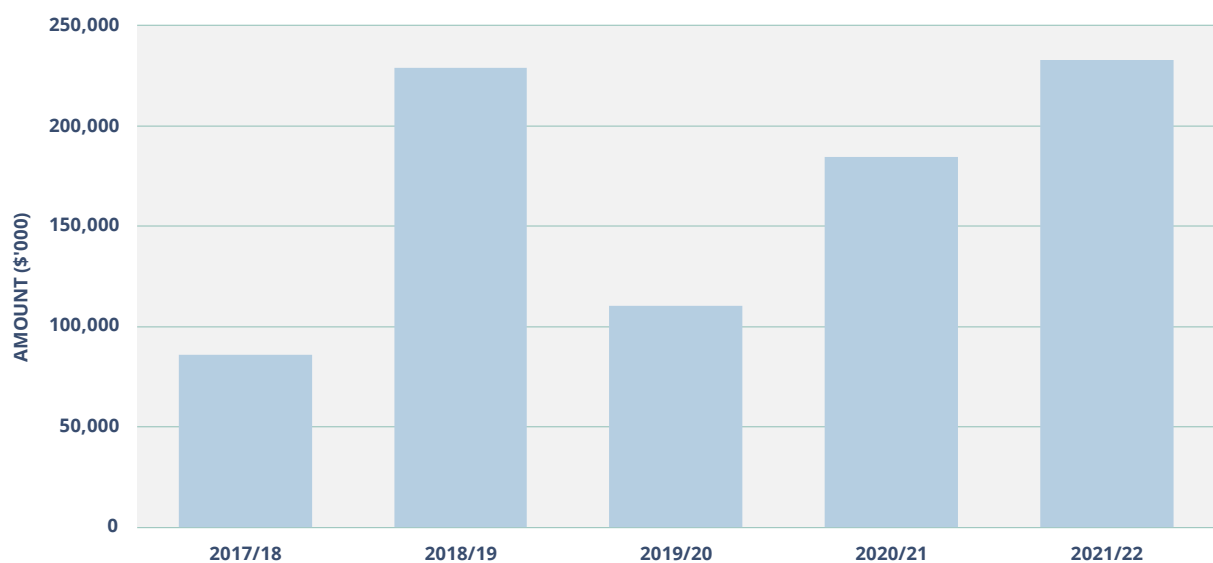
Statement of Cash Flows

Where Council's cash comes from and where it goes

The [Statement of Cash Flows](#) show Council's cash inflows and outflows. This statement shows Council's ability to pay its bills to continue normal operations, pay off its debts and have money available for the construction of assets.

The following graph shows the amount of Council's cash holdings at the end of each financial year, over the last five years.

Council Cash Holdings – 5 Year Trend



Financial Sustainability

Section 176 of the Local Government Regulation 2012 requires Council to report on specific financial sustainability ratios:

- Operating Surplus Ratio
- Asset Sustainability Ratio
- Net Financial Liabilities Ratio

The results of these ratios calculated in accordance with the Financial Management (Sustainability) Guidelines 2013 are shown in the Current Year and Long-Term Financial Sustainability Statements that follow the Financial Report. The graphs below show historical ratio values for the current and last three financial years as well as forecast ratios for the next two years.

It is also important to consider the long-term financial objectives of Council and other measures that reflect Council's commitment to operating in a prudent manner while maintaining its financial management objectives including:

- the maturity of Council's asset management functions
- the level of debt compared to the size and value of long-life income producing assets; and
- Council's ability to maintain adequate service levels.

In April 2022 Queensland Treasury Corporation (QTC) finalised its annual credit review of Council. QTC affirmed Council's credit rating at sound with a developing outlook.

QTC noted as at 7 April 2022:

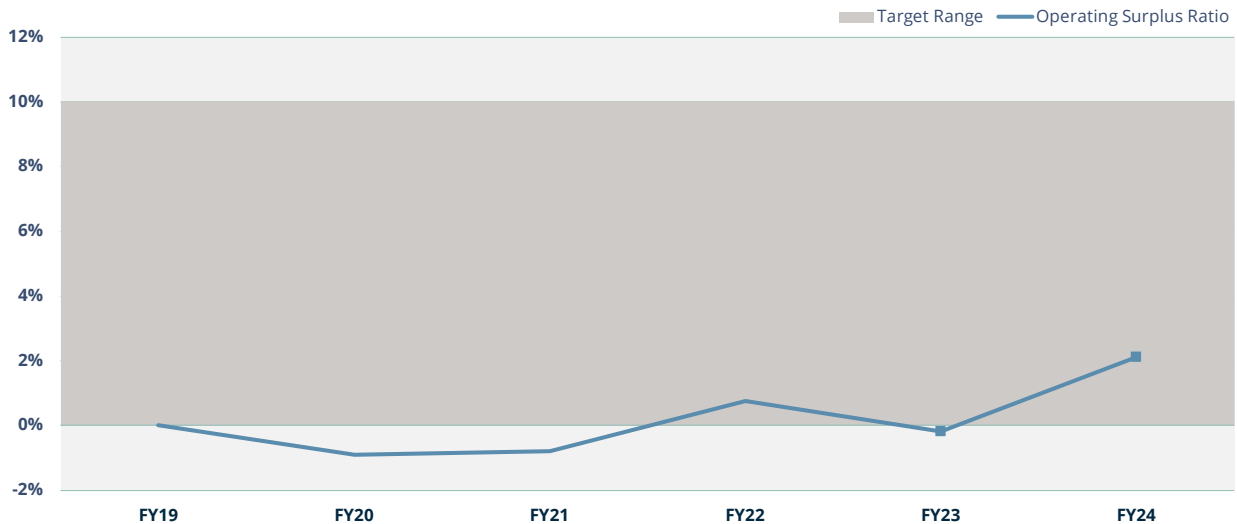
"The Sound credit rating reflects TCC's continued delivery of balanced operating results in combination with adequate capacity to service existing and proposed debt obligations. Leverage remains manageable for a council of this size. Liquidity is adequate and supported by a working capital facility if required. TCC benefits from very high council-controlled revenue, supported by a large and growing ratepayer base. Strong support from the State and Federal Governments in the defence, hydrogen and manufacturing industries will continue to support the region's economy.

The developing outlook reflects substantial market volatility potentially impacting both operating and capital budgets. Rising input prices, skilled labour shortages and supply chain disruptions may lead to cost over-runs and the inability to deliver projects on-time. TCC is undertaking an ambitious capital program supported by substantial borrowings – this extends leverage to QTC's preferred maximum levels. Any deterioration in earnings would likely see TCC's financial flexibility metrics be more consistent with a Moderate credit rating. Townsville is also facing a critical housing shortage which may exacerbate labour constraints and hinder TCC's ability to realise revenue gains from ratepayer growth. However, current year management accounts are tracking ahead of Budget which may prevent a downward trend in credit metrics and consolidate TCC's Sound rating."

Operating Surplus Ratio

The operating surplus ratio indicates Council's ability to fund ongoing operations long-term.

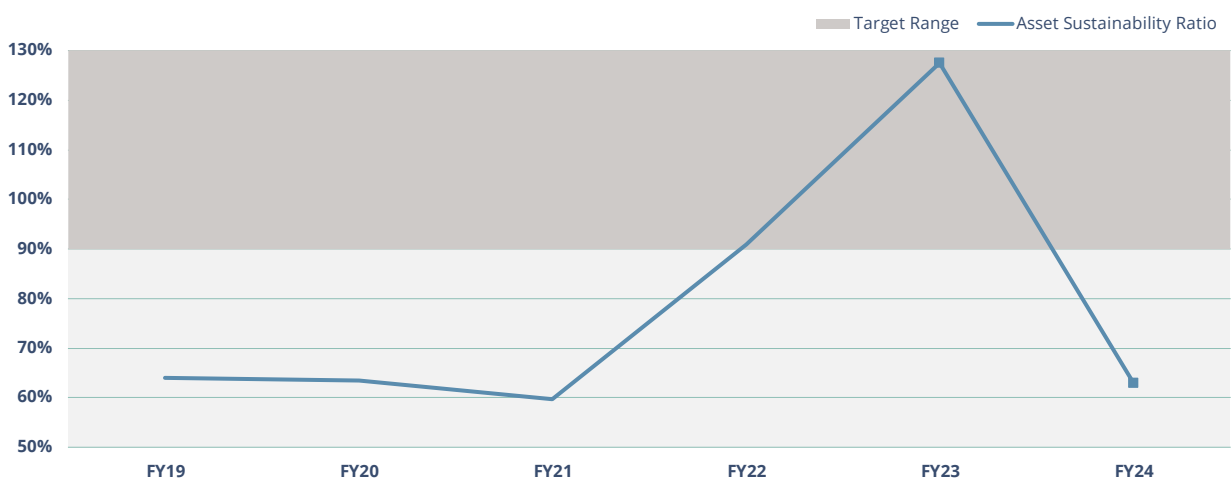
A ratio of 1% in 2021/22 indicates Council's operating incomes received were greater than its operating costs incurred.



Asset Sustainability Ratio

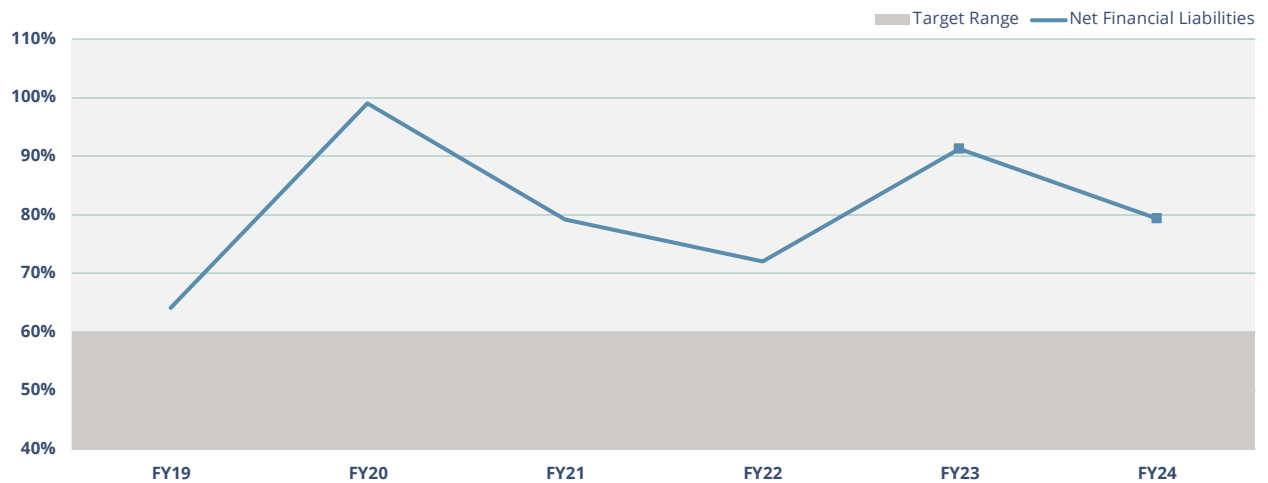
The asset sustainability ratio approximates the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. It can assist in identifying the potential decline or improvement in asset condition and standards.

Council has invested in undertaking condition assessment of assets to undertake evidence based remaining life assessment and renewal forecast. Council is also in the process of implementing asset prediction tools to predict the degradation of assets into the future. Council's 2021/22 capital plan included renewal of existing assets to further improve the asset sustainability ratio.



Net Financial Liabilities Ratio

This ratio indicates Council's ability to repay its liabilities and debt with its income and cash holdings. Whilst this ratio is outside the target range of less than 60%, it does not reflect the significant asset base supporting Council. Council's liabilities account for 10.5% of Council's total assets and operating revenue covers 73% of total liabilities.



Our Financial Statements



Council is required to prepare a set of audited financial statements each year for the period 1 July to 30 June. This guide has been prepared to assist readers to understand and analyse the statements. A summary of the 2021/22 results is also included in the Community Financial Report.

The notes to the Financial Statements give greater details and additional information to support the figures used in the four statements.

Council is required to report on its performance against three key ratios, further information on these sustainability measures have been included in the Community Financial Report.

Council's financial statements are required to be audited under local government legislation. The Queensland Audit Office, on behalf of the Auditor-General, reviews Council's financial records and provides an independent audit report which gives an opinion on whether the financial statements present fairly the Council's financial performance and position. A separate audit opinion is issued for the Current Year Sustainability Statement.

Townsville City Council

General Purpose Financial Statements

For the year ended 30 June 2022

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Financial Sustainability Statements

For the Year Ended 30 June 2022

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Management Certification

These general purpose financial statements have been prepared pursuant to Section 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 43 to 75, present a true and fair view, in accordance with Australian Accounting Standards, of Council's transactions for the financial year and financial position at the end of the year.



Mayor

Dated this 4 day of OCTOBER 2022



Chief Executive Officer

Dated this 4 day of OCTOBER 2022

Townsville City Council

Statement of Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000 Restated
Income			
Revenue			
Recurrent revenue			
Rates and utilities	3(a)	373,812	357,263
Fees and charges	3(b)	31,582	29,186
Grants, subsidies and contributions	3(c)	30,153	24,530
		<u>435,547</u>	<u>410,979</u>
Capital revenue			
Grants and contributions	3(c)	48,942	83,953 *
		<u>48,942</u>	<u>83,953 *</u>
Interest received		2,169	2,541
Other income		17,373	11,675
Fair value gain on contributions of assets from developers		19,501	2,606
Reversal of impairment – intangible assets		3,877	-
Other capital income		2,889	83
Total income		<u>530,298</u>	<u>511,837 *</u>
Expenses			
Recurrent expenses			
Employee benefits	4(a)	(140,448)	(139,265) *
Materials and services	4(b)	(157,046)	(141,134) *
Depreciation and amortisation	4(c)	(134,283)	(127,063)
Finance costs	4(d)	(17,102)	(19,929)
Other expenses		(2,710)	(1,009)
		<u>(451,589)</u>	<u>(428,400) *</u>
Capital expenses	4(e)	(12,990)	(2,796)
Total expenses		<u>(464,579)</u>	<u>(431,196) *</u>
Net result		<u>65,719</u>	<u>80,641 *</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Increase / (decrease) in asset revaluation surplus	7	409,911	(13)
Total comprehensive income for the year		<u>475,630</u>	<u>80,628 *</u>

*Comparative figures have been restated. Refer to Note 21 for further information.

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

Townsville City Council

Statement of Financial Position as at 30 June 2022

	Note	2022 \$'000	2021 \$'000 Restated
Current assets			
Cash and cash equivalents	5	232,685	184,463
Receivables	6	46,628	38,483
Contract assets	8	10,582	4,155
Inventories		2,395	2,003
Other assets		5,239	4,526
Total current assets		<u>297,529</u>	<u>233,630</u>
Non-current assets			
Receivables	6	300	2,335
Property, plant and equipment	7	5,652,289	5,184,833 *
Right-of-use assets	9	10,155	10,356
Intangible assets		5,454	4,352 *
Other assets		3,124	2,796
Total non-current assets		<u>5,671,322</u>	<u>5,204,672 *</u>
Total assets		<u>5,968,851</u>	<u>5,438,302 *</u>
Current liabilities			
Payables	10	95,626	83,814
Contract liabilities	8	24,083	37,431
Borrowings	11	45,099	39,542
Lease liabilities		2,897	2,409
Provisions	12	20,984	17,514
Other liabilities		8,303	979
Total current liabilities		<u>196,992</u>	<u>181,689</u>
Non-current liabilities			
Borrowings	11	372,823	347,150
Lease liabilities		7,651	8,508
Provisions	12	29,842	31,698
Other liabilities		18,229	1,573
Total non-current liabilities		<u>428,545</u>	<u>388,929</u>
Total liabilities		<u>625,537</u>	<u>570,618</u>
Net community assets		<u>5,343,314</u>	<u>4,867,684 *</u>
Community equity			
Asset revaluation surplus	13	1,306,272	896,361
Retained surplus		4,037,042	3,971,323 *
Total community equity		<u>5,343,314</u>	<u>4,867,684 *</u>

*Comparative figures have been restated. Refer to Note 21 for further information.

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

Townsville City Council

Statement of Changes in Equity for the year ended 30 June 2022

	Retained surplus \$000	Asset revaluation surplus \$000	Total \$000
Balance as at 1 July 2021	3,971,323	896,361	4,867,684
Net result	65,719	-	65,719
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	-	-	409,911
Total comprehensive income for the year	65,719	409,911	475,630
Balance as at 30 June 2022	4,037,042	1,306,272	5,343,314
Balance as at 1 July 2020	3,872,839	896,374	4,769,213
Prior period adjustment for recognition of non-current assets	17,843 *	-	17,843 *
	3,890,682 *	896,374	4,787,056 *
Net result	80,641 *	-	80,641 *
Other comprehensive income for the year			
Increase / (decrease) in asset revaluation surplus	-	(13)	(13)
Total comprehensive income for the year	80,641 *	(13)	80,628 *
Balance as at 30 June 2021	3,971,323 *	896,361	4,867,684 *

*Comparative figures have been restated. Refer to Note 21 for further information.

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

Townsville City Council

Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
Cash flows from operating activities			
Receipts from customers		491,043	465,992
Payments to suppliers and employees		(323,524)	(308,954)
Interest received		2,106	2,558
Finance costs	4(d)	(17,507)	(18,776)
Net cash inflow (outflow) from operating activities	17	152,118	140,820
Cash flows from investing activities			
Payments for property, plant and equipment		(154,859)	(140,837)
Payments for intangible assets		(4,657)	(4,379)
Proceeds from sale of property, plant and equipment		997	964
Grants and contributions		26,890	62,818
Loans and advances		(300)	-
Net cash inflow (outflow) from investing activities		(131,929)	(81,434)
Cash flows from financing activities			
Proceeds from borrowings		70,000	50,000
Repayment of borrowings		(38,770)	(32,137)
Repayments made on leases (principal only)		(3,197)	(3,136)
Net cash inflow (outflow) from financing activities		28,033	14,727
Net increase / (decrease) in cash and cash equivalents held		48,222	74,113
Cash and cash equivalents at the beginning of financial year		184,463	110,350
Cash and cash equivalents at the end of financial year	5	232,685	184,463

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

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

Note 1 Significant accounting policies

(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2021 to 30 June 2022 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except where stated.

(b) The local government reporting entity

Townsville City Council is a reporting entity constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

Council has a 79.8% ownership interest in an unincorporated joint venture known as the Townsville Breakwater Entertainment Centre. The joint venture exists between Breakwater Island Limited as trustee of the Breakwater Island Trust and the Townsville City Council. Council impaired its investment in the joint venture to nil in 2017/18.

Pursuant to the terms of the management agreement, Townsville City Council provides a capped operating cost contribution fee each financial year, and Breakwater Island Limited will indemnify the joint venture from any amount by which defined costs exceed total revenue. All contributions are recorded in the Statement of Comprehensive Income.

In May 2022 Council incorporated NQ Spark Pty Ltd with a 100% shareholding. This company will be responsible for the establishment of an advanced environmental simulation facility in Townsville. Council is the controlling entity of NQ Spark Pty Ltd and all transactions have been consolidated in the Statement of Financial Position.

(c) Rounding and comparatives

The financial statements are in Australian dollars that have been rounded to the nearest thousand (\$000) except for Transactions with related parties (Note 22).

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by rules in an Accounting Standard. Refer to Note 21 for further information.

(d) 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:

- Revenue recognition (Note 3)
- Valuation of property, plant and equipment including useful life assessments, fair value and impairment (Note 7)
- Measurement and recognition of employee benefit liabilities (Note 10)
- Measurement and recognition of provisions (Note 12)
- Measurement and recognition of the impairment of trade receivables (Note 19).

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

(e) Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax, Goods and Services Tax (GST) and Payroll Tax on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

(f) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022. Those standards have not been adopted by Council and will be included in the financial statements on their effective date. These standards are not expected to have a material impact upon Council's future financial statements and therefore have not been disclosed.

(g) Volunteer services

Volunteer services have not been recognised in the Statement of Comprehensive Income because Council would not purchase these services had they not been donated, and the value cannot be reliably measured.

(h) COVID-19

Council's operations for the year ended 30 June 2022 were impacted by the COVID-19 pandemic, primarily in the delivery of capital works caused by worldwide labour shortages and disruption in supply chains. Projects will continue to be delivered over future years.

Impacts of the COVID-19 pandemic were considered as part of asset valuations undertaken during the financial year. This has been reflected in the fair value of assets where presented in the financial statements.

Council has established a range of initiatives designed to support residents and local business through the effects of COVID-19.

- Council continued its commitment to pay supplier invoices within 14 days to support local businesses.
- The Hardship policy for payment of rates and utilities was continued, which offers a 3-month deferral on rates and utilities for those eligible.
- Refunds were offered for the hiring and other fees associated with the proposed use of any Council venue that was unable to proceed due to COVID-19.

Note 2 Analysis of results by function

(a) Components of Council's functions

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

(i) Cultural and Community Services

To maintain and grow events, arts, sport and cultural services to improve the liveability of Townsville. Develops and supports cultural and community experiences in Townsville through maintaining public safety and environmental health. Includes community support, community facilities, libraries, visual and performing arts, events and enforcement compliance

(ii) Drain and Stormwater Management

Manage drain and stormwater infrastructure.

(iii) Environment and Sustainability Services

Support environmental sustainability, natural hazard and resource management and foster sustainable management of our environment. Increase natural landscape resilience of creeks, riverbanks, coastal shorelines, wetlands, forests and tropical savannas through rehabilitation, stabilisation and restoration.

(iv) Parks and Open Space Management

Manage a diverse network of parks, open spaces and recreational facilities.

(v) Planning and Development

Provide a strategic approach to long-term planning and policy development ensuring that Townsville manages natural hazards, growth and promotes economic development while protecting and conserving our natural resources and heritage. A key part of the land use strategy is ensuring the city develops within the urban growth corridors to provide more efficient performing infrastructure.

(vi) Roads and Transport Management

Provide a reliable and efficient transport network considering future transport needs whilst encouraging active travel methods.

(vii) Service Partners

Service Partners provide a wide range of professional services, policy implementation and advice to both internal and external customers. Service Partners enables delivery of Council's strategic and operational priorities within legislated requirements and good governance practices, through business systems and structures.

(viii) Water Services

Townsville Water is a significant business activity of Townsville City Council, providing potable water and recycled water.

(ix) Wastewater Services

Townsville Wastewater Services is a significant business activity of Townsville City Council and collects and treats wastewater for disposal or reuse.

(x) Solid Waste Management

Townsville Waste Services is a significant business activity of Townsville City Council, delivering waste infrastructure and providing collection, resource recovery and waste disposal services.

(xi) NQ Spark Pty Ltd

NQ Spark Pty Ltd is a 100% controlled entity of Townsville City Council. No income or expenditure was recorded for the year ended 30 June 2022.

Components grouped by entity

Council has identified its operating components and grouped them by entity based on the internal reports that are reviewed and used by management in assessing performance and in determining the allocation of resources and assets.

The components above are grouped into the following entities and reported in Note 2(c):

Rest of Council	(i) to (vii)
Townsville Water	(viii) to (ix)
Townsville Waste Services	(x)

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

Components	Income					Total income	Expenses			Total expenses	Net result from recurrent operations	Net result
	Recurrent			Capital			Recurrent		Capital			
	Grants	Other	Internal eliminations	Grants	Other		Other	Internal eliminations	Other			
	\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000			
Year ended 30 June 2022												
Cultural and Community Services	1,715	6,593	-	63	664	9,035	(49,085)	18,874	-	(30,211)	(21,903)	(21,176)
Drain and Stormwater Management	56	1,075	-	69	5,557	6,757	(13,620)	2,418	(448)	(11,650)	(10,071)	(4,893)
Environment and Sustainability Services	10,181	107	-	-	-	10,288	(22,776)	4,409	-	(18,367)	(8,079)	(8,079)
Parks and Open Space Management	357	5,907	(4,334)	4,881	417	7,228	(74,002)	34,816	(401)	(39,587)	(37,256)	(32,359)
Planning and Development	752	6,221	(53)	-	-	6,920	(20,868)	4,796	-	(16,072)	(9,152)	(9,152)
Roads and Transport Management	8,180	5,727	(2,291)	19,242	13,872	44,730	(85,779)	19,335	(8,200)	(74,644)	(54,828)	(29,914)
Services Partners	8,031	337,960	(166,992)	908	3,877	183,784	(181,924)	34,462	(3,600)	(151,062)	31,537	32,722
Water Services	249	129,403	(26,926)	10,795	4,780	118,301	(97,042)	41,844	(306)	(55,504)	47,528	62,797
Wastewater Services	20	102,181	(10,355)	698	6,518	99,062	(81,213)	38,836	(35)	(42,412)	49,469	56,650
Solid Waste Management	378	55,619	(14,672)	5	2,863	44,193	(48,387)	23,317	-	(25,070)	16,255	19,123
Total	29,919	650,793	(225,623)	36,661	38,548	530,298	(674,696)	223,107	(12,990)	(464,579)	3,500	65,719
Year ended 30 June 2021												
Cultural and Community Services	2,270	5,388	-	6,118	990	14,766	(36,914)	11,197	-	(25,717)	(18,059)	(10,951)
Drain and Stormwater Management	121	-	-	401	1,425	1,947	(10,137)	316	-	(9,821)	(9,700)	(7,874)
Environment and Sustainability Services	4,839	170	(30)	-	-	4,979	(11,138)	1,635	-	(9,503)	(4,524)	(4,524)
Parks and Open Space Management	242	3,276	(2,377)	4,242	467	5,850	(55,143)	17,349	(202)	(37,996)	(36,653)	(32,146)
Planning and Development	1,174	5,958	(49)	-	-	7,083	(21,458)	3,954	-	(17,504)	(10,421)	(10,421)
Roads and Transport Management	9,696	7,554	(4,179)	14,879	6,333	34,283	(80,659)	12,222	(866)	(69,303)	(55,366)	(35,020)
Services Partners	5,498	260,627	(99,185)	142	-	167,082	(156,489)	16,374	(1,728)	(141,843)	26,825	25,239
Water Services	338	113,158	(18,495)	36,282	9,350	140,633	(86,347)	30,592	-	(55,755)	39,246	84,878
Wastewater Services	30	97,126	(7,308)	1,000	4,930	95,778	(69,722)	29,055	-	(40,667)	49,181	55,111
Solid Waste Management	-	53,124	(13,771)	-	83	39,436	(42,957)	19,870	-	(23,087)	16,266	16,349
Total	24,208	546,381	(145,394)	63,064	23,578	511,837	(570,964)	142,564	(2,796)	(431,196)	(3,205)	80,641

*Comparative figures have been restated. Refer to Note 21 for further information.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

(c) Function assets

Assets are used across multiple functions and are allocated to the entity that receives the majority of the economic value from that asset. In the majority of instances, function assets are clearly identifiable on the basis of their nature and physical location.

Entity	Assets 2022 \$000	Assets 2021 \$000
Rest of Council	3,659,467	3,378,875
Townsville Water	2,247,247	2,004,919
Townsville Waste Services	62,137	54,508
Total Council	5,968,851	5,438,302

	Note	2022 \$000	2021 \$000
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Note 3 Revenue

Revenue recognised at a point in time:

Rates and utilities	3(a)	373,812	357,263
Fees and charges	3(b)	31,582	29,186
Grants, subsidies and contributions		29,519	38,370
		<u>434,913</u>	<u>424,819</u>

Revenue recognised over time:

Grants, subsidies and contributions		12,915	7,049
Revenue relating to grants for assets controlled by Council	3(c)	36,661	63,064
		<u>49,576</u>	<u>70,113</u>
Total revenue		<u>484,489</u>	<u>494,932</u>

(a) Rates and utilities

Rates and utility 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.

General rates	179,236	176,047
Refuse and recycling utility charges	24,133	23,158
Water and wastewater utility charges	192,730	183,868
Less: Discounts	(11,338)	(15,455)
Less: Pensioner and other remissions	(10,949)	(10,355)
	<u>373,812</u>	<u>357,263</u>

(b) Fees and charges

Revenue arising from fees and charges are recognised at the point in time when a performance obligation is completed and the customer receives the benefit of the goods or services being provided. This is generally on receipt or issuing of an invoice.

Licences and animal registrations granted by Council are recognised at the time of issue rather than over the term of the licence and registration period.

Revenue from infringements is recognised on issue of the infringement notice. Unpaid infringement notices are sent to an external collection agency for recovery and revenue is written off at that point. Subsequent recoveries are recognised as income on receipt.

	2022	2021
	\$000	\$000
Refuse fees	15,721	15,303
Regulatory assessment fees	5,566	5,075
Commercial fees	3,725	2,830
Licences and registrations	2,244	2,296
Infringements	793	819
Other fees and charges	3,533	2,863
	<u>31,582</u>	<u>29,186</u>

(c) **Grants, subsidies and contributions**

(i) Grant revenue under AASB 15

Where grant revenue arises from an agreement which is enforceable and contains sufficiently specific performance obligations, revenue is recognised when each performance obligation is satisfied.

Each performance obligation is considered to ensure the revenue recognition reflects the transfer of control. Control may transfer at a point in time or continuously over the life of the agreement. Where control is transferred over time, costs incurred are used to reflect the transfer of the benefit. Otherwise revenue is recognised at the point of completion of a milestone within the terms of the agreement.

(ii) Grant revenue under AASB 1058

Assets arising from grants within the scope of AASB 1058 are recognised on receipt.

(iii) Contributions received for capital purposes

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by Council. Revenue is generally recognised on receipt of the asset as there are no enforceable performance obligations.

Physical assets contributed to Council by developers in lieu of cash contributions are recognised as revenue when Council obtains control of the assets and there is sufficient data available to determine the specifications. Non-cash contributions with a value in excess of Council's recognition threshold are recognised as a non-current asset. Those below the threshold are recorded as an expense.

(iv) Grants received for capital purposes

Grants received from an enforceable agreement to acquire or construct property, plant and equipment to an identified specification under Council's control, are recognised as revenue when the obligation to construct or purchase is complete.

For construction projects, revenue is recognised as costs are incurred.

Recurrent

Contributions received for operating purposes	234	322
Subsidies and grants received for operating purposes	29,919	24,208
	<u>30,153</u>	<u>24,530</u>

Capital

Contributions received for capital purposes	12,281	20,889
Grants received for capital purposes	36,661	63,064
	<u>48,942</u>	<u>83,953</u>

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

	2022	2021
	\$000	\$000

Note 4 Expenses

(a) Employee benefits

Total staff wages and salaries	130,916	133,763
Councillors' remuneration	1,531	1,461
Superannuation	15,428	15,600
Termination benefits	588	396
	<u>148,463</u>	<u>151,220</u>
Other employee related expenses	4,414	3,894
	<u>152,877</u>	<u>155,114</u>
Less: Capitalised employee expenses	(12,429)	(15,849)
	<u>140,448</u>	<u>139,265</u>

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

	2022	2021
Total Council employees at the reporting date:		
Elected members	11	11
Indoor staff	839	837
Outdoor staff	663	666
Total full-time equivalent employees	<u>1,513</u>	<u>1,514</u>

	2022	2021
	\$000	\$000

(b) Materials and services

Accommodation services	7,922	7,826
Administration supplies and consumables	11,617	12,465
Audit of annual financial statements by the Auditor-General of Queensland	265	283
Bulk water supply	13,911	11,634
Contractors and service providers	24,091	24,661
Electricity	10,426	10,345
Employee related costs	3,590	3,352
Equipment and tools	7,519	5,278
Information, technology and communications	12,434	15,493
Insurance	5,623	4,767
Marketing and promotion	6,151	4,459
Other materials and services	6,270	3,679
Other utilities	276	260
Repairs, maintenance and construction	31,276	23,638
Vehicle and plant operating costs	11,617	9,826
Total state waste levy payment	12,933	11,933
Waste levy rebate*	(6,361)	(5,936)
	<u>159,560</u>	<u>143,963</u>
Less: capitalised materials and services	(2,514)	(2,829)
	<u>157,046</u>	<u>141,134</u>

* The State Government provided a rebate of \$6,361,025 (2021: \$5,935,992) to mitigate the direct impacts of the state waste levy on households.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
(c) Depreciation and amortisation			
Property, plant and equipment	7	127,897	121,007
Intangible assets		3,555	3,227
Right-of-use assets	9	2,831	2,829
		<u>134,283</u>	<u>127,063</u>
(d) Finance costs			
Finance costs charged on loans from Queensland Treasury Corporation		17,507	18,776
Unwinding of discount for landfill restoration provision		(1,107)	488
Impairment of receivables		504	447
Interest on leases		198	218
		<u>17,102</u>	<u>19,929</u>
(e) Capital expenses			
Loss on sale/disposal of property, plant and equipment		12,989	2,793
Impairment losses on property, plant and equipment		1	3
		<u>12,990</u>	<u>2,796</u>

Note 5 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 year end and deposits held at call with financial institutions.

Cash at bank and on hand	1,160	1,945
Deposits at call	231,525	182,518
Balance per Statement of Cash Flows	<u>232,685</u>	<u>184,463</u>

Cash not available for general use

Council's cash and cash equivalents at the reporting date are subject to external restrictions that limit amounts available for discretionary or future use. These include:

Externally imposed expenditure restrictions at the reporting date

Unspent contributions, government grants and subsidies	10,985	20,099
Unspent government grants received in relation to Council's water security program (including Haughton Pipeline Duplication Project)	16,291	23,273
Waste levy rebate received in advance*	23,287	-
Unspent loan monies	33,193	29,491
	<u>83,756</u>	<u>72,863</u>

*In June 2022 Council received an advance payment of \$23,287,317 from the State Government to mitigate the impacts on households for the 2022/23 to 2025/26 State waste levy. The 2022/23 levy rebate has been recorded within other current liabilities as at 30 June 2022. The remaining amount has been recorded within other non-current liabilities.

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	2,476	3,204
Townsville City Council Mayor's Christmas Tree Appeal	-	2
	<u>2,476</u>	<u>3,206</u>

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

In accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council, they are not brought to account in these financial statements.

Note 6 Receivables

Receivables are recognised at the amounts due at the time of sale or service delivery (i.e. the agreed purchase price/contract price). Settlement of these amounts is required within 30 days from invoice date.

Debts are regularly assessed for collectability and an allowance is made for impairment where appropriate. All known bad debts were written off at 30 June 2022. Subsequent recoveries of amounts previously written off are recognised as income.

Council has the power to sell an owner's property to recover outstanding rate receivables, therefore in accordance with the *Local Government Act 2009*, rate receivables are not impaired unless the expected recovery value is less than outstanding arrears.

	Note	2022 \$000	2021 \$000
Current			
Rates and utilities		16,325	17,647
Fees and charges		5,337	4,989
Less: Loss allowance	19	(389)	(734)
Water charges not yet levied		12,295	11,529
Community organisations		2,335	-
Other receivables		10,725	5,052
		<u>46,628</u>	<u>38,483</u>
Non-current			
Community organisations		<u>300</u>	<u>2,335</u>

Interest is charged on outstanding rates and utilities at 8.03% per annum from 1 July 2021. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtor receivables.

Note 7 Property, Plant and Equipment

(a) Recognition

Property, plant and equipment with a total value of less than \$5,000 and items of land with a total value less than \$1 are treated as an expense in the period of acquisition. All other items of property, plant and equipment are recognised as assets. Individual assets valued below the asset recognition threshold of \$5,000, are recognised as an asset if connected to a larger network. For example, parks, including all the various components, are recognised as a network asset.

(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 consideration plus costs incidental to the acquisition.

Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges, are recognised as assets and revenue 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 amount of economic outflow or a change in the discount rate is reflected in the Statement of Financial Position for all open landfills. Increases in landfill provisions for closed landfills are recognised in the Statement of Comprehensive Income to the extent they exceed the 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, work in progress, certain cultural and heritage assets with heritage listing, road formations and formation works associated with the construction of dams, levee banks and reservoirs are not depreciated. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to 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. Where expenditure extends the life of an asset, the expenditure is capitalised and the asset's life is revised.

Depreciation methods, estimated useful lives and residual values 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. Factors used in estimating the useful lives of assets at each reporting date include the condition assessments performed as part of the annual valuation process for assets measured at current replacement cost (CRC), manufacturer specifications, maintenance history, analysis of an asset class, and any other relevant evidence.

(d) Valuation

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets. Valuations are undertaken in accordance with *AASB 116 Property, Plant and Equipment, Local Government Regulation 2012* and Council policy.

In the intervening years, Council will internally assess, through physical inspection, the condition of infrastructure assets on a sample basis and as part of the maintenance process. The inspection results are considered in combination with indices provided by independent valuers. Together these elements are used to form the basis of a management valuation for infrastructure asset classes at balance date.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement. In that case the increase is taken to the income statement to the extent of the previous decrease. Revaluation decreases are recognised in the asset revaluation surplus, where there are sufficient amounts available in the asset revaluation surplus relating to that asset class. Where the surplus does not have sufficient amounts available, the decrease is recognised in the Statement of Comprehensive Income. Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the Statement of Comprehensive Income.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

Fair values are classified into three levels as follows:

Level 1 - fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - fair value based on inputs that are directly or indirectly observable for the asset or liability

Level 3 - fair value based on unobservable inputs for the asset or liability.

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

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

Notes to the Financial Statements for the year ended 30 June 2022

(e) Valuation techniques used to derive fair value

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Current year fair value assessment
Buildings (level 2) 2022: \$34,801,000 2021: \$36,153,000	Market value	31-Mar-19	Knight Frank (Adam Reguson CPV No. 2215)	Significant inputs include estimated net rental per square metre and associated capitalisation rate, valued at the highest and best use. Other inputs include sale prices of comparable properties adjusted for differences in key attributes such as property size.	No change has been made to asset values.
Buildings (level 3) 2022: \$175,700,000 2021: \$166,642,000	Current replacement cost	30-Jun-19	APV Valuers & Asset Management (Josh Franklin CPV No. 4079)	These buildings are deemed of specialist nature with no active market or are situated on reserve land. The condition of these buildings considers both physical characteristics as well as holistic factors such as functionality, capability, utilisation, and obsolescence.	No change has been made to asset values.
Dams & weirs, and fixed plant (level 3)	Current replacement cost	30-Jun-19	Northern Water Management Pty Ltd (Jeff Ballard RPEQ No. 6854)	The valuation process incorporates the determination of unit rates by reference to data contained in Rawlinson's Construction Cost Guide (Rawlinson's), an assessment of Council's internal and external costings, manufacturer's specifications, and other relevant data.	No change has been made to asset values.
Land (level 2)	Market Value	31-Mar-19	Knight Frank (Adam Reguson CPV No. 2215)	Sales prices of comparable land sites in proximity are adjusted for differences in key attributes, such as property size. The most significant inputs into this valuation approach are price per square metre. Land is valued for its highest and best use. Reserve land held by Council as trustee for the Queensland Government is not valued.	No change has been made to asset values.
Land improvements (level 3)	Current replacement cost	01-May-20	GHD (S. Orr RPEQ No. 13649)	Industry standard cost guides, project costs from recently completed projects, manufacturer's specifications and other data. There is a substantial number of low value assets within this class, sampling methods were applied to determine those asset values.	No change has been made to asset values.
Pipe networks – water, wastewater, and stormwater (level 3)	Current replacement cost	30-Jun-19	Northern Water Management Pty Ltd (Jeff Ballard RPEQ No. 6854)	Valuation is performed by application of standardised unit rates. Rates are determined by usage, material, depth, length and size. Secondary factors include ground conditions, construction cost indexes such as Rawlinson's, manufacturer specifications, local contractor cost data and current best practice. Limitations on access to individual pipes caused by location or methodology are not incorporated into standardised rates. CCTV inspection data currently does not cover a statistically significant portion of the water pipe network each year, accordingly condition data derived from the CCTV images is not applied to remaining life for the network.	Fair value changed as per index review performed by Valuer.
Transport network - roads (level 3)	Current replacement cost	30-Jun-19	Lemmah Pty Ltd (Graham John Jordan RPEQ No. 3305). Rates only.	Valuation is performed by application of standardised unit rates. All road sections are componentised into formation, pavement sub-base, pavement base, surface, kerbs, barriers, road furniture and pathways. It is assumed that design and construction is to the same standard and uses a consistent amount of labour and materials across each section. Environmental factors such as soil type, climate and topography are assumed to be consistent across each section. Condition assessment conforms to AustRoads technical network assessment papers 2011-2018.	Fair value changed as per index review performed by Valuer.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

Note 7 Property, plant and equipment 30 June 2022												
	Buildings	Dams & weirs	Fixed plant	Cultural & heritage	Land	Land improvements	Landfills	Pipe network	Plant & equipment	Transport network	Assets under construction	Total
Basis of measurement	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Cost	
Asset values	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value as at 1 July 2021	251,181	520,623	889,880	17,339	336,567	142,056	52,222	2,264,132	188,171	2,517,440	569,962	7,749,573
Additions	441	-	6	-	-	19	4,556	89,768	43	15,422	175,009	285,264
Disposals	(4,469)	-	(32)	(7)	(452)	(783)	-	(427)	(7,663)	(18,353)	-	(32,186)
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	-	268,664	-	62,931	-	331,595
Revaluation adjustment to Statement of Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between classes - capitalised assets	16,226	-	7,113	330	-	4,172	3,838	55,272	13,037	52,076	(152,064)	-
Closing gross value as at 30 June 2022	263,379	520,623	896,967	17,662	336,115	145,464	60,616	2,677,409	193,588	2,629,516	592,907	8,334,246
Accumulated depreciation and impairment												
Opening balance as at 1 July 2021	(48,386)	(166,464)	(328,779)	-	(1,582)	(59,808)	(40,347)	(1,066,544)	(108,678)	(744,152)	-	(2,564,740)
Depreciation provided in period	(5,437)	(3,577)	(20,865)	-	-	(6,327)	(1,769)	(29,052)	(13,264)	(47,606)	-	(127,897)
Depreciation on disposals	945	-	1	-	-	402	-	73	6,486	10,008	-	17,915
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	-	(57,784)	-	50,410	-	(7,374)
Revaluation adjustment to Statement of Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Impairment adjustment to income	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between classes / intangible assets	-	-	-	-	-	-	-	-	-	139	-	139
Accumulated depreciation and impairment as at 30 June 2022	(52,878)	(170,041)	(349,643)	-	(1,582)	(65,733)	(42,116)	(1,153,307)	(115,456)	(731,201)	-	(2,681,957)
Total written down value as at 30 June 2022	210,501	350,582	547,324	17,662	334,533	79,731	18,500	1,524,102	78,132	1,898,315	592,907	5,652,289
Range of estimated useful life in years	5 - 180	10 - 150	3 - 150	150+	-	3 - 100	3 - 48	7 - 150	3 - 33	4 - 150	-	
Additions including reallocations from WIP to asset class:	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Renewals	7,462	-	33,484	93	-	9,558	25	31,393	10,871	22,493	-	115,379
Other additions	385	27	31,335	24	930	1,119	8,953	97,458	2,719	26,933	-	169,883
Total capital expenditure, contributed assets, and assets not previously recorded	7,847	27	64,819	117	930	10,677	8,978	128,851	13,590	49,426	-	285,262
Asset revaluation surplus												
Opening balance at 1 July 2021	22,399	-	114,526	6,474	-	-	-	-	-	752,962	-	896,361
Asset revaluation movement	-	-	-	-	-	-	-	293,121	-	116,790	-	409,911
Closing balance at 30 June 2022	22,399	-	114,526	6,474	-	-	-	293,121	-	869,752	-	1,306,272

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

Note 7 Property, plant and equipment 30 June 2021	Buildings	Dams & weirs	Fixed plant	Cultural & heritage	Land	Land improvements	Landfills	Pipe network	Plant & equipment	Transport network	Assets under construction	Total
Basis of measurement	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Fair Value	Cost	
Asset values	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value as at 1 July 2020	251,719	520,623	889,806	17,326	336,567	141,724	58,552	2,257,797	182,118	2,501,215	470,494	7,627,941
Additions	-	-	-	-	-	108	4,640	2,504	47	3,720	134,965	145,984
Disposals	(4,133)	-	-	-	-	(735)	(10,970)	-	(6,435)	(2,079)	-	(24,352)
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to Statement of Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between classes - capitalised assets	3,595	-	74	13	-	959	-	3,831	12,441	14,584	(35,497)	-
Closing gross value as at 30 June 2021	251,181	520,623	889,880	17,339	336,567	142,056	52,222	2,264,132	188,171	2,517,440	569,962	7,749,573
Accumulated depreciation and impairment												
Opening balance as at 1 July 2020	(45,776)	(162,842)	(308,049)	-	(1,582)	(54,104)	(38,804)	(1,036,535)	(101,159)	(704,368)	-	(2,453,219)
Depreciation provided in period	(4,859)	(3,622)	(20,730)	-	-	(6,063)	(1,543)	(30,009)	(13,179)	(41,002)	-	(121,007)
Depreciation on disposals	2,249	-	-	-	-	359	-	-	5,660	1,218	-	9,486
Revaluation adjustment to asset revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation adjustment to Statement of Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Impairment adjustment to income	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between classes / intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment as at 30 June 2021	(48,386)	(166,464)	(328,779)	-	(1,582)	(59,808)	(40,347)	(1,066,544)	(108,678)	(744,152)	-	(2,564,740)
Total written down value as at 30 June 2021	202,795	354,159	561,101	17,339	334,985	82,248	11,875	1,197,588	79,493	1,773,288	569,962	5,184,833
Range of estimated useful life in years	5 - 180	10 - 150	3 - 150	150+	-	3 - 100	3 - 48	7 - 150	3 - 33	4 - 150	-	
Additions including reallocations from WIP to asset class:	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Renewals	4,424	-	13,596	54	-	3,916	83	21,205	11,257	20,284	-	74,819
Other additions	1,018	179	16,776	-	12	7,295	10,757	22,750	1,181	7,580	-	67,548
Total capital expenditure, contributed assets, and assets not previously recorded	5,442	179	30,372	54	12	11,211	10,840	43,955	12,438	27,864	-	142,367
Asset revaluation surplus												
Opening balance at 1 July 2020	22,409	(1)	114,529	6,474	-	-	-	1	-	752,962	-	896,374
Asset revaluation movement	(10)	1	(3)	-	-	-	-	(1)	-	-	-	(13)
Closing balance at 30 June 2021	22,399	-	114,526	6,474	-	-	-	-	-	752,962	-	896,361

*Comparative figures have been restated. Refer to Note 21 for further information.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

Note 8 Contract balances

Where amounts billed to a customer are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the grantor.

When a performance obligation is satisfied by transferring a promised good or service to the customer or the community before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which Council recognises a receivable.

Where Council receives capital grant funding to construct a Council controlled asset, Council presents the funds as a contract liability and revenue is recognised in line with spend (work in progress).

	2022	2021
	\$000	\$000
Contract assets		
Haughton Pipeline Duplication Project Stage 2	5,622	-
Environmental Recovery Package	2,849	-
Local Roads and Community Infrastructure	1,205	-
Other	906	440
Works For Queensland	-	3,715
	10,582	4,155
Contract liabilities		
Haughton Pipeline Duplication Project	15,643	20,615
Works for Queensland	4,918	-
Local Road Network	1,074	2,073
Cycle Network Local Government	843	-
Lansdown Eco-Industrial Precinct Upgrade	753	1,200
Other	852	2,734
Disaster Recovery Funding Arrangement	-	5,001
Local Roads and Community Infrastructure	-	3,032
Environmental Recovery Package	-	2,776
	24,083	37,431

Note 9 Leases

Council as a lessee

Where Council identifies a lease greater than 12 months and greater than \$5,000 including buildings and plant and equipment, a right-of-use asset and lease liability is recognised on the inception of the lease. Council separates lease and non-lease components for classes of assets and has accounted for lease payments as either a reduction of lease liability or as maintenance costs.

For low value or short-term leases, Council recognises the payment associated with these leases as an expense on a straight-line basis over the lease term.

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.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

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, Council's incremental borrowing rate for a similar term with similar security is used.

Terms and conditions of leases

(i) Buildings

Several properties are leased including two properties for community purposes (Townsville City), two libraries (Townsville City and Kirwan) and three operational facilities (Mount St John). The lease terms range between 3 and 10 years and are subject to annual increases of either CPI or a fixed rate.

(ii) Plant and equipment

Six motor vehicles are leased and allocated to Councillors for business purposes. Two motor vehicles are leased for Council use. Lease terms range between 3 and 4 years.

Council leases major network and infrastructure equipment for Information Technology and Communication purposes with a lease term of 5 years.

Three pumpsets and pipework are leased by Council for emergency purposes (Douglas Water Treatment Plant) for a minimum period of 18 months.

Network printers are leased under a maintenance contract. The maintenance portion is removed and treated as an expense while the capital portion is recognised as a right-of-use asset. The lease terms for these contracts are 5 years.

Right-of-use assets	Buildings \$000	Plant and Equipment \$000	Total \$000
Balance at 1 July 2021	9,861	495	10,356
Additions to right-of-use assets	78	1,223	1,301
Adjustments due to remeasurements	991	338	1,329
Depreciation charge	(2,176)	(655)	(2,831)
Disposal of right-of-use assets	-	-	-
Closing balance at 30 June 2022	8,754	1,401	10,155
Balance at 1 July 2020	12,103	618	12,721
Additions to right-of-use assets	393	271	664
Adjustments due to remeasurements	(192)	-	(192)
Depreciation charge	(2,443)	(386)	(2,829)
Disposal of right-of-use assets	-	(8)	(8)
Closing balance at 30 June 2021	9,861	495	10,356

Lease liabilities

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

	< 1 year \$000	1-5 years \$000	> 5 years \$000	Total \$000	Total per Statement of Financial Position \$000
30 June 2022	3,060	7,742	219	11,021	10,548
30 June 2021	2,469	6,809	2,286	11,564	10,917

Liabilities not recognised

For building leases, Council includes extension options which can be exercised at Council's discretion. At each reporting date Council assesses whether it is reasonably certain that the extension options will be exercised based on current operations and Council strategy. No extension options have been included in the lease liability as the exercise of the options has been assessed as not reasonably certain.

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

	Note	2022 \$000	2021 \$000
Interest on lease liabilities		198	218
Depreciation of right-of-use assets		2,831	2,829
Expenses relating to short term leases		206	301
Expenses relating to low value assets		39	48
		<u>3,274</u>	<u>3,396</u>
Total cash outflows for leases (including short term and low value leases)		<u>3,442</u>	<u>3,462</u>

Leases at significantly below market value – Concessionary / peppercorn leases

Council has a number of leases, pursuant to Deeds of Grant in Trust, at significantly below market value which are used for community and sporting purposes.

The leases are generally between 10 and 70 years and require payments of \$1 per annum. The use of the right-of-use asset is restricted by the lessors to specified community services which Council must provide.

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

Note 10 Payables

Payables are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 14-day terms.

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

As Council does not have an unconditional right to defer settlement of the annual leave beyond 12 months, annual leave is classified as a current liability.

Current

Trade payables	16,535	13,453
Annual leave	15,636	16,208
Accrued expenses	35,888	28,886
Prepaid rates	22,585	18,703
Sundry payables	4,982	6,564
	<u>95,626</u>	<u>83,814</u>
19		

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

Note 11 Borrowings

Borrowings are initially recognised at fair value. Subsequent to initial recognition these liabilities are measured at amortised cost.

Principal and interest repayments are made quarterly in arrears. Expected final repayment dates vary from 15 December 2023 to 15 June 2040. There have been no defaults or breaches of the loan agreement during the period.

Council's current policy is to only borrow for capital investment purposes and for a term no longer than the expected life of the asset.

	Note	2022 \$000	2021 \$000
Current			
Loans - Queensland Treasury Corporation		45,099	39,542
Non-current			
Loans - Queensland Treasury Corporation		372,823	347,150
Total borrowings	19	<u>417,922</u>	<u>386,692</u>

The loan market value at the reporting date was \$418,336,854. This represents the value of the loans if Council repaid the loans as at reporting date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these financial statements.

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

The interest rates on borrowings range from 1.385% to 8.352% for book value rates.

Note 12 Provisions

Current		
Self-insurance	1,050	709
Landfill restoration	4,715	620
Long service leave	14,299	14,488
Other	920	1,697
	<u>20,984</u>	<u>17,514</u>
Non-current		
Self-insurance	2,187	2,640
Landfill restoration	25,175	26,325
Long service leave	2,480	2,733
	<u>29,842</u>	<u>31,698</u>

(a) Landfill restoration

A provision is made for the cost of rehabilitation of assets and other future restoration costs where it is probable Council will be liable, or required, to incur costs on the cessation of use of these facilities.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

The provision represents the present value of the anticipated future costs associated with the closure of landfill sites in accordance with environmental licence conditions. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates in line with Townsville 2021-2026 Corporate Plan, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

The total projected cost of \$29,889,684 is expected to be incurred between 2023 and 2072. This amount excludes rehabilitating landfill cells on existing sites that are yet to be constructed or used, but which are in the current site plan.

(b) 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 Council's employment or other associated employment which would result in 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 interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

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.

Based on past experience, Council does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2022 \$000	2021 \$000
Long service leave obligations expected to be settled after 12 months	14,208	14,761

(c) Movements

Movements in non-employee benefit provisions during the financial year are set out below:

	Self-insurance \$000	Landfill restoration \$000	Other \$000
Balance at beginning of financial year	3,349	26,945	1,697
Additional provisions raised during the year	-	12,071	-
Amounts used	(448)	(21)	(777)
Unused amounts reversed	336	-	-
Decrease in provision due to unwinding of discount	-	(1,107)	-
Decrease in provision due to change in discount rate	-	(7,998)	-
Balance at end of financial year	3,237	29,890	920

Note 13 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.

	Note	2022 \$000	2021 \$000
Asset revaluation surplus	7	1,306,272	896,361

Note 14 Commitments for expenditure

Capital expenditure commitments

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

	2022 \$000	2021 \$000
Ross River Dam to Douglas water treatment plant pipeline duplication	52,132	1,930
Haughton Pipeline duplication stage 2	50,697	9,753
Cleveland Bay purification plant effluent reuse project	29,780	-
Wastewater facility improvements	13,822	3,509
Douglas water treatment plant clarifier	8,813	24,363
Operational buildings and depots	7,294	522
Resource recovery and waste disposal	6,664	1,577
East End Boardwalk	6,118	-
Road upgrades	5,323	1,747
Water facility improvements	4,534	5,390
Fleet upgrades	3,476	943
Pool redevelopment projects	3,390	10
Open space upgrades	1,314	8,603
Other	1,703	3,094
Information technology upgrades	-	164
Laboratory upgrade	-	34
Gallery and theatre recovery works	-	19
	195,060	61,658

Note 15 Contingent liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

Guarantees

Workers' compensation self-insurance guarantees	5,907	5,907
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WorkCover Queensland authorities require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the estimated liability. An actuarial assessment of the Council workers' compensation claims liability performed on 12 August 2022 has estimated the required self-insurance guarantee be \$3,540,000.

Guarantees held at each balance date do not always equal the liability at these dates. This is due to delays in issuing the guarantees or Council opting to maintain the existing guarantee amount.

The actuarial assessment also recommends a self-insurance provision that has been recognised for risks relating to potential workers' compensation claims at balance date. Refer to Note 12.

Claims

Council is a member of the local government mutual 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.

At the time of preparation of this report, the financial statements for 30 June 2022 of LGM Queensland were not available. As at 30 June 2021 the financial statements reported an accumulated surplus of \$79,618,265 and it was not anticipated any liability would arise.

Note 16 Superannuation

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

The scheme is a 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 Council.

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

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, 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. Council is not aware of any events 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 salary or wages and there are no known requirements to change the rate of contributions. The next triennial actuarial review is due 1 July 2024.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

The most significant risks that may result in LGIA 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 will be 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.

	2022 \$000	2021 \$000
Superannuation contributions made to the Regional Defined Benefits Fund	585	661
Other superannuation contributions for employees	15,093	14,901
Total superannuation contributions paid by Council for employees	15,678	15,562

Note 17 Reconciliation of net result to net inflow (outflow) from operating activities

	2022 \$000	2021 \$000
Net result for the year	65,719	80,641
Non-cash and non-operating items:		
Depreciation and amortisation	134,283	127,063
Increases in value from asset adjustments	(3,877)	-
Impairment losses on property, plant and equipment	1	3
Change in future rehabilitation and restoration costs	(6,962)	6,170
Lease interest on right-of-use assets	198	218
Grants and contributions received for constructing assets	(38,883)	(62,818)
Net loss on sale of non-current assets	13,000	2,774
Fair value gain on contributions of assets	(19,501)	(6,223)
Change in accounting policy		5,122
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(5,810)	14,162
(Increase)/decrease in inventories	(392)	184
(Increase)/decrease in contract assets	(6,427)	5,767
(Increase)/decrease in other assets	(713)	634
Increase/(decrease) in payables	8,991	16,477
Increase/(decrease) in provisions	1,614	(11,714)
Increase/(decrease) in contract liabilities	(13,348)	(21,320)
Increase/(decrease) in other liabilities	24,225	(16,320)
Net cash flows from operating activities	152,118	140,820

Note 18 Events after the reporting date

There were no material events after the reporting date.

Note 19 Financial instruments and financial risk management

(a) Financial assets and liabilities

Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents

Receivables - measured at amortised cost

Financial liabilities

Payables - measured at amortised cost

Borrowings - measured at amortised cost

Financial assets and financial liabilities are presented separately, offsetting has not been applied.

(b) Financial risk management

Council's activities expose it to a variety of risks including credit risk, liquidity risk and market risk. Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of Council. These methods include sensitivity analysis in the case of market risk, ageing analysis for credit risk and short term investment strategies to ensure sufficient funds are available to meet short term liquidity requirements.

(c) 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 Council's 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. Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

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 *Statutory Bodies Financial Arrangement Act 1982*.

Council has no significant concentration of credit risk with respect to any single counterparty or entity of counterparties other than those receivables where an allowance for impairment has been specifically provided for.

The following table details Council's receivables exposed to credit risk with ageing analysis and impairment provided for thereon.

Financial assets	Gross amount	Impaired	Within initial trade terms	Past due (days overdue)			
				<30	31-60	61-90	>90
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
30 June 2022							
Rates and utilities, fees and charges	21,662	(389)	6,004	355	644	348	14,311
Loans and advances to community organisations	2,635	-	2,635	-	-	-	-
Water charges not yet levied	12,295	-	12,295	-	-	-	-
Other receivables	10,725	-	10,725	-	-	-	-
Total	47,317	(389)	31,659	355	644	348	14,311

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

(d) Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities to cater for unexpected volatility in cash flows. Unrestricted access was available at balance date to undrawn facilities listed below:

	2022 \$000	2021 \$000
Bank overdraft facility	500	500
Purchase card facility	1,810	1,800
Working Capital Facility - Queensland Treasury Corporation	100,000	100,000
	<u>102,310</u>	<u>102,300</u>

Council holds an ongoing working capital facility of \$100 million for the purpose of managing the financial impacts associated with COVID-19. At reporting date, the facility was fully undrawn.

The following table sets out the liquidity risk of financial liabilities (excluding lease liabilities – refer Note 9) held by Council. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows (principal and interest) at balance date:

Financial liabilities	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total contractual cash flows \$000	Carrying amount \$000
30 June 2022					
Payables	95,626	-	-	95,626	95,626
Loans - Queensland Treasury Corporation	62,782	203,821	257,090	523,693	417,922
	<u>158,408</u>	<u>203,821</u>	<u>257,090</u>	<u>619,319</u>	<u>513,548</u>
30 June 2021					
Payables	83,814	-	-	83,814	83,814
Loans - Queensland Treasury Corporation	56,277	192,081	233,849	482,207	386,692
	<u>140,091</u>	<u>192,081</u>	<u>233,849</u>	<u>566,021</u>	<u>470,506</u>

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

(e) Market risk

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

Interest rate risk

Exposure to interest rate risk arises on investments and borrowings with QTC and other financial institutions in which a future change in interest rates will affect future cash flows. In relation to QTC loans, Council holds fixed rate loan products. Consequently, Council's borrowings are not subject to interest rate risk and therefore no sensitivity analysis is required.

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

Council does not undertake any hedging of interest rate risk.

Sensitivity analysis of cash balances

Sensitivity analysis depicts what effect a reasonable possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values of cash balances at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period. If the rates increased by 1% the impact would be an increase in profit of \$2,326,341 (2021: \$1,844,426), an equal amount in the reverse direction is possible for a decrease in rates.

Note 20 National Competition Policy

Council applies the competitive code of conduct to the following activities:

- water and sewerage
- waste management
- performing arts

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council and represents an activity cost(s) which would not be incurred if the primary objective of the activity was to make a profit. Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSOs by the Council.

The following activity statements are for activities subject to the competitive code of conduct:

	Water and sewerage	Waste management	Performing arts
	2022	2022	2022
	\$000	\$000	\$000
Revenue for services provided to the Council	33,904	14,360	-
Revenue for services provided to external clients	194,572	41,326	2,106
Community service obligations	3,390	312	-
	231,866	55,998	2,106
Less: Expenditure	(153,667)	(46,219)	(12,443)
Surplus/(deficit)	78,199	9,779	(10,337)

Description of CSOs provided to business activities:

Activities	CSO Description	Net cost \$000
Townsville Water	Concessions on water and wastewater utility charges	3,390
Townsville Waste	Concessions on landfill charges, community clean-up events and other waste services	312

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

Note 21 Prior period adjustments

During 2021/22 Council identified contributed infrastructure assets totalling \$3,617,165 with prior year commission dates resulting in an understatement of revenue and property, plant and equipment in 2020/21.

In addition, \$17,842,591 of contributed infrastructure assets were identified during 2021/22 with commission dates being prior to 1 July 2020. This amount should have been recognised in years prior to 2020/21.

To correct the impact of the prior year errors, Council has adjusted the 2020/21 comparative figures in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and applicable notes to the financial statements. No prior year adjustments were actioned for depreciation on the subject assets due to materiality.

In April 2021, the International Financial Reporting Standards Interpretations Committee published an agenda decision on accounting for configuration and customisation costs in relation to Software as a Service (SaaS) arrangements. Council previously recognised these costs as an intangible asset in Council's Statement of Financial Position. Council has changed its accounting policy in relation to Intangible assets and configuration and customisation costs, to firstly address whether an intangible asset exists and secondly, if no intangible asset exists, costs of configuration and customisation will be recognised as an expense in the period they are incurred.

The change in policy has been applied retrospectively and Council has adjusted the 2020/21 comparative amounts by \$5,122,419 in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and applicable notes to the accounts.

Adjustments impacting financial statement line items for the 2020/21 comparative year are presented below:

	Actual 2021 \$000	Adjustment 2021 \$000	Restated Actual 2021 \$000
Statement of Comprehensive Income (Extract)			
Capital Revenue			
Grants and contributions	80,336	3,617	83,953
Total income	508,220	3,617	511,837
Recurrent Expenses			
Employee benefits	(136,804)	(2,461)	(139,265)
Materials and services	(138,473)	(2,661)	(141,134)
Total recurrent expenses	(423,278)	(5,122)	(428,400)
Total expenses	(426,074)	(5,122)	(431,196)
Net Result	82,146	(1,505)	80,641
Total comprehensive income for the year	82,133	(1,505)	80,628
Statement of Financial Position (Extract)			
Non-current assets			
Property, plant and equipment	5,163,373	21,460	5,184,833
Intangible assets	9,474	(5,122)	4,352
Total non-current assets	5,188,334	16,338	5,204,672
Total assets	5,421,964	16,338	5,438,302
Net community assets	4,851,346	16,338	4,867,684
Community equity			
Retained surplus	3,954,985	16,338	3,971,323
Total community equity	4,851,346	16,338	4,867,684

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

	Actual 2021 \$000	Adjustment 2021 \$000	Restated Actual 2021 \$000
Statement of Changes in Equity (Extract)			
Prior period adjustment relating to recognition of non-current assets	-	17,843	17,843
Net result	82,146	(1,505)	80,641
Balance of Retained Surplus	3,954,985	16,338	3,971,323
Note 2 – Analysis of results by function (Extract)			
(b) Income and expenses defined between recurring and capital are attributed to the following components			
Income – Capital – Other			
Drain and Stormwater Management	209	1,216	1,425
Roads and Transport Management	4,801	1,532	6,333
Water Services	8,481	869	9,350
Income – Capital – Other Total	19,961	3,617	23,578
Total Income			
Drain and Stormwater Management	731	1,216	1,947
Roads and Transport Management	32,751	1,532	34,283
Water Services	139,764	869	140,633
Total Income	508,220	3,617	511,837
Expenses – Recurrent – Other			
Service Partners	(151,367)	(5,122)	(156,489)
Total Expenses			
Service Partners	(136,721)	(5,122)	(141,843)
Net result from recurrent operations			
Service Partners	31,947	(5,122)	26,825
Net Result			
Drain and Stormwater Management	(9,090)	1,216	(7,874)
Roads and Transport Management	(36,552)	1,532	(35,020)
Service Partners	30,361	(5,122)	25,239
Water Services	84,009	869	84,878
Net Result	82,146	(1,505)	80,641
(c) Function Assets			
Rest of Council	3,364,175	14,700	3,378,875
Townsville Water	2,003,281	1,638	2,004,919
Total Council	5,421,964	16,338	5,438,302
Note 3 – Revenue (extract)			
Revenue recognised at a point in time			
Grants, subsidies and contributions	34,753	3,617	38,370
Total Revenue recognised at a point in time	421,202	3,617	424,819
Total Revenue	491,315	3,617	494,932
(c) Grants, subsidies and contributions			
Contributions received for capital purposes	17,272	3,617	20,889
Capital Total	80,336	3,617	83,953

Townsville City Council

Notes to the Financial Statements for the year ended 30 June 2022

	Actual 2021 \$000	Adjustment 2021 \$000	Restated Actual 2021 \$000
Note 4 – Expenses (extract)			
(a) Employee benefits			
Total staff wages and salaries	131,302	2,461	133,763
Sub-total	148,759	2,461	151,220
Sub-total	152,653	2,461	155,114
Total	136,804	2,461	139,265
(b) Materials and services			
Information, technology and communications	12,832	2,661	15,493
Sub-total	141,302	2,661	143,963
Total	138,473	2,661	141,134
Note 7 – Property, plant and equipment (extract)			
Opening gross value as at 1 July 2020			
Pipe network	2,255,589	2,208	2,257,797
Transport network	2,485,580	15,635	2,501,215
Total opening gross value as at 1 July 2020	7,610,098	17,843	7,627,941
Additions for 2020/21			
Pipe network	419	2,085	2,504
Transport network	2,188	1,532	3,720
Total additions	142,367	3,617	145,984
Closing gross value as at 30 June 2021			
Pipe network	2,259,839	4,293	2,264,132
Transport network	2,500,273	17,167	2,517,440
Total closing gross value as at 30 June 2021	7,728,113	21,460	7,749,573
Total written down value as at 30 June 2021			
Pipe network	1,193,295	4,293	1,197,588
Transport network	1,756,121	17,167	1,773,288
Total written down value as at 30 June 2021	5,163,373	21,460	5,184,833
Note 17 – Reconciliation of net result for the year to net inflow (outflow) from operating activities (extract)			
Net result for the year	82,146	(1,505)	80,641
Fair value gain on contributions of assets	(2,606)	(3,617)	(6,223)
Change in accounting policy	-	5,122	5,122

Note 22 Transactions with related parties

(a) Transactions with Townsville Breakwater Entertainment Centre Joint Venture

	2022 \$	2021 \$
Payment of working capital required under management agreement	225,635	359,560
Contribution towards Townsville Breakwater Entertainment Centre assets	30,000	95,521
Building and property insurance	74,365	80,308
Other expenditure	83,260	19,450
	<u>413,260</u>	<u>554,839</u>

(b) Transactions with NQ Spark Pty Ltd

Establishment loan with 3 year repayment term	300,000	-
	<u>300,000</u>	<u>-</u>

(c) Key management personnel compensation (KMP)

KMP include the Mayor, Councillors and Council's senior management staff (Chief Executive Officer and directors). The compensation to the KMP for the financial year was as follows:

Short-term employee benefits	3,188,631	3,065,527
Post-employment benefits	308,269	297,846
Long-term employee benefits	26,778	26,113
Termination benefits	247,125	258,000
	<u>3,770,803</u>	<u>3,647,486</u>

(d) Transactions with other related parties

Other related parties include 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 or dependent of a KMP, child or dependent of a KMP's spouse and any other family member expected to be influenced by a KMP in their dealings with Council.

There were no material transactions between other related parties in the period.

There were no KMP family members employed by Council during the financial year.

(e) Transactions with related parties that have not been disclosed

There are entities and individuals identified as related parties of Council that also live and operate within the Townsville region. On a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of Council facilities such as swimming pools and libraries
- Dog registration

Council has not included these types of transactions in its disclosure where they are made on the same terms and conditions available to the general public.

Townsville City Council Independent Auditors Report

To the councillors of Townsville City Council

Report on the audit of the financial report Opinion

I have audited the financial report of Townsville City Council. In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2022, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

At the date of this auditor's report, the available other information in Townsville City Council's annual report for the year ended 30 June 2022 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council. Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act and the Local Government Regulation 2012.

The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.



Sri Narasimhan
as delegate of the Auditor-General

5 October 2022

Queensland Audit Office
Brisbane

Townsville City Council

Current Year Financial Sustainability Statement

For the Year Ended 30 June 2022

Measures of financial sustainability

Council's performance at 30 June 2022 against key financial ratios and targets:

How the measure is calculated	Operating surplus ratio Net result (excluding capital items) divided by total operating revenue (excluding capital items)*	Asset sustainability ratio Capital expenditure on the replacement of assets (renewals) divided by depreciation expense (excluding non-infrastructure assets)	Net financial liabilities ratio Total liabilities less current assets divided by total operating revenue (excluding capital items)
Target	between 0% and 10%	greater than 90%	not greater than 60%
Actual	1%	91%	72%

Note 1 Basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from Council's audited general purpose financial statements for the year ended 30 June 2022.

* Operating surplus ratio has been calculated from the Statement of Comprehensive Income, with details on capital revenue and capital expenditure to be excluded derived from Note 3 and 4 respectively.

Certificate of Accuracy for the year ended 30 June 2022

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 

Dated this 4 day of OCTOBER 2022

Chief Executive Officer 

Dated this 4 day of OCTOBER 2022

Townsville City Council

Independent Auditors Report

To the councillors of Townsville City Council

Report on the current-year financial sustainability statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Townsville City Council for the year ended 30 June 2022, 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 Townsville City Council for the year ended 30 June 2022 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2013 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

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

At the date of this auditor's report, the available other information in Townsville City Council's annual report for the year ended 30 June 2022 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

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

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

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

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

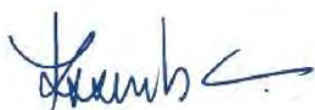
My objectives are to obtain reasonable assurance about whether the current-year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance,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

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

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

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

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



Sri Narasimhan
as delegate of the Auditor-General

Townsville City Council

Long Term Financial Sustainability Statement

For the Year Ended 30 June 2022

Measures of financial sustainability

		Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
How the measure is calculated		Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense (excluding non-infrastructure assets)	Total liabilities less current assets divided by total operating revenue (excluding capital items)
Actual projected for the years ended	Target	between 0% and 10%	greater than 90%	not greater than 60%
	30-Jun-22	1%	91%	72%
	30-Jun-23	0%	128%	91%
	30-Jun-24	2%	63%	79%
	30-Jun-25	3%	51%	66%
	30-Jun-26	5%	53%	59%
	30-Jun-27	5%	64%	52%
	30-Jun-28	5%	71%	43%
	30-Jun-29	4%	68%	33%
	30-Jun-30	2%	56%	27%
	30-Jun-31	2%	92%	21%


Financial management strategy

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


Certificate of Accuracy for The Long-Term Financial Sustainability Statement Prepared as at 30 June 2022

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 

Dated this 4 day of OCTOBER 2022

Chief Executive Officer 

Dated this 4 day of OCTOBER 2022

Our Governance



Our Governance Framework Overview

Townsville City Council continues to be a responsible, open, and transparent local government operating in accordance with the *Queensland Local Government Act 2009 (the Act)*, the Local Government Regulation 2012 (the Regulations) and related legislation. Council is committed to high standards of corporate governance and accountability and seeks continuous improvement.

In line with section 4(2) of the *Local Government Act 2009*, responsible governance is important to Council because:

- it underpins the confidence that the community has in Council and our services
- it affects the quality of our outputs
- it is a value adding activity
- it ensures that the Council meets its legislative responsibilities
- it is a strong reminder that the Council is ultimately accountable to the community

Council has a Corporate Governance Framework to ensure compliance with legislation and best practice. For Council to demonstrate good governance, there needs to be a clear understanding about responsibilities and accountabilities. This framework sets out the roles of elected members and administration in representing the interests of current and future residents of Townsville. Townsville's elected officials bring a diverse wealth of experience and passion, and throughout the year have continued to interact with the community and act on residents' behalf. The Corporate Governance Framework was reviewed during the year.

Enterprise Risk Management

Council's risk management approach is based on the International ISO 31000:2018 Risk Management Guidelines. Throughout 2021/22 Council continued to assess risk for any decision proposals, keeping any new and emerging risks under consideration. Managing risks at an appropriate level remains an integral part of our organisation. Council has an established risk management framework, policy, procedures, and systems which support the identification, assessment and mitigation of strategic and operational risks across the organisation.

Being the first line of connection to the Townsville community, Council continued to provide the management of risk the attention it deserves. Management of work, health and safety risks is of paramount importance to us. The safety of staff, the community and contractors remained the key priority at Council. It is important for Council that "everyone goes home safe today and every day". Risk management continues to be a responsibility of all employees and an integral part of the management function.

Strategic Risk Assessment

The 2021/22 Risk Management Plan includes a range of mitigation strategies designed to manage or reduce risk to an acceptable level, while utilising opportunities identified. Townsville City Council continued to mitigate risks that would prevent the achievement of its Corporate Plan and continued to focus on creating a globally connected community driven by lifestyle and nature. The strategic risk review process revealed the following:

Top challenges/risks faced by Council:

- pandemic recovery and associated economic impacts
- asset deterioration and maintenance
- special skills deficits

Top opportunities/strengths realised by Council:

- built strong partnerships and resilience
- host big events in the region
- continued provision of services and community events despite COVID-19 impacts

Operational Risk Assessment

Quarterly operational risk assessments were completed. The consolidated list of risks informed the Internal Audit planning process supporting the Audit Committee function of monitoring Council's performance against high-risk areas.

Fraud Risk Assessment

A comprehensive fraud risk assessment was completed in consultation with key stakeholders across the organisation to support Council's Fraud Management Framework. During the year, staff and senior management completed the mandatory Fraud and Corruption Awareness training. Computer Assisted Audit Tools (CAATs) in the management of fraud risk were identified so that available data can be used to evaluate the effectiveness of fraud controls.

Compliance Risk

During 2021/22, Council continued to apply the Local Government Association of Queensland Compliance tool across the business to identify and reduce the risk of non-compliance to key compliance areas of legislative obligations. This ensures Council adjusts to legislation changes, remedying any breach that may occur and serves to raise awareness of the extensive range of legislative obligations of the Council among staff.

Business Continuity Risk

Council has a Business Continuity Framework and a Business Continuity Management Policy. Council reviewed the Townsville City Council Business Continuity Plan and the related 17 sub-plans for its critical business functions as scheduled during 2021/22. Reviewing and updating our business continuity plans is an integrated part of our annual strategic planning and review process. Throughout the year, Council continued to prioritise safe service delivery, ensuring the safety and wellbeing of its workers, the community, and the environment.

Guardian IMS is a cloud-based program, which has been specifically designed and developed to operate as a disaster management incident system. Staff identified with roles critical during interruptions, completed the mandatory online Guardian IMS General and the Guardian IMS Advanced Guardian training.

Policy Management

Council adopted two new policies in 2021/22 – Beneficial Enterprises Policy and Townsville City Council Public Tree Policy (and guidelines).

Disclosure of Governance Performance

Council investigates reported or suspected instances of fraud and other serious crime and misconduct, and maintains a focus on raising awareness of Council values and fostering ethical behaviour. Council treats all allegations of fraud, corruption and serious misconduct with the utmost importance and ensures they are thoroughly investigated.

The Office of the Independent Assessor (OIA) investigates complaints regarding the conduct and performance of Councillors. During the 2021/22 financial year thirty-three complaints were investigated by the Office of the Independent Assessor (OIA) regarding the conduct and performance of the Councillors, five allegations were dismissed, twenty-one investigated and noted as no further action and one matter referred back to Council to investigate. The remaining matters remain under investigation at the time of this report. The OIA also determined that an allegation of misconduct referred in a previous financial year was sustained and made an order against a former Councillor. Details of the Councillor Conduct Register and that order can be found on Council's website.

Council continues its commitment to encourage and support public interest disclosures of wrongdoing. All public interest disclosures made this financial year were investigated in a confidential manner and in accordance with Public Interest Disclosure (PID) Standard No. 2/2019. All disclosures were suitably reported to the Queensland Ombudsman Office and the relevant documentation recorded in accordance with PID Standard No. 3/2019.

The Townsville community relies on Council to do the right thing, and Council values its reputation for delivering services in an ethical and accountable manner. Council sections continued to work closely with one another to ensure a collaborative and proactive approach to driving Council's ethical standards. The annual Code of Conduct training was completed by 91% of staff, and all new staff attended Fraud Awareness and Code of Conduct sessions during inductions.

Openness and Transparency

As an open and transparent local government, Council makes information available for community members in a range of formats using the Townsville Dashboards. Townsville Dashboards is a digital platform to access high quality, current data, and insights about Townsville, informing, and enabling the Townsville community and those with an interest in investing in the region.

To comply with legislation and in the interest of openness and transparency, all Councillors are required to disclose and provide updates for their Register of Interests which can be viewed on the Council's public [website](#).

Councillors are ultimately responsible for disclosing any prescribed conflict of interest or of any declarable conflict of interest on matters to be discussed at a Council or committee meeting (other than ordinary business matters). Prescribed Conflict of Interest and Declarable Conflicts of Interest declared are recorded in the minutes of those meetings.

Ordinary, Special and Standing committee meetings of Council are open to the public unless closed in accordance with section 254(j) of the Local Government Regulation 2012. Once the deliberations are concluded in closed sessions, the meeting is re-opened to the public for a decision and the decision is placed on the public record. Due to COVID-19, and to comply with related health directions, meetings were closed to the public until the May 2022 Ordinary Council meeting.

Ordinary Council and Special Council meetings are live streamed. Copies of the recordings are available on the Council's [website](#).

The Audit Committee and the Internal Audit Unit continued to provide advisory and independent forums where representatives of Council, independent specialists and management worked together to fulfill specific governance responsibilities.

Meeting Attendance

Council meetings comprise of Ordinary Council Meetings, Special Council Meetings and Standing Committees. Ordinary Meetings have a membership comprising of the Mayor and all Councillors.

The attendance of Councillors at Ordinary Council meetings, Special Council meetings and Standing Committees for the period are outlined in Table 1.

Table 1 - Councillor meeting attendance

	Ordinary Council	Special Council	Planning and Development	Community and Cultural	Community Health, Safety and Environmental Sustainability	Infrastructure Services	Townsville Water and Waste	Business Services and Finance
Number of meetings held	12	4	9	9	9	9	8	9
Number of meetings attended								
Cr Jenny Hill	12	3	3	1	1	1	3	0
Cr Mark Molachino	11	4	7	0	0	7	5	0
Cr Margie Ryder	12	3	0	0	8	8	0	8
Cr Sue Blom	10	3	0	8	0	0	7	8
Cr Ann-Maree Greaney	10	4	9	9	9	0	0	0
Cr Russ Cook	10	3	9	0	9	0	8	4
Cr Suzy Batkovic	11	4	0	8	0	8	7	0
Cr Kurt Rehbein	9	3	0	8	0	8	0	8
Cr Maurie Soars	11	4	0	0	8	8	0	8
Cr Liam Mooney	12	4	8	8	0	0	7	0
Cr Fran O'Callaghan	12	3	9	0	9	0	0	5

Standing Committees

Council's decision-making process is based on a monthly cycle of six Standing Committees and an Ordinary Council meeting. Each of the Standing Committees has a specific area of focus and is responsible for exploring complex issues and making recommendations to Council for determination at the Ordinary Council meeting. Each committee comprises of the Mayor, the chair of the committee and four additional Councillors as members.

Table 2 - Standing committees

Planning and Development Committee	
Functions: <ul style="list-style-type: none"> • Development Assessment • Strategic Planning • Infrastructure Planning • Economic Development 	Services: <ul style="list-style-type: none"> • Assets and Hydraulics • Statutory Planning and Building Control • Urban Design • Planning Scheme • Heritage Planning • Community and Stakeholder Engagement • Strategy and Policy (planning recommendations and innovations)

Townsville Water and Waste Committee	
Functions: <ul style="list-style-type: none"> • Waste Services • Water Services • Wastewater Services 	Services: <ul style="list-style-type: none"> • Solid Waste Collection, Treatment, Recycling and Disposal • Wastewater Treatment • Water Supply • Laboratory Services and Trade Services
Community and Cultural Development Committee	
Programs: <ul style="list-style-type: none"> • Inclusivity • Liveability • Arts • RADF • Libraries • Events Functions: <ul style="list-style-type: none"> • Community Engagement • Cultural Services 	Services: <ul style="list-style-type: none"> • Cultural Services • Community Engagement • Community Programs • Community Development • Grants and Partnerships • Events (Special and Civic) • Venue Management • Libraries • Arts and Theatres • Sister Cities • Townsville Dashboards
Community Health, Safety and Environmental Sustainability Committee	
Functions: <ul style="list-style-type: none"> • Environmental Health • Regulatory Services • Environmental Services • Community Engagement • Community Programs • Community Development (Sport and Recreation) 	Services: <ul style="list-style-type: none"> • Environmental Systems • Natural Resource Management • Integrated Sustainability and Resilience • Emergency Management • Food Safety • Public Health • Local Laws and animal management • Environmental Protection • Parking Enforcement • Resilience Planning • Community Safety • Building and Facilities Management (Sport and Recreation) • Open Space Planning and Management
Infrastructure Services Committee	
Functions: <ul style="list-style-type: none"> • Major Projects • Emergency Management • Infrastructure Planning and Fleet • Asset Management • Construction and Maintenance 	Services: <ul style="list-style-type: none"> • Coastal Facilities • Drain and Stormwater Management • Open Space Management • Roads and Transport Management • Buildings and Facilities Management • Fleet Management • Disaster Management • Cemeteries
Business Services and Finance Committee	
Functions: <ul style="list-style-type: none"> • Information Technology • Finance • People and Culture • Legal Services • Procurement 	Services: <ul style="list-style-type: none"> • Asset Management (Business Services) • Business Management • Financial Management and Contract Management • Governance and Legal • Information Technology • People • Safety

Governance of our Councillors

Remuneration, Expenses and Facilities

Councillors receive a remuneration package determined by the Local Government Remuneration Commission, which is reviewed by the Commission on an annual basis.

The Commission decided not to increase the maximum remuneration levels for Mayors, Deputy Mayors and Councillors from 1 July 2021. The levels will remain as set at the amounts fixed for 1 July 2020.

Remuneration

The table below outlines the remuneration received by Councillors in 2021/22.

Table 3 - Councillor remuneration

Councillor	Remuneration (\$)	Superannuation* (\$)
Cr Jenny Hill	208,117	24,975
Cr Mark Molachino	141,520	14,152
Cr Margie Ryder	124,869	14,984
Cr Sue Blom	124,869	14,984
Cr Ann-Maree Greaney	124,869	14,984
Cr Russ Cook	124,869	14,984
Cr Suzy Batkovic	124,869	14,984
Cr Kurt Rehbein	124,869	12,487
Cr Maurie Soars	124,869	14,984
Cr Liam Mooney	124,869	14,984
Cr Fran O'Callaghan	124,869	14,984

* Variances in superannuation due to options available for Councillors to make additional contributions throughout the year.

Expenses and Facilities

In accordance with section 250 of the Local Government Regulation 2012, the Councillor Expenses Reimbursement Policy and Councillor Facilities Policy outline the resources and facilities extended to Councillors to perform daily duties and roles.

Council business is described as the official business of a Councillor as generally described in section 12 of the *Local Government Act 2009*. Council business should result in a benefit being achieved either for the local government and/or the local government area.

The **expenses incurred** by Councillors in the 2021/22 financial year are shown in the table 4.

Table 4 - Councillor expenses

Councillor	Conferences, Travel & Accom	Motor Vehicles	Printing & Advertising	Hospitality	Office & Admin Costs	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Mayor Jenny Hill	6,686	16,836 ¹	4,789	9,521	4,911	42,743
Cr Mark Molachino	2,257	13,415 ¹	2,761	7,761	2,047	28,241
Cr Margie Ryder	2,749	11,481 ²	5,757	1,810	1,382	23,179
Cr Sue Blom	2,757	10,925 ¹	2,846	1,460	0	17,988
Cr Ann-Maree Greaney	491	12,284 ¹	3,244	4,386	930	21,335
Cr Russ Cook	9,064	12,461 ²	1,845	1,728	953	26,051
Cr Suzy Batkovic	0	12,307 ¹	0	416	500	13,223
Cr Kurt Rehbein	1,256	9,546 ²	3,507	2,869	909	18,087
Cr Maurie Soars	2,843	15,795 ²	3,709	1,567	501	24,415
Cr Liam Mooney	1,459	10,573 ¹	1,350	704	389	14,475
Cr Fran O'Callaghan	0	8,133 ²	0	131	197	8,461
Total	29,562	133,756	29,808	32,353	12,719	238,198

⁽¹⁾ Expenses incurred for leased vehicles

⁽²⁾ Reimbursement of business kilometres travelled using private vehicle (paid as remuneration)

Councillors were provided with the following facilities to enable them to perform their duties and undertake Council business:

- Personal protective equipment (PPE)
- Stationery supplies
- Full administrative support (Mayor and Deputy Mayor)
- Limited administrative support (Councillors)
- Telecommunications facilities
- Shared office facilities (Councillors)
- Home office facilities (Councillors)
- Private vehicle use (optional) – Councillors who choose this option claim reimbursement for business use of private vehicle (refer to Councillor Expenses Reimbursement Policy)
- Council leased vehicle (optional)

Conduct and Performance

Under section 186(1) (d) (e) and (f) of the Local Government Regulation 2012, Council's Annual Report must contain details of any decisions, orders, recommendations, and complaints about Councillors during the financial year. Details for 2021/22 are outlined in Table 5.

Table 5 - Conduct and performance¹ of Councillors

Conduct and performance of Councillors	Number received
Total number of orders made under section 150I(2) of the <i>Local Government Act 2009</i>	0
Total number of orders made under section 150AH(1) of the <i>Local Government Act 2009</i>	0
Total number of decisions, orders and recommendations made under section 150AR(1) of the <i>Local Government Act 2009</i>	1
The name of each Councillor for whom a decision, order or recommendation was made under section 150I(2), section 150AH(1) or section 150AR(1) of the <i>Local Government Act 2009</i> , a description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each Councillor, and a summary of the decision, order or recommendation made for each Councillor	1 See table below
The number of complaints referred to the assessor under section 150P(2)(a) of the <i>Local Government Act 2009</i> by local government entities for the local government	9
The number of matters, mentioned in section 150P(3) of the <i>Local Government Act 2009</i> , notified to the Crime and Corruption Commission	0
The number of notices given under section 150R(2) of the <i>Local Government Act 2009</i>	0
The number of notices given under section 150S(2)(a) of the <i>Local Government Act 2009</i>	0
The number of decisions made under section 150W(1)(a), (b) and (e) of the <i>Local Government Act 2009</i>	27
The number of referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the <i>Local Government Act 2009</i>	2
The number of occasions information was given under section 150AF(4)(a) of the <i>Local Government Act 2009</i>	0
The number of occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the <i>Local Government Act 2009</i> for the local government, the suspected inappropriate conduct of a Councillor	2
The number of applications heard by the conduct tribunal about the alleged misconduct of a Councillor under Chapter 5A part 3 division 6 of the <i>Local Government Act 2009</i> .	1

Councillor Name	Summary of complaint	Decision Summary
Paul Jacob	It was alleged that Councillor Paul Jacob engaged in misconduct as defined in section 150L(c)(iv) of the <i>Local Government Act 2009</i> in that he contravened section 171(3) of the Act by releasing information that the Councillor knew, or should reasonably have known, was confidential to local government.	The Tribunal determined that the allegation was sustained. The former Councillor was ordered to make a public admission that he engaged in misconduct at a meeting of Council that is open to the public and was ordered he pay an amount of \$250 to the local government.

Overseas Travel

There have been no international travel expenses incurred by the Mayor, Councillors or employees during the financial year.

Senior Management Remuneration

The senior management of a local government consists of the Chief Executive Officer and senior executive employees of the local government. A senior executive employee reports directly to the Chief Executive Officer and would ordinarily be considered to be a senior position in the corporate structure.

Total remuneration for these positions from 1 July 2021 to 30 June 2022 was \$1,662,005.

Table 6 - Senior management remuneration

Senior Executive Management	Total Remuneration value range (\$)
1	500,000 - 600,000
3	350,000 - 450,000

Councillor Advisor Remuneration

Under division 2A of the *Local Government Act 2009*, Townsville City Council endorsed the appointment of one Councillor Advisor for the Mayor.

Total remuneration for this position from 1 July 2021 to 30 June 2022 was \$133,384.

Public Sector Ethics

Code of Conduct

Townsville City Council is committed to providing a working environment where people are treated with fairness, equity and respect. Council's commitment to facilitating a diverse and equal workforce is demonstrated by the delivery of our Diversity in Employment Strategy, alignment to *Queensland's Anti-Discrimination Act 1991* and obligations under relevant federal anti-discrimination laws.

Council provides Code of Conduct training annually to all staff, which incorporates the ethics principles and obligations under the *Public Sector Ethics Act 1994* and the five Principles under section 4(2) of *Local Government Act 2009*. Code of Conduct training is an essential component of Council's Corporate Compliance training program.

Education and Training

Mandatory corporate inductions are provided face-to-face to all new employees, providing Council's new starters with an overview and awareness of their legislative Corporate Compliance obligations.

Committing to the highest standards as a public sector leader, Council continues to deliver Corporate Compliance training to all employees on a cyclical basis. The Corporate Compliance program includes delivering training to all employees in: Work Health and Safety, General Evacuation, Code of Conduct, Fraud and Corruption, Bullying, Harassment and Sexual Harassment, Drugs and Alcohol, Manual Handling, Cyber Security, and Information Privacy and Right to Information training every 12 months; and Enterprise Risk Management and Equal Employment Opportunity training every 24 months.

Procedures and Practices of Public Sector Entities

Council's Corporate Governance and management practices have proper regard to the *Public Sector Ethics Act 1994*. Council's policies, procedures and delegations of authority are monitored and regularly reviewed. Corporate Governance documents are explained to employees at commencement of employment and through ongoing training, as well as being made available on Council's Intranet.

Particular Resolutions

Reportable resolutions under the Local Government Regulation 2012 for the period:

Table 7 - Particular resolutions

Section 185(a) and (b) Local Government Regulation 2012	Resolution adopted
Under s250(1) – Expense's reimbursement policy	Nil
Under s206(2) – Valuation of non-current physical assets	Nil

Administrative Action Complaints

Council's commitment to fair, ethical and transparent complaint management was the focus of the 2021/22 complaints management system (CMS). Council provides an open, accountable, and effective method of responding to complaints regarding its services, workers conduct and behaviour, Councillor conduct and performance, competitive neutrality and administrative actions. However, Council is evaluating the effectiveness of this approach in accordance with advice received from the Queensland Ombudsman to ensure delivery of a superior CMS.

Further information regarding the CMS can be found on Townsville Dashboards.

Table 8 - Administrative action complaints

Classification	Number received			Number outstanding			Number resolved		
	2020/21 **	2021/22		2020/21 **	2021/22		2020/21 **	2021/22	
Administrative action	670	549	↓	84	5	↓	586	544	↓
Competitive neutrality	-	-	↔	-	-	↔	-	-	↔
Conduct and performance of Councillors*	8	0	↓	-	-	↔	8	0	↓
Workers' behaviour and misconduct	102	112	↑	2	11	↑	176	101	↓
Total	780	661		86	16		770	645	

*Complaints made in relation to Councillor conduct must be referred to the Office of the Independent Assessor.

**Values indicate complaints during the 2020/21 financial year but still unresolved at the end of 2021/22 financial year.

Find out more on Council's complaints management process through Council's [website](#) or by contacting the Customer Service Centre. An online complaint form is available on Council's [website](#).

Right to Information and Information Privacy

Townsville City Council continues to make it easier for the public to access their information, maximise the publicly available corporate information and identify information that can be administratively released. Council's induction program includes a right to information and information privacy components to educate and raise awareness to staff. Council continues to publish a Disclosure Log on the [website](#).

More information about Council's Right to Information and Information Privacy can be found through Council's [website](#).

Table 9 - Right to information and information privacy

Classification	Right to Information			Information Privacy		
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
Number received	24	46	42	10	7	7
Number finalised	14	35	35	10	4	7
Number withdrawn	5	9	7	-	1	-
Number Transferred	-	1	-	-	1	-
Number of External Reviews Initiated	1	3	-	-	-	-

List of Registers

Townsville City Council has several registers open to public inspection. The list can also be found on Council's [website](#).

1. Beneficial Enterprises
2. Register of Dogs
3. Restricted Dog Register
4. Regulated Dog Register
5. Licence Holder Register
6. Register of cost-recovery fees
7. Delegation Register
8. Development Application Register as Assessment Manager
9. Development Application Register as Referral Agency
10. Environmentally Relevant Activities application register
11. Exemption certificates register
12. Information Asset Register
13. Register of Infrastructure Charges Information
14. Major Contracts Register
15. Petition Register
16. Register of Privately Certified Approvals
17. Register of Annual Returns under the EPA
18. Register of Assets and Gifts
19. A Designation Register of all Designations made by Local Government that are in effect.
20. Register of Councillor Conduct
21. Register of on-site Sewerage and Greywater Facilities
22. Register of Environmental Authorities including Surrendered, Suspended or Cancelled Authorities
23. Register of Impounded Animals
24. Register of Infrastructure Agreements
25. Register of Interim Land Use Plans under the EDA
26. Register of Local and Subordinate Local Laws
27. Register of PDA Development Applications under the EDA
28. Register of PDA Development Approvals under the EDA
29. Register of Permits and Inspection Certificate (under the Plumbing and Drainage Act)
30. Register of Provisional Land Use Plans under the Economic Development Act (EDA)
31. Register of Regulatory Fees
32. Register of Show Cause and Enforcement Notices (under the Plumbing and Drainage Act)
33. Register of Submitted Plans of Operation under the EPA
34. Register of the Testable Back Flow Devices
35. Roads Map
36. Statement of Interests
37. Supplementary Information Electoral Donations

Our Community Assistance

The **total value of community assistance** provided by Townsville City Council to the local community in 2021/22 was \$18,357,520.

Table 10 - Community assistance provided by Council

Activity	Description	Amount (\$)
Pensioner concessions on rates and charges	Concession offered to approved pensioners equivalent to 85% of the general rate, up to a maximum of \$800 per annum	5,848,932
Community Leases	Total annual estimated value provided to community groups including sporting clubs, theatre groups, scout groups and swimming pools	4,584,189
Water and wastewater concessions	Concession is available for utility charges where land use is considered to contribute to the social, cultural, economic or sporting welfare of the community.	3,118,249
First homeowner concessions	Concession of up to \$1,000 provided to eligible persons who acquire their first home in the period commencing on 1 July 2020 and ending on the earlier of: <ul style="list-style-type: none"> • 30 June 2023; or • the time that the budget allocation for this concession is fully allocated. The concession will be provided by a rebate up to \$1,000 of the first general rates that are levied on the property after the date of acquisition.	278,000
Economic Funding	Partnerships providing opportunity to: <ul style="list-style-type: none"> • deliver economic uplift to the region • deliver increased tourism visitation and bed nights • deliver job opportunities for Townsville. These may facilitate event attraction, strategic partnerships with local organisations that enhance the region and its opportunities or other multi-partner agreements with region wide impact.	1,706,173
Not-for-profit concessions on general rates	Concession is available for general rates where land use is considered to contribute to the social, cultural, economic or sporting welfare of the community.	1,438,111
Townsville City Grants and Partnerships Program, including Fee Waivers	Funding approved through the 'Townsville City Grants and Partnerships Program' (details in table below)	945,523
Operational discounts, waivers and in-kind support	Support for community groups in the form of discounts, waivers and in-kind assistance	286,670
Community Support	Community support agreements, scholarships and awards	148,815
Community Photocopying Program	Free service provided to community organisations through CityLibraries Thuringowa. 28,579 copies for 34 community groups	2,858
Total		18,357,520

Townsville City Grants and Partnerships Program

Townsville City Grants and Partnerships provides funding and in-kind support to help local not-for-profit community organisations in Townsville. Council recognises the tremendous work and contribution that community and not-for-profit organisations make in our community. The Grants and Partnerships Program helps to continue and enhance the impact community organisations are already having in the local Townsville area. The total value of the Townsville City Grants and Partnerships Program in 2021/22 was \$945,523.

Table 11 - Townsville City Grants and Partnerships Program

Program	Amount (\$)
Social Grants and Partnerships	707,579
Regional Arts Development Fund	94,639
Economic Grants and Partnerships	55,000
Fee Waivers	67,204
Mayor's Community Assistance Fund	12,114
Councillors' Discretionary Funds	5,037
Environmental Grants and Partnerships	3,950
Total	945,523

Mayor's Community Assistance Grants

The Mayor's Community Assistance Grants (MCAG) is an annual amount allocated in Council's budget to enable the Mayor to respond to requests for financial assistance from local community organisations. A level of funding is available for local not-for-profit community organisations who are undertaking an activity that serves a community purpose. Details of funding allocations made during the financial year are outlined below:

Table 12 - Mayor's community assistance grants

Organisation Name	Purpose	Amount (\$)
99.9 Live FM	Easter Treasure Trail 2022	400
AFL Masters Townsville Inc	Facility Use Support	164
AFL Townsville Umpires Association Inc	AFL Townville Umpires Association Awards Night 2021	500
Alliance Française de Townsville	Alliance Francaise de Townsville French Film Festival	400
Buddy Up Australia	Get a Buddy/Veteran Moving & Motivated Woodworking Workshop Townsville	250
Coastal Dry Tropics Landcare Inc	Junior Landcare Program – All About Bees Event	500
Coral Sea Outrigger Canoe Club	Coral Sea Outrigger Club End of Season Event	400
Guide Dogs Queensland Limited	Guide Dog Month Community Day	500
National Serviceman's Association of Australia (QLD) Inc Townsville and District Branch	Prizes and Awards for members at end of year function	450
North Queensland Emo 'ya M'mbondo Community Inc	NQ Emo ya M'mbondo Community Anniversary Event	500
North Queensland Figure Skating Association	Figure Skating Fundraising Movie Day	450
North Rugby League Inc	Shade for players and volunteers	400
Ryan Catholic College	Ryan Catholic College Awards Night	100
SOROPTIMIST INTERNATIONAL OF TOWNSVILLE INC	Celebrating Hundred Years Of Working With Women And Girls	400
South Townsville Bowls Club (Inc)	75th Anniversary for South Townsville Bowls Club	500
St Patrick's College Townsville	St Patrick's College Townsville Annual Speech Night	300

The Pyjama Foundation	Townsville Volunteer of the Year Awards	500
Thuringowa Combined Probus Inc	Luncheon and Celebration of a Significant Wedding Anniversary	500
Toomulla Beach Community Association Inc	Australia Day 2022	250
Totally Permanently Disabled Ex Servicepersons Association	TPI veterans golf day	400
Townsville & District Beekeepers Assn Inc	TDBAI Open Day	450
Townsville Castle Hill Touch Association Inc Trading as Townsville Touch Football	Men's & Women's 1 Player of the Year Award	400
Townsville Concert Bands Inc	Townsville Concert Band Banner	500
Townsville Marksmen Rifle Club Incorporated	2022 TMRC Annual Open Competition	500
Townsville SUP Club Inc	New Equipment and storage fundraising	500
U3A Townsville Inc	Tutors annual meeting	400
Unlock the Lachs Inc	Volunteer attendees to Conference & Awards	500
Vietnam Veterans & Veterans Motorcycle Club Townsville Chapter	Twenty TwentyTwo Poker Run	500
Townsville Outrigger Canoe Club	Juliette's Magnetic Island Magic Regatta	500
Total		12,114

Councillor Discretionary Funds

As part of the Grants and Partnerships Program, each Councillor is allocated a Councillor's discretionary fund of \$2,500. Details of funding allocations made during the financial year are outlined below:

Table 13 - Councillor discretionary fund

Councillor	Organisation Name	Purpose	Amount (\$)	Total (\$)
Cr Mark Molachino	Round Mountain Rural Fire Brigade	Station Freezer	250	639
	Upper Ross Men's Shed Inc	Building equipment and tools	250	
	Townsville Aeromodellers Society	Club house Fresh water	139	
Cr Margie Ryder	Toomulla Beach Community Association Inc.	Opening of Multipurpose Shelter	250	1,898
	Townsville & District Beekeepers Association Inc	Townsville District Beekeepers Open Day	200	
	Alice River Community Association Inc.	2021 Christmas Carol Night	250	
	St Benedicts Catholic School, Shaw	St Benedicts Catholic School Waste Audit	198	
	Rupertswood and District Horse Club Inc	RDHC Kids Fun Day - May 22nd	250	
	Full Boar Archers Inc	Onboard Volunteer Facilities Manager	250	
	Townsville & District Beekeepers Assn Inc	TDBAI mural project	250	
	Mrs Kerrie-Anne Tillott	Oakdale Heights Fairy Day	250	
	Townsville Orchid Society Inc.	Replacement of microwave	250	
	Angel-Paws	Angel-Paws Pledge & Walk	250	
Cr Sue Blom	Thuringowa Combined Probus Club Inc	Luncheon at Jezzine Park	250	1,000
	Northern Beaches SUNS AFL Club	Install cash registers	250	
Cr Ann-Maree Greaney	Townsville Sailing Club	Promotion of foiling activities	250	250

Cr Russ Cook	Ross River Athletics	Linemarking of the athletics track	250	250
Cr Suzy Batkovic			-	-
Cr Kurt Rehbein			-	-
Cr Maurie Soars	Mercy Community Services North Queensland	Orphans' Christmas Brunch	250	250
	Southern Cross Association (FTC.) inc.	Coffee machine	250	
Cr Liam Mooney	Mr Mathius Fisher	Australian Indigenous battle of the Nations Oztag Carnival	250	750
	Ms Jenny Waterfall	Halloween at Spiders Lair	250	
Cr Fran O'Callaghan				-
			Total Spent	5,037

Beneficial Enterprises

Section 39(3) of the *Local Government Act 2009* defines a beneficial enterprise as an enterprise that a local government considers is directed to benefiting, and can reasonably be expected to benefit, the whole or part of its local government area.

Section 39(4) of the *Local Government Act 2009* provides that a local government is conducting a beneficial enterprise if the local government is engaging in, or helping, the beneficial enterprise.

Council participated in beneficial enterprises with the Townsville Breakwater Entertainment Centre Joint Venture during the 2021/22 financial year.

In May 2022, Council incorporated NQ Spark Pty Ltd with a 100% shareholding. This company will be responsible for the establishment and operation of an advanced environmental simulation facility in Townsville and will contribute to the development of industry sectors including emergency services, disaster management and tropical medicine research.

Competitive Neutrality

Townsville City Council conducted the following significant business activities during the financial year:

- Townsville Water
- Townsville Waste Services

Council's water, sewerage and waste management activities were considered significant business activities for the period and applied the competitive neutrality principle. All existing significant business activities were conducted in the financial year and there were no new significant business activities.

Townsville Water is responsible for supplying potable water, collecting and processing wastewater and supplying recycled water within the Townsville local government area.

Townsville Waste Services is responsible for the collection and processing of solid waste and recyclables.

Note: No investigation notices were issued in 2021/22 by the Queensland Competition Authority for competitive neutrality complaints.

By resolution at the Ordinary Council meeting held on 23 June 2021, Council adopted the following pricing structures for Townsville Water and Townsville Waste Services:

- Council conducts water and wastewater services as a business activity on a commercial basis (Townsville Water). The utility charges and other fees for this business activity are set in accordance with full cost recovery principles outlined in section 22 of the Local Government Regulation 2012.

- Council conducts reuse and recycling (waste management) services as a business activity (Townsville Waste Services) on a commercial basis. The utility charges and other fees for this business activity are set in accordance with full cost recovery principles outlined in section 22 of the Local Government Regulation 2012.

Both models calculate the return that Council can expect to receive and distributes this revenue across the forecasted user base.

When applying the full cost pricing regime, Council covers its capital and operating costs as well as obtaining a return on its investments. The pricing model, together with each business unit's Long-Term Financial Forecast, facilitates the development of a ten-year price path for the provision of water, sewerage and waste services.

Further details on the Fees and Charges Schedule are available on Council's [website](#).

Service, Facility or Activity

There are no details to report on for the financial year under this section 190(d) of the Local Government Regulation 2012 – on action taken for, and expenditure on, a service, facility, or activity:

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

The only special rate Council charge is \$0 for the Nelly Bay Harbour, and it is not delivered by another local government.

Details of Special Rates and Charges

Below is a list of Council special rates and special charges for the period:

Nelly Bay Harbour Development special rate levy is applied to maintaining water quality in the canals, dredging the canals, maintaining the rock walls around the canal area and maintaining the sediment basin in Gustav Creek. A special rate of zero cents in the dollar on the rateable value of the land applies to identified properties for the 2021/22 year.

Council has resolved that because of the nature of the schemes, annual water charges will only apply to clients of the Jensen, Hencamp Creek and Black River Rural Water Supply Scheme areas once water has been connected to individual properties. This is a departure from the policy of Council that all properties capable of being connected to a water supply shall pay the uniform water rate as from the water main becoming serviceable. A network contribution may be payable prior to a water connection being made.

The Rural Fire Brigade Annual Charge is levied on rateable lands serviced by the rural fire brigades listed below. The funds raised from this charge are provided to the voluntary rural fire services so they can acquire and maintain fire-fighting equipment, provide training to volunteers and to enable them to operate throughout the rural areas of the region.

Table 14 - Rural fire levy

Rural fire levy	(\$)		(\$)
Black River and Districts	35	Oak Valley	20
Bluewater	55	Paluma	35
Bluewater Estate	-	Purono Park	15
Clevedon	40	Rangewood	55
Cungulla	40	Rollingstone	50
Crystal Creek	-	Rupertswood	40
Horseshoe Bay	35	Saunders Beach	30
Lime Hills-Elliot	30	West Point	30
Majors Creek	25		

Further details on the special rates and special charges are available on Council's [website](#).

Concessions for Rates and Charges

Council grants a range of rates and charges concessions. In accordance with section 190(g) of the Local Government Regulation 2012, a description of all concession types for rates and charges, along with how the concession is calculated is detailed below.

Concessions may apply for general rates, water and sewerage charges for certain organisations as set out in the Council's Charitable and Community Organisation Rates and Charges Concessions Policy. A concession is also available for eligible pensioners.

Pensioner Rate Concession

A concession is offered to approved pensioners who own and occupy their property as their principal place of residence. This will apply only if all rates and charges levied for the financial year are paid in full by the due date. Concessions to approved pensioners are as follows:

- The maximum pensioner rates concession available is 85% of the general rates levied on an approved pensioner's property; or
- \$800 per year, whichever is the lesser

The amount of pensioner rates concession available to each approved pensioner will be calculated by reference to the proportion of a full pension that the ratepayer receives.

Further details on the Pensioner Rates Concession Policy are available on Council's [website](#).

Not-for-Profit Charitable Group Concession

Council will allow a concession of general Rates and Utilities charges to not-for-profit charitable groups in recognition of the contribution their activities make to the community, and will allow other targeted concessions where the granting of the concession encourages:

- economic development of all or part of the Townsville local government area
- the preservation, restorations and maintenance of land that is of cultural, environmental, historical, heritage or scientific significance to Townsville.

Further details on the Charitable and Community Organisations Rates and Charges Concessions Policy are available on Council's [website](#) Financial Policy I.

Number of Invitations to Change Tender

There was one reportable invitation made by Council to change tenders during the period.

Report on Internal Audit

Internal audit is an independent, objective assurance and consulting activity established within Council designed to add value and improve operations. The unit operates under the Council's Internal Audit Policy and in accordance with the Charter which is endorsed by the Council's Audit Committee. The Charter authorises direct access to the Audit Committee Chair and appropriate access to all activities, records, property and personnel within Council. Internal Audit applies a risk-based approach to its activities and works closely with the corporate risk management function to gain coverage across Council.

The internal audit function is a team of two full-time Internal Auditors.

Council's internal audit staff are required to undertake training activities in alignment with professional membership requirements and as part of the annual Internal Audit Plan, which is approved and monitored by the Council's Audit Committee.

The internal audit staff are specialists with the following professional affiliations and qualifications:

Member of Institute of Internal Auditors (Aust)	2
Member of the Chartered Accountants Australia and New Zealand	1
Member of CPA Australia	1
CA/CPA	2
Certified Internal Auditors	1
Certification in Risk Management Assurance	1

The internal audit unit applies a risk-based approach to its planning and audit activities by applying assurance mapping. An annual Internal Audit Plan is prepared based on Council's Consolidated Enterprise-Wide Risk Management plan and a range of other relevant sources of information including the Queensland Audit Office, state departments, Institute of Internal Auditors, and other local governments. The Council's Audit Committee reviews, approves and then monitors performance against this plan at meetings. For the year ended 30 June 2022, internal audit completed nine reviews across Council in accordance with the Internal Audit Plan.

The internal audit unit works collaboratively with management to recommend improvements to systems, processes, work practices, compliance and business effectiveness, remaining independent and objective in the fulfilment of its duties.

Internal audit complies with Queensland Government legislative requirements for the conduct of internal auditing in addition to meeting the professional standards of the Institute of Internal Auditors. The Institute's standards require an External Quality Assessment at least every five years which Council last completed in March 2019.

External Audit

Council is audited externally each year by the Queensland Audit Office (or their appointed contractors). During the 2021/22 financial year the annual external audit of Council's financial statements was conducted by the Queensland Audit Office.

Audit Committee

The Audit Committee is an advisory committee of Council, which provides an independent forum where representatives of Council, independent specialists and management work together to fulfill specific governance responsibilities as set out in its Terms of Reference.

The committee's role is to monitor and review:

- the integrity of financial documents
- the Internal Audit functions
- the progress of audit action items
- the effectiveness and objectivity of internal auditors
- the independence and objectivity of external auditors
- any other matters relevant to fulfill the Audit Committee Terms of Reference.

During 2021/22 the Audit Committee considered reports relating to:

- Financial management, financial compliance and internal controls
- Financial statements
- Emergency response and business continuity activities
- Enterprise risk management
- Internal audit planning, monitoring of progress and reports
- External audit strategy, audit reports and performance audits.

The Audit Committee monitored management progress on various areas in 2021/22, including:

- Asset management / utilisation
- Business Continuity and Disaster Management
- Commercial businesses and revenue systems
- Environmental management systems
- External audit issues raised by the Queensland Audit Office
- Fraud management
- Information technology
- Joint venture activities
- Planning and development
- Governance
- Procurement
- Project management
- Property management and leasing
- Purchase card management
- Request and complaints management
- Risk management
- Workplace, health and safety.

The Audit Committee meetings and the presentation of the meeting minutes to Business Services and Finance Committee are tabled below.

Table 15 - Audit committee meeting dates and presentation of minutes

Audit Committee Meeting Date	Minutes Presented to Council
2 September 2021	Business Services and Finance Committee 13 October 2021
19 November 2021	Full Council 8 December 2021
15 February 2022	Business Services and Finance Committee 9 March 2022
24 May 2022	Business Services and Finance Committee 8 June 2022

The Audit Committee has four members, two independent of Council and two Councillors. Membership of the Audit Committee for the reporting period are tabled below.

Table 16 - Audit committee memberships

Name and Position	Qualifications and Memberships
Mr Geoff Haberfeld Independent Member and Chair of the Audit Committee for the period 1 July 2021 to 8 November 2021	Fellow of the Australia Society of Certified Practising Accountants (FCPA), Graduate Member of the Australian Institute of Company Directors (GAICD), Bachelor of Arts, majoring in Economics. Independent consultant specialising in finance, governance, and risk. Over 30 years' experience as the senior finance executive in government business and policy agencies.
Ms Renita Garard AM Independent Member and Chair of the Audit Committee for the period 9 November 2021 to 30 June 2022	Fellow of Chartered Accountants Australia & New Zealand (CA ANZ), Graduate Member of the Australian Institute of Company Directors (GAICD), Bachelor of Business, majoring in Accounting and Business Law. Over 25 years' experience in the financial services industry and in domestic and international governance roles.
Ms Carolyn Eagle Independent Member of the Audit Committee	Certified Internal Auditor (CIA), Certified Government Auditor (CGAP), Certified Risk Management Auditor (CRMA), Member of the Association of Certified Fraud Examiners, Member of ISACA, Former State Councillor of the Institute of Internal Auditors, Professional Member of the Institute of Internal Auditors (PMIIA), Fellow of Chartered Accountants Australia and New Zealand (FCA), Bachelor of Commerce with majors in Financial Accounting and Organisational Management. Over 20 years' experience in professional firms providing audit and assurance services, specifically in the internal audit, risk management and governance field with a focus on public sector entities and large multidisciplinary corporates.
Cr Jenny Hill Mayor and Member of the Audit Committee	Bachelor of Science, Master in Public Health and Tropical Medicine, Member of Australian Institute of Company Directors. Cr Hill has over 20 years' experience as a scientist with mining companies, the Department of Primary Industries, James Cook University and Townsville Hospital. Master of Public Health and Tropical Medicine including studies in management, economics, and accounting with over 20 years' service in local government and in 2012 was elected as Townsville's first female Mayor.
Cr Margie Ryder Councillor and Member of the Audit Committee	An experienced business owner as a partner in a family-owned engineering firm for over 29 years and owner of an events management company. Member of Australian Institute of Company Directors, Diploma of Business, Certificate IV in Tourism (Operations), Certificate IV in Frontline Management and Certificates in Events Management. A Councillor for the McKinlay Shire Council for 10 years and a Councillor with the Townsville City Council since March 2016.

Townsville Water

Annual Operations Report

Our Objective

Townsville Water's objective is to provide safe, reliable, and sustainable water and wastewater services for the benefit of the Townsville community.

Purpose of this report

This Operations Report is designed to provide an overview of the operations and performance of Townsville Water for the 2021/22 financial year, as measured against its Annual Performance Plan.

Section 190(1)(c) of the Local Government Regulation 2012 requires that Townsville City Council must include an Annual Operations Report for each commercial business unit in the Council's Annual Report.

Townsville Water Fast Facts

Townsville Water is a significant business activity for Townsville City Council, providing water and wastewater services to the Townsville community. It supplies potable water, collects and treats wastewater, and supplies recycled water.



Townsville Water and Wastewater

- > Combined operating and capital expenditure of over \$156 million.



Water

- > Treated 43,545 megalitres of safe, high-quality potable water
- > Supplied water to 87,593 service connections in the Townsville region.



Wastewater

- > Treated 18,696 megalitres of wastewater
- > Serviced 75,973 residential, commercial and industrial properties
- > Serviced 1,179 trade waste customers.



Assets

- > Operates 2 major water storages
- > Manages assets valued at \$2.2 billion
- > 4 water treatment plants
- > 6 wastewater treatment plants
- > 41 water reservoirs
- > 23 water pumping stations
- > 20 chlorinators
- > 191 sewage pump stations
- > 2,665 kilometres of water mains
- > 1,378 kilometres of sewer mains.

Assessment of Operations

Significant events and initiatives undertaken during the year are summarised below.

Townsville Laboratory Services

Townsville Laboratory Services has completed its first full financial year in operation, following a \$5 million expansion. The laboratory staff have worked together to develop and validate complex analytical methods to identify algae species and quantify algae levels in the Ross River Dam. This work has assisted Council and Technical Industry Experts to work together and manage raw water quality to ensure Townsville's drinking water supply continues to comply with Australian Drinking Water Guidelines (ADWG).

The laboratory also holds National Association of Testing Authorities (NATA) accreditation and is the only local government operated laboratory to hold PFAS testing accreditation, confirming its place amongst some of the country's leading laboratories.

Blue Green Algae

Blue Green Algae is a naturally occurring bacteria that lives in aquatic environments like waterways and dams. Algal blooms can occur in water bodies during favourable conditions including sufficient nutrients, warm temperatures, high levels of sunlight and stable water conditions. High levels of algae can affect the treatment and production of potable water by clogging filters and increasing the amount of chemicals used to disinfect the water and remove any impurities.

Council faced some raw water quality challenges in 2021/22 as the levels of Blue Green Algae in the Ross River Dam fluctuated through the year due to the favourable growth conditions. Council continued to work closely with industry leading experts to manage the water supply and monitor the algae levels to ensure that a quality treated water supply was maintained to the city from the Douglas Water Treatment Plant.

Council maintained 100% compliance with the Australian Drinking Water Guidelines (ADWG).

Ross River Dam to Douglas Water Treatment Plant Pipeline Duplication

The Ross River Dam to Douglas Water Treatment Plant Pipeline (DWTP) provides approximately 85% of the city's water. Council is investing \$60 million to duplicate the pipeline to increase the resilience of this key asset and further enhance Townsville's water security.

Council awarded two separate packages of work to local construction firm CivilPlus who commenced construction works on pipeline duplication in May 2022. The Project is expected to be completed late in 2023 and will generate up to 150 jobs locally through the various phases.

The 9.5km duplicate pipeline will cross the Ross River closer to the dam and run parallel to the river through the Department of Defence's Mount Stuart Training Area before connecting to the DWTP.

Haughton Pipeline Project

Stage 2 of the Haughton Pipeline Project will see the existing pipeline extended from the Haughton River to the Burdekin River near Clare and will include around 30 kilometres of pipe as well as the construction of a new pump station and high voltage power supply infrastructure. The pipeline will allow Council to draw bulk water supply from the Burdekin River and transport it to the Ross River Dam during extended dry periods to supplement seasonal inflows into the dam.

Stage 1 of the pipeline is complete with Stage 2 construction planned to commence in April 2023.

Ross River Dam Levels

The Ross River Dam is the primary water storage in Townsville. Throughout the bulk of the last wet season the dam received relatively small inflows and was at 47% of capacity in early April 2022. Thankfully some late wet season rain in April and May 2022 resulted in some strong inflows into the dam and the dam filled to 94% capacity by June.

The seasonal impacts on dam levels in our dry tropics climate is an important factor in Council's Water Management Strategy. Council continues to invest in water security for the city through generational projects like Stage 2 of the Haughton Pipeline Project.

Cleveland Bay Recycled Water Plant

The Cleveland Bay Recycled Water Plant will provide additional tertiary treatment to the effluent from the Cleveland Bay Purification Plant. The plant will be able to produce up to a maximum of 15ML per day of Class A recycled water.

The plant will allow Council to reduce the volume of effluent discharged to Cleveland Bay under our environmental licence and instead provide a product that can be used for irrigation of open spaces and supply to industry as an alternative water source. Construction and commissioning of the plant is expected by June 2023.

Education Programs

Despite disruptions and restrictions from the COVID-19 pandemic early in the second half of this financial year, Townsville Water engaged around 1,346 school students in various face-to-face eco-catchment tours and classroom visits, an increase from the previous financial year. Over 300 students and parents were engaged at the annual Eco Fest at St Benedict's School with the primary focus this year on wastewater and the 3 Ps campaign. Virtual tours continue to support student online learning with the addition of lesson plans now available for teachers and students to use with the Water treatment and Wastewater treatment virtual tours.

A suite of curriculum-linked education resources including total water cycle fact sheets have been created to support in class learning for schools. The Water Program and resource kit for early learning centres was launched in the second half of the financial year with several centres already utilising the program to educate children as young as three on the importance of saving water. Additional lesson plans and resources are expected to be released in the new financial year.

For National Water Week 2021, Townsville Water held a drawing competition for all primary school students. The competition aligned with the Giant Water Hunt Augmented Reality event held at Riverway during the school holidays. The winning entry had their artwork displayed and come to life using the Eye Jack AR app. We received over 90 submissions, with the winning entry being a year 6 student from Mundingburra State School. In addition, Townsville Water promoted Water Night, a national campaign lead by the Smart Approved Water Mark Association which aims to increase public awareness around water behaviours and encourage residents to restrict their water use for one night.

The informative water education videos will launch during National Water Week October 2022.

Major Investments

During 2021/22, Townsville Water invested in the below water and wastewater infrastructure.

Table 17 - Townsville Water major investments

Service Category	MYR Budget (\$000)	Actual Investment (\$000)	Variance (\$000)
Bulk Water Distribution	94,505	57,589	36,916
Water Reticulation	18,868	14,985	3,883
Wastewater Distribution and Reticulation	41,120	23,032	18,088
Wastewater Treatment	4,777	2,771	2,006
Laboratory Services	397	589	(192)
Dams and Catchment	752	249	503
Water Developer Delivered Assets	8,745	-	8,745
Wastewater Developer Delivered Assets	5,435	-	5,435
Total	174,599	99,215	75,384

Project delivery impacted by worldwide supply shortages and logistics impacts as a result of COVID. Projects will continue to be delivered over future years.

Community Service Obligations

Table 18 - Townsville Water community service obligations

Category	Budgeted Value (\$)	Actual Value (\$)
Price concessions – water and wastewater charges in recognition of an activity's contribution to the social and cultural welfare of the community	3,820,795	
Churches, church halls, clubhouses, and halls – charitable and non-profit organisations		896,917
Charitable and non-profit aged care facilities		627,886
Sporting field irrigation – restricted public access (not including schools, tertiary institutions, and other educational facilities)		574,813
Retirement/lifestyle villages		300,211
Water leakage concession		239,551
Caravan parks		286,002
Commercial irrigation		115,368
Boarding and lodging houses		134,662
Sporting Recreation		169,158
Water charge remission		31,065
Sewerage charge remission		3,780
Sporting field irrigation – no public access restrictions (not including schools, tertiary institutions, and other educational facilities)		7,411
War graves		2,039
Water haemodialysis concession		1,000
Total	3,820,795	3,389,863

Changes to the Annual Performance Plan

No changes were made during the financial year.

Council directions to Townsville Water

Council made no directions to Townsville Water during the financial year.

Performance Targets

● Target Not Met ● Target Met

In the 2021/22 financial year, Townsville Water measured its performance against the below performance indicators as outlined in its Annual Performance Plan.

Performance Measure	Description	Target	Completion
Economic Sustainability			
Net Operating Result	Comparison of the actual net operating result with the budgeted net operating result	Within 5% of budget	7.82% Variance
5 Year Price Path	Approved price path derived from water pricing model	Reviewed annually	1 Review
Return on Assets	Net income / net book value of non-current assets	Within 5% of budget	4% Variance
Asset Renewal	Rehabilitation capital works / depreciation charges	Minimum 90%	91%
Interest Coverage Ratio	Total operating revenue / net interest expense	Reviewed annually	1 Review
Asset Consumption Ratio	Weighted average measure of consumption of non-current assets	Reviewed annually	1 Review
Debt to Equity Ratio	The portion of debt compared to the business' equity	Reviewed annually	1 Review
Annual Distribution	The portion of earnings distributed to Council (our shareholder) from the operation of the Townsville Water commercial business unit	>90% of budget	>90%
Social Responsibility			
Adequacy and quality of supply	Number of water quality and water pressure complaints in accordance with Townsville Water's Customer Service Standards	<5 for each 1,000 connections	0.24 Complaints
	Number of reportable drinking water quality incidents	<7 incidents for each 1,000 connections	0.14 Incidents
Day to Day Continual Supply	Unplanned water interruptions	<100 interruptions per 1,000 connections	19.62 Interruptions
	Average response time to water incidents (excluding disaster events)	<4 hours	2.56 Hours
	Restoration of Service – Time for restoration of service for unplanned interruptions (excluding excavations)	>95% within 24 hours	100%
Environmental Sustainability			
Penalty infringement notices or legal action for non-compliance	Number of penalty infringement notices issued, or instances of legal action initiated by the regulator for non-compliance	Zero	0 Notices
Dry weather sewerage releases	Number of dry weather sewerage overflows, bypasses or releases to environment that were not caused by a third party or natural phenomenon	Zero	10 Reports
Responsible Governance			
Reduction in lost time injuries	Number of Lost Time Injuries recorded	Zero	4 Lost Time Injuries



Townsville Waste

Annual Operations Report

Our Objective

Townsville Waste's objective is to contribute to the delivery of a healthy and eco-friendly city through the provision of waste and recycling services that deliver safe, reliable, affordable, and sustainable waste management and resource recovery services for the city.

Purpose of this report

This Operations Report is designed to provide an overview of the operations and performance of Townsville Waste for the 2021/22 financial year, as measured against its Annual Performance Plan.

Section 190(1)(c) of the Local Government Regulation 2012 requires that Townsville City Council must include an Annual Operations Report for each commercial business unit in the Council's Annual Report.

Townsville Waste Fast Facts

Townsville Waste is a significant business activity of the Townsville City Council, providing solid waste management services to the Townsville community through waste collection, transportation, recycling, and disposal.



Townsville Waste Services

- > Combined operating and capital expenditure of over \$15 million
- > Provided 81,737 domestic waste services per week, and 79,923 recycling and 1,437 organics services per fortnight
- > Serviced 175 bulk bins each day.



Our Landfill Sites and Transfer Stations

- > 1 active landfill site
- > 5 waste transfer stations
- > 307,280 customer visits
- > Received 246,222 tonnes for processing.

Assessment of Operations

Significant initiatives undertaken during the year are summarised below.

Townsville Resource Recovery Precinct

The Townsville Waste and Resource Recovery Infrastructure Report produced in 2021 identified the need for development of a regional Resource Recovery Precinct to aggregate diverted products and create the economies of scale required to incentivise investment in the local circular economy and development of local remanufacturing capacity. To progress this, Townsville Waste developed a Scoping and Definition Study Report in 2021. The report defined the strategic need, scope and definition of the requirements for a new Townsville Resource Recovery Precinct to service not only Townsville, but the greater North Queensland Regional Organisation of Councils. Following this report, work also commenced on an Options Analysis and Preliminary Siting Study for the Precinct, with this report to be delivered in the coming financial year.

Stuart Waste Facility Landfill Gas Capture

In February 2022, Council's contractor LMS Energy Pty Ltd installed an additional 15 landfill gas wells at the Stuart Waste Facility. The wells were installed to enable capture of landfill gas from the more recent cells, which have been constructed to manage the growing waste management needs of the city.

Landfill gas is comprised of approximately 50% methane; a harmful greenhouse gas with a global warming potential in excess of 28 times greater than carbon dioxide. Council is currently managing the production of biomethane through a thermal conversion process being conducted under contract with LMS Energy. Recent biogas system installation expansion works have resulted in an uplift in production and associated carbon credits

Food Organics and Garden Organics (FOGO) Trial

In February 2021, Townsville City Council, in conjunction with neighbouring councils delivered the North Queensland Regional Organisation of Councils (NQROC) Organics Management Roadmap. The Roadmap will be used by Council as a guide to the implementation of a kerbside domestic food organics and garden organics (FOGO) collection service across the region.

As recommended in the Roadmap, Council is now conducting an organics collection trial across approximately 1,500 houses in Townsville. The trial commenced in October 2021 and runs for a 12-month period. To date the trial has proved to be successful, with participation rates above 90% and industry best practice contamination rates of below 2%.

Delivery of an organics collection service is in line with the requirements of the Australian Government's National Waste Policy. The Queensland Government's Waste Management and Resource Recovery Strategy also supports the diversion of organic material from landfill, and as such the State has partly funded the trial. For more information about FOGO, visit Council's [website](#).

Townsville City Council Organics Business Case

Following completion of the Organics Roadmap in early 2021, Townsville Waste awarded a package of work to develop a detailed business case for implementation of a domestic kerbside organics collection service. The business case aims to undertake a detailed quadruple bottom line assessment, covering off on the social, economic, environmental and governance arrangements of implementing a third kerbside bin. Delivery of the business case forms part of Council's preparation for the potential future introduction of a domestic kerbside organics service in financial year 2025.

North Queensland Energy from Waste Business Case

Townsville City Council, in conjunction with the North Queensland Organisation of Councils awarded Ramboll a project to investigate the feasibility of development of an Energy from Waste facility in the region to manage residual waste. Under Queensland Government policy, it is permissible to utilise energy

from waste to manage residual material which is leftover and unwanted following removal of the recyclable and organic content. Using energy from waste to manage residual waste is required in order to meet the local, state and federal government's landfill diversion targets.

Single Use Plastics Ban

The Queensland Government introduced a ban on some single-use plastic items from 1 September 2021. Council has continued to work with Plastic Free Townsville thanks to funding from the Queensland Government and implementation by Boomerang Alliance. Launched in January 2020, the program now has over 70 business members on board. The program has eliminated over 700,000 pieces of plastic which would have otherwise gone to landfill.

Capital Investment in Waste

The 2021/22 financial year saw completion of over \$6 million in capital expenditure across the waste portfolio. Key capital items delivered included a landfill cell and upgraded drainage for the green waste pad, and development of vegetative buffers at the Stuart Waste Facility. The capital works were necessary to enable Council to meet the growing waste demands of the city, whilst managing the social license for the sites and maintaining the sites in an environmentally compliant manner.

Waste Minimisation and Education Activities

Waste reduction and recycling face-to face engagements continued during 2021/22. 30 face-to-face engagement activities were completed, reaching over 4,340 residents.

Activities included engagement with early learning centres, schools, workplaces, and community groups. Council's Waste Educator also held tours at Townsville's Materials Recovery Facility (MRF) and manned stalls at community events. In addition, the top five social media posts, covering messaging such as 'Keep Out Small Items' and 'Free to Drop Reusable Items' reached over 23,000 residents each.

In addition, a new Bin Health Check program commenced to drive down recycling contamination rates. The program was conducted across approximately 1,000 households and involved a visual inspection of both general waste and recycling bin contents at the kerbside to ascertain common contaminants and inform the community on better waste and recycling practices. Upon completion of the program, the number of recycling bins presented with either medium or high levels of contamination dropped from 20% to 13%.

Major Investments

During 2021/22, Townsville Waste invested in the below waste infrastructure.

Table 19 – Townsville Waste major investments

Service Category	MYR Budget (\$000)	Actual Investment (\$000)	Variance (\$000)
Solid Waste Disposal	5,269	5,666	(397)
Solid Waste Collection	221	431	(210)
Total	5,490	6,098	(608)

Community Service Obligations

Table 20 – Townsville Waste community service obligations

Category	Budgeted Value (\$)	Actual Value (\$)
Free dump weekends	150,000	155,556
Charity dumping fees	46,777	46,776
Infirm services	46,660	46,656
Dead animals	44,480	44,484
Community clean up events	18,000	18,000
Clean up Australia Day	1,000	33
Total	306,917	311,505

Changes to the Annual Performance Plan

No changes were made during the financial year.

Council directions to Townsville Waste

Council made no directions to Townsville Waste during the financial year.

Performance Targets

● Target Not Met ● Target Met

In the 2021/22 financial year, Townsville Waste Services measured its performance against the below performance indicators as outlined in its Annual Performance Plan.

Performance Measure	Description	Target	Completion
Economic Sustainability			
Net Operating Result	Comparison of the actual net operating result with the budgeted net operating result	Within 5% of budget	39.1% Variance
Annual Distribution	The portion of earnings distributed to Council (our shareholder) from the operation of the Townsville Waste commercial business unit	>90% of budget	>90%
Social Responsibility			
Customer service and collection performance	Missed kerbside waste and recycling service	<1 for each 1,000 Bin(s)	0.71 Missed Bins
	Response time to missed kerbside waste and/or recycling services	>95% by the Next business day	92%
	Response time to repair/replacement requests for waste and/or recycling services	100% within 3 Business Days	99%
	Response time to new residential kerbside service commencement	100% within 3 Business Days	99%
Environmental Sustainability			
Penalty infringement notices or legal action for non-compliance	Number of penalty infringement notices issued or instances of legal action initiated by the Regulator for non-compliance	Zero	0 Notices
Environmental incidents reported to Department of Environment and Science	Number of incidents, which exceed the acceptable limit, that was required to be reported to the Department of Environment and Science	Zero	3 Incidents
Responsible Governance			
Reduction in lost time injuries	Number of Lost Time Injuries recorded	Zero	5 Lost Time Injuries

Glossary and Index



Glossary

Administrative Directive	Describes what the Chief Executive Officer (acting under section 257 of the <i>Local Government Act 2009</i>) considers to be appropriate in relation to specific issues arising out of either legislation or Council decisions. They generally relate to the implementation of the day-to-day operations of the Council. Administrative directives are considered by Directors and Senior Managers and approved by the Chief Executive Officer.
Annual Budget	The City's annual budget identifies the planned expenditure and revenue approved by Council for a financial year. This includes any specific activities as priority under the Operational Plan.
Annual Report	A Statutory report under the <i>Local Government Act 2009</i> that provides accountability to the community for the past financial year. The report contains a summary of progress toward the City Vision through implementation of the Corporate and Operational Plans, the auditor's report, audited financial statements and an address by the Mayor and CEO.
Asset	An item that has potential or actual value to an organisation.
Australian Accounting Standards	Accounting Standards issued by the Australian Accounting Standards Board that are equivalent to standards issued by the International Accounting Standards Board. These standards are binding on Queensland Councils and all other bodies established pursuant to the <i>Local Government Act 2009</i> .
Community	A group of people living in the same locality and under the same government.
Community Engagement	Community engagement is interaction between the City and any section of the community, either individually or as a group, and includes information sharing, consultation and/or active participation.
Corporate Plan	The City's Corporate Plan outlines the Council's vision and translates it into medium and long-term priorities, outcomes and strategies for a minimum five-year period.
Councillors	Elected representatives of Council who serve a 4-year term.
COVID-19	Coronaviruses are a large family of viruses that cause respiratory infections. These can range from the common cold to more serious diseases. COVID-19 is a disease caused by a new form of coronavirus. It was first reported in December 2019 in Wuhan City in China.
Endotoxins	A natural compound found in certain bacterial cells that may cause an immune response in higher organisms.
Financial Statements	The Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows prepared in accordance with Australian Accounting Standards together with the notes and certification statements.
Governance	The process by which decisions are taken and implemented, organisations are controlled and managed to achieve their objectives, and the process by which organisations are directed, reviewed and held to account.
Liveability	Liveability refers to a combination of factors that contribute to quality of life. These include the impact of built and natural environment as well as economic, social and cultural factors.
<i>Local Government Act 2009</i>	The principal legislation which provides the legal framework for Queensland's local government sector.
Local Government Association of Queensland (LGAQ)	The peak body for local government in Queensland. A not-for-profit association set up solely to serve the state's 77 Councils and their individual needs.
Local laws	Those laws under the jurisdiction of the Council and enforced by city staff and/or Police.

MYR Budget	Mid-year budget review adopted by Council throughout the financial year. The MYR replaces the adopted budget.
Objective	Something toward which work is to be directed, a strategic position to be attained, or a purpose to be achieved, a result to be obtained, a product to be produced, or a service to be performed.
Operational Plan	A document with a one-year outlook, which outlines the key activities to be undertaken to achieve the desired outcomes set out in the Corporate Plan. This is a legislative requirement.
Pandemic	A pandemic is the worldwide spread of a new disease. Viral respiratory diseases, such as those caused by a new influenza virus or the coronavirus (COVID-19), are the ones that can most easily turn into a pandemic.
Personal protective equipment (PPE)	Refers to anything worn or used to minimise risk to workers' health and safety. This may include, but is not limited to; boots, ear plugs, face masks, gloves, goggles, hard hats, high visibility clothing, safety shoes, and sunscreen.
Policy	A statement formally adopted by Council that describes the Council's position on a particular issue. All policies are consistent with Council's long, medium and short-term planning outcomes and some will directly support the delivery of the Council's Community and Corporate Plans.
Service	A service is a group of activities provided to the City e.g. waste collection which manages a range of different waste collection types.

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Index of Reportable Disclosures

An index to the relevant sections of this report that relate to statutory requirements* for a local government annual report is detailed below:

* LGA – *Local Government Act 2009*

LGR – *Local Government Regulation 2012*





PSEA – *Public Sector Ethics Act 1994*

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