



ANNUAL REPORT

2009/10



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MAYOR'S FOREWORD

Since the formation of the Shire and the election of Councillors in late October 2008, the Shire has enjoyed a stable body of representation from our 11 Councillors – with myself as Mayor.

It continues to be our great privilege to represent all residents of the Tiwi Islands and on behalf of the Council I would like to thank everyone for the support and encouragement throughout this last year.

I am pleased to report that the Council remains dedicated to quality service provision for all residents of the Tiwi Islands.

The last year has had many challenges for the Shire to confront. This first year was very much a year of establishing the new Shire; with the second year continuing to build on that momentum. The Council has greatly appreciated the dedication and hard work of Council staff in achieving all that we have throughout this year.

Regrettably, the Northern Territory Government's decision to halve the operational funding for the Shire over the next three years continues to have a dramatic effect on our capacity, with cutbacks and efficiency measures negatively impacting our ability to carry out our core services to the community.

The Tiwi's continue to require a 'whole of government' co-ordinated funding approach and a complete re-think of current Government policy insofar as it relates to the Tiwi Shire.

I remain committed to ensuring that the residents of the Tiwi Islands are provided with the quality and range of Shire services that all Shire residents in the Northern Territory require and expect.

Sincerely,



Lynette De Santis

CHIEF EXECUTIVE OFFICER'S FOREWORD

The 2009-10 Financial year has seen significant improvements in Council's capacity to plan and make informed decisions. Councillors themselves have actively participated in this planning process and this is reflected in the specific nature of the shire's stated priorities and it's approach to Community aspirations.

Demonstrable stability at a Council level along with significant recruitments in to key senior positions has assisted greatly in the working relationship between Council and it's staff with Councillors accepting parallel portfolio responsibilities and actively participating in liaison and negotiations with many agencies on both program and resource support..

With the remediation of our finance system completed in March 2010 we are now moving on to address issues raised in past years and to greater transparency and accountability. With a better operational finance system we are now able to identify areas for further improvement and have strengthened our financial administration to build on these improvements.

We have successfully adopted a policy of decentralization, moving some administrative functions away from Darwin and from Wurrumiyanga (Nguiu). This has also helped to address past issues of complacency and apathy in some locations towards employment with the shire.

There remains some cynicism amongst other agencies about the role of the Shire and some ignorance around our role as legitimate Local Government.. This is based partially on deliberate misinformation by key persons but also by the reticence of some to relinquish control to democratically elected community representatives. The remains also a common belief that, in the absence of other providers the shire remains the provider of last resort for all manner of services, many of which are essentially private responsibilities.

Regardless of these impediments Council is nonetheless committed to sound governance, good financial management and maintaining a high level of service to it's constituents.



Alan Hudson



CONTACT US

The Tiwi Islands Shire Council operates offices in the communities of Wurrumiyanga, Pirlangimpi and Milikapiti, as well as in Parap, Darwin.

Please include your relevant contact details (full name and postal or email address) when requesting a response from the Shire or its representatives.

GENERAL	
Email:	contactus@tiwiislands.nt.gov.au
Website:	www.tiwiislands.nt.gov.au
Postal Address:	PO Box 104 Parap NT 0804
WURRUMIYANGA	
Phone:	(08) 8970 9500
Fax:	(08) 8970 9555
PIRLANGIMPI	
Phone:	(08) 8970 9600
Fax:	(08) 8970 9666
MILIKAPITI	
Phone:	(08) 8978 3958
Fax:	(08) 8978 3995
PARAP	
Phone:	(08) 8991 8600
Fax:	(08) 8941 4852

REPRESENTATION

The following principles have been considered in developing the governance/representation structure for the Shire:

- Maintain local community input and influence in local government decision making
- Ensure flexibility in dealing with local issues and local community differences
- Ensure each local community's interests are represented through appropriate structures and processes
- Ensure representation occurs as closely as possible to one vote one value
- Support the retention of cultural identity at the local community level

The following representation model for the Shire has been approved by the Minister and was formally gazetted on 30 June 2008

Members of the Tiwi Islands Shire Council			
Wurrumiyanga	Milikapiti	Wurankuwu	Pirlangimpi
Barry Puruntatameri	Lynette De Santis	Kathleen Tipungwuti	Emmanuel Rioli
Teresita Puruntatameri	Raelene Mungatopi		Henry Dunn
Walter Kerinauia	David Boyd		Marius Puruntatameri
Francis Xavier Kurruwu			
Richard Tungutalum			

Ward	No. of Members
Wurrumiyanga	5
Pirlangimpi	3
Milikapiti	3
Wuankuwu**	1
TOTAL:	12

REPRESENTATION

Local Advisory Boards

To achieve these principles of representation and Community input the Council approved the establishment of 3 local advisory boards. The basis of that approval are as follows:

- Boards for Wurrumiyanga (representing Nguu and Wuwrankuwu wards), Pirlangimpi and Milikapiti.
- Boards are constituted of
 - two members from each skin group (4 male and 4 female)
 - two members to represent the non skin group residents
 - the Councillors from that ward
- Secretariat services (minutes etc) are to be provided by the Council secretariat
- Minutes of board meetings to be provided to the next Shire Council meeting and the Chairman of the board available to speak to them or expand on any issues therein.

Council Structure

Council has also reviewed the Langford report into Council representation and advice from, the electoral commission as to voter demographics.

On the basis of the presentation by the report's authors and in light of the relatively unchanged voter demographics for the Shire Council has decided the following;

- There are no grounds for alteration to the ward or representation structure of Tiwi Shire Council at this time
- There are no grounds for and they do not favour any changes to the current methodology for appointment of the Principle (mayor) and Deputy Principle members

ELECTED MEMBERS OF COUNCIL



Lynette De Santis
Mayor



Barry Puruntatameri
Deputy Mayor



Raelene Mungatopi



Pirrawayingi



Kathleen Tipungwuti,



Richard Tungutalum



Emmanuel Rioli



David Boyd



Teresita Puruntatameri



Walter Kerinauia (Jnr)



Maralampuwi Kurrupuwu



Henry Dunn



BACKGROUND

Tiwi Islands Shire Council (TISC) was formed consequent to reform of Local Government by the Northern Territory Government and commenced on 1 July 2008. Councillors were elected for 4 years with the next election due after March 2012. Prior to this local government authority for the Tiwi Islands was vested in "Tiwi Islands Local Government (TILG)"

Prior to the election of the Council statutory and operational control of Council matters and decisions was vested in the appointed CEO and an officer appointed by the Northern Territory Government (NTG).

During this period the NTG also committed the Shires to contracts for hardware and software and to membership of a corporate entity, Councilbiz, the purpose of which was to administer and provide support for Councils' usage of the various software programs – support contracts that remain in place at the present time.

Implementation of these programs especially the "Tech 1" suite of programs has proven to be so problematic as to be an obstacle to proper accountability and financial decision making. In the absence of full financial information on a regular basis Council has astutely been conservative in its expenditure and commitments. Whilst this has been a successful strategy in avoiding both debt and over expenditure it has resulted in a number of instances of Funding bodies demanding the return of large amounts of funds. In this regard Council's conservatism and diligence has had the consequence of financial penalty, ostensibly for "underperformance".

COMMUNITY RELATIONS

Council is extremely aware of its role as the lead agency, service provider and employer within its area of responsibility.

To ensure that it remains both supportive and informative it has adopted the following measures:

- Formation of Local Advisory Boards
- Nomination of elected members on key consultative forums
- Proposed Memorandums of Understanding (MOU's) with key stakeholders
- Publishing of a community news letter
- Sponsorship of key areas of community interest – Tiwi islands Football league and the Tiwi bombers football club



Service Delivery Performance Assessment

In adherence with NT Local Government Act 2008, section 199, Tiwi Islands Shire Council hereby presents the following report as an assessment of performance during the Financial Year ended 30 June, 2010.

Council's planning for service delivery centred around:

- It's structure as a corporate body and how this meets the needs of the services Council delivers
- The functions it performs, how these interact and how it is desirable that each is financially and physically sustainable
- It's infrastructure

All three of these resources are dependant on each other for functionality and sustainability and can not be considered in isolation without affecting the others and ultimately themselves. Consequently this plan aims to at all times take a holistic approach to resource planning and this inter-dependency.

COMMUNITY DEVELOPMENT

Community Development seeks to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own Community.

The Community Development directorate addresses this in the Tiwi Islands Communities through the delivery of social networking services, such as:

- Libraries
- Broadcasting
- Centrelink
- Community Liaison
- Night Patrol
- Employment Services
- Skin Groups; and
- Youth Diversion

Community Employment & Development

Tiwi Shire continues to employ a high proportion of indigenous versus non-indigenous employees along with high levels of indigenous supervisors and team leaders.

During the year over 60 new jobs were created for Tiwi staff from employees previously on CDEP. These appointments were made across all Directorates: Corporate Services, Employment Services, Community Services, Community Development and Infrastructure.

Professional staff have been relocated in the three major communities to provide a spread of management and capacity building.

The Shire Council has a number of staff engaged in training through TITEB in the areas of Carpentry, Civil (Plan), Sport and Recreation, Business and Essential Services. Many students have re-enrolled in the next level of their training along with staff who have had no previous training.

Community Health & Safety

The Animal Management plan continues its strong focus within the communities, with regular veterinary visits resulting in high numbers of dogs being destroyed or sterilised. The reduction in communicable disease and dog bites has reduced significantly, both of which have had a positive effect on community health.

Night Patrol continues their strong presence across all three communities, with a focus on reducing numbers of youth on the streets after 9.30pm.

Tiwi Youth Diversion & Development Unit (TYDDU) run a number of programs, incorporating the assistance of other service providers such as the Red Cross and Catholic Care in order to bring people together and collectively perform a better service for the community. These programs greatly assist the community in the following ways:

- Attendance Program - absent students are picked up before and during school hours and returned to the classroom. This program has returns an average of 445 children to the classroom each month.
- TYDDU Youth Workers assist teachers in the classroom and help deal with behavioural problems.
- TYDDU Youth Workers supervise schoolchildren during recess.
- Pre-Schoolers are taken home by Youth Workers after 11am.



- Intervention/behaviour program – Youth Workers assist with maintaining good behaviour amongst students and assist staff/teachers with Interventions/Counselling when required.
- Men's Meetings run in Nguiu and Milikapiti to improve the health and well-being of men in the community.
- Counselling and Family Mediation/Intervention: provided on an 'as needed' basis by TYDDU Youth Workers encouraging family members to resolve conflicts peacefully through negotiations and discussion.
- Skin Group Leaders Meetings held to empower and encourage Nguiu residents to participate in community issues.

CORPORATE AND COMMUNITY SERVICES

The Corporate and Community Services Directorate has the responsibility of delivering services under the following areas:

- Children,
- Youth,
- Women,
- Sport and Recreation,
- Administration,
- Australia Post Agencies,
- Events Management,
- Information Technology and Communications, and
- Records Management

Community Services

After School Care and Vacation Care Programs include: a Nutrition Program providing 80-110 children per day with a nutritious meal; After School Sports, supervising children at the Pool and Recreation Hall each afternoon Monday to Friday.

Recycling has continued to grow in effectiveness following last year's introduction of two can crushing machines; one on Bathurst Island and one on Melville Island. The crushed aluminium cans will eventually be sold, however they are currently stock-piled.

The Shire endeavours to collect garbage on a daily basis and this has resulted in a great reduction in the amount of litter in and around the townships.

The ferry service is operating on a regular basis. The CDU are contracted to provide training on an ongoing basis for coxswains certificates in order to assist with ferry operations.

Renovation of the Nguiu Cemetery has been carried out during the year.

The After School Care Program includes a Sports and Recreation Program supervising children at the pool, and evening supervision at the Recreation Hall.



Information Technology

The Shire continues to spend an inordinate amount on the provision of ICT services due to current leasing arrangements provided through the NT Government. As part of the establishment of the new regional shires, the NT Government committed all of the new Shires to the government's own ICT supplier contracts (CSG & Fujitsu). These costs are well above what is available in the market place and have nearly doubled the costs of supplying these services compared to those previously supplied through the Local Government Association of the Northern Territory (LGANT).

The ShiresNet Project, whose aim is to upgrade the Information Technology systems in all Shire Service Delivery Centres (SSDC), has struggled to deliver the appropriate upgrades on time and as a result the ability for Shire's SDC's in Pirlangimpi and Milikapiti to be fully functional within the new CouncilBiz network has been significantly hindered. We anticipate that these upgrades will be complete by the end of December 2009, some 18 months after the new Shire commenced operations.

Mobile phone, landlines and internet connections to the Tiwi islands are by microwave links to Darwin. These are inadequate not only as to reliability, coverage and speed but in relation to directional restrictions on reception. This results in inadequate availability of both telephone and internet connection to all of the Shire area and frequent black spots with no coverage at all within township living areas

Council's server connection alone (a mere 2 GB) is \$4,000 per month, whilst by comparison mainland township residents can access 200Gb for \$30 per month.

Many parts of Pirlangimpi and Milikapiti can access the internet only by Turbo modem. Where there is ADSL connected it has availability limits and it is at the slowest speed marketed inhibiting both work flow and outcomes.

Records Management

The Shire has a greatly enhanced professional records management service (including the recording, storage and public accessibility of Council working papers through 'InfoCouncil'). This system safeguards the corporate records of the organisation and is another example of why the CouncilBiz shared service model for remote communities works so well.

Human Resources

The Tiwi Shire has continued to deal with the effects of high staff turnover at every level of the organisation. Whilst in some areas the turnover has not been as high as in previous years, this lack of employment stability continues to be a major drain on the organisation because of the loss of corporate knowledge and lost momentum.

Each new staff member requires time to up-skill and acquire the requisite corporate knowledge. In conjunction with the Tiwi Islands Training and Education Board (TITEB) there has been a large number of opportunities for staff to undertake professional development with their training achievements celebrated throughout the year.

INFRASTRUCTURE

Shires Infrastructure department provide a variety of services across the Tiwi Islands. Infrastructure oversees the delivery of the following facilities and services:

- Civil Works
- Road maintenance and construction
- Stormwater drainage
- Community Services
- Parks and Gardens
- Cemetery
- Ferry Services
- Community Housing; Staff housing and Territory Housing (including repairs and maintenance)
- Visitors Accommodation
- Contractors quarters
- Building Construction Outstations
- Essential Services
- Power and Water contract (Power, Water and Sewerage)
- Airport contract (inspections and maintenance)
- Emergency response
- See further details contained in 'Essential Services Business Plan'
- Workshop
- Internal heavy plant and light vehicle fleet
- External customer light vehicle repairs (Pirlangimpi and Milikapiti only)
- Small plant
- Asset Management
- Fleet management
- Project management
- Natural Resource Management
- Environmental compliance
- Licensing
- Project Management
- Disaster Management

Roads continue to be an issue, with connecting roads between communities impassable during lengthy periods over the wet season. The Shire continues to lobby for additional road funding, including the mining and forestry organisations.

FINANCE

During the year the Tiwi Shire, along with all of the other regional shires, wrestled with the implementation process of the new accounting database, TechOne. TechOne struggled to deliver even basic core financial services and accurate financial reporting was impossible. The Oplus Remediation Project was appointed to fix the remaining issues with the accounting database and a remediation of the TechOne system will occur in the 2010/11 Financial Year. A flow-on effect of these difficulties is that there is a large amount of ineffectual accounting data and the work to attempt to correct this data has been a further significant drain on the resources of the Shire.

A significant amount of effort was spent this year dealing with the former Tiwi Islands Local Government's (TILG) financial legacy issues stretching as far back as 2003.

Future Financial Challenges

The Tiwi Islands Shire Council faces significant financial and therefore operational challenges in the immediate and medium term future.

Five main pillars of challenge for the Shire include the following:

- That the NT Government has advised that core operational funding for the Shire will be halved over the next four years commencing in 2010/11. This will reduce the current annual Operational Grant from \$1.6 million to just \$800 thousand per annum.
- The exceptionally high ICT Costs (as per above).
- The costs associated with the Office of Township Leasing are projected to be close to \$250 thousand per annum once Wurankuwu, Pirlangimpi and Milikapiti have all agreed to these Head leases (Nguui already has). This extra cost is largely unable to be offset by any form of increased revenue or funding. The Federal Government has provided an undertaking that they will match each extra dollar of lease expense with increases in funding of related direct Federal grant activities, but to date the Territory Government (where the largest impact will be felt) have given no such undertaking.
- The current re-structuring of the CDEP program will mean that the Shire will no longer be able to fund a range of Shire services through CDEP which will only create a further funding burden on the Shire's core operational grant (and consolidated un-tied revenue).
- The proposed cessation of the Matching Funds grant program will mean that the Shire would have to absorb the extra 50% cost of these subsidised wages (some \$600,000 per annum) which will only exacerbate the financial challenges of the Shire.

GOALS, OUTCOMES AND STRATEGIES

Governance and Executive

Goal 1

A local government body that supports a strong governance structure and develops partnerships with governments and industries

Provide a high level of governance support for elected members

1.1 Outcome - **Manage customer and stakeholder relations**

1.1.1 Professional development for elected members

1.1.2 Provide high level support to local boards, advisory bodies and management committee's

1.1.3 Ensure council elections and meetings are undertaken according to legislative requirements

1.1.4 Conduct elected member awareness workshops for prospective nominees prior to shire elections

1.1.5 Provide a high level of executive support for senior management

1.2 Outcome - **Participate in regional economic development boards**

1.2.1 Implementation and enforcement of local by laws

1.2.2 Strong leadership, effective advocacy and communication supported by professional management practices

1.3 Outcome - **Establish formal and informal mechanisms for community consultation on key issues and input into decision making**

1.3.1 Develop a process for active participation from elected members in the review and implementation of the Local Government Regional Management Plan

1.3.2 Proactively seek participation in government policy development

1.3.3 Inform community members on the roles, functions and responsibilities of the Shire Council

1.3.4 Proactively lobby on behalf of community and regional issues

1.3.5 Ensure high level administrative services that meet legislative requirements

1.3.6 Effective and Efficient Shire Management

1.4 Outcome - **Administrative and Operational Infrastructure**

1.4.1 Partnerships within the industry that supports the Shire

1.5 Outcome - **Develop Partnership Agreements**

Technical and Infrastructure

Goal 2

Innovative management that provides a high level of service delivery to constituents in the shire region.

Effective management of physical infrastructure and essential services

2.1 Outcome - **Develop a process that ensures a high standard of buildings and facilities management**

2.1.1 Coordinate and manage where necessary the infrastructure assets for the provision of essential services

2.1.2 Implement an appropriate cemetery administration including planning and record management

2.1.3 Support and participate in local emergency services initiatives and planning

2.1.4 Provide and maintain public toilets in appropriate areas

2.1.5 Plan for a consistent approach to service delivery across all areas

2.1.6 Provide high level fleet and plant management

2.1.7 Well maintained and managed roads and traffic conditions

2.2 Outcome - **Provide safety lighting in public areas**

2.2.1 Ensure local roads are safe and regularly maintained

2.2.2 Plan and construct new roads where required and funded

2.2.3 Plan and implement traffic management of local roads that is safe and responsive to community needs

2.2.4 Improved options for transport within and between communities

2.2.5 Develop a regional road maintenance and re sheeting program

2.2.6 Maximise external funding for road construction

2.2.7 Innovative management of the environment including parks and gardens and waste management

2.3 Outcome - **Provide efficient and effective waste collection, disposal and recycling services**

2.3.1 Implement and enforce companion animal welfare policies

2.3.2 Work in partnership with the Tiwi Islands Land Council for the benefit of the natural environment

2.3.3 Improve effluent disposal systems throughout the region

2.3.4 Develop and integrated regional approach to managing waste including landfill and collection

2.3.5 Improve stormwater drainage across the shire communities

2.3.6 Maintain Parks and Gardens

2.3.7 Efficient use of energy and water resources

2.4 Outcome - **Increase utilisation of alternative energy technologies**

2.5 Outcome - **Parks and gardens developed and maintained for the use and benefit of the communities**

2.5.1 Improved playground facilities

2.5.2 Develop reticulation systems for designated parks and gardens areas

2.5.3 Clean and tidy communities

2.6 Outcome - **Initiate improvements to town's appearance and safety**

2.6.1 Ensure remote communities receive appropriate services

2.7 Outcome - **Provide services to remote communities in accordance with shire plans**

2.7.1 Critically review community service requirements

2.7.2 Develop service delivery plans for all communities in the shire region

2.7.3 Effective weed control and fire hazard management

2.8 Outcome - **Ensure effective and appropriate management of weed control and fire hazard reduction**

Corporate

Goal 3

A strong administrative structure that meets legislative and funding requirements

Financial management policies, procedures and practices that are effective and respected

3.1 Outcome - High level and professional financial management

3.1.1 Maximise opportunities for revenue growth

3.1.2 Implement and maintain asset management systems and processes

3.1.3 Implement risk management systems and processes

3.1.4 Maximise the level of external funding available to source community services

3.1.5 Undertake a review of existing services to identify possible implementations of a fee for service

3.1.6 A business service that is well managed and supports the operations of the shire council

3.2 Outcome - Maintain a records management system

3.2.1 Utilise modern Information and communications technology to maximise service delivery

3.2.2 Implement appropriate internal control mechanisms supported by documented procedures

3.2.3 An organisation that supports and enhances opportunities for local employment

3.3 Outcome - Develop Human Resource Management Policies that supports increased indigenous employment

3.3.1 Develop a training program for shire staff

3.3.2 Work collaboratively with the Tiwi Islands Training and Employment Board to support increased numbers

of Tiwi people participating in training, apprenticeships and higher learning

3.3.3 Develop staff policies and conditions of employment, including outsourcing

3.3.4 Work with DEWR and other government agencies to achieve employment outcomes

3.3.5 Develop Indigenous employment strategy

3.3.6 Work collaboratively with education providers to provide employment opportunities

3.3.7 A dynamic and growing economy with strong local employment

3.4 Outcome - Support development of Tiwi employment strategies with all industry partners

3.4.1 Work with industries and relevant agencies to facilitate tourism employment opportunities

3.4.2 A strong administrative structure that meets legislative and funding requirements

3.4.3 An organisation that fosters Economic development that capitalises on our cultural heritage and natural environment

3.5 Outcome - **Promote low impact cultural and eco tourism**

3.5.1 Promote and support small local business initiatives

3.5.2 Integrate local community businesses into all economic development strategies

3.5.3 Local community businesses that are viable

3.6 Outcome - **Work with Tourism Northern Territory to develop a regional tourism plan**

3.6.1 Support the Development of a low impact cultural and eco tourism enterprise

3.6.2 Support and promote local small business initiatives

3.6.3 Partnerships with mining, pastoral, horticultural and aquaculture industries

3.7 Outcome - **Maximise partnership opportunities**

3.7.1 A business that supports Agency programs

3.8 Outcome - **Support for agency programs**

Corporate

Goal 4

A local government body that respects, and nurtures the cultural and social wellbeing of communities

A positive living environment for our communities

4.1 Outcome - Develop a sport and recreation plan that includes partnership options with sporting organisations across the NT

4.1.1 Develop a program for coaching, training and participation in sporting activities across the Tiwi Islands

4.1.2 Seek sponsorship and support for sporting activities

4.1.3 Manage and support Library services

4.1.4 Support and develop community information services and programs

4.1.5 Maximise opportunities to attract community programs

4.1.6 A supportive, safe and healthy environment for our communities

4.2 Outcome - Support the establishment and management of safe houses where required

4.2.1 Promote and support public safety initiatives in collaboration with stakeholders

4.2.2 Support the establishment and operation of night patrol services where required

4.2.3 Support and develop child care initiatives

4.2.4 Support the operation and future development of the Tiwi Islands Youth Diversion and Development program

4.2.5 Support education and prevention initiatives to reduce substance abuse

4.2.6 Develop a strategy for the support of social programs including funding options

4.2.7 Support for women and children's programs

4.2.8 Explore funding options for the support of community media including a regular newsletter

4.2.9 Protection and promotion of the shire region's heritage and culture

4.3 Outcome - Support and promote indigenous visual and performance art

4.3.1 Preserve and protect cultural and historical records

4.3.2 Support and promote civic events

4.3.3 Support agency aged and disabled initiatives

4.4 Outcome - Work with relevant agencies to address the needs of the elderly and disabled, including carer support, health, accommodation and transport

4.4.1 Work with relevant agencies to identify opportunities for in home services to the aged and disabled

Community and Culture

Goal 5

A local government body that respects, and nurtures the cultural and social wellbeing of communities

Support for improved health and education outcomes

5.5 Outcome - **Work with health departments and local providers to achieve improved environmental health**

5.5.1 Work with health departments to implement programs designed to improve physical health and wellbeing of community members

5.5.2 Work with health departments and local providers to develop programs for improved mental health

5.5.3 Support health and education initiatives for improved outcomes



TIWI ISLANDS SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2010

TIWI ISLANDS SHIRE COUNCIL

General Purpose Reports and Associated Schedules for the year ended 30 June 2010

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**Independent Auditor's Report
To the members of the Tiwi Islands Shire Council**

We have audited the accompanying financial report of Tiwi Islands Shire Council ("the Council"), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Accountable Officer's responsibility for the Financial Report

The Accountable Officer of the Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act and Regulations 2008. The responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Council's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer of the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Council, and have met the independence requirements of Australian professional ethical pronouncements.

Basis for Qualified Auditor's Opinion

1. The previous auditors of the Council expressed a disclaimer of audit opinion on the 30 June 2009 financial report of the Tiwi Islands Shire Council. We were unable to obtain sufficient appropriate evidence by alternative means regarding the comparatives for the year ended 30 June 2009. Certain balances as at 30 June 2009 also enter to the determination of the financial performance for the year ended 30 June 2010.
2. Current and non-current provisions for annual leave and long service leave of \$1,122,967 are recorded as liabilities within the Statement of Financial Position. The previous auditors of the Council expressed a disclaimer of audit opinion on the leave balances for the year ended 30 June 2009 because Council was unable to provide sufficient, appropriate records to support the leave balances brought forward from the constituent councils. We have been unable to perform alternative procedures to obtain sufficient appropriate evidence regarding the balances brought forward from the constituent councils on 1 July 2008. Some of these brought forward balances enter to the determination of the annual leave and long service balances for the year ended 30 June 2010.
3. As is common for organisations of this type, it is not practicable to establish an efficient system of internal control over the collection of user charges and fees and sales prior to entry into its financial records. Accordingly, as the evidence available to us for revenue from these sources was limited, our audit procedures with respect to revenue from these sources were restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether revenue from these sources is complete.
4. We were not appointed as auditors of the Council until 15 July 2010 and thus did not observe the counting of physical inventories at 30 June 2010. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2009 and 30 June 2010 which are stated on the Statement of Financial Position at \$420,262 and \$640,704 respectively. As a result, we are unable to determine whether any adjustments might have been found to be necessary in respect of recorded or unrecorded inventories and the elements making up the statement of comprehensive income, statement of changes in equity and the statement of cash flows.
5. Due to the remote location of some of the constituent councils that comprise the Tiwi Islands Shire Council, we were unable to perform a sighting of fixed assets. We are therefore unable to form an opinion on the existence of fixed assets amounting to \$37,665,167 at 30 June 2010.

Qualified Auditor's opinion

Because of the existence of the limitation on the scope of our work as described in paragraph (1) above, and the effect on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion on the statement of comprehensive income, statement of cash flows and the associated disclosures of the Tiwi Islands Shire Council for the year ended 30 June 2010. Furthermore, we are unable to and do not express an opinion on the statement of financial position as at 30 June 2009, or the statement of comprehensive income and cash flow statement for the year then ended, and the associated disclosures which are shown for the purpose of comparison.

In our opinion, except for the effect on the financial report of the matters referred to in the paragraphs (2) to (5) above, the financial report of the Tiwi Islands Shire Council is in accordance with the Local Government Act 2008, including:

- a) giving a true and fair view of the Council's financial position as at 30 June 2010; and
- b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and Local Government (Accounting) Regulations 2008.

Merit Partners

Merit Partners

Aminul Islam

Aminul Islam
Director

DARWIN

Date: *8 June 2011*



Tiwi Islands Shire Council

Tiwi Islands Shire Council

CHIEF EXECUTIVE OFFICER'S CERTIFICATE

I, Alan Hudson, the Chief Executive Officer of the Tiwi Islands Shire Council, certify that the Annual Financial Statements:

- (a) have been, to the best of my knowledge, information and belief, properly drawn up in accordance with all applicable Australian Accounting Standards, the local Government Act 2008 and the Local Government (Accounting) Regulations (with the exception of Those where compliance with standards has been qualified) for the year ended 30 June 2009; and
- (b) are in accordance with the accounting and other records of the Council.

Signed by

Date: 08/06/2011

A handwritten signature in black ink, appearing to read "Alan Hudson", is written over a horizontal line.

Alan Hudson
Chief Executive Officer

TIWI ISLANDS SHIRE COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2010

	Notes	2010 \$	Restated 2009 \$
REVENUE			
Grants and contributions provided for operating purposes	3e	14,085,000	16,947,942
Other Operating Revenue	3d	1,102,393	4,625,609
User Charges and Fees	3b	1,500,656	1,290,018
Rates and Annual Charges	3a	649,396	420,500
Interest Revenue	3c	228,501	384,303
Contributions and Donations	3f	909	77,000
Net Profit from Disposal of assets	3g	7,773	5,455
TOTAL REVENUE		17,574,628	23,750,827
EXPENSES			
Employee Costs	4a	11,004,140	12,529,589
Materials and Contracts	4e	6,599,068	9,300,044
Interest Charges	4b	10,806	-
Other Operating Expenses	4d	502,240	110,494
TOTAL EXPENSES		18,116,254	21,940,127
(DEFICIT)/SURPLUS BEFORE GAIN ON RESTRUCTURING, DEPRECIATION AND CAPITAL GRANTS		- 541,625	1,810,700
Gain on restructure of local governments		-	5,466,437
(DEFICIT)/SURPLUS BEFORE DEPRECIATION AND CAPITAL GRANTS		- 541,625	7,277,137
Grants & Contributions provided for: acquisition of assets			
Capital Grants Revenue	3e	905,753	2,380,289
OPERATIONAL (DEFICIT)/SURPLUS BEFORE DEPRECIATION AND ASSET CLASSIFICATION		364,128	9,657,426
Depreciation	4c	673,970	192,692
(DEFICIT)/SURPLUS BEFORE INCOME TAX EXPENSE		- 309,842	9,464,734
Income Tax Expense		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		- 309,842	9,464,734

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

TIWI ISLANDS SHIRE COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2010

	Notes	2010 \$	Restated 2009 \$
CURRENT ASSETS			
Current Operating Accounts & Cash on Hand	5	7,074,303	7,936,267
Trade and Other Receivables	6	2,872,082	1,840,081
Inventories and Prepayments	7	640,704	420,262
TOTAL CURRENT ASSETS		10,587,088	10,196,610
CURRENT LIABILITIES			
Trade and Other Payables	9a	1,645,062	2,793,657
Current Provisions	9c	897,652	771,578
Current Borrowings	9e	1,001,327	1,005,863
Other Current Liabilities	9b	269,550	257,372
Unexpended Grant Liability	9b&14	3,092,665	1,339,641
TOTAL CURRENT LIABILITIES		6,906,257	6,168,111
NET CURRENT ASSETS		3,680,831	4,028,499
NON CURRENT ASSETS			
Land		-	-
Buildings	8a&b	30,351,798	1,044,962
Infrastructure	8a&b	5,192,878	2,298,478
Plant	8a&b	1,405,456	1,696,319
Equipment	8a&b	42,208	24,071
Motor Vehicles	8a&b	645,553	528,900
Work in Progress	8a&b	27,272	69,430
TOTAL NON CURRENT ASSETS		37,665,165	5,662,160
NON CURRENT LIABILITIES			
Non Current Provisions	9d	225,315	225,925
TOTAL NON CURRENT LIABILITIES		225,315	225,925
NET ASSETS		41,120,681	9,464,734
EQUITY			
Accumulated Funds		41,120,681	9,464,734
TOTAL EQUITY		41,120,681	9,464,734

The above Statement of Financial Position should be read in conjunction with the accompanying notes

TIWI ISLANDS SHIRE COUNCIL

STATEMENT OF WORKING CAPITAL for the year ended 30 June 2010

	Notes	2010	Restated 2009
CURRENT ASSETS		\$	\$
Current Operating Accounts & Cash on Hand	5	7,074,303	7,936,267
Trade and Other Receivables	6	2,872,082	1,840,081
Inventories and Prepayments	7	640,704	420,262
TOTAL CURRENT ASSETS		10,587,088	10,196,610
CURRENT LIABILITIES			
Trade and Other Payables	9a	1,645,062	2,793,657
Current Provisions	9c	897,652	771,578
Current Borrowings	9e	1,001,327	1,005,863
Other Current Liabilities	9b	269,550	257,372
Unexpended Grant Liability	14	3,092,665	1,339,641
TOTAL CURRENT LIABILITIES		6,906,257	6,168,111
NET CURRENT ASSETS		3,680,831	4,028,499
CURRENT RATIO		1.53	1.65

The above Statement of Working Capital should be read in conjunction with the accompanying notes.

TIWI ISLANDS SHIRE COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2010

	Asset Revaluation Reserve- Prescribed Assets	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 July 2008	-	-	-
Restated Surplus/(Deficit) for the year	-	9,464,734	9,464,734
Revaluation increment - Infrastructure	-	-	-
Revaluation increment - Buildings	-	-	-
Restated balance at 30 June 2009	-	9,464,734	9,464,734
(Deficit)/Surplus for the year	-	309,842	309,842
Revaluation increment - Infrastructure	2,845,450	-	2,838,904
Revaluation increment - Buildings	29,120,340	-	29,126,885
Balance at 30 June 2010	31,965,789	9,154,892	41,120,681

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

TIWI ISLANDS SHIRE COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30 June 2010

	2010	Restated 2009
	\$	\$
Cash Flows from Operating Activities		
<i>Receipts</i>		
Receipts from rates & annual charges	660,125	420,500
Receipts from user charges & fees	1,500,656	1,290,018
Interest received	228,501	384,303
Grants & contributions	14,991,662	18,287,583
Other operating receipts	59,223	4,842,374
	<u>17,440,168</u>	<u>25,224,778</u>
<i>Payments</i>		
Payments to employees	10,878,676	10,484,997
Payments for materials & contracts	5,986,555	2,701,956
Payments of interest	10,806	-
Other operating payments	722,682	5,656,267
	<u>17,598,719</u>	<u>18,843,220</u>
Net Cash Flows provided by Operating Activities	- 158,551	6,381,558
 Cash Flows from Investing Activities		
<i>Receipts</i>		
Proceeds from sale of assets	7,773	5,455
	<u>7,773</u>	<u>5,455</u>
<i>Payments</i>		
Purchase of assets	711,186	4,588,534
	<u>711,186</u>	<u>4,588,534</u>
Net Cash Flows used in Investing Activities	- 703,413	- 4,583,079
 Cash Flows from Financing Activities		
<i>Receipts</i>		
Cash transferred from constituent councils on restructure	-	5,137,788
Borrowings	-	1,000,000
Net Cash Flows used in Investing Activities	<u>-</u>	<u>6,137,788</u>
 NET INCREASE/(DECREASE) IN CASH HELD	- 861,964	7,936,267
 Cash at Beginning of Reporting Period	7,936,267	-
 Cash at End of Reporting Period	<u>7,074,303</u>	<u>7,936,267</u>

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of Accounting Policies

General Information

This note sets out the principal accounting policies adopted in the preparation of the financial statements by Tiwi Islands Shire Council.

The Local Government Reporting Entity Tiwi Islands Shire Council is established under the Northern Territory Local Government Act and has its principal place of business as Puti Drive, Wurrumiyanga Community, Bathurst Island.

The purpose of this financial report is to provide information about the cash flows, financial performance and position of the Shire and accountability of the resources entrusted to it.

Basis of Accounting

Statement of Compliance

The financial report is a general purpose financial report, which has been prepared to comply with applicable Australian Accounting Standards and Interpretations, the requirements of the Local Government Act and Regulations, and other mandatory professional reporting.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS') as applicable to for not-for-profit entities.

Adoption of new and revised accounting standards

In the current year the Council has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

Standards and Interpretations issued but not yet effective

The Standards and Interpretations listed below were in issue but not yet effective. Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but may change the disclosures presently made in relation to the Council's financial report:

- AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]
- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]
- AASB 2009-9: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.
- AASB 9: Financial Instruments 1 January 2013 30 June 2014 AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
- AASB 124 (Revised): Related Party Disclosures (December 2009)
- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]
- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]
- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of Accounting Policies continued

- AASB 1053: Application of Tiers of Australian Accounting Standards
- AASB 2010-3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]
- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]
- Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability. The accounting policies adopted for the reporting period are consistent with those of the previous reporting period except where otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Basis of Preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in the exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable.

Revenue is measured on major income categories as follows:

(i) Rates

Rates are an enforceable debt linked to rateable property. As such, Council recognises Rates Income at the time of levying, or earlier upon receipt of rates paid in advance.

The rating period and reporting period for the Council are the same and accordingly all rates levied for the year are recognised as revenue within the period.

Uncollected rates are recognised as receivables. A provision is recognised when collection in full is no longer probable.

(ii) Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenue when the Council obtains control over, or the right to receive, the assets, it is probable that future economic benefits comprising the asset will flow to the Council, and the amount can be reliably measured.

Control over granted and contributed assets is normally obtained upon their receipt (or acquittal), and is valued at their fair value at the date of transfer.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of Accounting Policies continued

Where grants, contributions and donations recognised as revenue during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed as an unexpended grant liability.

(iii) Disposal of property, plant and equipment

The gain or loss on disposal of an asset is determined when control of the asset has passed from the Council and can be measured reliably.

(iv) Interest revenue

Interest is recognised as it accrues, when it is probable that the future economic benefits will flow to the Council and it can be measured reliably.

(v) Commercial and contract revenue

Council undertakes activities of a commercial, or quasi commercial nature such as maintenance contracts, building construction, and operation of cash businesses. Commercial income is recognised as it accrues, when it is probable that the future economic benefits will flow to the Council and it can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial Assets

(i) Loans and Receivables

Council recognises financial assets as loans and other receivables. The classification depends on the purpose for which the financial instrument was acquired and is determined at initial recognition and re-evaluated at reporting date. Financial assets are measured at fair value, net of transaction costs except for financial assets classified as at fair value through profit and loss which are initially measured at fair value.

(ii) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments.

(iii) Impairment of financial assets

Financial assets are evaluated at each balance sheet date to determine any evidence of impairment. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of Accounting Policies continued

(iv) De-recognition of financial assets

The Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset. The Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Inventory

Inventory is stated at the lower of cost and net realisable value.

Leased Assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

As lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to the qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as expense on a straight –line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Plant and Equipment

(i) Acquisition of Plant, and Equipment is recognised at cost when control of the asset passes to the Council. Cost includes expenditure that is directly attributable to the acquisition. Cost related to plant, equipment and infrastructure gifted, donated or granted to the Council is the fair value of the asset, plus costs directly attributable to the acquisition.

Land

The Aboriginal Land Rights Act establishes native title over land in the Tiwi Islands. In the absence of clear title no land assets are recognised in the Council's Statement of Financial Position.

Land under Roads

Council has elected not to value or recognise as an asset land under roads acquired prior to 1 July 2008 in accordance with the election available under AASB 1051 Land under Roads.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of Accounting Policies continued

Property

In 2006 Land Rights Act was amended to enable township leasing. Leasing arrangements currently exist for Wurrumiyanga and it is envisaged the other communities will adopt township leasing in due course. It is proposed that in future periods Council will lease its major operating buildings from the Office of Township Leasing. Buildings and infrastructure assets are recognised in the Financial Statements as prescribed assets. This is due to the status Tiwi Islands Shire Council has under 'Right of Occupation' from section 6.2 of the Head Lease agreement and the fact that under general property law it is the Executive Director of Township leasing who has the leasehold ownership interest in the land.

On formation of the Tiwi Islands Shire Council, Tiwi Islands Local Government Fixed Assets were written off as part of the gain on restructure as these could not be reliably recognised or measured. The Council has deemed prudent that these assets should be recognised in some form as the Council has responsibility to insure and manage these assets without clear title.

Maloneys Field Services were engaged to revalue non-current assets in 2010. Building and Infrastructure assets are recognised in the 2010 Financial Statements as prescribed assets at their 30 June 2010 re-valued amount. Revised valuations are provided in the fixed asset register and net values are recognised at 30 June 2010. Building and Infrastructure assets commenced depreciating, at their re-valued amounts, on 1 July 2010.

Maloneys Field Service Personal;

Martin Oldfield
BBus Property (Val) AAPI
Certified Practising Valuer

Mitch Ekonomopoulos
BBus Property (Val) GAPI

Gavin Halliday
BBus Property (Val) PMAPI

Property assets have wide and varied usage and useful life has been calculated based on the most common usage, as well as the asset's present condition. Taking into account future leasing arrangements, nature of usage, and current condition, no building has a useful life that exceeds twenty years. To accurately reflect the value of prescribed building and infrastructure assets these have been reflected using registered valuation as at 30 June 2010.

Revaluation increments arising from recognising assets at valuation are offset against one another within the class of asset. Net revaluation increments in the carrying amounts of these assets are recognised directly in accumulated equity under the heading of prescribed asset reserve. This is to the extent that the increment reverses a decrement that was previously recognised as an expense in the net profit or loss within the same class of asset. No amounts were recognised in the accounts arising from previous revaluations so all increments are recognised in revaluation reserve.

Depreciation

All property, plant and equipment, with the exception of land, is systematically depreciated over its useful life in a manner which reflects the consumption of the service potential embodied in those assets from the time that the item of property plant and equipment is available for use.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of Accounting Policies continued

Depreciation is provided for on a straight line method using lives which are reviewed each reporting period.

Major depreciation periods are;

Buildings/ Other Structures	10 – 20 Years
Plant and Equipment	1 - 10 Years
Motor Vehicles	3 - 5 Years

Valuation

The Shire recognises assets over the value of \$5,000.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Financial Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to Council prior to the end of the financial year which remain unpaid. The amounts are unsecured and usually paid within thirty days of recognition.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits expected to be settled within 12 months:

Provisions in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Employee benefits not expected to be settled within 12 months:

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash flows to be made by the entity in respect of services provided by the employees up to reporting date.

(iv) Superannuation

The Council contributes to its employees to a defined contribution superannuation plan (Local Government Superannuation Scheme).

(v) Unexpended Grant Funds

Grant funding has been treated in the accounts according to the provisions of AASB 1004 Contributions. The standard notes in particular:

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of Accounting Policies continued

"Where assets are provided on the condition that the local government, government department, GGS or whole of government is to make a reciprocal transfer of economic benefits, and that transfer has not occurred prior to the reporting date, a liability is recognised as at the reporting date in respect of such amounts.

Reciprocal transfers are defined as:

"A reciprocal transfer also occurs where, for example, assets are provided to a government department on the condition that the government department renders particular services to the transferor of the assets and, if the services are not rendered, those assets are required to be remitted directly to the transferor."

Budget Information

Note 2(a) provides budget information of revenues and expenditure of each of the major activities of the Council.

Taxation

Tiwi Islands Shire Council is tax exempt under Sec 50-25 of the Income Tax Assessment Act 1997, being a local governing body.

Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;

or

ii) for receivables and payables which are recognised inclusive of GST, the net amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, is classified as operating cash flows.

Rounding

Unless otherwise stated, amounts in the financial reports have been rounded to the nearest dollar and are presented in full dollars. All amounts are expressed in Australian dollars.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2(a) Functions

Revenues & expenses have been directly attributed to the following functions/activities. Details of these functions/activities are provided at Note 2(b)

	01 - General Public Services		02 - Public Order & Safety		03 - Economic Affairs		04 - Environmental Protection		05 - Housing	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
OPERATING REVENUES										
Income Rates General	356,300	392,790	-	-	-	-	-	-	-	-
Income Rates Waste	266,351	150	-	-	-	-	26,745	27,560	-	-
Income Council Fees and Charges	531,644	310,603	-	155,162	464,130	12,622	-	-	492,119	77,540
Income Operating Grants Subsidies	1,959,060	2,855,337	732,278	751,090	6,958,121	8,294,590	-	92,811	2,675,184	3,247,598
Income Investments	228,501	384,303	-	-	-	-	-	-	-	-
Income Contributions Donations	-	35,000	-	-	-	40,000	-	-	-	-
Income Reimbursements	6,017	420	-	-	-	-	-	-	-	-
Income Agency and Commercial Services	809,188	1,047,682	-	364,841	215,370	554,048	2,690	-	44,763	3,209,319
Income Capital Grants	10,647	194,491	62,885	10,000	368,039	1,845,000	126,000	-	275,909	330,798
Inc Sale of Assets	1,364	5,455	-	-	6,409	-	-	-	-	-
TOTAL REVENUES	4,169,073	5,226,231	795,163	1,281,093	8,012,069	11,578,154	62,624	27,560	3,487,975	6,865,255
OPERATING EXPENSES										
Employee Expenses	2,268,433	3,357,337	720,246	956,108	6,049,553	5,707,578	-	14,224	1,013,686	1,086,666
Contract and Material Expenses	1,910,045	2,659,595	14,968	203,356	410,789	539,623	8,534	360	2,004,277	1,345,888
Utility expenses	170,318	130,669	2,045	2,038	19,517	13,823	-	-	33,440	16,267
Fuel Expenses	74,184	402,802	-	358	41,723	572,386	142,413	-	-	100,662
Communication Expenses	382,920	411,907	1,606	13,552	77,280	71,740	756	-	58,897	56,161
Finance Expenses	10,806	-	-	-	-	-	-	-	-	-
Depreciation	673,970	104,902	-	18,024	-	-	-	-	-	69,766
Training	41,058	79,013	1,536	41,110	46,722	147,117	-	-	5,355	11,607
Travel and accommodation	168,152	173,904	15,297	6,630	54,504	40,795	-	785	8,340	9,159
Councillor allowance expenses	169,490	110,494	-	-	-	-	-	-	-	-
Miscellaneous Expenses	477,066	83,506	14,891	-	52,724	24,554	869	-	8,929	2,103,796
TOTAL EXPENSES	6,346,442	7,514,129	770,230	1,282,541	7,283,476	6,687,643	10,159	15,369	3,132,923	4,799,972
NET RESULT	- 2,177,369	- 2,287,898	24,933	- 1,448	728,592	4,890,511	52,465	12,191	355,052	2,065,283

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2(a) Functions continued

Revenues and expenses have been directly attributed to the following functions/activities. Details of these functions/activities are provided at note 2(b).

	06 - Health		07 - Recreation, Culture and Religion		08 - Education		09 - Social Protection		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
OPERATING REVENUES										
Income Rates General	-	-	-	-	-	-	-	-	356,300	392,790
Income Rates Waste	-	-	-	-	-	-	-	-	293,096	27,710
Income Council Fees and Charges	-	-	1,825	-	-	-	10,938	- 258	1,500,656	555,669
Income Operating Grants Subsidies	-	70,000	388,193	450,518	4,585	-	1,460,390	1,278,809	14,085,000	16,947,942
Income Investments	-	-	-	-	-	-	-	-	228,501	384,303
Income Contributions Donations	-	-	909	2,000	-	-	-	-	909	77,000
Income Reimbursements	-	-	-	-	-	-	-	-	6,017	420
Income Agency and Commercial Services	-	-	24,365	18,632	-	-	-	165,016	1,096,376	5,359,538
Income Capital Grants	-	-	35,000	-	-	-	27,273	-	905,753	2,380,289
Inc Sale of Assets	-	-	-	-	-	-	-	-	7,773	5,455
TOTAL REVENUES	-	70,000	450,292	471,150	4,585	-	1,498,601	1,443,567	18,480,382	26,131,116
OPERATING EXPENSES										
Employee Expenses	-	-	166,674	553,032	-	-	785,548	857,030	11,004,140	12,531,975
Contract and Material Expenses	-	35,470	56,942	130,237	3,955	-	129,785	105,388	4,539,294	5,019,917
Utility expenses	-	-	26,657	79,864	-	-	20,397	15,016	272,374	257,677
Fuel Expenses	-	-	818	218	-	-	767	45	647,797	687,863
Communication Expenses	-	486	7,044	10,947	279	-	2,625	23,698	541,405	588,491
Finance Expenses	-	-	-	-	-	-	-	-	10,806	-
Depreciation	-	-	-	-	-	-	-	-	673,970	192,692
Training	-	-	1,370	9,987	-	-	6,223	1,013	102,264	289,847
Travel and accommodation	-	-	23,392	7,206	352	-	2,948	3,062	272,985	241,541
Councillor allowance expenses	-	-	-	-	-	-	-	-	169,490	110,494
Miscellaneous Expenses	-	-	990	175	-	-	229	291	555,698	2,212,322
TOTAL EXPENSES	-	35,956	283,887	791,666	4,585	-	958,522	1,005,543	18,790,224	22,132,819
NET RESULT	-	34,044	166,406	- 320,516	-	-	540,079	438,024	- 309,842	3,998,297

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2(b) Component Functions

The activities relating to the Shire functions reported on in the Note 2(a) are as follows:

GENERAL PUBLIC SERVICES

Executive and legislative Functions

Administration, operation and support of executive and legislative functions and all elements associated with Corporate Governance.

Financial and Fiscal Affairs

Administration of Council's finances and compliance with legislative provisions of Local Government (Accounting) Regulations.

General Public Services - including General Administration, Corporate Services, Community Services, Works & Infrastructure, Other and Office Personnel Maintenance

Administration, support, regulation, research, operation of general public services including insurance and Natural Disaster relief where applicable.

PUBLIC ORDER & SAFETY

Fire protection, local emergency services, control of animals and impounding, control of public places, control of signs, boarding and advertising, community policing and probationary matters.

ECONOMIC AFFAIRS

General economic, agriculture and forestry, fuel and energy, other labour and employment affairs, transport and other industries, saleyards and tourism.

ENVIRONMENTAL PROTECTION

Waste management, pollution reduction, protection of biodiversity and landscape and protection and remediation of soil, groundwater and surface water.

HOUSING AND COMMUNITY AMENITIES

Housing, housing and community development, water supply and street lighting.

HEALTH

Well baby clinics, dental health services and home nursing services, nursing and convalescent home services, immunisation, infant nutrition and child health, and family planning services.

RECREATION, CULTURE AND RELIGION

Facilities and venues, recreation parks and reserves, cultural and religious services, museums and libraries.

EDUCATION

Administration, inspection, support, operation, etc of education programs and services.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2(b) Component Functions continued

SOCIAL PROTECTION

Outlays on day care services, family day care, occasional care and outside school hours care, aged services, shelter protection, drug and alcohol treatment programs. Also includes relief from man-made disasters.

2(c) Fundamental Errors

Tiwi Islands Shire Council's 2009 Financial data was restated to take into account changes in treatment under AASB1004 where previously outstanding grant liability was incorrectly treated as restricted cash. Additional amounts were also recognised as grant liability that had not been recorded in Tiwi Islands Shire Councils 2009 audited Financial Statements.

Restated financial information for the year ended 30 June 2009 is presented below.

	Original Balance \$	Adjustments \$	Restated Balance \$
Statement of Comprehensive Income			
Grants and contributions provided for operating purposes	17,779,835	- 831,894	16,947,941
Surplus/(Deficit) for the year	10,296,627	- 831,894	9,464,734
Statement of Financial Position			
Unexpended Grant Liability	507,747	831,894	1,339,641
Accumulated Funds	10,296,627	- 831,894	9,464,734
Statement of Changes in Equity			
Retained earnings	10,296,627	- 831,894	9,464,734

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3. Operating Revenue	2010 \$	2009 \$
a RATES AND CHARGES		
<u>Ordinary Rates</u>		
General Rates	356,300	392,790
Total Ordinary Rates	356,300	392,790
 <u>Annual Charges</u>		
Domestic Waste Charges	293,096	27,710
Total Annual Charges	293,096	27,710
 Total Rates & Annual Charges	649,396	420,500
 b USER CHARGES & FEES		
User Charge Fee Income	1,191,178	399,174
Property Lease Rental Fee Income	222,429	154,012
Equipment Hire Income	14,009	-
Other Charges & Fees	73,040	736,832
Total User Charges & Fees	1,500,656	1,290,018
 c INTEREST		
Interest on Investments	228,501	384,303
Total Interest Revenue	228,501	384,303
 d OTHER OPERATING REVENUE		
Reimbursements	6,017	-
Service Fee Income	213,903	-
Sales Income	103,577	4,620,296
Contract Fees	620,352	2,482
Other Operating Revenue	158,544	2,831
Total Other Operating Revenues	1,102,393	4,625,609
 e GRANTS		
<u>Commonwealth Special Purpose Funding</u>		
After School Care Nguui	171,139	167,455
After School Care Pirlangimpi	71,994	70,444
After School Care Milikapiti	101,557	99,371
Jirnani Day Care Centre	556,856	544,869
Child Services Pirlangimpi	143,765	140,670
Crèche Milikapiti	78,000	-
Night Patrol Shire	661,131	686,200
Vacation Care Nguui	168,073	164,455
Vacation Care Pirlangimpi	71,994	70,444
Vacation Care Milikapiti	101,557	99,371
Indigenous Women's Program	11,000	55,000
Milikapiti Crèche Establishment Funding	47,794	-
DOHA Sport & Recreation Program Shire	195,000	195,000
DOHA Sport & Recreation Staff Shire	25,336	130,000

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3. Operating Revenue continued

CDEP Participant Wages Shire	3,761,200	7,627,412
CDEP Community Development Stream Shire	142,750	-
CDEP Work Readiness Stream Shire	934,600	-
CDEP Service Fees Shire	760,000	-
CDEP Community Development and Support Shire	316,000	-
CDEP Activity Generated Income	90,000	-
RLCIP \$30K Baseline Project Skate Park	30,000	-
Men's Carpentry Shire	4,700	-
Pirlangimpi Recycle Project	31,679	-
Roads to Recovery	-	683,143
Pirlangimpi Swimming Pool Refurbishment	-	3,600
Regional and Local Community Information	-	60,000
Ranku Dump Closure	-	40,000
Heavy Equipment Grant	-	155,000
	8,476,123	10,992,434

Operational Funding

FAA Operating Grant (NTG)	1,664,287	1,664,287
FAA Roads	721,009	759,163
General Purpose	259,360	259,525
Other	-	173,917
	2,644,656	2,856,892

NT Special Purpose Funding

Community Housing Shire	2,769,698	-
Jirnani Day Care Centre	34,594	-
Youth Diversion Scheme	134,032	125,000
Active Remote Communities Shire Sport & Recreation Shire	106,824	168,205
Skins Groups	42,797	-
Library	56,000	55,595
International Women's Day Shire	1,200	-
Outstations Essential Services	259,560	259,560
NTG - C Gap (Sport Hall Repair)	25,000	-
NRETAS Pirlangimpi Hall Upgrade	30,000	-
Outstations Converted Jobs Program	60,333	-
CTG Repairs Pirlangimpi Library	50,400	-
Youth Week (Beyond Blue)	2,500	-
NTG Closing the Gap DLGH(Governance. Skin Groups)	100,000	-
NTG Special Purpose DLG (Tiwi Women's Group)	30,000	-
NTG Special Purpose DHLG (Independent Advisor)	30,000	-
NTG Sport & Recreation ARCP (Softball)	3,000	-
Outstations Housing Management	40,000	-
Community Events Shire	1,818	-
Matching Funds Salary Income	572,166	622,653
Drug & Alcohol Camp	2,500	-
09-10 Special Assistance Grant - Sport & Recreation	3,000	-
Outstations Housing Maintenance	110,013	110,013
CTG Repairs Public Toilets	21,600	-
Municipal Libraries	-	2,435
ARC - Regional Softball	-	6,000
Housing Maintenance	-	60,000

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3. Operating Revenue continued

Provide Governance and Admin	-	45,000
Local Government - Special Projects	-	40,000
Maintain Council Facilities	-	60,000
Shire Establishment Grant	-	2,838,711
	4,487,035	4,393,172

Current Operating Funding Total

15,607,814	18,242,498
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Prior Year Grants Brought Forward

Operating

Banjo Swamp	1,818	-
Grants Parks & Gardens + Nguui Oval	17,494	-
Night Patrol Shire	143,407	-
Indigenous Women's Program	59,935	-
Child Care Policies and Procedures Consulting	50,000	-
CDEP Participant Wages Shire	488,557	-
DOHA Sport & Recreation Staff Shire	50,849	-
Tracking Database Child Care	46,015	-
Skins Groups	41,450	41,450
Other	-	1,817
Total Prior Year Operating Grants	899,525	43,267

Operating Grant Liability

After School Care Nguui	4,221	-
After School Care Pirlangimpi	4,944	-
After School Care Milikapiti	- 6,481	-
Jirnani Day Care Centre	8,101	-
Crèche Milikapiti	- 46,053	-
Vacation Care Milikapiti	- 34,046	-
Tracking Database Child Care	- 46,015	-
Jirnani Child Care Centre Capital Works	-	-
Milikapiti Crèche Establishment Funding	- 16,663	-
Child Care Policies and Procedures Consulting	- 50,000	-
Child Services Pirlangimpi	3,778	-
Vacation Care Nguui	- 19,614	-
Vacation Care Pirlangimpi	9,882	-
Indigenous Women's Program	- 42,355	-
CDEP Participant Wages Shire	- 769,508	-
CDEP Community Development Stream Shire	645,026	-
CDEP Work Readiness Stream Shire	- 797,763	-
CDEP Community Development and Support Shire	- 98,836	-
CDEP Service Fees Shire	36,064	-
DOHA Sport & Recreation Program Shire	- 8,825	-
DOHA Sport & Recreation Staff Shire	- 4,878	-
CDEP 05/06 Carried Forward	- 114,789	-
NTG - CGap Capital (water park)	- 65,000	-
NRETAS Pirlangimpi Hall Upgrade	- 30,000	-
CTG Repairs Public Toilets	- 21,600	-
CTG Shade and Play Milikapiti	- 25,000	-
CTG BMX Track Nguui	- 10,000	-
ABA Heavy Equipment Grant	- 5,209	-

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NTG Special Purpose DHLG (Independent Advisor)	-	20,780	-
Night Patrol Shire	-	206,292	-
Active Remote Communities Shire Sport & Recreation Shire	-	33,511	-
International Women's Day Shire	-	1,200	-
RLCIP \$30K Baseline Project Skate Park	-	30,000	-
NTG - C Gap (Sport Hall Repair)	-	25,000	-
Outstation ESS Capital	-	140,909	-
SPG Slashing and Mowing Equipment Shire	-	122,659	-
Pirlangimpi Recycle Project	-	1,831	-
NTG Special Purpose DLG (Tiwi Women's Group)	-	30,000	-
Skins Groups	-	77,102	-
CTG Flood Lighting Nguui	-	70,000	-
CTG Repairs Pirlangimpi Library	-	50,400	-
Men's Carpentry Shire	-	115	-
NTG Closing the Gap DLGH (Governance Skin Groups)	-	75,825	-
Outstations Converted Jobs Program	-	36,096	-
Unexpended 2008/09 Reported	-	-	505,929
2008/09 Additional Unexpended Restatement	-	-	831,894
Total Operating Grant Liability	-2,422,339	-	1,337,823

TOTAL OPERATIONAL FUNDING	14,085,000	16,947,942
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Commonwealth Capital Funding

Milikapiti Crèche Establishment Funding	86,169	-
Night Patrol Shire	62,885	-
CDEP Community Development and Support Shire	550,000	-
Commonwealth Capital Funding Total	699,054	-

NT Capital Funding

CTG Shade and Play Milikapiti	25,000	-
CTG BMX Track Nguui	10,000	-
NTG - CGap Capital(water park)	65,000	-
SPG Slashing and Mowing Equipment Shire	126,000	-
Outstation ESS Capital	140,909	-
CTG Flood Lighting Nguui	70,000	-
	436,909	-

Prior Years Capital Funding

AG Office/Battery Banks Outstations Ess Ranku	30,485	-
ABA Heavy Equipment Grant	74,455	1,845,000
Jirnani Child Care Centre Capital Works	30,945	-
AG Grants Battery Bank Outstation Ess Other	10,647	-
CDEP 05/06 Carried Forward	293,584	-
Night Patrol	-	10,000
Upgrade Stanley Tipiloura Oval - Nguui	-	148,980
Airstrip Safety Upgrade - Garden Point Aerodrome	-	52,098
Airstrip Safety Upgrade - Snake Bay Aerodrome	-	56,053
Airstrip Safety Upgrade - Bathurst Aerodrome	-	65,940
Pirlangimpi Swimming Pool Refurbishment	-	20,400
Municipal and Essential Services Capital	-	181,818
	440,116	2,380,289

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3. Operating Revenue continued

Capital Grant Liability

Jirnanani Child Care Centre Capital Works	-	30,945	-
Milikapiti Crèche Establishment Funding	-	58,896	-
AG Office/Battery Banks Outstations Ess Ranku	-	30,485	-
CDEP Community Development and Support Shire	-	550,000	-
	-	670,326	-

TOTAL CAPITAL FUNDING

905,753 2,380,289-

TOTAL GRANTS

14,990,753 19,328,231

f CONTRIBUTIONS & DONATIONS

Cash Sponsorship	909	-
Contributions Developers	-	77,000
	909	77,000

g SALE OF ASSETS

Proceeds from the Sale of Assets	7,773	5,455
Total Proceeds from the Sale of Assets	7,773	5,455

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4. Operating Expenses	2010 \$	2009 \$
a EMPLOYEE COSTS		
Wages and Salaries	9,255,918	10,333,634
Annual Leave and Long Service Leave Movements	991,301	1,518,084
Superannuation	549,669	537,595
FBT	24,373	10,276
Workers Compensation	157,710	130,000
Relocation/Recruitment	22,890	-
Total Employee Entitlement Expense	11,001,860	12,529,589
Other Employee Related Expenses	2,280	-
Total Operating Employee Costs	2,280	-
TOTAL EMPLOYEE COSTS	11,004,140	12,529,589
b INTEREST CHARGES		
Bank Fees	4,926	-
Interest Expenses	5,881	-
Total Interest Charges	10,806	-
c DEPRECIATION & AMORTISATION		
Buildings Depreciation	46,579	25,000
Plant and Machinery Depreciation	358,093	49,867
Equipment Depreciation	8,555	4,603
Motor Vehicles Depreciation	125,329	29,087
Infrastructure Depreciation	135,415	84,135
Total Depreciation Expenses	673,970	192,692
d OTHER OPERATING EXPENSES		
Council Chairman's Allowance	46,728	-
Councillor Allowance Exp	122,762	110,494
Insurance	332,750	-
Total Other Operating Expenses	502,240	110,494
e MATERIALS & CONTRACTS		
Accounting Fees	119,863	342,114
Bad Debt write-off Expense	- 53,964	2,100,000
Communication Expenses	242,759	309,056
Consultants & Legal Expenses	111,861	113,513
Contract Labour	1,164,532	-
Contract Materials	460,457	1,562,419
Electricity	203,048	257,677
Freight	239,357	279,434

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4. Operating Expenses continued

Fuel & Oil Motor Vehicles	647,797	688,238
Gas Expenditure	10,531	-
Material Expenditure	1,802,390	2,088,897
Operating Lease Expenses	53,589	41,010
Software/Internet/Support	1,006,683	471,022
Travel/Accommodation/Training	375,249	514,527
Sea cat ferry expenses	41,709	27,315
Other Materials & Contracts	173,207	504,822
Total Materials & Contracts	6,599,068	9,300,044

5. Cash And Investments

	2010	2009
	\$	\$
CASH		
Current Operating Accounts & Cash on Hand	7,074,303	7,936,267
TOTAL CASH	7,074,303	7,936,267

6. Receivables

	2010	2009
	\$	\$
Current Assets - Receivables		
Rates & Annual Charges	114,411	125,140
GST Receivables	94,348	362,052
Accrued Income	2,160,884	256,555
Other Receivables	902,459	4,117,975
Less Provision for Doubtful Debts	- 400,020	- 3,021,641
TOTAL RECEIVABLES	2,872,082	1,840,081

a Trade receivables and allowance for doubtful debts

Trade receivables are non-interest bearing and are generally on 30 day terms

The ageing of trade receivables at 30 June 2010 is detailed below:

Aged Analysis	2010	2009
Not past due	2,417,464	998,706
Past due 31-60 days	36,621	2,469,227
Past due 61-90 days	5,853	15,888
Past due 91-days	812,164	1,377,901
Total Gross Trade Receivables 2010	3,272,102	4,861,722

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7. Other Assets	2010	2009
	\$	\$
Inventories:		
Fuel Stock	70,918	45,281
Stores and Material	569,786	374,981
TOTAL INVENTORIES	640,704	420,262

8. Property, Plant & Equipment	2010	2009
	\$	\$
a Gross carrying amount and accumulated depreciation		
Prescribed Buildings - at revaluation	30,351,798	1,069,962
Less: Accumulated Depreciation and Impairment	- -	25,000
Total	30,351,798	1,044,962
Plant and Machinery - at cost	1,813,416	1,746,186
Less: Accumulated Depreciation and Impairment	- 407,960 -	49,867
Total	1,405,456	1,696,319
Equipment - at cost	55,367	28,674
Less: Accumulated Depreciation and Impairment	- 13,158 -	4,603
Total	42,208	24,071
Motor Vehicles - at cost	799,969	557,987
Less: Accumulated Depreciation and Impairment	- 154,416 -	29,087
Total	645,553	528,900
Prescribed Infrastructure - at revaluation	5,192,878	2,382,613
Less: Accumulated Depreciation and Impairment	- -	84,135
Total	5,192,878	2,298,478
Work in Progress	27,272	69,430
Total	27,272	69,430
Total Property, Plant and Equipment	37,665,165	5,662,160

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8. Property, Plant & Equipment continued	2010 \$	2009 \$
b Movements in carrying amounts		
Buildings - at revaluation		
Buildings - at cost	1,044,963	-
Plus: Revaluation	29,120,340	-
Plus: Acquisitions	233,074	1,069,962
Less: Sold/Written Off	-	-
Less: Depreciation	- 46,579	- 25,000
Less: Prescribed Asset Transfer	- 30,351,798	-
Total	-	1,044,963
Prescribed Buildings - at revaluation		
Buildings - at revaluation	30,351,798	-
Plus: Revaluation	-	-
Plus: Acquisitions	-	-
Less: Sold/Written Off	-	-
Less: Depreciation	-	-
Total	30,351,798	-
Plant and Machinery - at cost		
Plant and Machinery - at cost	1,696,319	110,000
Plus: Revaluation	-	-
Plus: Acquisitions	67,230	1,746,186
Less: Sold/Written Off	-	110,000
Less: Depreciation	- 358,093	- 49,867
Total	1,405,456	1,696,319
Equipment - at cost		
Equipment - at cost	24,071	-
Plus: Revaluation	-	-
Plus: Acquisitions	26,692	28,674
Less: Sold/Written Off	-	-
Less: Depreciation	- 8,555	- 4,603
Total	42,208	24,071
Motor Vehicles - at cost		
Motor Vehicles - at cost	528,900	-
Plus: Revaluation	-	-
Plus: Acquisitions	241,982	557,987
Less: Sold/Written Off	-	-
Less: Depreciation	- 125,329	- 29,087
Total	645,552	528,900
Infrastructure - at revaluation		
Infrastructure - at cost	2,298,478	629,592
Plus: Revaluation	2,845,450	-
Plus: Acquisitions	184,365	1,753,021
Less: Sold/Written Off	-	-
Less: Depreciation	- 135,415	- 84,135
Less: Prescribed Asset Transfer	- 5,192,878	-
Total	0	2,298,478

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8. Property, Plant & Equipment continued	2010	2009
	\$	
Infrastructure - at revaluation	5,192,878	-
Plus: Revaluation	-	-
Plus: Acquisitions	-	-
Less: Sold/Written Off	-	-
Less: Depreciation	-	-
Total	5,192,878	-
Work in Progress		
Opening Balance	69,430	533,237
Purchased	711,186	725,582
Capitalisation	- 753,342 -	1,189,389
Total	27,274	69,430
TOTAL - All Non-Current Assets	37,665,165	5,662,161
9. Creditors, Provisions & Borrowings	2010	2009
	\$	\$
<u>Creditors</u>		
Goods & Services	1,199,935	2,315,404
Employee Related	126,174	478,253
GST Payable	318,954	-
a Total Accounts Payable	1,645,062	2,793,657
b Other Liabilities	269,550	257,372
Unexpended grant liability 1	3,092,665	1,339,641
	3,362,215	1,597,013
TOTAL CREDITORS	5,007,278	4,390,670
Analysis of Creditors:		
Current	1,445,803	2,793,657
30days	45,557	-
60 days	27,929	-
> 90 days	125,774	-
Total Gross Trade Payables	1,645,062	2,793,657
c <u>Provision - Current</u>		
Annual Leave	897,652	709,211
Current Long Service Leave	-	62,367
Total Current Provisions	897,652	771,578
d <u>Provisions - Non Current</u>		
Long Service Leave	225,315	225,925
Total Non-Current Provisions	225,315	225,925
TOTAL PROVISIONS	1,122,968	997,503

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9. Creditors, Provisions & Borrowings continued	2010	2009
	\$	\$
e Credit Cards Payable	1,327	5,863
Borrowings - Unsecured	1,000,000	1,000,000
TOTAL BORROWINGS	1,001,327	1,005,863
TOTAL CREDITORS, PROVISIONS & BORROWINGS	7,131,572	6,394,036

10. Statement of Cash Flows	2010
	\$
a Reconciliation of Cash	
Cash on hand and at Bank	1,507,307
Cash Management Account	5,566,995
Term Deposits	-
Balances as per Statement of Cash Flow	<u>7,074,303</u>
b Reconciliation of Change in Net Assets to Cash from Operating Activities	
Change in net assets after operations	- 309,842
Add	
Depreciation and Amortisation	673,970
Decrease in Stock	-
Decrease in Trade & Other Receivables	-
Increase in Trade Creditors	-
Increase in Borrowings	- 4,536
Increase in Provisions	125,465
Increase in Other Current Liabilities	<u>1,765,202</u>
	2,250,258
Less	
Decrease in Trade Creditors	1,148,595
Decrease in Other Current Liabilities	-
Increase in Trade and other receivables	1,032,001
Increase in Stock	220,442
Profit on sale of Fixed Assets	7,773
Gain on revaluation	-
	<u>2,408,810</u>
Net Cash provided by operating activities	<u><u>- 158,551</u></u>

c 2008/09 Reconciliation of cash	2009
	\$
Cash on hand and at bank	7,936,267

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

d 2008/09 Reconciliation of profit from ordinary activities to net cash flows from operating activities	2009
	\$
Surplus for the year	10,296,628
Add:	
Depreciation	192,692
Increase in employee leave benefits	386,232
Increase in other provisions	1,476,605
	<u>2,055,529</u>
Less:	
Gain on restrucutre	- 5,466,437
Profit on sale of fixed assets	- 5,455
Increase in receivables	- 140,524
Increase in other assets	- 358,183
	<u>- 5,970,599</u>
Net cash provided by operating activities	<u><u>6,381,558</u></u>

11. Operating Leases	2010	2009
	\$	\$
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows		
Not later than one year	69,780	45,433
Later than one year and not later than 5 years	0	0

12. Commitments for Expenditure

No significant commitments for expenditure existed at 30 June 2010.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

13. Statement of Performance Measurement

	Amounts \$	Indicators
<u>1. CURENT RATIO</u>		
Factors		
<u>Current Assets</u>	10,587,088	1.53
Current Liabilities	6,906,257	
<u>2. RATE COVERAGE RATIO</u>		
Factors		
<u>Rate Revenues</u>	649,396	0.04
Total Revenue	17,574,628	
<u>3. RATES & ANNUAL CHARGES OUTSTANDING PERCENTAGES</u>		
Factors		
<u>Rates & Annual Charges Outstanding</u>	114,411	0.18
Rates & Annual Charges Collectible	649,396	

14. Conditions Over Grants & Contributions

2010
\$

2009
\$

Grant and Contributions that were obtained on the condition that they be expended on specific purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

Grant Liability from 08/09 Funding Year

CDEP Wages	488,557	488,557
Jobs Transition S & Rec	4,878	50,849
After School Care Milikapiti	-	39,344
Long Day Care - Jirnanai	-	37,046
Vacation Care Milikapiti	-	16,661
Vacation Care Pirlangimpi	-	14,037
Battery banks at Takaprimmilli and Taracumbie	-	10,647
Vacation Care Nguui	-	8,023
After School Care Pirlangimpi	-	7,230
After School Care Nguui	-	2,862
Envirofund Project	-	1,818
Long Day Care - Jet Crèche Pirlangimpi	-	1,757
Upgrade of Stanley Tipiloura Oval -Nguui	-	17,494
Heavy Plant and Equipment	5,209	74,455
Regional Night Patrol	143,407	143,407
CDEP 05/06 Capital Funding	114,789	293,584
Skin Group Forums - CDEP Transition Funding	41,450	41,450
Community Infrastructure-Wururankuru (117600)	30,485	30,485
Indigenous Women's Programs	42,355	59,935
	871,130	1,339,641
08/09 Grant Liability Total	871,130	1,339,641

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. Conditions Over Grants & Contributions continued	2010 \$	2009 \$
Grant Liability from 09/10 Funding Year		
OSHC Nguui	- 4,221	-
OSHC Pirlangimpi	- 4,944	-
OSHC Milikapiti	6,481	-
Child Care Centre	34,174	-
VAC Shire	43,778	-
Milikapiti Child Care Centre	75,559	-
Jirnanii Capital Works 08/09 surplus OSHC	30,945	-
Child Care policies & procedures 08/09 surplus	50,000	-
Tracking Data Base 08/09 surplus	46,015	-
Regional Night Patrol	62,885	-
Pirlangimpi Recycle Project	1,831	-
Men's Carpentry	115	-
CDEP Participant Wages	280,951	-
CDEP 09/10	765,509	-
DOHA Sport & Recreation Program	8,825	-
Skin Group Forums - CDEP Transition Funding	35,652	-
Active Remote Communities	33,511	-
Pirlangimpi Hall upgrade	30,000	-
International Women's Day	1,200	-
CTG - Appoint Independent Advisor	20,780	-
CTG - Shade n Play Milikapiti	25,000	-
CTG - Indigenous Women's Group	30,000	-
CTG - Skin Group Programs	75,825	-
CTG - Repairs Pirlangimpi Library	50,400	-
CTG - Flood Lighting Nguui	70,000	-
CTG - BMX Track Skate Park Nguui	10,000	-
CTG - Repairs to sport & recreation halls Mili & Nguui	25,000	-
SPG - Repairs to Public Toilets Pirlangimpi and Nguui	21,600	-
SPG - Shire Slashing and mowing equipment	122,659	-
CTG - Water Park Feature Milikapiti	65,000	-
Outstation Community Converted Salary	36,096	-
New Bore and Wurankuwu Outstation	140,909	-
RLCIP \$30K Skate park Nguui	30,000	-
 09/10 Grant Liability	 2,221,535	 -
Total Grant Liability	3,092,665	1,339,641

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

15(a) Financial Risk Management

(a) Financial Risk Exposure and Management

The main risk the Council is exposed to through its financial instruments are liquidity risk, credit risk, market risk and interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the council will not be able to meet its obligations as and when they fall due. The Council manages its liquidity risk by monitoring cash flows and also through its budget management process. Due to the nature of its business, the Council is able to estimate its income and cash flows based on grant funding timeframes. (16a)

Credit Risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Exposure to credit risk is monitored by management on an ongoing basis. The maximum exposure to credit risk, excluding the value of any collateral or other security, is limited to the total carrying value of financial assets, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Council does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Council. The majority Council debtors are government owned and funded entities and credit risk of council is low.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Councils' income or the value of its holdings of financial instruments. Exposure to market risk is closely monitored by the Council.

The Council does not have any material market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The council manages its interest rate risk by maintaining floating rate cash and floating rate debt. For further details on interest rate risk refer to note 15(b).

Sensitivity analysis

At balance date, the Council had the following assets exposed to variable interest rate risk:

	2010 \$	2009 \$
Financial Assets		
Cash at bank	7,073,273	7,934,467
Investment	-	-
	7,073,273	7,934,467
Financial Liabilities	-	-
	-	-

At balance sheet date Council has not entered into any loans or other financial commitments that present exposure to interest rate risk. Credit cards are the only short term financial instrument used by Council and balances are cleared at month end.

The table below details the interest rate sensitivity analysis of the Council at balance date, holding all other variables constant. A 100 basis point change is deemed to be possible change and is used when reporting interest rate risk.

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

15(a) Financial Risk Management continued					
	Change in Variable	Effect on Profit or Loss 2010 \$	Effect on Equity 2010 \$	Effect on Profit or Loss 2009 \$	Effect on Equity 2009 \$
Financial Assets					
Cash at bank and Investments	1%	70,733	70,733	79,345	79,345
	-1%	- 70,733	- 70,733	- 79,345	- 79,345
Financial Liabilities					
	1%	-	-	-	-
	-1%	-	-	-	-

15(b) Terms, Conditions and Accounting Policies

The accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised at balance date are as follows:

Recognised Financial Instruments	Balance Sheet Note	Accounting Policies	Terms and Conditions
(i) Financial Assets			
Receivables - Trade	6	Trade Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit Sales are on a 30 day terms.
Term Deposits	5	Term Deposits are stated at the lower cost and net realisable value. Interest is recognised in the profit and loss when earned.	Term Deposits have effective interest rates of between 2.5 and 4.5 percent.
(ii) Financial Liabilities			
Trade Creditors	9	Liabilities are recognised for accounts to be paid in the future for goods and services received, whether or not billed to the organisation.	Trade Liabilities are normally settled on 30 day terms.

TIWI ISLANDS SHIRE COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

15 (c) Financial Instruments

Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for the financial instruments of a fixed period of maturity, as well as management's expectation of the settlement period for all the financial instruments.

Financial Instruments	Within 1 year		1 - 5 years maturing in 1 year or less		Over 5 years maturing in 1 to 5 years		Total Carrying amount	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets - cash flows realisable								
Cash on Hand	7,074,303	7,936,267	-	-	-	-	7,074,303	7,936,267
Trade and other receivables	2,872,082	1,840,081	-	-	-	-	,872,082	1,840,081
Short Term Deposits	-	-	-	-	-	-	-	-
Total	9,946,384	9,776,348	-	-	-	-	9,946,384	9,776,348
Financial Liabilities due for payment								
Trade and other payables	1,645,062	2,793,657	-	-	-	-	1,645,062	2,793,657
Borrowings	1,000,000	1,000,000	-	-	-	-	1,000,000	1,000,000
Total	2,645,062	3,793,657	-	-	-	-	2,645,062	3,793,657

TIWI ISLANDS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

16. Related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors	Lynette De Santis Maralampuwi Kurrupuwu Walter Kerinauia David Boyd Emmanuel Rioli Marius Puruntatameri Raelene Mungatopi Richard Tungutalum Teresita Puruntatameri Henry Dunn Kathleen Tipungwuti Barry Puruntatameri
Chief Executive Officer	Alan Hudson Mark Goode David Bond (Acting)

(ii) Remuneration of Responsible Persons

The aggregate compensation made to responsible persons and other members of key management personnel is set out below:

	2010	2009
	\$	\$
Short term employee benefits	412,496	319,278
Post employment benefits	-	-
Termination benefits	90,000	-
Share based payments	-	-

(iii) No retirement benefits have been made by the Council to a Responsible Person

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2009/10)

(v) No transactions other than remuneration payment or reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2009/10)

17. Auditors' Remuneration

	2010	2009
	\$	\$
Amounts received or due and receivable by the auditors of Tiwi Islands Shire Council	Current Auditors	Previous Auditors
- Audit or review services	33,577	169,664
- Other Services	110,580	115,889

Note: Tiwi Island Shire Council changed auditors from Deloitte to Merit Partners in the 2010 financial year.