

TOWN OF COTTESLOE



2010 / 2011

ANNUAL REPORT

OUR VISION

An iconic coastal community with a relaxed lifestyle.

OUR MISSION

To preserve and improve Cottesloe's natural and built environment and beach lifestyle by using sustainable strategies in consultation with the community.

UNDERPINNING PRINCIPLES

Sustainable Development

To embrace and integrate sustainable development principles including social, economic, environmental and cultural aspects when planning for the district.

Community Participation

Effective community participation in decisions about the district and its future.

Good Governance

Leadership, transparency, accountability, probity, proper management, effective services, equitable access to services, commitment to partnership working and organisational capacity building.

Co-operation

The exchange of good practice, support and mutual learning and partnerships with government and other stakeholders to progress the Town.

<u>Contents</u>	<u>Page</u>
OUR ELECTED MEMBERS	2
MAYOR'S REPORT	3
CEO'S REPORT	4
Engineering Services Report	5
Corporate & Community Services Report	6
Development Services Report	9
Sustainability Report	11
Environmental Health Report	13
Building Services Report	15
STATUTORY REPORTS	16
National Competition Policy	16
Disability Services Plan	16
Payments Made to Employees	17
Register of Complaints	17
Records Management	17
Plan for the Future	18
Annual Financial Statements	23
Independent Audit Report	72 & 73

OUR ELECTED MEMBERS – JUNE 2011



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MAYOR'S REPORT

I am pleased to present the Annual Report for the Town of Cottesloe for 2010/11 and I highlight the following issues of interest from the work of your Council.

Local Government Reform

In the last 12 months Council has continued to consider the issue of amalgamation. In August 2010 Council determined to undertake a review of its wards and boundaries and also determined to reduce the number of Councillors from ten to eight. After significant community consultation Council submitted its changes to the Local Government Advisory Board and these were subsequently accepted by the Minister and gazetted in time for the October 2011 elections.

In August Council, at the request of the Minister for Local Government, again reconsidered and endorsed its willingness to participate in a Regional Transition Group (RTG) to stage 1 (development of a business plan) and then review its position, subject to a number of specific conditions. The RTG partners were limited to the Towns of Claremont and Mosman Park and Shire of Peppermint Grove. However the Town of Mosman Park and Shire of Peppermint Grove have continued to resist such opportunities.

Local Planning

As reported last year, and once again this year, now nearly 6 years after lodging our draft Local Planning Scheme No. 3 with the State Government, Cottesloe is still waiting for its final approval by the Minister for Planning. In December 2010 the Western Australian Planning Commission (WAPC) advised Council of the Minister's modifications and required them to be advertised which, after consideration, Council carried out in April and May 2011 for further submissions, consideration and recommendations in September 2011. Finalisation of the Scheme is anticipated in late 2011 or early 2012.

Once in place the new scheme will guide the strategic direction and statutory regulation of land use and development in Cottesloe for at least the next 6 years. In anticipation of our scheme being finalised Council has been developing our vision for the foreshore and planning for our Town Centre.

Library and Community Centre

In March 2011 I joined with the Federal Minister for Local Government, the Hon Simon Crean, who officially opened the Grove Library and Community Centre.

Sustainability

Sustainability is a significant feature of the Town's operations. Social, environmental and economic sustainability form the basis of a long term commitment to our community's future, informing strategic planning activities, and providing significant opportunities to reduce our ecological footprint, thus conserving resources for future generations. This year we have, amongst other projects, delivered our Living Smart course, worked with Coastcare volunteers in implementing our Natural Areas Management Plan, continued with the successful sustainability calendar in partnership with our primary schools as well as provided the Cott Cat shuttle services and native plant subsidy scheme. In addition Council has been working on a four step process to become carbon neutral by 2015 and in June received an initial report in relation to its baseline inventory.

Significant Projects

This year Council has considered a number of reports in relation to the existing depot site and its potential relocation. A number of options have been investigated including SeaView Golf Course, a joint facility with the Cities of Subiaco and Nedlands and a shared facility with the Town of Mosman Park. Once freed up for disposal and redevelopment the current site will provide the Town with significant resources to both secure its financial future and deliver major strategic projects related to the beachfront and Town Centre. In addition Council undertook to restore, refurbish and retile the roof of the Civic Centre and this \$400k+ project was assisted by a grant from LotteryWest of \$261k.

Special Thanks

On behalf of the Town, I thank each and every one of you for your contribution to the community life of Cottesloe. I also thank councillors, staff and our many community volunteers for their commitment and efforts to improve our community.

Kevin Morgan
Mayor

CHIEF EXECUTIVE OFFICER'S REPORT

2010/11 has been a busy period for the Town's administration and a number of projects have been either completed or continued including the *Grove* Library & Community Centre and refurbishment of the Civic Centre roof.

Strategic Planning

Local Government *reform* has been an ongoing issue throughout the year and this will continue into 2011/12 as the Minister's appointed Review Panel assesses the future boundaries and structures of metropolitan Perth. We have continued to work with the Western Australian Planning Commission (WAPC) in relation to LPS3 and have advertised modifications as required by the Minister and this has generated significant community response and feedback.

Council's Strategic Planning Committee met on four occasions during 2010/11 and focused on priorities from its Future Plan including; regular action plan reviews, local government reform, the setting of key result areas for the CEO, future use of the Civic Centre, a process to achieve carbon neutral status for the Town, and a review of Council's wards, boundaries and number of elected members.

Communication

We have maintained our practice of keeping the community informed throughout the year with our monthly Cottesloe News page, local advertisements, and via the Civic Centre and Library notice boards. We have also updated and revamped our website to make it more informative and functional.

Town Operations

Our budget this year has been focused on achieving Council's priorities and objectives and is underpinned by a number of five (5) year programs for our major infrastructure and asset classes. We have continued to invest in capital projects including road resurfacing, drainage, footpaths and playground equipment. During the year we undertook a joint Geophysical study at the Foreshore in partnership with the Department of Transport valued at \$80k. In addition we secured a Federal Government Community Infrastructure grant of \$39k for refurbishment works at TAPSS.

We have continued to advance the relocation of our depot operations and, with the help of a significant LotteryWest grant, completed the restoration of the

War Memorial Town Hall roof. The Town is in good financial shape, and work on our long term financial sustainability has resulted in Council adopting a new ten (10) year Plan in August 2010. We are continuing to review all Council Policies and Local Laws and this year we negotiated to deliver both Environmental Health Services and Ranger Services to our neighbouring Shire of Peppermint Grove.

Administration

The organisational structure of the Town is relatively static and reflects the stability of an established residential suburb. Quality staff are a critical component of any business success and during the year we have welcomed some new faces to the team at Cottesloe including a new Manager of Corporate and Community Services. We look forward to their contribution and efforts in maintaining and improving our services to residents, ratepayers and visitors.

During 2010/11 the Town successfully negotiated a new Enterprise Agreement with all staff and this was registered with and approved by Fair Work Australia (FWA) in May 2011.

Year Ahead

In the next twelve months Council has identified a number of strategic projects that will require the administration's time and resources, including finalisation of the LPS3 process, progressing solutions for Council's depot operations and existing site, planning for the redevelopment of the public domain in the foreshore precinct and Town Centre land, and after significant changes by the Department of Local Government, a review of Council's Strategic Plan.

As your CEO, I would like to express my appreciation to the Mayor, Councillors and staff for their professionalism and support throughout 2010/11. I am proud of the achievements listed in this report, and our compliance with all statutory obligations required under legislation. Once again, I am looking forward to working with our professional and committed team of staff and elected members to deliver high quality services to our community.

Carl Askew
Chief Executive Officer

ENGINEERING SERVICES REPORT

Roadworks

Under Councils 5 year road resurfacing program, sections of nine streets (Gibney St, Pearse St, Mann St, Kathleen St, Warton Street, Hawkstone St, Pennefather Lane, Princes Street service lane and De Nardi Lane) received asphalt resurfacing with new drainage pits and some replacement kerbing.

Playgrounds

The Marine Parade/Napier Street playground received an additional shade sail on the north side and the Railway Street/Albion Street playground was equipped with a shade sail. Replacement play equipment was installed at the Jasper Green playground. Extra soft fall rubber surfacing was installed at several playground sites.

Black Spots

Two sites received Black Spot improvements. These were rubber speed cushions and side bollards in Railway Street each side of Napoleon Street and modifications were undertaken to the Broome Street / Grant Street intersection roundabout to reduce the speed at which vehicles entered the roundabout. Both of these projects were funded two thirds by Main Roads WA and one third by Council.

Footpaths

Fifteen sections of concrete slab footpaths were replaced with in-situ concrete during 2010/11. This work included pedestrian access ramps designed for disability access at all path intersections with street kerbing.

Road Safety Installations

As part of an ongoing long term program to reduce speed and increase safety on Cottesloe streets, three projects were completed. A pedestrian crossing and control island was installed in Broome Street at the North Street intersection.

Pedestrian /control islands were installed on the three legs on the Railway Street/Napier Street intersection.

The largest impact on speeding was the installation of three pairs of rubber speed cushions on Broome Street, including side bollards to protect cyclists, between Napier Street and Forrest Street.

Community Improvement Works

The Cottesloe Civic Centre and Memorial Hall building received substantial structural improvements and the majority of the roof tiling was replaced, with a new waterproofing membrane also being installed. A grant was received from the Lotteries Commission to cover a large portion of the cost of this work.

The ongoing restoration of the Civic Centre paths and limestone walls continued, as part of the commitment to fully restore the building and grounds to their previous quality condition.

Geoff Trigg

Manager Engineering Services

CORPORATE & COMMUNITY SERVICES REPORT

Finance

The Statement of Comprehensive Income shows total comprehensive income of \$1,471,362 against a budgeted loss of \$279,089. There are several factors for this, but the largest is by far the treatment of the grants for the construction of the Library. In the budget documents, the net effect of the library was shown as a capital expenditure. In the financials as shown, the portion of the Town's grants were included, as was the portion of the Town's capital expenditure. While this has nil effect on the Town's cash position, it does significantly effect the operating result as the capital expenditure is not included in this.

The Town is in a better position financially at the completion of the year, than was projected in the mid year budget review. The budget review anticipated a surplus of \$281,338, while the actual result is a surplus of \$735,013. There are many reasons for this which are listed below;

General Purpose Funding is higher by \$178,781 due to the effects of interest on deposits and the timing of the financial assistance grants.

Education and Welfare income is higher, due to a \$39,000 grant as part of the Federal Government Stimulus program.

Recreation and Culture income was higher to the value of \$1,093,194 – due to the effect of the grants for the construction of the library, as mentioned above.

Transport income was \$265,388 higher than anticipated due to seasonal conditions.

The only expenditures that were higher than anticipated were;

General Purpose Funding where additional funds were expended in May – due to the revaluation of properties as performed by the Valuer General's Office; and

Recreation and Culture had additional operating costs for the new library. These costs would have been exceptionally difficult to foresee before the library was operational.

There were also several significant variations in the capital expenditure area, mostly due to the timing of projects, or projects being delayed or cancelled.

The net effect of all of these variations is a higher than anticipated surplus of \$735,013.

Governance and Administration

The last quarter of the 2010/2011 year saw a review undertaken of the Dogs Local Law. This process commenced in February 2011 and was completed in early July 2011.

There has also been a slight restructure in the area of governance and administration. A dedicated governance and administration officer began in June 2011. This officer shall coordinate all reviews of local laws and policies.

The State Government also released its much anticipated Strategic Planning documents in March 2011. The changes to legislation will now require Local Governments to have a Community Strategic Plan and a Corporate Business Plan, in place of the "Plan for the Future", which has been removed. While the Town is able to report against the Plan for the Future for this year, their documents will need to be reviewed during the 2011/12 financial year.

Ranger Services

With the completion of a trial between Cottesloe, Claremont, Peppermint Grove and Mosman Park for the provision of shared ranger services, the Town recommenced independent ranger operations this year.

The Rangers were also contracted by the Shire of Peppermint Grove to provide ranger services to the end of the financial year. This initial contract has been so successful, that a second 12 month agreement has been entered into for the 2011/12 financial year.

Infringement statistics have been listed below for the 2010/11 financial year. Infringement numbers are marginally down, mostly due to the ending of the shared services trial and some vacancies in the ranger team. The increase in cautions issued for parking is a result of a changed parking format that required a period of cautions to be issued before infringements were put in place.

CORPORATE & COMMUNITY SERVICES REPORT

Parking Infringement Statistics

Total Parking Infringements	6381
Cautions Issued	30
Infringements Sent to F E R	463
Reminder Notices Sent	3557
Final Demand	1756
F E R Warning Notice	1165
Prosecutions	5

Dog Control Statistics

Dog Attacks	8
Dog Nuisances	38
Dogs Impounded	14
Cautions Issued	1033
Infringements issued	3
Reminder Notices Sent	0
Final Demands Sent	0
Prosecutions	0

Beach Patrols

Surf Life Saving Western Australia continues to provide contract lifeguard services at Cottesloe Beach. During the patrol hours more than 360,000 people attended Cottesloe Beach. This represented an increase of 13.8% on the previous year and was mainly due to favourable conditions and a longer than average duration for the summer period.

The service attended 733 calls for first aid – which is significantly higher than any other year (up from 290 in the previous year). However there was only one rescue (down from 9 in the previous year).

The high demand for first aid is largely unexplained – as there is no one event or condition that could be seen to have contributed to it. It is possible that a higher profile presence on the beach has meant that more people have approached the lifeguards on duty for assistance.

Library Services

For the 2010/11 year, the new Grove Library, which opened to the public on 16 August 2010, jointly supported by the Towns of Cottesloe and Mosman Park and the Shire of Peppermint Grove, welcomed 1,732 new members taking total membership to 8,956, including 3,193 Cottesloe residents. 172,416 physical visits to the Library were recorded, and there were 39,443 website visits.

44% of Cottesloe residents hold a current membership (up from 38.35% in 2009-10). This figure is slightly understated as many families opt to hold only one card for the family.

A total of 225,780 loans were made from The Grove Library in 2010/11, averaging 720 items per day, which is an overall increase of 18.8% over 2009/10. The average number of loans per year per member remained steady at approximately 25.

On-line service usage by library members, including subscription-only access to specialized information sources and self-paced on-line language and computing courses, doubled over the previous year, and has tripled since 2007/08. An e-audio book service which allows members to download audio books from home has commenced. The sourcing and supply of quality on-line sources of information will continue to gain in importance to Grove Library members into the future. Residents and visitors also used the in-house Internet PCs and the wifi in increasing numbers.

Younger residents enjoyed a wide range of programs and events including weekly baby rhyme times, toddler storytimes and popular school holiday programs which have included the SciTech Spacedome, children's author visits, and craft sessions. Homework help for students in years 4-12 was offered via the on-line subscription service YourTutor, with 168 help sessions utilized during the year. Adults enjoyed poetry evenings (in conjunction with Friends of the Library), author visits, internet training, writing workshops and live classical music concerts featuring a grand piano in the library main hall, which were all well attended.

105 historic photographs from the Town of Cottesloe Collection were scanned and catalogued in this period, and are available on the Library website. 17 oral histories were conducted and added to the collection, and these will be digitized and made available via the Library website in the near future.

The annual Literature Prize: Now and Then was again well supported with 149 entries. Valuable contributions were made to the collected knowledge of the social, environmental and cultural history of the communities of Cottesloe, Peppermint Grove

CORPORATE & COMMUNITY SERVICES REPORT

and Mosman Park. The partnership with National Trust WA continues to be strengthened through collaborative and material sponsorship.

The contributions towards the Grove Library from the three Councils in the 2010/11 financial year was \$1,134,231. Cottesloe's contribution was \$479,049.

Mat Humfrey
Manager Corporate & Community Services

DEVELOPMENT SERVICES REPORT

During 2010/11 the Town Planning team has provided ongoing customer service, progressed the Scheme Review and planning projects, and liaised with owners, designers, neighbours and the community in the assessment of planning proposals.

The team deals with development applications and compliance, subdivision referrals, town planning scheme amendments, property enquiries, general planning enquiries, building licences and signage. In addition, the team works on the new local planning scheme, strategic plans, planning studies and policies, heritage and regional planning matters.

Development Applications

Cottesloe has continued to attract proposals for new homes or extensions/renovations to existing homes which entail high-quality architecture and building finishes. The coastal topography and climate can be a challenge to design and meeting development requirements, whilst respecting the character of streetscapes and contributing to residential amenity.

During the year 254 development and 22 demolition planning applications were processed by the Town, mainly handled by staff under delegated authority. The remainder were referred to the Development Services Committee and Council, as they were major proposals or involved a significant exercise of discretion. A few were regional planning approvals involving the Western Australian Planning Commission (WAPC). Of those referred to Council, most were approved, while very few were deferred for revision or refused. The total number was similar to the previous year. The volume which went to Council was limited by staff facilitating proposals suitable for delegated determination. The bulk of applications comprised new dwellings (many being two-storey) or residential renovations, carports/garages, fences and swimming pools; as well as variations to approvals, alterations to commercial premises, signs and so on.

The town centre and local centres have attracted various proposals for changes of use and improvements to particular properties throughout the year.

Subdivisions

Only a handful of subdivision or survey strata proposals were received during the year for referral to and determination by the WAPC. This represents

a relatively low level of subdivision activity in the built-up district.

Compliance

Compliance monitoring, problem-solving, informal negotiation/mediation and enforcement action comprises another important task in relation to all of the types of approvals managed by the Planning staff in liaison with the Building staff. This ensures that developments are implemented correctly and that amenity impacts are minimised.

State Administrative Tribunal

In considering development applications, performance assessment, discretion and the ability to impose conditions means that Council can most often achieve balanced outcomes to address all concerns, however, a right of appeal does exist where agreement is not reached. Officers aim to minimise the number of appeals and there have been only two this year. One refusal was upheld by the SAT and the other matter resulted in revised plans being approved by the Town.

Scheme Amendments

With the progress towards proposed Local Planning Scheme No. 3 to replace current Town Planning Scheme No. 2 the need for scheme amendments has diminished, hence there was only one amendment in the finalisation phase during the past year.

Proposed Local Planning Scheme No. 3

A milestone in achieving the new Scheme was its previous adoption by Council and lodgement for final approval in June 2009. Following examination by the Department of Planning, in December 2010 the Western Australian Planning Commission advised that the Minister for Planning required a number of proposed major modifications to be advertised, which Council undertook during April and May 2011. Since then the Town has been examining the large amount of submissions received for Council's consideration and recommendation. Re-lodgement of the Scheme for finalisation is anticipated in late 2011.

Once in place the new Scheme will guide the strategic direction and statutory regulation of land use and development in the district for the next 5-10 year period.

DEVELOPMENT SERVICES REPORT

Planning Projects

Planning projects involving working groups and consultants to examine certain matters have continued this year, including the Station Street sites under review in the Town Centre and the Foreshore Redevelopment Plan, with a view to the next phases of implementation strategies and consultations. A prospective replacement depot site has also been under review.

Regional Planning and Other Initiatives

Development Services has also participated in a number of ongoing regional planning activities which have a bearing on Cottesloe, such as the Stirling Highway Activity Corridor Study (SHACS), new Development Assessments Panels process and regional strategies and policies.

Andrew Jackson
Manager Development Services

SUSTAINABILITY REPORT

The Town of Cottesloe has continued to promote the benefits of incorporating sustainable attitudes and practices into our busy lives through various projects and workshops this year. Ongoing drought in Perth has put water conservation at the top of the list of educational programs. The Town was pleased that seedlings sales from the Native Plant Subsidy Scheme increased in 2010/11 and hopes that residents who took part will notice the benefits of having more water-wise native plants in their garden. Also topical is the changing political outlook that reflects the growing acceptance of anthropogenic climate change. Despite some uncertainty about the severity of impacts from these changes the Town is taking a responsible precautionary approach to reduce our emissions and begin to adapt to the unavoidable impacts from climate change.

Sustainable Events at the Grove Precinct

Sustainable September was held for the first time over the month of September in 2010 at the Grove Precinct community centre and library. This event was a joint initiative with the Town of Mosman Park and the Shire of Peppermint Grove. Sustainable September is a state-wide event, founded in 2003, and is a not-for-profit campaign that draws attention to and celebrates environmental, social and economic sustainability in action. There was lots of positive feedback that indicated Sustainable September 2010 was successful in raising awareness and knowledge of sustainability within the community. Hence the Town is supporting Sustainable September being held again in 2011.

During March and April 2011 the Town offered a *Living Smart Course* to residents in partnership with the Town of Mosman Park, the Shire of Peppermint Grove and the Western Metropolitan Region Council. Forty people enrolled to “learn to live more sustainably, and share interests with others”. Most participants hoped to learn practical ways to reduce their environmental footprint by attending the course. When asked about their favourite part of the course many participants enjoyed the hands-on gardening session, sharing of information and ideas, the real life examples presented, and meeting like-minded people. Two Living Smart Courses will be offered for Western Suburbs residents each year, starting in 2011/12. If you would like to attend the

next Living Smart Course please register your interest at the Town.

Cottesloe Sustainability Calendar

The 2011 Cottesloe Sustainability Calendar incorporated themes of water conservation, energy efficiency, waste reduction, recycling and biodiversity through the spectacular artwork that was created by students from Cottesloe and North Cottesloe Primary Schools. Young professional artist Josephine Bradley-Scott also provided illustrations of animals from Cottesloe Reef to add a sense of local identity and Cottesloe’s connection to the coastal environment. Another new addition to the calendar was a tear-off tab at the back that provided waste collection information for the year with a magnet so that it could be affixed to your refrigerator. The Town was pleased with the final product – we hope that you got lots of use out of the calendar and that you are looking forward to seeing the 2012 edition.

Cott Cat Shuttle Bus

The Cott Cat shuttle bus, operating from December to March, once again proved to be an essential transport option for tourists and visitors travelling to the Cottesloe beachfront. The Cott Cat aims to encourage visitors to leave their car at home and use public transport instead. Surveys collected this year indicated that Council needs to increase promotion to encourage more visitors to leave their car at home and reduce the traffic congestion near the beach. The shuttle also aims to reduce greenhouse gas emissions from private vehicle use within the Town. The Cott Cat shuttle will run again from 3 December 2011 to 25 March 2012 so please take advantage of the summer service on weekends, public holidays and every day during Sculpture by the Sea (1 – 19 March 2012).

Native Plant Subsidy Scheme

The very popular native plant sale operated for a month from 30 April to 27 May - in time for seedlings to be planted before the winter rains. Residents could purchase up to eighty plants at a subsidised rate of \$1.50 each from Apace Nursery in North Fremantle. The Scheme was advertised through local media and a Water-wise Gardening Talk at the Grove. The talk was held at the Grove Community Centre to launch the Scheme. Sustainability Officers from Cottesloe and Mosman Park discussed

SUSTAINABILITY REPORT

sustainable gardening and why conserving water is so important. This event was a great way to encourage novice gardeners to take advantage of the Scheme. The talk was complemented by a static display of native plants in wheelbarrows and a display board in the library for the duration of the Scheme. Additional information was provided about the Town of Cottesloe and Mosman Park's verge policies to help residents consider changing lawn to native water-wise alternatives. Please start to plan another native garden area in your garden to ensure that you take advantage of next year's Scheme. Planting local native plants not only creates a low maintenance water-wise garden, it also helps to support biodiversity.

Carbon Neutral

The Town of Cottesloe is showing leadership on the issue of human enhanced climate change by following a four-step process to become a carbon neutral Council. This year the Town has measured its baseline carbon footprint for 2009/10, towards achieving *Step 1: Measure your Greenhouse Gas Footprint*. Energy and fuel use information was collected to calculate the Town's greenhouse gas emissions from operations. The Town's footprint was 950 tonnes of carbon dioxide equivalent gas (CO_{2-e}) for the baseline year of 2009/10. Through purchasing Green Power and offsetting fleet fuel emissions this was reduced to a net figure of 663 tonnes CO_{2-e}. In the next phase of the project the Town will begin *Step 2: Reducing Emissions*. Reducing emissions will require setting emission reduction goals and targets and implementing actions to avoid and reduce energy use. Step 2 of the Carbon Neutral project is an opportunity for Council to consider innovative solutions to help reduce our emissions and we are looking forward to the challenge. The Town aims to achieve carbon neutrality by 2015.

Elizabeth Lowrey
Sustainability Officer

ENVIRONMENTAL HEALTH REPORT

The Environmental Health program aims to maintain and improve the health and well-being of the community through statutory services and community-based programs.

Food

Environmental Health Officers have a regulatory duty to ensure the safety of food, which is taken very seriously. There are a wide variety of food businesses registered by the Town of Cottesloe under the Food Act 2008. Most food operators display good food-handling skills and knowledge and routine inspections are sufficient to ensure that food from their kitchens is safe. On occasion, routine inspections reveal that practices have slackened and re-inspections and cautions have ensured improvement.

Premises are registered with a risk rating from Very Low to High, based on the food produced, food service and customer base. The risk rating determines the frequency of inspections. All premises have been inspected at least twice this year with some inspected as many as six times. In all, 248 food related activities were conducted this year for a total of 56 food businesses. The 28 very low risk premises do not pay fees and are not required to be inspected every year.

The Town has been supportive of Health Department sampling programs by participating in all of them. A report on food related activities is provided to the Health Department as part of the regulatory process.

Alcohol Policy

The Health team continues to liaise with the licensed premises community to reduce anti-social behaviour during the summer months. Meetings are held with community representatives, the Police, Department of Racing and Gaming, Council Officers, representatives of the Hotel community and Elected Members of Council. Meetings were held on alternate months from October to April. A special meeting is convened for New Year's Eve and it is pleasing to report that there were no major incidents this year.

A total of 15 liquor licence related activities were attended to through the year.

Noise

Customer requests and complaints as a result of noise from parties have been on the decline. The majority of complaints received are a result of air conditioners and refrigeration units and noisy construction work. All requests for service have been attended to promptly and usually to the satisfaction of the complainant.

Public Buildings

Environmental Health Officers conduct routine risk assessments of all public buildings within the Town's boundary to ensure public safety. Officers have reviewed the public buildings to ensure statutory compliance relating to safe egress from the building, review of building accommodation numbers and compliance with electrical works and structural soundness.

All 18 public buildings have been inspected at least once this year with a total of 28 public building activities for the year. A good level of compliance has been observed with commitment from proprietors to attend to any concerns raised.

Lodging Houses

Regulatory inspections of lodging houses are conducted by Environmental Health Officers to ensure hygiene and safety standards are being maintained.

All five (5) lodging houses in the Town have been inspected at least once this year with a total of 16 lodging house related activities.

Swimming Pools

The monitoring of water quality in public pools during the summer months is a high priority. Daily monitoring is carried out by the pool owner and Environmental Health Officers collect monthly water samples for microbiological testing. All pools returned satisfactory results during the last summer season. In addition to water-sampling officers are required to inspect the pool, equipment and surrounds during the monthly water-sampling activity.

ENVIRONMENTAL HEALTH REPORT

Customer Requests

Environmental Health Officers receive a number of service requests relating to non-compliance with the local laws or other legislation. Service requests relate to asbestos, odour, illegal discharge, rats, mosquitoes and other matters.

All requests for service have been attended to promptly and to the satisfaction of the complainant. A total for customer request related activities this year is 201.

Public Toilets

The Environmental Health team has been monitoring the public toilets located at Indiana and Barchetta. The regular inspections have helped ensure significant improvement in the cleaning and maintenance standards.

Recycling and Waste Management

The Town is committed to reducing waste to landfill, while continuing to provide a quality and timely service at the lowest cost possible.

Approximately 3 tonnes of e-waste produced by Cottesloe residents was recycled this year. Recycling of batteries and mobile phones has also been conducted all year round with an increase in the total amount of waste collected, indicating that more people are aware of the recycling service and more people have been participating. The Town also provides a drop-off service for Household Hazardous Waste (HHW) such as paints, thinners, mercury, etc. HHW can now also be dropped off at the WMRC facility (which is partly funded by the Town) located at Shenton Park.

The Town has been actively involved in the progress of the DiCOM project which will ensure that organic waste gets processed leaving a fraction of the waste created for landfill. The process has meant making many important decisions by weighing-up the initial increased cost against the benefits of the project.

Household waste, commercial waste and waste from street litter bins are collected through a contract by Transpacific Cleanaway. Smaller 120L bins have been in use to try to reduce the waste going to landfill. 1,763 tonnes of household was collected this year. Recyclables are collected in the yellow-top bins. 1,242.85 tonnes of household recyclables were processed at the Cleanaway facility this year.

Cleanaway now recycles all numbered plastics, excluding type 6.

In addition to the fortnightly recycling collection, Council organised six green waste collections and two bulk waste collections this year. These collections are popular amongst residents and green waste is able to be chipped before being returned to the mulch stream.

Environmental Health Services to Shire of Peppermint Grove

The Town has been contracted to provide an Environmental Health Service to the Shire of Peppermint Grove.

The Shire has 20 food premises registered and there are five (5) public buildings and a public swimming pool at the Presbyterian Ladies College that have all been inspected regularly by the Town's Environmental Health Officers. A total of 87 food related activities and 15 public building related activities were conducted over the year. Once the swimming pool was re-opened for use it was inspected and water sampling was conducted every month.

The Town also prepared and provided new forms, certificates and other formal documentation as required by legislation and ensured good record-keeping practices. 16 nuisance type customer requests were promptly handled by the Town's staff and these related to noise, ants, mosquitoes, rats and overflowing sewage.

Overall 142 activities have been attended to for the Shire and the arrangement has worked extremely well and will continue in similar fashion in 2011/12.

Darrell Monteiro
Principal Environmental Health Officer

BUILDING SERVICES REPORT

The primary role of the Building Services staff is to assess Building Licence applications for compliance with the Building Code of Australia (BCA) and relevant Australian Standards (AS). Following issue of a building licence and commencement of construction projects are monitored to ensure compliance with the approved plans.

Building staff also provide technical advice to customers on all building-related matters as well as manage Demolition Licences, Sign Licences, Verge Licences, the Private Swimming Pools Inspection Program and overall compliance with these approvals.

Building and Demolition Licences.

Building approvals fell to a 2 year low nationally in June 2011, but in contrast, Cottesloe has seen another rise (from 2009) in the number of Building and Demolition license approvals, with additions and alterations contributing significantly to the increase.

Signage Control

The Town's Signs, Hoardings and Billposting By-Law No. 33 is important to managing the standard of signage within the Town of Cottesloe and also entails applications for licences.

Private Swimming Pools

The Town has a statutory obligation to inspect private swimming pools at least once every four years to ensure compliance with the Australian Standard for Swimming Pool Safety (AS1926). The program was completed successfully in December 2010, however, it is recommended owners ensure their pool safety barriers are fully compliant at ALL times.

Construction Hours

The construction industry standard hours of work are 7am to 7pm Monday to Saturday, with no work permitted on Sundays or Public Holidays without an agreed Noise Management Plan signed by the Chief Executive Officer.

Use of Verges or Medians

The use of street verges continues to be monitored to ensure that damage is minimised and amenity is maintained, including reinstatement/rehabilitation upon completion. In most cases builders and owners

have been very cooperative in ensuring damage is minimised.

Compliance Management

Compliance monitoring, problem-solving and enforcement action comprises another important task in relation to all of the types of approvals managed by the Building Services staff.

Major Projects

The Cottesloe-Mosman Park-Peppermint Grove library redevelopment is fully operational.

In the Town Centre, the mixed-use commercial and residential development at 1- 3 Brixton Street has been granted approval and construction is due to commence in August 2011.

The Building team component of Development Services is well-equipped to deal with the Town's continued growth in development.

New Legislation – Building Act 2011.

The Building Act 2011 replaces much of the Local Government (Miscellaneous Provisions) Act 1960. The key objectives of the new act are

- To provide a comprehensive system of building control in Western Australia
- Reduce Building Approval Times
- Set new Standards for Building and Demolition work.

The Act is scheduled for introduction in October 2011 and will provide those seeking building approval, with the choice between a building certifier from private industry or the local government Building Surveyor.

Sam Neale

Principal Building Surveyor

STATUTORY REPORTS

National Competition Policy

The Competition Principles Agreement is an intergovernmental agreement between the Commonwealth and State/Territory governments that sets out how governments will apply National Competition Policy principles to public sector organisations within their jurisdiction.

The State Government released a policy statement effective from July 1996 called the Clause 7 Statement, which forms part of the Competition Principles Agreement. The provisions of Clause 7 requires Local Government to report annually on their implementation, application and effects of Competition Policy as well as the structural reform of public monopolies and the implementation of Legislative review.

Competition Policy does not require contracting out or competitive tendering. It does not preclude local government from continuing to subsidize its business activities from general revenue, nor does it require privatisation of government functions.

Competitive neutrality principles apply to those significant business activities conducted by (or under the control of) one or more local government.

During the 2010/11 financial year the Town met its obligations relating to the National Competition Policy. It continues to monitor Council policies and local laws for anti-competitive practices. No complaints were received by the Town in the 2010/11 financial year regarding anti-competitive practices.

As there are no business activities undertaken by the Town of Cottesloe where "user pays" income greater than \$200,000 in any year, competitive neutrality principles have no application at the Town. The Town is not classified as a natural monopoly nor does it conduct any business activities that could be classed as public monopolies. Therefore the principle of structural reform of public monopolies does not apply to the Town of Cottesloe.

Disability Access & Inclusion Plan

The Disabilities Services Act 1993 requires that Council include in its annual report a report on the implementation of its Disability Access and Inclusion Plan.

Council adopted its plan in July 2007 and a copy of the plan is available at the Council's Offices and on its website.

Council also has a Disability Services Advisory Committee to assist with the review and implementation of the plan.

Access improvements initiatives undertaken during the past year include:

- The Disability Access and Inclusion Plan annual update (signed off and sent into the Disability Services Commission in late August).
- The Town hosted a feedback forum for the residents and ratepayers, with a focus on Disability Services in the Town.
- A range of minor works including parking bays, signage, kerb ramps and handrails at a number of community facilities.
- The Plan will be reviewed in detail during the 2011/12 year. This will provide the basis for the re-drafting of the Plan for the period 2012-2017.

STATUTORY REPORTS

Payments Made to Employees

Regulation 19B of the Local Government (Administration) Regulation 1996 requires the Town of Cottesloe to include the following in its Annual Report:

- The number of employees of the Town entitled to an annual salary of \$100,000 or more
- The number of those employees with an annual salary entitlement that falls within cash bands of \$10,000 over \$100,000

The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000 is;

- \$100,000 to \$109,999: one.
- \$110,000 to \$119,999: one.
- \$130,000 to \$139,999: one.

Please note the figures shown represent the cash component of any salary package.

Register of Complaints

Section 5.121 of the Local Government Act 1995 requires the complaints officer for the Town of Cottesloe to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c) of the Act.

The register of complaints is to include, for each recorded complaint-

- (a) the name of the council member about whom the complaint is made;
- (b) the name of the person who makes the complaint;
- (c) a description of the minor breach that the standards panel finds has occurred; and
- (d) details of the action taken under section 5.110(6)(b) or (c).

For the purposes of section 5.53(2)(g) of the Local Government Act 1995 it is advised that no complaints were made to the Town of Cottesloe during the financial year under review.

Records Management

The Town of Cottesloe, as a local government, is required under the State Records Act 2000 to provide an annual report on its recordkeeping practices.

Commitment to Records Management

The Town of Cottesloe is committed to the reliable and systematic management of government records in accordance with legislative requirements and best practice standards.

Recordkeeping Plan

The purpose of the Record Keeping Plan (RKP) is to set out the matters about which records are to be created by the Town of Cottesloe and how the Town is to retain its records. The RKP is to provide an accurate reflection of the record keeping program within the organisation including information regarding the organisation's record keeping systems, disposal arrangements, policies, procedures and practises. The RKP is the primary means of providing evidence of compliance with the State Records Act 2000 and the implementation of best practice record keeping within the organisation.

The objectives of the Town of Cottesloe RKP are to ensure the following:

- Compliance with Section 28 of the State Records Act 2000;
- Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;
- Processes are in place to facilitate the complete and accurate record of business transactions and decisions;
- Recorded information can be retrieved quickly, accurately and cheaply when required; and
- Protection and preservation of the Local Government's records.

The Town submitted a new Record Keeping Plan to the State Records Commission in October 2010 and it was approved in August 2011.

PLAN FOR THE FUTURE

The Local Government Act 1995 requires the Town of Cottesloe to plan for the future of the district.

The Town of Cottesloe's Plan for the Future sets out the broad objectives of the Town of Cottesloe and is reviewed every two years.

Broad Objectives

The broad objectives expressed in the plan relate to:

- Protecting and enhancing the lifestyle of residents and visitors
- Achieving connectivity between east and west Cottesloe
- Enhancing beach access and the foreshore
- Managing development pressures
- Managing infrastructure and council buildings in a sustainable way
- Fostering the community's confidence and support for Council

OBJECTIVE 1 – TO PROTECT AND ENHANCE THE LIFESTYLE OF RESIDENTS AND VISITORS

Strategic Profile

Cottesloe has a notable variety and quality of areas set aside for recreation and open space. Some parks contain sporting facilities, playground equipment, seats, shelters and other amenities. However, our community is predominantly oriented both physically and culturally towards outdoor recreation and a beach lifestyle by virtue of the coastal open space that stretches for the entire western edge of the Town.

In particular Cottesloe and North Cottesloe beaches are very popular. The fact that the immediate community shares them with other western suburbs residents and those from wider Perth and, that they are also a tourist destination is accepted. This is due to their picturesque nature, accessibility, and predominantly low-rise facilities that cater to a range of age groups and activities, including the two historic hotels and some short-stay accommodation.

However, the presence of the many visitors causes disruption to the lifestyle of residents – in particular anti-social behaviour associated with liquor consumption, late trading hours, traffic congestion, pollution and car parking are problems.

There is also an underlying issue that not everyone in the community wishes to participate in the

outdoor recreation lifestyle and that to some extent this is seasonal. There is a lack of variety and dynamism in the recreation and entertainment available. Consequently there is a need to provide more formal civic spaces and venues for meetings and other activities not associated with beach culture. The needs of the elderly and those with disabilities must be recognised. Whilst young people need to be catered for specifically, it is recognised that there is good access to train stations and they can reach the Perth scene and other destinations within the rail system for entertainment and to meet friends.

Strategic Initiatives for 2010/11

- Reduce beachfront hotel patron numbers to a sustainable level.
- Identify increased opportunities to use existing facilities or provide new venues for formal community cultural events and activities.
- Develop a Community Safety Strategy.

OBJECTIVE 2 – TO ACHIEVE CONNECTIVITY BETWEEN EAST AND WEST COTTESLOE

Strategic Profile

Stirling Highway and Curtin Avenue are the two primary regional roads in Cottesloe and in effect converge south of Jarrad Street to straddle the railway. They provide for north-south traffic movement and, in being closely aligned, represent duplication. The Perth to Fremantle railway also travels north south through Cottesloe, predominately alongside Curtin Avenue.

Through this transport corridor, Cottesloe is connected to the metropolitan transport system and tourist routes and is highly accessible. At the same time, the transport corridor causes physical divisions and barriers.

Limiting the impact of these barriers will improve traffic flow, allow for more sustainable design of car parks, reduce safety concerns, improve pedestrian movements and reduce the 'wasteland' effect caused by poor presentation and lack of use of the surplus rail reserve to the west of the Town Centre.

At the same time, properly planned redevelopment will result in greater connectivity between east and west Cottesloe. In particular the dual barriers of

PLAN FOR THE FUTURE

road and rail cut off the beach and foreshore from the town centre, which fragments the two main activity hubs of the district. These hubs could be complimentary in their contribution to a greater sense of community and increased opportunities for the local economy since they each have a well-defined and different focus.

The land abutting the railway has development potential and the town centre could benefit from new housing, local open space and general improvements to the overall railway precinct.

The resolution of a realignment of Curtin Avenue and the future use of the railway land to the west of the town centre are two major considerations for substantial change in terms of enhanced east-west connectivity, increased commercial opportunity and new development.

Strategic Initiative for 2010/11

- Produce a draft Structure Plan for consultation purposes showing the sinking of the railway and realignment of Curtin Avenue together with 'what's possible' in terms of sustainable redevelopment and pedestrian and traffic links.

OBJECTIVE 3 – TO ENHANCE BEACH ACCESS AND THE FORESHORE

Strategic Profile

Cottesloe's beaches, their public foreshores and the adjoining low-rise beachside development are the defining element of the district.

The natural and built environment amenity of the beachfront precinct is a delicately balanced combination of coastal care and sensitive development and access to the beach must be carefully managed in order to avoid environmental degradation. The beaches have a picturesque, unique character and are spacious and clean.

However, the council is aware that the public facilities along the foreshore are looking tired.

People moving into Cottesloe who have paid higher land prices and long standing residents who are exposed to quality presentation when they travel interstate and overseas have expectations that public infrastructure will be provided not only with a

high level of amenity but also with some sense of style.

Council policy does not support any new building development west of Marine Parade outside of existing building footprints.

The two life-saving clubs have historical significance and current importance for the welfare of locals and visitors enjoying an active beachfront. The aspirations of the clubs will need addressing as part of a planned approach for the future of the whole foreshore.

The beachfront is a destination for locals, the regional population and tourists. An international profile means that the council is under some pressure from the State Government to redevelop the area to a standard expected of major tourism destinations.

Strategic Initiatives for 2010/11

- Develop a public domain concept plan for the foreshore in consultation with the community
- Introduce electronically timed parking and consider installation in the Town Centre.

OBJECTIVE 4 – TO MANAGE DEVELOPMENT PRESSURES

Strategic Profile

Fundamentally the pressures for development in Cottesloe are associated with the attractions of the area that mean it is a highly sought after location in which to live and invest. There are responsibilities for us inherent in the social changes that are taking place all across Western Australia – rapid increases in population, demographic changes in society with resultant demand for different housing choices and impositions by the State Government.

These impacts are felt in our neighbourhoods, brought about by changes to streetscapes, pressure on set backs, greater through traffic, escalating land values that marginalise heritage properties and character houses, concerns about the environment, reduction in trees because of subdivision and general erosion of residential amenity.

PLAN FOR THE FUTURE

Over the last few decades Cottesloe has consolidated as a residential district and was thought to be virtually fully developed as a suburb where successive generations have grown up. However, now and into the future the number of new dwellings is expected to exceed the number of new lots. This means there is a marked trend for strata title development. There are conflicts within the community and also within individuals themselves where infill development generally is not supported but many people wish to retain the ability to subdivide their own properties.

Care must be taken that the pressure for denser development does not destroy the casual relaxed lifestyle, the low-rise beachfront and the green leafy neighbourhood and unduly affect the amenity and ambience enjoyed by our residents.

There are increasing pressures for commercial and tourism developments such as outdoor eateries whose upmarket style conflicts with the existing casual beach culture.

Strategic Initiatives for 2010/11

- Develop planning incentives for heritage properties.
- Consider undeveloped Government owned land for higher density development provided there is both public support and benefit for the Cottesloe community.

OBJECTIVE 5 – To -MAINTAIN INFRASTRUCTURE AND COUNCIL BUILDINGS IN A SUSTAINABLE WAY

Strategic Profile

There is greater scrutiny than ever before on the way local governments maintain key community assets and infrastructure. A local government that does not take its stewardship role seriously will forfeit the confidence of the community

Local government legislation states that council is to use its best endeavours to 'meet the needs of current and future generations' in a sustainable way. A sustainable approach means taking the whole of life costs for major assets – capital, operational, depreciation and maintenance costs and ensuring that these are managed in an affordable way spread across the life cycle of the asset. Properly

maintained assets last longer and avoid the spikes of expenditure required for major upgrades.

An assessment of asset management practices in the past reveals that each current community has not been paying its way and we need to take corrective action using the basic principle of intergenerational fairness and equity.

Cottesloe has a level of infrastructure that will generally meet the needs of the expected increases in population and any corresponding increases in housing over the next ten to fifteen years. However the age and condition of some community buildings and facilities is a concern. There is a need to develop a Plan for asset management that addresses long term liabilities, linked to financial sustainability.

Any Plan will need to take into account calls for the standard and quality of community infrastructure to be upgraded. In addition, some new services will be required to meet the needs of an increasingly aged population. The Plan will need to be developed on the basis that although public assets are just that in terms of community ownership, they have an inherent realisable value that in some cases may need to be tapped in order to preserve other assets.

Scope exists for the council to incorporate passively-designed and energy efficient strategies into council building and asset management programs.

Strategic Initiatives for 2010/11

- Adopt a policy position on assets that have a realisable value such as the Depot and Sumps.
- Develop an integrated Town Centre plan to improve all aspects of the infrastructure of the Town Centre.
- Develop a long term asset management plan and accompanying financial plan.

OBJECTIVE 6 – To FOSTER THE COMMUNITY'S CONFIDENCE AND SUPPORT FOR COUNCIL

Strategic Profile

Council recognizes the invaluable contribution that many residents play in the community life of Cottesloe especially those who actively participate in civic affairs. The aim of this objective is to ensure that this continues and that council maintains a spirit of co-operation with the community in an

PLAN FOR THE FUTURE

accountable and transparent manner on all occasions.

Many people wish to be part of developing our future. Community members are very articulate and know what they want and this is acknowledged and valued. In addition the council has many statutory obligations to comply with in order to improve decision making.

The effect of greater co-operation will be a council and community that understand and appreciate their separate but interdependent roles in progressing Cottesloe's future.

Elected members and staff will listen to the community views, understand, discuss and explore possibilities in an environment of greater collaboration. There is an appreciation that perception is the reality for many people and it is important to provide information so that the community can make informed input.

A major outcome from this objective will be to redefine governance. Individuals will be richer from the experience of being associated with the council and the community in general will be less cynical and more eager to be involved in shared solutions.

Our operations will benefit from more emphasis on communication and collaboration with the community. Through this, and the building of a relationship based on trust, will come the recognition that there is a differentiation between Cottesloe and the way other local governments do business.

OBJECTIVE 7 – TO EFFECTIVELY MANAGE

COUNCIL'S RESOURCES AND WORK PROCESSES

- Delivery high quality professional governance and administration
- Ensure our workplace enables staff to be innovative
- Implement technologies to enhance decision making
- Enhance our ability to embrace and manage change.

DYNAMIC PRIORITIES

1. Complete the adoption of Local Planning Scheme No. 3 including the preparation of all draft policies to a stage where they have

been informally advertised for public comment by the time of adoption of LPS 3.

2. Report on the proposed tasks identified in the Climate Change Vulnerability study and their impacts, priorities and applicability to the Town of Cottesloe.
3. Develop a strategy to promote Council services and activities at the beachfront in order to better align with expectations for the wellbeing and enjoyment of the local community and visitors to the Town.

STRATEGIC PLAN REVIEW

As part of the suite of changes introduced by the Minister for Local Government in 2011, all Councils have been advised of the need to undertake and improve their strategic planning. An *Integrated Planning and Reporting Framework* has been prepared, together with associated guidelines for local governments, and inclusive of asset management and long term financial planning.

All local governments are currently required to produce a plan for the future under S5.56 (1) of the *Local Government Act 1995* (the Act). It is intended that regulations will be made under S5.56(2) of the Act to briefly outline the minimum requirements to achieve this. These changes are anticipated to be made by the Department in August 2011.

The Integrated Strategic Planning Framework provides the basis for improving the practice of strategic planning in local government. It addresses the minimum requirements to meet the intent of the Act and outlines processes and activities to achieve an integrated strategic plan at the individual local government level.

There are three major parties to the development of an integrated strategic plan:

1. The community – participates in a community planning process to determine major vision or intended big picture directions and also participates in regular reviews of those directions.
2. The Council – signs off the Strategic Community Plan resulting from the community planning process, the four year reviews updating that plan, and the annual budget.

PLAN FOR THE FUTURE

3. The local government administration – supports delivery of the Strategic Community Plan, the 4-yearly reviews, and annual budget through its corporate business planning.

To achieve an integrated strategic planning process at least two plans are needed: The minimum requirement to meet the intent of the plan for the future is the development of:

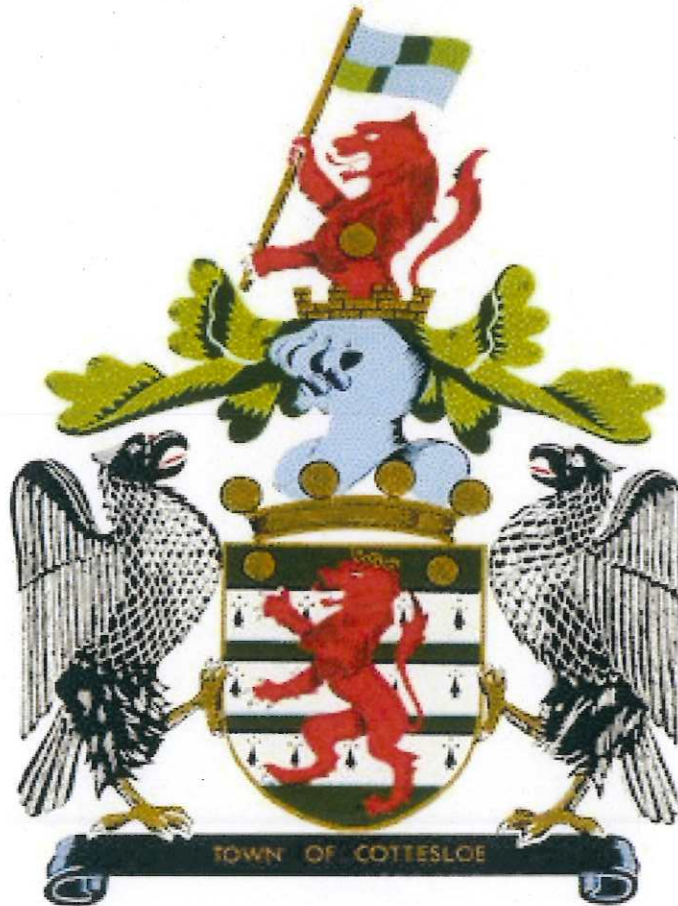
- A Strategic Community Plan; and
- A Corporate Business Plan.

The key principle of the planning process is to provide both the future aspirations for the local government and a path to achieve them. Specific strategies address issues such as community safety or disability plans and place or local area plans. Strategic outcomes are supported by the identification and planning of all financial, human resource, asset and infrastructure requirements and income opportunities over the longer term. It is acknowledged that local governments will have different starting points for integrated strategic planning and many will have existing processes that specify how place or area plans, specific strategies, Council endorsement of four year plans or annual plans are to be treated.

The framework does not intend to require a single methodology to be applied by local governments and is intended to guide local governments to a successful integrated strategic planning process, which, at its most simple, would deliver the following outcomes:

- There is a long term strategic plan that clearly links the community's aspirations with the Council's vision and long term strategy.
- The local government has a Corporate Business Plan that integrates resourcing plans and specific council plans with the Strategic Plan.
- The Council has a clearly stated vision for the future viability of the local government area.

TOWN OF COTTESLOE



2010 - 2011

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

TABLE OF CONTENTS

Table of Contents	1
Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 54
Independent Audit Report	55 & 56

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Cottesloe being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Town of Cottesloe at 30th June 2011 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 17TH day of OCTOBER 2011



Carl Askew
Chief Executive Officer

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	23	7,300,951	7,206,151	6,773,215
Operating Grants, Subsidies and Contributions	29	324,569	238,174	269,843
Fees and Charges	28	1,733,721	1,660,772	1,742,651
Interest Earnings	2(a)	202,254	91,957	243,787
Other Revenue		319,918	255,120	492,604
		<u>9,881,413</u>	<u>9,452,174</u>	<u>9,522,100</u>
EXPENSES				
Employee Costs		(3,018,449)	(3,114,405)	(2,849,087)
Materials and Contracts		(3,577,556)	(3,818,999)	(3,524,350)
Utility Charges		(203,138)	(133,145)	(141,177)
Depreciation on Non-Current Assets	2(a)	(1,778,756)	(1,655,375)	(1,592,555)
Interest Expenses	2(a)	(419,407)	(396,964)	(369,041)
Insurance Expenses		(124,716)	(139,931)	(136,963)
Other Expenditure		(785,078)	(722,451)	(568,949)
		<u>(9,907,100)</u>	<u>(9,981,270)</u>	<u>(9,182,122)</u>
		(25,687)	(529,096)	339,978
Non-Operating Grants, Subsidies and Contributions	29	1,425,530	108,667	440,913
Profit on Asset Disposals	21	126,029	141,340	168,004
Loss on Asset Disposal	21	(7,367)	0	(7,768)
		<u>1,518,505</u>	<u>(279,089)</u>	<u>941,127</u>
NET RESULT				
Other Comprehensive Income				
Share of Other Comprehensive Income/ (Loss) of Joint Ventures		(47,143)	0	0
		<u>(47,143)</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>(47,143)</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,471,362</u></u>	<u><u>(279,089)</u></u>	<u><u>941,127</u></u>

This statement is to be read in conjunction with the accompanying notes.

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Governance		78,389	77,903	92,289
General Purpose Funding		7,830,089	7,531,882	7,322,266
Law, Order, Public Safety		36,850	17,100	18,855
Health		72,930	66,000	35,409
Education and Welfare		75,723	36,150	34,565
Community Amenities		495,341	478,717	648,917
Recreation and Culture		1,482,136	382,982	448,512
Transport		1,087,724	822,336	1,258,536
Economic Services		243,445	257,450	256,461
Other Property and Services		30,345	31,661	15,207
	2 (a)	11,432,972	9,702,181	10,131,017
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(545,033)	(525,996)	(871,135)
General Purpose Funding		(182,534)	(143,404)	(187,522)
Law, Order, Public Safety		(214,399)	(236,718)	(139,718)
Health		(190,761)	(195,221)	(157,225)
Education and Welfare		(203,793)	(212,370)	(95,038)
Community Amenities		(2,577,388)	(2,686,030)	(2,388,080)
Recreation & Culture		(2,594,114)	(2,494,533)	(2,104,860)
Transport		(2,654,496)	(2,742,557)	(2,567,227)
Economic Services		(327,125)	(344,642)	(278,805)
Other Property and Services		(5,418)	(2,835)	(31,292)
	2 (a)	(9,495,061)	(9,584,306)	(8,820,902)
FINANCE COSTS				
Governance		(55)	(125)	0
Recreation and Culture		(419,351)	(396,839)	(367,594)
Other Property and Services		0	0	(1,394)
	2 (a)	(419,406)	(396,964)	(368,988)
NET RESULT		1,518,505	(279,089)	941,127
Other Comprehensive Income				
Share of Other Comprehensive Income/ (Loss) of Joint Ventures		(47,143)	0	0
Total Other Comprehensive Income		(47,143)	0	0
TOTAL COMPREHENSIVE INCOME		1,471,362	(279,089)	941,127

This statement is to be read in conjunction with the accompanying notes.

**TOWN OF COTTESLOE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011**

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,130,161	2,352,652
Trade and Other Receivables	4	240,501	301,630
Inventories	5	46,404	50,276
TOTAL CURRENT ASSETS		<u>2,417,066</u>	<u>2,704,558</u>
NON-CURRENT ASSETS			
Other Receivables	4	581,846	658,154
Other Financial Assets	6	1,157,703	1,192,229
Property, Plant and Equipment	7	13,204,732	11,081,249
Infrastructure	8	14,416,363	14,863,768
TOTAL NON-CURRENT ASSETS		<u>29,360,644</u>	<u>27,795,400</u>
TOTAL ASSETS		<u>31,777,710</u>	<u>30,499,958</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	854,854	757,326
Short Term Borrowings	9(a)	15,207	0
Long Term Borrowings	10	318,423	300,471
Provisions	11	411,341	443,652
TOTAL CURRENT LIABILITIES		<u>1,599,825</u>	<u>1,501,449</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	6,208,229	6,526,652
Provisions	11	52,320	25,883
TOTAL NON-CURRENT LIABILITIES		<u>6,260,549</u>	<u>6,552,535</u>
TOTAL LIABILITIES		<u>7,860,374</u>	<u>8,053,984</u>
NET ASSETS		<u>23,917,336</u>	<u>22,445,974</u>
EQUITY			
Retained Surplus		23,005,024	21,026,835
Reserves - Cash Backed	12	802,886	1,262,570
Reserves - Asset Revaluation	13	109,426	156,569
TOTAL EQUITY		<u>23,917,336</u>	<u>22,445,974</u>

This statement is to be read in conjunction with the accompanying notes.

**TOWN OF COTTESLOE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009		19,876,798	1,471,480	156,569	21,504,847
Net Result		941,127	0	0	941,127
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		208,910	(208,910)	0	0
Balance as at 30 June 2010		21,026,835	1,262,570	156,569	22,445,974
Net Result		1,518,505	0	0	1,518,505
Total Other Comprehensive Income		0	0	(47,143)	(47,143)
Reserve Transfers		459,684	(459,684)	0	0
Balance as at 30 June 2011		23,005,024	802,886	109,426	23,917,336

This statement is to be read in conjunction with the accompanying notes.

**TOWN OF COTTESLOE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		7,339,017	7,206,151	6,756,876
Operating Grants, Subsidies and Contributions		355,584	238,174	238,828
Fees and Charges		1,734,310	1,660,772	1,742,276
Service Charges		0	0	0
Interest Earnings		201,149	91,957	237,810
Goods and Services Tax		689,622	500,000	1,073,229
Other Revenue		340,890	255,120	375,988
		<u>10,660,572</u>	<u>9,952,174</u>	<u>10,425,007</u>
Payments				
Employee Costs		(2,917,553)	(3,114,000)	(2,944,177)
Materials and Contracts		(3,460,847)	(3,819,000)	(3,642,036)
Utility Charges		(211,518)	(133,145)	(142,644)
Insurance Expenses		(124,716)	(139,931)	(136,963)
Interest expenses		(424,042)	(396,964)	(277,624)
Goods and Services Tax		(733,058)	(550,000)	(1,048,912)
Other Expenditure		(731,160)	(719,051)	(559,567)
		<u>(8,602,894)</u>	<u>(8,872,091)</u>	<u>(8,751,923)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>2,057,678</u>	<u>1,080,083</u>	<u>1,673,084</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(2,989,020)	(3,170,403)	(4,932,394)
Payments for Construction of Infrastructure		(740,229)	(958,948)	(1,435,717)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,470,450	108,667	606,193
Proceeds from Sale of Plant & Equipment		225,536	235,500	78,442
Net Cash Provided By (Used In) Investing Activities		<u>(2,033,263)</u>	<u>(3,785,184)</u>	<u>(5,683,476)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(300,471)	(300,473)	(250,219)
Proceeds from Self Supporting Loans		38,358	38,359	36,169
Proceeds from New Debentures		0	1,500,000	4,954,658
Net Cash Provided By (Used In) Financing Activities		<u>(262,113)</u>	<u>1,237,886</u>	<u>4,740,608</u>
Net Increase (Decrease) in Cash Held		(237,698)	(1,467,215)	730,216
Cash at Beginning of Year		2,352,652	1,986,860	1,622,436
Cash and Cash Equivalents at the End of the Year	14(a)	<u>2,114,954</u>	<u>519,645</u>	<u>2,352,652</u>

This statement is to be read in conjunction with the accompanying notes.

**TOWN OF COTTESLOE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Governance		78,389	77,903
General Purpose Funding		529,138	325,731
Law, Order, Public Safety		36,850	17,100
Health		72,930	66,000
Education and Welfare		75,723	36,150
Community Amenities		495,341	478,717
Recreation and Culture		1,482,136	382,982
Transport		1,087,724	822,336
Economic Services		243,445	257,450
Other Property and Services		30,345	31,661
		<u>4,132,021</u>	<u>2,496,030</u>
EXPENSES			
Governance		(545,088)	(526,121)
General Purpose Funding		(182,534)	(143,404)
Law, Order, Public Safety		(214,399)	(236,718)
Health		(190,761)	(195,221)
Education and Welfare		(203,793)	(212,370)
Community Amenities		(2,577,388)	(2,686,030)
Recreation & Culture		(3,013,465)	(2,891,372)
Transport		(2,654,496)	(2,742,557)
Economic Services		(327,125)	(344,642)
Other Property and Services		(5,418)	(2,835)
		<u>(9,914,467)</u>	<u>(9,981,270)</u>
Net Operating Result Excluding Rates		(5,782,446)	(7,485,240)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(118,662)	(141,340)
Movement in Equity Accounted Joint Ventures		34,526	0
Movement in Deferred Pensioner Rates (Non-Current)		35,628	0
Movement in Employee Benefit Provisions		0	0
Depreciation and Amortisation on Assets		1,778,756	1,655,375
Capital Expenditure and Revenue			
Purchase Land and Buildings		(2,285,721)	(2,513,421)
Purchase Infrastructure Assets		(740,229)	(958,948)
Purchase Plant and Equipment		(509,975)	(520,300)
Purchase Furniture and Equipment		(79,747)	(136,682)
Proceeds from Disposal of Assets		225,536	235,500
Repayment of Debentures		(300,471)	(300,473)
Proceeds from New Debentures		0	1,500,000
Self-Supporting Loan Principal Income		38,358	38,359
Transfers to Reserves (Restricted Assets)		(478,196)	(125,745)
Transfers from Reserves (Restricted Assets)		952,735	952,734
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		663,970	594,030
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		735,013	0
Amount Required to be Raised from Rates	23	<u>(7,300,951)</u>	<u>(7,206,151)</u>

This statement is to be read in conjunction with the accompanying notes.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

The report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to these financial statements.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until Finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(g) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Land under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	40 years
Furniture and Equipment	10 years
Plant and Equipment	5 years
Computer & Ancillary Equipment	5 years
Roads - Asphalt	25 years
- Concrete	50 years
- Brick Blocks	33 years
Footpaths - Slab	25 years
- Asphalt	25 years
- Concrete	50 years
- Brick	33 years
Drainage - Pipe	50 years
- Soak wells	50 years
- Manholes	20 years
Reticulation - Bores	20 years
- Pumps	14 years
- PVC Pipe	25 years
- Sprinklers	8 years
- Electrical	14 years

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Parks Furniture	5 years
Street Furniture - S/F Shelter	10 years
- Timber Shelter	10 years
- Concrete Shelter	20 years
- Slab	50 years
- Bins	10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation of Non-Current Assets

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on buildings construction, purchase of plant, furniture and equipment under \$1,000 is not capitalised. This threshold is \$5,000 for infrastructure construction.

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 '*Impairment of Assets*' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(m) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provisions are not recognised for future operating losses.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(p) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint ventures are set out in Notes 6 & 17.

(q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues 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 in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(t) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(u) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(v) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (i.e. AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) 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]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2010	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009- 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

(*) Applicable to reporting periods commencing on or after the given date.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2009 - 5
AASB 2009 - 8
AASB 2009 - 10
AASB 2009 - 13
AASB 2010 - 1
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES	2011	2010
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	16,750	15,500
- Other Services	7,456	10,300
Depreciation		
Buildings	259,193	151,417
Furniture and Equipment	118,211	129,584
Plant and Equipment	213,717	200,962
Roads	671,343	652,603
Footpaths	177,423	175,605
Drainage	103,640	93,828
Parks and Ovals	72,448	53,750
Streetscapes	25,072	22,951
Rights of Way	2,209	1,753
Irrigation	66,178	63,670
Miscellaneous	69,322	46,432
	<u>1,778,756</u>	<u>1,592,555</u>
Interest Expenses (Finance Costs)		
Other Interest Charges	55	53
Debentures (<i>refer Note 22(a)</i>)	419,352	368,988
	<u>419,407</u>	<u>369,041</u>
Rental Charges		
- Operating Leases	9,344	11,020
	<u>9,344</u>	<u>11,020</u>
(ii) Crediting as Revenue:	2011	2011
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	43,195	24,257
- Other Funds	132,648	50,000
Other Interest Revenue (<i>refer note 27</i>)	26,411	9,215
	<u>202,254</u>	<u>91,957</u>
	<u>202,254</u>	<u>243,787</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Town of Cottesloe is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Includes income and expenditure relating to Councillors and Council's governance role and that portion of administration which cannot be readily allocated or linked to other programs.

GENERAL PURPOSE FUNDING

Includes income relating to rating, the United Financial Assistance Grants and interest on investments. It also includes expenses relating to the rating function.

LAW, ORDER, PUBLIC SAFETY

Includes items of fire prevention, ranger services, animal control and the supervision and enforcement of Local Laws.

HEALTH

Includes environmental health, food hygiene and promotion, pest control and immunisation services.

EDUCATION AND WELFARE

Includes pre-schools and other education institutions, care of family and children, senior citizens, day care, and other voluntary services.

COMMUNITY AMENITIES

Includes rubbish collection services, noise control, protection of the environment, public toilets and administration of the Town Planning Scheme.

RECREATION AND CULTURE

Includes halls and community centres, beaches, parks and recreation grounds, libraries and other cultural events.

TRANSPORT

Construction and maintenance of roads, drainage works, footpaths, street lighting and parking facilities.

ECONOMIC SERVICES

Includes tourism, building control, economic development and area promotion.

OTHER PROPERTY AND SERVICES

Includes private works, public works overheads and plant operating costs.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
Grant/Contribution	Function/ Activity	Balance (*) 1-Jul-09	2009/10	2009/10	Balance (*) 30-Jun-10	2010/11	2010/11	Balance 30-Jun-11
		\$	\$	\$	\$	\$	\$	\$
Blackspot Works Grant Funding	Transport	6,245	0	(6,245)	0	0	0	0
Foreshore Restoration Grant Funding (Coastal Incentives)	Recreation & Culture	25,000	0	(25,000)	0	0	0	0
Pylon Restoration Grant Funding	Recreation & Culture	100,262	0	(100,262)	0	0	0	0
Financial Assistance Grant Funding	General Purpose Funding	61,071	238,401	(234,787)	64,685	256,166	(253,451)	67,400
Cottesloe Beach Erosion	Recreation & Culture	18,637	0	(6,364)	12,273	0	(11,419)	854
Muderup Rocks Restoration	Recreation & Culture	31,291	0	(28,805)	2,486	0	0	2,486
Federal Stimulus Package (Round 2 - Playgrounds)	Recreation & Culture	0	39,000	0	39,000	0	(38,928)	72
Surveillance Equipment	Other Law, Order & Public Safety	0	25,000	0	25,000	0	(25,000)	0
North Metro Foreshore Weed Eradication Project	Recreation & Culture	0	0	0	0	20,250	(7,159)	13,091
Federal Stimulus Package (Round 3 - Disability)	Aged and Welfare	0	0	0	0	39,000	(25,207)	13,793
Total		242,506	302,401	(401,463)	143,444	315,416	(361,164)	97,696

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Notes:

- (*)** - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+)** - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#)** - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,229,579	1,050,323
Restricted	900,582	1,302,329
	<u>2,130,161</u>	<u>2,352,652</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Area Improvement Reserve	71,342	70,424
Waste Management Reserve	66,061	63,097
Parking Reserve	375,234	105,656
Leave Reserve	42,419	21,150
Civic Centre Improvements Reserve	19,391	54,030
Property Reserve	81,102	0
Infrastructure Reserve	81,104	0
Unspent Grants/Funds Reserve	0	896,837
Sub Total	<u>736,653</u>	<u>1,211,194</u>
Combined Library	66,233	51,376
Sub Total	<u>802,886</u>	<u>1,262,570</u>
Unspent Grants Other	97,696	39,759
	<u>900,582</u>	<u>1,302,329</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	51,362	53,800
Sundry Debtors	97,249	129,083
Other Tax Debtors	217	0
Accrued Income	7,557	80,389
GST Receivable	43,436	0
Loans - Clubs/Institutions	40,680	38,358
	<u>240,501</u>	<u>301,630</u>
Non-Current		
Rates Outstanding - Pensioners	201,092	236,720
Loans - Clubs/Institutions	380,754	421,434
	<u>581,846</u>	<u>658,154</u>
5. INVENTORIES		
Current		
Centenary Books	46,404	50,276
	<u>46,404</u>	<u>50,276</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

6. Western Metropolitan Regional Council (WMRC)

The Town of Cottesloe, together with the Town of Claremont, the Town of Mosman Park, the Shire of Peppermint Grove and the City of Subiaco have an interest in the WMRC waste transfer station. The Council was formed to provide for the efficient treatment and/or disposal of waste. A waste transfer station was constructed from funds provided from constituent Councils. The voting power held by the Town of Cottesloe is 20%. The Town of Cottesloe's 17.94% share of the net assets are included as follows:

	2011	2010
	\$	\$
(a) Retained Surplus attributable to interest in joint venture:		
Balance at the beginning of the financial year	453,905	282,696
Share of joint venture's profit/(loss) from ordinary activities after tax	<u>(34,526)</u>	<u>171,209</u>
Balance at the end of the financial year:	419,379	453,905
 (b) Carrying amount of investment in joint venture:		
Balance at the beginning of the financial year	1,192,229	1,021,020
Share of profit/(loss) from ordinary activities	<u>(34,526)</u>	<u>171,209</u>
Balance at the end of the financial year:	<u><u>1,157,703</u></u>	<u><u>1,192,229</u></u>

At the time of the completion of the Town of Cottesloe's 2010-2011 audit, final audited figures for the year ended 30-06-11 were not available from WMRC, therefore draft figures for 2010/11 supplied by WMRC have been used. It is not anticipated there will be any material change in the audited figures.

7. PROPERTY, PLANT AND EQUIPMENT

Land and Buildings - Cost	15,258,131	12,972,410
Less Accumulated Depreciation	<u>(3,122,601)</u>	<u>(2,863,408)</u>
	12,135,530	10,109,002
 Furniture and Equipment - Cost	 1,002,462	 965,863
Less Accumulated Depreciation	<u>(593,946)</u>	<u>(518,883)</u>
	408,516	446,980
 Plant and Equipment - Cost	 1,207,620	 1,152,885
Less Accumulated Depreciation	<u>(560,281)</u>	<u>(694,930)</u>
	647,339	457,955
 Combined Library - Cost	 67,312	 218,169
Less Accumulated Depreciation	<u>(53,965)</u>	<u>(150,857)</u>
	13,347	67,312
	<u><u>13,204,732</u></u>	<u><u>11,081,249</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

7a. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	<u>Land & Buildings \$</u>	<u>Furniture & Equipment \$</u>	<u>Plant & Equipment \$</u>	<u>Combined Library \$</u>	<u>Total \$</u>
Balance as at the beginning of the year	10,109,002	446,980	457,955	67,312	11,081,249
Additions	2,285,721	79,747	509,975	0	2,875,443
(Disposals)	0	0	(106,874)	0	(106,874)
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0	0 0
Impairment - (losses) - reversals	0 0	0 0	0 0	0 0	0 0
Depreciation (Expense)	(259,193)	(118,211)	(213,717)	0	(591,121)
Other Movements	0	0	0	(53,965)	(53,965)
Carrying amount at the end of year	<u><u>12,135,530</u></u>	<u><u>408,516</u></u>	<u><u>647,339</u></u>	<u><u>13,347</u></u>	<u><u>13,204,732</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
8. INFRASTRUCTURE		
Roads - Cost	17,118,919	16,742,030
Less Accumulated Depreciation	<u>(9,659,948)</u>	<u>(8,988,605)</u>
	7,458,971	7,753,425
Footpaths - Cost	4,862,103	4,736,357
Less Accumulated Depreciation	<u>(3,119,583)</u>	<u>(2,942,160)</u>
	1,742,520	1,794,197
Drainage - Cost	5,184,720	5,181,719
Less Accumulated Depreciation	<u>(1,543,733)</u>	<u>(1,440,094)</u>
	3,640,987	3,741,625
Parks & Ovals - Cost	623,193	568,937
Less Accumulated Depreciation	<u>(428,495)</u>	<u>(356,047)</u>
	194,698	212,890
Street Furniture - Cost	468,144	459,544
Less Accumulated Depreciation	<u>(213,126)</u>	<u>(188,054)</u>
	255,018	271,490
Right of Ways - Cost	1,336,211	1,330,910
Less Accumulated Depreciation	<u>(1,289,289)</u>	<u>(1,287,080)</u>
	46,922	43,830
Irrigation - Cost	1,224,931	1,169,520
Less Accumulated Depreciation	<u>(807,153)</u>	<u>(740,975)</u>
	417,778	428,545
Miscellaneous - at Cost	850,203	739,178
Less Accumulated Depreciation	<u>(190,734)</u>	<u>(121,412)</u>
	659,469	617,766
	<u>14,416,363</u>	<u>14,863,768</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

8a. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Street Furniture \$	Rights of Way \$	Irrigation \$	Misc \$	Total \$
Balance at the beginning of the year	7,753,425	1,794,197	3,741,625	212,890	271,490	43,831	428,545	617,766	14,863,769
Additions	376,889	125,746	3,002	54,256	8,600	5,300	55,411	111,025	740,229
(Disposals)	0	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0	0	0	0
- reversals	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(671,343)	(177,423)	(103,640)	(72,448)	(25,072)	(2,209)	(66,178)	(69,322)	(1,187,635)
Carrying amount at the end of year	7,458,971	1,742,520	3,640,987	194,698	255,018	46,922	417,778	659,469	14,416,363

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	265,891	517,217
Other Tax Liabilities	60,814	0
Accrued Expenses	319,020	37,214
Accrued Interest on Debentures	114,357	118,992
Accrued Salaries and Wages	94,772	65,153
Income in Advance	0	18,750
	<u>854,854</u>	<u>757,326</u>
9(a). SHORT-TERM BORROWINGS		
Bank Overdraft	<u>15,207</u>	<u>0</u>
	<u>15,207</u>	<u>0</u>
10. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>318,423</u>	<u>300,471</u>
	<u>318,423</u>	<u>300,471</u>
Non-Current		
Secured by Floating Charge Debentures	<u>6,208,229</u>	<u>6,526,652</u>
	<u>6,208,229</u>	<u>6,526,652</u>
Additional detail on borrowings is provided in Note 22.		
11. PROVISIONS		
Current		
Provision for Annual Leave	230,101	218,981
Provision for Long Service Leave	167,293	194,083
Other Provisions	0	10,727
Combined Library Leave Provisions	13,947	19,861
	<u>411,341</u>	<u>443,652</u>
Non-Current		
Provision for Long Service Leave	45,428	2,731
Combined Library Leave Provisions	6,892	23,152
	<u>52,320</u>	<u>25,883</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
12. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	21,149	21,832	20,547
Amount Set Aside / Transfer to Reserve	21,270	437	602
Amount Used / Transfer from Reserve	0	0	0
	<u>42,419</u>	<u>22,269</u>	<u>21,149</u>
(b) Area Improvement Reserve			
Opening Balance	70,424	65,813	340,835
Amount Set Aside / Transfer to Reserve	918	1,316	3,144
Amount Used / Transfer from Reserve	0	0	(273,555)
	<u>71,342</u>	<u>67,129</u>	<u>70,424</u>
(c) Civic Centre Improvements Reserve			
Opening Balance	54,031	38,124	405,937
Amount Set Aside / Transfer to Reserve	4,246	762	17,277
Amount Used / Transfer from Reserve	(38,886)	(38,886)	(369,183)
	<u>19,391</u>	<u>0</u>	<u>54,031</u>
(d) Waste Management Reserve			
Opening Balance	63,097	52,835	84,525
Amount Set Aside / Transfer to Reserve	2,964	1,057	1,372
Amount Used / Transfer from Reserve	0	0	(22,800)
	<u>66,061</u>	<u>53,892</u>	<u>63,097</u>
(e) Parking Reserve			
Opening Balance	105,656	108,630	157,106
Amount Set Aside / Transfer to Reserve	269,578	2,173	1,550
Amount Used / Transfer from Reserve	0	0	(53,000)
	<u>375,234</u>	<u>110,803</u>	<u>105,656</u>
(f) Environmental Improvement Reserve			
Opening Balance	0	0	283,519
Amount Set Aside / Transfer to Reserve	0	0	6,755
Amount Used / Transfer from Reserve	0	0	(290,274)
	<u>0</u>	<u>0</u>	<u>0</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

12. RESERVES - CASH BACKED (Cont'd)

	2011 \$	2011 Budget \$	2010 \$
(g) Library Reserve			
Opening Balance	0	0	179,011
Amount Set Aside / Transfer to Reserve	0	0	5,746
Amount Used / Transfer from Reserve	0	0	(184,757)
	<u>0</u>	<u>0</u>	<u>0</u>
(h) Property Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	81,102	60,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>81,102</u>	<u>60,000</u>	<u>0</u>
(i) Infrastructure Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	81,104	60,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>81,104</u>	<u>60,000</u>	<u>0</u>
(j) Unspent Grants/Funds Reserve			
Opening Balance	896,837	913,848	0
Amount Set Aside / Transfer to Reserve	17,011	0	896,837
Amount Used / Transfer from Reserve	(913,848)	(913,848)	0
	<u>0</u>	<u>0</u>	<u>896,837</u>
(k) Combined Library Reserve			
Opening Balance	51,376	0	39,385
Amount Set Aside / Transfer to Reserve	14,857	0	11,991
Amount Used / Transfer from Reserve	0	0	0
	<u>66,233</u>	<u>0</u>	<u>51,376</u>
TOTAL CASH BACKED RESERVES	<u><u>802,886</u></u>	<u><u>374,093</u></u>	<u><u>1,262,570</u></u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

12. RESERVES - CASH BACKED (Cont'd)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Leave Reserve

- to partially cash back the accumulated employee leave liability and to fund the payment of accumulated leave entitlements.

Area Improvement Reserve

- to fund the cost of improving facilities within the Municipality.

Civic Centre Improvements Reserve

- to fund the cost of improvement, renovations and extensions to the buildings that make up the Civic Centre.

Waste Management Reserve

- to fund the improvement, replacement, and expansion of waste management plant, equipment, facilities and services .

Parking Reserve

- the purpose of this reserve is, in accordance with the Council's Town Planning Scheme, to set aside funds from developers for the development of parking facilities.

Environmental Improvement Reserve

- to assist in funding the implementation of the National Water Initiative Project.

Library Reserve

- to assist in funding the cost of building a new combined library facility.

Property Reserve

- to contribute towards future property construction/renewal.

Infrastructure Reserve

- to contribute towards future infrastructure construction/renewal.

Unspent Grants/Funds Reserve

- to carry forward available funding for uncompleted projects and grants that will be utilised in ensuing financial years.

Combined Library Reserve

- to fund the operations of the combined library

It is anticipated that the reserves will be utilised as follows:-

Leave Reserve - as staff take leave.

Area Improvement - to fund ongoing improvement of facilities within the Town.

Civic Centre Improvements Reserve - to fund upgrades of the Civic Centre over the next five years.

Waste Management Reserve - ongoing improvement, replacement and expansion of plant, facilities and services.

Parking Reserve - to fund ongoing upgrades to parking facilities within the Town

Environmental Improvement Reserve - to assist in funding the implementation of the National Water Initiative Project which is now completed.

Library Reserve - to assist in funding the cost of building a new combined library over the next two years.

Property Reserve - to contribute to ongoing future property construction/renewal.

Infrastructure Reserve - to contribute towards ongoing future infrastructure construction/renewal.

Unspent Grants/Funds Reserve - to carry forward available funding for uncompleted projects and grants that will be utilised in ensuing financial years.

Combined Library Reserve - to fund ongoing library operations.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

13. RESERVES - ASSET REVALUATION

2011
\$

2010
\$

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:

(a) Land and Buildings

Opening balance	44,413	44,413
Revaluation Increment	0	0
Revaluation Decrement	0	0
	44,413	44,413

(b) Roads

Opening Balance	54,405	54,405
Revaluation Increment	0	0
Revaluation Decrement	0	0
	54,405	54,405

(c) Combined Library

Opening Balance	57,751	57,751
Revaluation Increment	0	0
Revaluation Decrement	(47,143)	0
	10,608	57,751

TOTAL ASSET REVALUATION RESERVES

	109,426	156,569
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TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	2,130,161	519,645	2,352,652
Bank Overdraft	<u>(15,207)</u>	<u>0</u>	<u>0</u>
Total	<u>2,114,954</u>	<u>519,645</u>	<u>2,352,652</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	1,518,505	(279,089)	941,127
Depreciation	1,778,756	1,655,375	1,592,555
(Profit)/Loss on Sale of Asset	(118,662)	(141,340)	(160,236)
(Increase)/Decrease in Receivables	63,450	(10,000)	137,281
(Increase)/Decrease in Inventories	10,694	5,000	0
Increase/(Decrease) in Payables	211,105	(47,000)	(57,904)
(Increase)/Decrease in Deferred Rates	35,628	(10,000)	(3,483)
Increase/(Decrease) in Employee Provisions	(5,874)	6,304	(36,792)
(Increase)/Decrease in Equity Accounted Joint Ventures	34,526	0	(133,271)
Grants/Contributions for the Development of Assets	<u>(1,470,450)</u>	<u>(98,667)</u>	<u>(606,193)</u>
Net Cash from Operating Activities	<u>2,057,678</u>	<u>1,080,583</u>	<u>1,673,084</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	250,000	250,000
Bank Overdraft at Balance Date	(15,207)	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	(9)	(827)
Total Amount of Credit Unused	<u>239,784</u>	<u>254,173</u>

Loan Facilities

Loan Facilities - Current	318,423	300,471
Loan Facilities - Non-Current	6,208,229	6,526,652
Total Facilities in Use at Balance Date	<u>6,526,652</u>	<u>6,827,123</u>

Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>
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**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

15. CONTINGENT LIABILITIES

The Town of Cottesloe has no contingent liabilities at balance date.

16. CAPITAL AND LEASING COMMITMENTS

	2011	2010
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	9,517	11,400
- later than one year but not later than five years	1,592	0
	<u>11,109</u>	<u>11,400</u>

(b) Other Operating Commitments

Waste collection contracts contracted for as at 30-06-11.

Payable:		
- not later than one year	644,357	729,750
- later than one but not later than five years	754,667	1,894,500
	<u>1,399,024</u>	<u>2,624,250</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

17. JOINT VENTURE

The Town, together with the Shire of Peppermint Grove and the Town of Mosman Park, have a joint venture arrangement with regard to the provision of Library Services in the area. The assets consist of property, furniture, equipment and a motor vehicle. Council's share of these assets, and its percentage share of annual contributions, are based upon the each Local Governments population as per the 2006 census. The Town of Cottesloe's share was 42.47% and its share of assets and liabilities are contained in balances elsewhere as follows:

	2011	2010
	\$	\$
CURRENT ASSETS		
Cash		
- Library Cash	0	9,789
- Library Restricted Reserves	66,233	51,376
- Unspent Loans	0	789,848
	66,233	851,013
NON CURRENT ASSETS		
Property, Plant & Equipment - Cost	6,442,827	4,853,375
Accumulated Depreciation	(329,763)	(170,926)
	6,113,064	4,682,449
TOTAL ASSETS	6,179,297	5,533,462
CURRENT LIABILITIES		
Long Term Borrowings	138,730	130,121
Provision for Annual Leave	13,947	19,861
	152,677	149,982
NON CURRENT LIABILITIES		
Long Term Borrowings	4,623,806	4,762,536
Provision for Long Service Leave	6,892	2,731
	4,630,698	4,765,267
TOTAL LIABILITIES	4,783,375	4,915,249
SHARE OF NET ASSETS OF JOINT VENTURE	1,395,922	618,213

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011	2010
	\$	\$
18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	441,290	505,155
General Purpose Funding	324,146	355,385
Law, Order, Public Safety	21,020	27,500
Health	17,433	0
Education and Welfare	420,803	396,403
Community Amenities	1,641,522	1,710,394
Recreation and Culture	12,655,930	11,971,135
Transport	14,691,350	13,634,882
Economic Services	14,245	21,082
Other Property and Services	114,374	50,016
Unallocated	1,470,123	1,828,006
	<u>31,812,236</u>	<u>30,499,958</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

19. FINANCIAL RATIOS	2011	2010	2009
Current Ratio	1.04	0.97	0.48
Untied Cash to Unpaid Trade Creditors Ratio	3.76	2.09	0.37
Debt Ratio	0.25	0.26	0.13
Debt Service Ratio	0.07	0.06	0.01
Gross Debt to Revenue Ratio	0.65	0.73	0.23
Gross Debt to Economically Realisable Assets Ratio	0.38	0.45	0.21
Rate Coverage Ratio	0.64	0.67	0.72
Outstanding Rates Ratio	0.01	0.01	0.01

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

20. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	Balance 1-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
BCITF Levy	0	126,314	(126,314)	0
BRB Levy	0	5,781	(5,781)	0
Infrastructure Deposits	399,550	121,985	(87,329)	434,206
Right of Ways	33,766	23,400	0	57,166
Miscellaneous	47,324	8,120	(12,071)	43,373
	<u>480,640</u>			<u>534,745</u>

21. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Vehicles	106,874	94,160	225,132	235,500	118,258	141,340
Furniture and Office Equipment	0	0	404	0	404	0
	<u>106,874</u>	<u>94,160</u>	<u>225,536</u>	<u>235,500</u>	<u>118,662</u>	<u>141,340</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-10 \$	New Loans \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation & Culture								
Cottesloe Tennis Club - Loan No 104*	104,069		20,888	20,889	83,181	83,181	5,566	6,098
Seaview Golf Club - Loan No 105*	355,723		17,470	17,470	338,253	338,252	21,828	22,522
Civic Centre Extension - Loan No 106	1,474,674		131,992	131,992	1,342,682	1,342,682	74,938	75,005
Joint Library - Loan No 107	4,892,657		130,121	130,122	4,762,536	4,762,535	317,020	293,214
Civic Centre Roof Replacement		0	0	0	0	500,000	0	0
Other Property And Services								
New Depot Facility		0	0	0	0	1,000,000	0	0
	6,827,123	0	300,471	300,473	6,526,652	8,026,650	419,352	396,839

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2010/11

The new debentures that were budgeted for during the 2010-2011 financial year did not take place.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

22. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debentures as at 30 June 2011.

(d) Overdraft

Council established an overdraft facility of \$250,000 in 2009 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2010 and 30 June 2011 was \$15,207.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

23. RATING INFORMATION - 2010/11 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	0.06645	3,353	102,361,520	6,801,923	78,985	5,758	6,886,666	6,793,731	0	0	6,793,731
Sub-Totals		3,353	102,361,520	6,801,923	78,985	5,758	6,886,666	6,793,731	0	0	6,793,731
Minimum Rates											
GRV	845	386	3,986,846	326,170	(1,472)	0	324,698	326,170	0	0	326,170
Sub-Totals		386	3,986,846	326,170	(1,472)	0	324,698	326,170	0	0	326,170
Ex-Gratia Rates							7,211,364				7,119,901
Specified Area Rate (refer note 24)							86,264				86,250
Discounts (refer note 26)							7,297,628				7,206,151
Totals							3,323				0
							7,300,951				7,206,151

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

24. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Recreation Centre							
- Rate	0.0131	GRV	6,610,268	86,264	86,250	86,264	26,250
				86,264	86,250	86,264	26,250

The specified area rate for the Town Centre Area Promotion is to fund area promotion of Cottesloe Town Centre.

The proceeds of the rate, along with monies held in reserve, are paid to PROCOTT Inc as per agreement made on 23-08-2005.

25. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

Council did not raise any service charges during the 2010-2011 financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	80%	3,323	0
Venue hire various as per policy	Waiver	100%	500	2,000
Rates Penalty Interest	Write-Off	N/A	938	400
Sundry Debtors	Write-Off	N/A	400	0
Waste Debtors	Write-Off	N/A	0	500

Council has resolved to give an eighty per cent discount of the annual rates to the Cottesloe Tennis Club.

A discount is offered to residents and affiliated groups hiring the Civic Centre facilities for multiple bookings.

Fees for the hire of the War Memorial Hall are waived for hirers listed in Council's Policy on Civic Centre Hall Hire.

It is Council's policy to send overdue sundry debtors for further recovery action. The debt recovery firm was unable to recover these debts and Council adopted to write them off.

27. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11%		17,021	9,700
Pensioner Deferred Rate Interest			9,390	8,000
Charges on Instalment Plan		50.00	45,933	40,000
			<u>72,344</u>	<u>57,700</u>

Ratepayers had the option of paying rates in four equal instalments, due on 2nd September 2010, 11th November 2010, 13th January 2011 and 24th March 2011. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2011 \$	2010 \$
General Purpose Funding	64,228	64,518
Law, Order, Public Safety	7,714	6,244
Health	64,450	40,599
Education and Welfare	23,859	19,559
Community Amenities	474,361	458,827
Recreation and Culture	212,033	202,388
Transport	645,150	695,802
Economic Services	241,926	254,714
	<u>1,733,721</u>	<u>1,742,651</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

29. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2011	2010
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	324,569	269,843
Non-Operating Grants, Subsidies and Contributions	1,425,530	440,913
	<u>1,750,099</u>	<u>710,756</u>
By Program:		
General Purpose Funding	256,166	238,401
Law, Order, Public Safety	17,215	0
Education and Welfare	39,000	0
Recreation and Culture	1,089,785	45,442
Transport	347,933	426,913
	<u>1,750,099</u>	<u>710,756</u>

30. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2011	2011	2010
	\$	Budget	\$
		\$	
Meeting Fees	88,059	60,000	36,500
President's Allowance	10,000	7,500	5,000
Deputy President's Allowance	1,250	1,250	0
Travelling Expenses	1,250	1,250	0
Telecommunications Allowance	25,779	18,000	9,868
Conference and Training	3,081	3,744	0
Other Member Costs	7,690	7,800	4,329
	<u>137,109</u>	<u>99,544</u>	<u>55,697</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2011	2010
	<u>40</u>	<u>38</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

32. MAJOR LAND TRANSACTIONS

Council did not undertake any major land transactions during 2010/11.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

34. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets				
Cash and cash equivalents	2,130,161	2,352,652	2,130,161	2,352,652
Receivables	822,347	959,784	822,347	959,784
Other Financial Assets	1,192,229	1,192,229	1,192,229	1,192,229
	<u>4,144,737</u>	<u>4,504,665</u>	<u>4,144,737</u>	<u>4,504,665</u>
Financial Liabilities				
Payables	854,854	757,326	854,854	757,326
Short Term Borrowings	15,207	0	15,207	0
Long Term Borrowings	6,526,652	6,827,123	6,278,048	6,531,651
	<u>7,396,713</u>	<u>7,584,449</u>	<u>7,148,109</u>	<u>7,288,977</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

34. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2011	2010
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	21,302	23,527
- Statement of Comprehensive Income	21,302	23,527

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2011	2010
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	93.24%	95.00%
- Overdue	6.76%	5.00%

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<u>2011</u>	<u>2010</u>		
	Due within 1 year \$	Due between 1 & 5 years \$		
	Due after 5 years \$	Total contractual cash flows \$		
	Carrying values \$			
Payables	854,854	0	854,854	854,854
Borrowings	720,496	2,840,429	6,942,723	6,526,652
	<u>1,575,350</u>	<u>2,840,429</u>	<u>6,942,723</u>	<u>7,381,506</u>
Payables	757,326	0	0	757,326
Borrowings	720,496	2,867,120	7,636,528	6,827,123
	<u>1,477,822</u>	<u>2,867,120</u>	<u>7,636,528</u>	<u>7,584,449</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings (Continued)**

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2011								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	0	83,371	0	0	6,442,881	6,526,252	6.23%
Weighted Average Effective Interest Rate	0.00%	0.00%	5.75%	0.00%	0.00%	6.23%		
Year Ended 30 June 2010								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	104,417	6,722,706	6,827,123	6.21%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	5.75%	6.22%		

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE TOWN OF COTTESLOE**

Report on the Financial Report

We have audited the accompanying financial report of the Town of Cottesloe, which comprises the statement of financial position as at 30 June 2011, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 about 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, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion

In our opinion, the financial report of the Town of Cottesloe is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Town's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Cont'd.../

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE TOWN OF COTTESLOE (Continued)**

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Town.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.


UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 17 October 2011
Perth, WA