

TOWN OF COTTESLOE



2011 / 2012

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.

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OUR ELECTED MEMBERS – JUNE 2012



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MAYOR'S REPORT

I am pleased to present the Annual Report for the Town of Cottesloe for 2011/12 and I highlight the following issues of interest from the work of your Council.

Elections

The local government election of October 2011 saw both a reduction in the overall number of elected members to nine as part our Ward Boundary review and the retirement of Councillors Jo Dawkins, Davina Goldthorpe, Dan Cunningham and Ian Woodhill as well as a change for Patricia Carmichael and Jay Birnbrauer. I take this opportunity to thank them for their commitment and service to the Town. As a consequence we have also seen the election of Councillors Katrina Downes, Sally Pyvis, Yvonne Hart and Peter Jeanes and I welcome them to the team at Cottesloe.

Local Government Reform

In the last 12 months Council has continued to consider the issue of amalgamation and the State Government's establishment of the Metropolitan Local Government Review Panel has foreshadowed significant changes for Perth.

Council has again reconsidered and endorsed its willingness to participate in an amalgamated Council with partners limited to the Towns of Claremont and Mosman Park and Shire of Peppermint Grove as part of its submission to the Panel. However the Town of Mosman Park and Shire of Peppermint Grove have continued to resist such opportunities. It is likely that in the next 12 months we will witness significant, and possibly forced, changes for Cottesloe which may include our Council being amalgamated with a number of its Western Suburbs neighbours.

Local Planning

As reported to you previously, Council has worked very closely with its community in preparing proposed Local Planning Scheme No. 3, including supporting the majority view in favour of lower-rise development which preserves the character and ambience of Cottesloe.

This has included assessing 1860 submissions on the Minister's modifications and in September 2011 lodging the Scheme for final approval; with alternative beachfront building heights given numerous submissions supported lower-rise. In

December Council made a legal submission, and then met with the Minister in February 2012 and Western Australian Planning Commission in March. The Minister in April 2012 dictated final modifications and Council, in May, instigated legal action specifically against those proposed developments in excess of 5 storeys and contrary to State Planning Policy No.2.6. – State Coastal Planning Policy.

Council is representing the best interests of the community for the long term, in order to achieve development outcomes that enhance rather than detract from the amenity of the beachfront and foreshore, and which in turn contribute positively to the desirability and value of real estate in the locality.

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.

Sustainability

Sustainability is a significant feature of the Town's operations. Social, environmental and economic sustainability form the basis of the 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 its four step process to become carbon neutral by 2015 and this has included the development of a Local Climate Change Adaptation Plan and Greenhouse Gas Reduction Plan.

Significant Projects and Events

The Town of Cottesloe has continued its tradition of acquiring a sculpture from the Sculpture by the Sea exhibition each year, and this year the Town confirmed it will be the new home of two of the sculptures. The Town has purchased Peter

MAYOR'S REPORT

Lundberg's work *wuyi*, a 7 metre sculpture made of cast concrete and steel located at the intersection of Marine Parade and Curtin Avenue. In addition, WA artist Tony Jones' *Lighthouse*, which stands at 6 metres high and is brightly painted steel has been gifted to the Town of Cottesloe for permanent public placement at the Eric Street shopping centre.

In the area of local community services the Town and LotteryWest have been aware for some time that a range of different organisations and community groups in Cottesloe were looking to develop or improve their current facilities. The opportunity for new or upgraded and more appropriate facilities is an exciting prospect for our community and Council will now be working closely with all groups. In summary, there will be a number of changes in Cottesloe over the next 18 months and consultations/planning to date will see the following changes;

- A new multi-purpose community facility will be constructed on the Eric Street scout site that will house the Scouts, Cottesloe Playgroup and some of North Cottesloe Surf Life Saving Club's activities.
- The Pre-primary class at Marmion Street will relocate to the North Cottesloe Primary School site within the southern section of the WANSLEA building, after it is refurbished.
- Cottesloe Child Care Centre will relocate to the Marmion Street site after it has also been refurbished and made compliant with State Government Childcare standards. This project will be undertaken in two stages with initial refurbishment works to the existing building completed as stage 1, and a new facility to replace the existing Toy Library will be completed as stage 2 and will cater for both the increased needs of the Child Care service and the Toy Library as well as other small scale community activities.
- The National Trust (NTWA) will commence refurbishment and restoration of the WANSLEA building (including the former Nurses quarters) from April 2012. Once the Playgroup and Child Care Centre are relocated, the second stage of the redevelopment (Army buildings) will be upgraded by the Education Department and become the North Cottesloe Primary School Early Childhood Centre.

This year Council has also considered a number of reports in relation to the existing depot site and its potential relocation to the Town of Mosman Park facility in a joint sharing arrangement. 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 has been successful in a grant from LotteryWest of \$200k for a disability access ramp at the beachfront and this will be installed during the next financial year.

Special Thanks

On behalf of the Town of Cottesloe I 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

2011/12 has been a busy year for the Town's administration and, in addition to the daily work of Council, a number of projects have been successfully completed, including the joint Geophysical study at the Foreshore in partnership with the Department of Transport, refurbishment works at TAPSS and, with the help of a significant LotteryWest grant, the restoration and re-tiling of the War Memorial Town Hall roof.

Strategic Planning

Local Government reform has been an ongoing issue and the uncertainties created by the Metropolitan Local Government Review process has added to the workload of the administration, with a number of reports to Council and submissions to the Panel. It is likely that the future of the Town may be determined by the State Government later in the year.

In addition we have continued to work with the Minister for Planning and Western Australian Planning Commission (WAPC) in relation to LPS3 and have now received the Minister's determination in relation to the Scheme. During the last 12 months a number of reports and workshops and reports have been required for Council. The Town is currently working through a number of errors and omissions in relation to the Ministers modifications as well as supporting the Council position to challenge some of the decisions that appear contrary to State Government policy. In addition the Town has also finalised its Foreshore Plan for the redevelopment of the public domain along the beachfront.

Council's Strategic Planning Committee met on three occasions during 2011/12 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 and a review of a number of Council policies and Local Laws including Dogs, Beaches and Beach Reserves and Standing Orders.

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. In addition, in October 2011 we successfully conducted our local government elections with a number of Councillors retiring and all new positions filled. As part of that process the overall number of elected members was reduced from eleven to nine.

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. We have continued to advance the relocation of our depot operations and are currently negotiating final details with the Town of Mosman Park.

Administration

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

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 managing the potential outcomes from the State Government's reform of local governments in metropolitan Perth, finalisation of the LPS3 process, progressing solutions for Council's depot operations and development of the existing site, redevelopment of the public domain in both the foreshore precinct and Town Centre, and a review of Council's Strategic Plan. One of those initial projects at the beachfront will be the construction of a new disability access ramp and we have been fortunate to receive support from LotteryWest to the value of \$200,000.

As your CEO, I would like to express my appreciation to the Mayor, Councillors and staff for their professionalism and support throughout 2011/12.

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 the Cottesloe community.

Carl Askew
Chief Executive Officer

ENGINEERING SERVICES REPORT

Roadworks

Under Councils 5 year road resurfacing program, sections of eleven streets (Griver St, Congdon St, Gordon St, Clarendon St, Seaview Terrace, Florence St, Reginald St Service Lane, Boreham St, Chamberlain St, Vera View And Right of Way No. 39) received asphalt resurfacing with new drainage pits and some replacement kerbing. Council also made a contribution to the upgrading and resurfacing of North St, which was joint funded with the City of Nedlands and Main Roads WA.

Playgrounds

A new shade sail was installed over the playground at the Civic Centre. Replacement play equipment was also installed at the Jasper Green playground. Extra soft fall rubber surfacing was installed at several playground sites.

Black Spots

No Black Spot sites were improved during this past financial year because no site was eligible to receive grant funding

Footpaths

Thirteen sections of concrete slab footpaths were replaced with in-situ concrete during 2011/12. This work included pedestrian access ramps designed for disability access at all path intersections with street kerbing. A new concrete path was installed on the east side of Curtin Avenue from the Victoria St rail crossing to opposite Marine Parade, jointly funded by the Towns of Cottesloe and Mosman Park.

Laneway Upgrading

Under Council's new long term program to seal and drain existing unsealed laneways, four laneways had improvement works completed: ROW 5 off North St, a section of ROW 15 between Grant St and Hawkstone St, a section of ROW 25 between Eric St and Clarendon St and ROW 77 off Sydney St.

Road Safety Installations

As part of an ongoing long term program to reduce speed and increase safety on Cottesloe streets, one project was completed. A pedestrian crossing and control island was installed in Napier Street at the Marine Parade intersection.

Community Improvement Works

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. Two sections of failed internal Civic Centre asphalt access roads were also resurfaced.

The tile roofed bus shelter at the Railway St/Station St intersection was found to be heavily affected with white ants and was therefore reconstructed to the same building style.

A poor quality safety and surround fence on a large section of the Cottesloe Depot site boundary was replaced with a quality timber security fence.

Geoff Trigg

Manager Engineering Services

CORPORATE & COMMUNITY SERVICES REPORT

Finance

The Statement of Comprehensive Income shows total comprehensive income of \$172,582 against a budgeted loss of \$386,956. The end of year result is mostly due to lower than budgeted operating expenditures across the Council services and a grant that was received in late June, that would normally be received in July.

The Town has been able to allocate significant surplus funds to reserves during the 2011/2012 financial year. Reserves allow Councils to minimise rate shocks from unanticipated costs in future years, and ensure that the Town's assets are appropriately maintained, without overburdening future ratepayers.

With increasing reserves and decreasing debt, the Town's financial position is improving consistently and incrementally. This is important in ensuring the future sustainability of the Town.

Governance and Administration

The Town has undertaken to significant local law reviews during the 2011/2012 financial year, being the Beaches and Beach Reserves Local Law and the Standing Orders Local Law, which were adopted at the May 2012 Ordinary Council Meeting.

Both of these local laws were subject to previous reviews and attempts at re-drafting. These attempts were abandoned for differing reasons.

While both local laws were extensively advertised for comment, no public comments were received for either local law, and were only given a low profile in local press.

Ranger Services

As well as providing ranger services to the Town, Rangers are have also been contracted by the Shire of Peppermint Grove This contract has been so successful, that a third 12 month agreement has been entered into for the 2012/13 financial year.

Infringement statistics have been listed below for the 2011/12 financial year. Infringement numbers are down on previous years for a number of reasons. Primarily, the patronage of the two hotels was much lower than previous years, which resulted in lower demand on parking during peak times. It's also felt that people are more aware of the electronic

detection tools in place and hence are more vigilant about making sure they comply with the posted time restrictions.

The rangers were proactive in educating dog owners about the responsible ownership of dogs and compliance with the local law and Dog Act 1976.

Parking Infringement Statistics

Total Parking Infringements	4401
Cautions Issued	6
Infringements Sent to F E R	1458
Reminder Notices Sent	2344
Final Demand	1146
F E R Warning Notice	858
Prosecutions	5

Dog Control Statistics

Dog Attacks	2
Dog Nuisances	21
Dogs Impounded	18
Cautions Issued	888
Infringements issued	5
Reminder Notices Sent	0
Final Demands Sent	0
Prosecutions	0

The Meter Eye parking management system under went a major overhaul and upgrade at no cost to the council and will be fully operational for the summer. Systems have also be put in place to ensure the Meter Eye system is regularly calibrated and any known problems reported.

Beach Patrols

Surf Life Saving Western Australia continues to provide contract lifeguard services at Cottesloe Beach. During the patrol hours overall beach attendance was down 33% on the previous year. This is reflected in lower parking statistics and other data such as rubbish collections and reported incidents of anti-social behaviour. While some of this decrease can be attributed to whether patterns, it also likely that some of this was due to the untimely loss of Mr Bryn Martin in October 2011.

The service attended 415 calls for first aid – which again was lower than the previous year by more than 30% and there were 6 rescues, up from 4 in the previous year.

CORPORATE & COMMUNITY SERVICES REPORT

Due to events in the summer of 2011/2012 and the winter months of 2012, significant resources will be concentrated on shark management activities for the foreseeable future. While these activities are largely the responsibility of the State Government, it is expected that the profile of these activities in the media, will have the effect of reducing numbers on the beach during the patrol times.

Library Services

The Town of Cottesloe jointly owns and manages the Grove Library and community learning centre in partnership with the Town of Mosman Park and the Shire of Peppermint Grove.

The new Grove Library has now been open to the public for two years. As at 30 June 2012, the library recorded 9,528 active members, an increase of 6% from the previous year. This included 3,450 Cottesloe residents, up from 3,193 in the previous year.

The library also recorded 201,285 physical visits (up 17% from the previous year) and there were 47,982 on-line visits to the library's website.

A total of 255,355 loans were made from the library in the 2011/2012 financial year, which represents an increase of 13%, with loans of children's books accounting for the biggest increase in loans overall.

Younger residents enjoyed a wide range of programs and events, such as Baby Rhyme Times and Toddler Story Times (increased to twice weekly to meet demand), school holiday programs, children's authors visits and craft sessions. Adults enjoyed book launches, internet training, writing workshops and live classical music concerts, which were well attended.

Overall there were 6,899 attendances at library events during the year.

The Grove Community Learning Centre enjoyed almost full occupancy, offering a meeting and activity space for the West Coast Community Centre (with a membership of 500), Men's and Women's Probus clubs, U3A and many other community groups. Regular activities include mah jong, film and book groups, various art and craft classes, cooking

classes and demonstrations, talks, outings, music and theatre events and physical activity classes.

The Grove also accommodates a Child Health Centre, providing baby and child health consultations five days a week. Child Health Nurses also offered a range of parenting programs in the Community Learning Centre, including open clinics, new parent groups and education sessions.

The Community History Library made local history more accessible via the internet by uploading its entire collection of historic photos to the National Library's Trove portal. This included 665 historic photos of Cottesloe. The Grove's "History in Your Pocket" application for smart phones and tablet devices was also launched, which included imagery and commentary that can be accessed from anywhere. The library continued to add to its collections through the acquisition of oral histories from residents and digital preservation of photos and other documents.

The annual Literature Prize: Now and Then was again well supported with 139 entries. The majority of entries were from local residents and youth from local schools, and the judges said they showed a remarkable range of creative talent. The partnership with the National Trust WA continues to be strengthened through judging and prize sponsorship.

The Grove precinct, which incorporates the Library, Community Learning Centre and the administration offices of the Shire of Peppermint Grove, was the winner of the Energy Smart Category in the 2012 National Awards for Local Government, in recognition of the building's outstanding energy efficient design and operation, capping off a very successful year in Library Services.

Mat Humfrey
Manager Corporate & Community Services

DEVELOPMENT SERVICES REPORT

During 2011/12 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 215 development 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). The total number was a reduction from the previous year. The volume which went to Council was limited by staff facilitating proposals suitable for delegated determination.

Important non-residential developments in the district have included renovation of the Eric Street Shopping Centre, redevelopment of the Cottesloe Beach Hotel beer garden and extension of the North Cottesloe Surf Life Saving Club.

Subdivisions

Some eight 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 has been only one this year.

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. Amendment 44 for land south of Jarrad Street was the only amendment matter and was finalised in February 2012.

Proposed Local Planning Scheme No. 3

Council first lodged the Scheme for final approval in June 2009 and it wasn't until December 2010 that the Minister for Planning required numerous proposed modifications to be advertised, which Council undertook in April-May 2011. Subsequently Council carefully considered some 1860 submissions and resubmitted the Scheme for final approval in September 2011, including Council's preferred outcome for the beachfront. Council has since met with the Minister and with the Western Australian Planning Commission to present its conclusions. In response the Minister in April 2012 issued further required modifications which remain contrary to Council's preferences and planning rationale. As a result Council decided to commence legal action against the basis of the Minister's decision, which is being pursued.

Once in place the Scheme will guide the strategic direction and statutory regulation of land use and development in the district for the next 5-10 year period. In the meantime the Council is giving consideration to the heritage list and planning policy requirements for the operation of the new Scheme.

DEVELOPMENT SERVICES REPORT

Planning Projects

Planning projects involving working groups and consultants to examine certain matters have continued this year. In the Town Centre this has included the Station Street sites under examination, crime prevention considerations and an outline parking strategy, plus in September 2011 Council adoption of the Town Centre Public Domain Infrastructure Improvement Plan.

Significantly also, in December Council adopted the Cottesloe Foreshore Redevelopment Plan with a view to the next phase of implementation strategies and consultations, and a rationalisation of coastal signage is being undertaken. In addition, planning towards intended relocations and improved premises for various community groups at a number of institutional sites has been progressed. A prospective replacement depot site has also been pursued.

Regional Planning

Development Services has also participated in a number of ongoing regional planning activities which have a bearing on Cottesloe, including: the Stirling Highway Activity Corridor Study and related proposed Metropolitan Region Scheme Amendment; the new Development Assessments Panels process and Metropolitan Redevelopment Authority; and the reviews of Residential Design Codes and the State Coastal Planning Policy 2.6.

Andrew Jackson

Manager Development Services

SUSTAINABILITY REPORT

Sustainability forms a significant feature of the Town of Cottesloe operations and continues to promote the benefits of incorporating sustainable attitudes and practices into our busy lives. Recent focus on climate change and the carbon tax puts mitigating its impacts at the top of the list of sustainability projects this year. There were also a number of new initiatives that aimed to reduce the Town's footprint on the environment and demonstrate commitment to sustainability. During the year the Town switched to electronic payslips for employees, reducing paper usage. Two bicycles were rebranded to create a bicycle fleet for use by employees around the town, with the aim of reducing car use and work related emissions. A number of community events were held again this year including the annual Native Plant Subsidy Scheme and a Clean-up Australia Day event at Grant Marine Park. Other activities and achievements include:

Waterwise Council

In 2011 the Town was recognised as a Waterwise Council, acknowledging our achievements in water management. The Town was presented with a certificate by the Department of Water and Water Corporation in recognition of ongoing efforts such as the aquifer recharge project, demonstration gardens, the four-year 'Think Water' education campaign and corporate water savings measures. This is a big achievement for the Town and demonstrates a commitment to ongoing water management.

Tackling Climate Change

During 2011/12, the Town embarked on two significant steps in regard to responding to climate change, the development of a climate change policy and the production of a *Local Climate Change Adaptation Plan*. These documents set out the Town's position of human enhanced climate change and provide direction in adaptation to the worst impacts of climate change.

Carbon Neutral Cottesloe

In order to proactively reduce our contribution to climate change, Council resolved to follow a four stage process to reach Carbon Neutrality by 2015. Step 1 was completed in 2010 with the development of a baseline inventory of Council emissions. A second inventory was completed in 2011, demonstrating a reduction in Council emissions of

84 tonnes of Carbon Dioxide Equivalent. This is a great first step for the Town in tackling its emission footprint. In June 2012, the Town completed Step 2 – the development of a plan to reduce emissions. Over the coming financial year actions will be implemented to achieve emission-reduction targets. Gaining a carbon neutral status will distinguish the Town of Cottesloe as a leader in reducing energy use, increasing energy efficiency and demonstrate commitment toward climate change and sustainability.

Cottesloe Cat Shuttle Bus

The ever-popular Cott Cat shuttle bus, operating from December to March, again proved to be attractive to tourists and visitors. The bus service is designed to encourage visitors to leave the car at home and catch the bus from Cottesloe Train station to Cottesloe Beach. It is also a great benefit to the community, making the beach accessible to all.

Sustainable September at the Grove

During September Cottesloe, along with Mosman Park and Peppermint Grove, held the second Sustainable September program. Events included information sessions on energy savings, whole food cooking and solar panels to name a few. There was lots of positive feedback that indicated Sustainable September 2011 was again a success, raising awareness and knowledge of sustainability within the community.

Cottesloe Sustainability Calendar

The 2012 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. As usual it was popular with residents and a great showcase of student creativity and sustainability.

Native Plant Subsidy Scheme

The very popular annual native plant sale operated for a month from 30 April to 27 May 2012, 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.

Nikki Pursell
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 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. An enforcement policy is in place to deal with businesses that do not comply with the requirements. The Town successfully prosecuted a food business this year for some serious breaches of the Food Standards Code.

In all, 250 food-related activities were conducted this year for a total of 62 food businesses registered as low to high risk.

The Town has been supportive of Health Department-run sampling programs by participating regularly in coordinated sampling programs and also taking samples of food suspected to be unsafe. Most samples taken have complied with the requirements. For any non-complying samples follow-up was conducted until compliance was achieved.

Alcohol Policy

The Health team continues to liaise with the licensed premises community to reduce the 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.

The committee also convened for special meetings to manage New Year's Eve. There were no major incidents to report.

Noise

Environmental Health Officers are authorised under the Environmental Protection Act 1986 to monitor and unreasonable noise with the community.

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 to the satisfaction of the complainant.

Public Buildings

Routine risk assessments of public buildings are conducted by Environmental Health Officers to ensure public safety at public venues. 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.

The high-risk public buildings have all been inspected this year.

Lodging Houses

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

There has been one complaint about bed bugs which was investigated and found to be unsubstantiated.

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 operators and Environmental Health Officers collect monthly water samples for microbiological testing. All pools returned satisfactory results throughout the year. In addition to water sampling officers are required to inspect the pool, equipment and surrounds during the monthly water-sampling activity.

Public Toilets

The Environmental Health team has been monitoring the public toilets located at Indiana and Barchetta. Due to the age of the Indiana building, existing systemic plumbing issues and the lease arrangement there were a few problems during the summer months when activity was high.

ENVIRONMENTAL HEALTH REPORT

Customer Requests

Environmental Health Officers receive a number of service requests relating to non-compliance with the Local Laws or State 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. The total of 218 of these customer related activities were conducted over the year.

Recycling and Waste Management

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

Approximately 5.7 tonnes of e-waste was diverted from landfill and recycled this year. This is almost 100% more than last 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 is a member council of the Western Metropolitan Regional Council (WMRC). The WMRC operates a transfer station located at the corner of Brockway Road and Lemnos Street, Shenton Park. The transfer station is now a permanent receiver of Household Hazardous Waste (HHW) such as paints, thinners, mercury, etc.

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. 2,677 tonnes of household waste was collected this year. Recyclables collected in the yellow-top bins amounted to 1,255 tonnes. Recyclables are processed at the Cleanaway facility.

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 a comprehensive Environmental Health Service to the Shire of Peppermint Grove.

The Shire has 20 food premises registered and there are five 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 49 food-related activities and 5 public building-related activities were conducted over the year. Water quality sampling of the swimming pool at the Presbyterian Ladies College was conducted every month of the year.

The Town also managed nuisance and noise complaints for the Shire. The total of these customer request activities for the year is 25.

The Town's staff continue to maintain good working relationship with the Shire staff and the Town intends to continue providing this service in 2012/13.

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

The Town has seen a decrease in the number of Building and Demolition licence applications for new dwellings, however, this has been offset by an increase in applications for alterations and additions. For major residential developments, such as the heritage conservation and extension of *Le Fanu*, ongoing liaison to assist implementation of the building licence is an important task.

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). All pools are scheduled for inspection towards the end of 2013, but it is recommended that pool safety barriers remain 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. Builders and owners have been 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.

New Projects

In addition to a significant number of dwellings approved there are a number of commercial projects on-stream. In the Town Centre work is underway on the mixed-use commercial/residential development south of Jarrad Street. Other projects due to commence are expanding facilities at the North Cottesloe Surf Life Saving Club and revamping the beer garden at the rear of the Cottesloe Beach Hotel.

New Legislation

The Building Act 2011 and Building Regulations 2012 were introduced on 2 April 2012, providing owners with the choice of using a private building certifier or continue with the service provided by the Town.

The Building team is well-equipped to deal with all aspects of building permits applications, including assessment, issue of certificates of design compliance, issue of building and demolition permits and subsequent compliance issues.

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 2011/12 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 2011/12 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. A new plan, replacing the existing plan was adopted in July 2012, for the period 2012 to 2017.

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.
- The Town applied for grant assistance from LotteryWest to construct a universal access path at Cottesloe Beach, at a cost of \$300,000. This grant was approved with works due to begin in the 2012/2013 financial year.

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:- 2
- \$110,000 to \$119,999:- 1
- \$130,000 to \$139,999:- 1

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 2011/12

- 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 2011/12

- 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 2011/12

- 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 2011/12

- 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 2011/12

- 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.

Strategic Initiatives for 2011/12.

- Further improve the community consultation policy in recognition of the need for greater community engagement when change is needed.

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

PLAN FOR THE FUTURE

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.
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:

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

TOWN OF COTTESLOE



2011 - 2012

ANNUAL FINANCIAL STATEMENTS

TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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TOWN OF COTTESLOE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012 are in my opinion properly drawn up to present fairly the financial position of the Town of Cottesloe at 30th June 2012 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 2ND day of OCTOBER 2012


Carl Askew
Chief Executive Officer

TOWN OF COTTESLOE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	23	7,725,957	7,663,035	7,300,951
Operating Grants, Subsidies and Contributions	29	354,923	225,071	324,569
Fees and Charges	28	1,476,452	1,656,958	1,733,721
Interest Earnings	2(a)	228,624	143,709	202,254
Other Revenue		<u>403,372</u>	<u>279,024</u>	<u>319,918</u>
		10,189,328	9,967,797	9,881,413
Expenses				
Employee Costs		(3,261,633)	(3,238,138)	(3,018,449)
Materials and Contracts		(3,541,393)	(3,868,895)	(3,577,556)
Utility Charges		(188,022)	(153,475)	(203,138)
Depreciation on Non-Current Assets	2(a)	(1,843,364)	(1,794,316)	(1,778,756)
Interest Expenses	2(a)	(401,950)	(400,147)	(419,407)
Insurance Expenses		(152,483)	(143,590)	(124,716)
Other Expenditure		<u>(781,632)</u>	<u>(842,859)</u>	<u>(785,078)</u>
		<u>(10,170,477)</u>	<u>(10,441,420)</u>	<u>(9,907,100)</u>
		18,851	(473,623)	(25,687)
Non-Operating Grants, Subsidies and Contributions	29	85,328	86,667	1,425,530
Profit on Asset Disposals	21	83,641	0	126,029
Loss on Asset Disposal	21	<u>(4,630)</u>	<u>0</u>	<u>(7,367)</u>
Net Result		183,190	(386,956)	1,518,505
Other Comprehensive Income				
Share of Other Comprehensive Income/ (Loss) of Joint Ventures		<u>(10,608)</u>	<u>0</u>	<u>(47,143)</u>
Total Other Comprehensive Income		(10,608)	0	(47,143)
Total Comprehensive Income		<u>172,582</u>	<u>(386,956)</u>	<u>1,471,362</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 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Governance		42,879	69,300	63,160
General Purpose Funding		8,367,869	8,049,565	7,830,089
Law, Order, Public Safety		16,810	15,900	19,635
Health		73,927	71,350	72,930
Education and Welfare		37,439	34,449	36,723
Community Amenities		490,957	496,185	482,224
Recreation and Culture		420,949	350,148	439,306
Transport		575,356	649,700	690,989
Economic Services		162,609	229,000	243,445
Other Property and Services		533	2,200	10,280
	2(a)	<u>10,189,328</u>	<u>9,967,797</u>	<u>9,888,781</u>
Expenses				
Governance		(611,526)	(624,690)	(545,033)
General Purpose Funding		(190,620)	(253,646)	(182,534)
Law, Order, Public Safety		(235,325)	(242,894)	(214,399)
Health		(177,235)	(202,488)	(190,761)
Education and Welfare		(192,027)	(180,709)	(203,793)
Community Amenities		(2,693,612)	(2,826,319)	(2,577,388)
Recreation and Culture		(2,727,006)	(2,771,849)	(2,594,114)
Transport		(2,598,441)	(2,615,588)	(2,654,496)
Economic Services		(310,092)	(323,090)	(327,125)
Other Property and Services		(32,643)	0	(5,418)
	2(a)	<u>(9,768,527)</u>	<u>(10,041,273)</u>	<u>(9,495,061)</u>
Finance Costs				
Governance		(842)	(100)	(56)
Recreation & Culture		(401,108)	(400,047)	(419,351)
	2(a)	<u>(401,950)</u>	<u>(400,147)</u>	<u>(419,407)</u>
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		0	0	17,215
Education and Welfare		0	0	39,000
Recreation & Culture		61,237	28,000	1,027,612
Transport		24,091	58,667	341,703
		<u>85,328</u>	<u>86,667</u>	<u>1,425,530</u>
Profit/(Loss) on Disposal of Assets				
Governance		8,912	0	15,229
Community Amenities		3,670	0	13,117
Recreation & Culture		3	0	15,218
Transport		62,495	0	55,032
Economic Services		3,931	0	0
Other Property and Services		0	0	20,066
		<u>79,011</u>	<u>0</u>	<u>118,662</u>
Net Result		<u>183,190</u>	<u>(386,956)</u>	<u>1,518,505</u>
Total Other Comprehensive Income		<u>(10,608)</u>	<u>0</u>	<u>(47,143)</u>
Total Comprehensive Income		<u><u>172,582</u></u>	<u><u>(386,956)</u></u>	<u><u>1,471,362</u></u>

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

**TOWN OF COTTESLOE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,485,595	2,130,161
Trade and Other Receivables	4	302,129	240,501
Inventories	5	46,125	46,404
TOTAL CURRENT ASSETS		<u>2,833,849</u>	<u>2,417,066</u>
NON-CURRENT ASSETS			
Other Receivables	4	543,031	581,846
Other Financial Assets	6	1,186,212	1,157,703
Property, Plant and Equipment	7	13,176,763	13,204,732
Infrastructure	8	14,053,140	14,416,363
TOTAL NON-CURRENT ASSETS		<u>28,959,146</u>	<u>29,360,644</u>
TOTAL ASSETS		<u>31,792,995</u>	<u>31,777,710</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	945,182	854,854
Short Term Borrowings	9a	13,992	15,207
Long Term Borrowings	10	337,457	318,423
Provisions	11	482,354	411,341
TOTAL CURRENT LIABILITIES		<u>1,778,985</u>	<u>1,599,825</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	5,870,772	6,208,229
Provisions	11	53,320	52,320
TOTAL NON-CURRENT LIABILITIES		<u>5,924,092</u>	<u>6,260,549</u>
TOTAL LIABILITIES		<u>7,703,077</u>	<u>7,860,374</u>
NET ASSETS		<u>24,089,918</u>	<u>23,917,336</u>
EQUITY			
Retained Surplus		23,028,659	23,103,842
Reserves - Cash Backed	12	1,061,259	802,886
Reserves - Asset Revaluation	13	0	10,608
TOTAL EQUITY		<u>24,089,918</u>	<u>23,917,336</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 2012**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010	21,026,835	1,262,570	156,569	22,445,974
Correction of Errors	98,818	0	(98,818)	0
	<hr/>	<hr/>	<hr/>	<hr/>
Restated Balance	21,125,653	1,262,570	57,751	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
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2011	23,103,842	802,886	10,608	23,917,336
Net Result	183,190	0	0	183,190
Total Other Comprehensive Income	0	0	(10,608)	(10,608)
Reserve Transfers	(258,373)	258,373	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2012	<u>23,028,659</u>	<u>1,061,259</u>	<u>0</u>	<u>24,089,918</u>

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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		7,665,851	7,668,035	7,339,017
Operating Grants, Subsidies and Contributions		349,206	207,171	355,584
Fees and Charges		1,467,180	1,659,958	1,734,310
Interest Earnings		234,609	135,955	201,149
Goods and Services Tax		575,659	500,000	689,622
Other Revenue		321,747	280,000	340,890
		<u>10,614,252</u>	<u>10,451,119</u>	<u>10,660,572</u>
Payments				
Employee Costs		(3,224,866)	(3,271,000)	(2,917,553)
Materials and Contracts		(3,426,242)	(4,010,000)	(3,460,847)
Utility Charges		(188,022)	(128,000)	(211,518)
Insurance Expenses		(152,483)	(125,000)	(124,716)
Interest expenses		(406,878)	(400,147)	(424,042)
Goods and Services Tax		(532,223)	(540,000)	(733,058)
Other Expenditure		(761,084)	(715,000)	(731,160)
		<u>(8,691,798)</u>	<u>(9,189,147)</u>	<u>(8,602,894)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>1,922,454</u>	<u>1,261,972</u>	<u>2,057,678</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(653,400)	(757,000)	(2,989,020)
Payments for Construction of Infrastructure		(849,303)	(775,000)	(740,229)
Non-Operating Grants, Subsidies and Contributions		100,408	104,567	1,470,450
Proceeds from Sale of Plant & Equipment		131,019	133,900	225,536
Movement in Reserve Cash Balance on Joint Venture		(16,786)	0	0
		<u>(1,288,062)</u>	<u>(1,293,533)</u>	<u>(2,033,263)</u>
Net Cash Provided By (Used In) Investing Activities		<u>(1,288,062)</u>	<u>(1,293,533)</u>	<u>(2,033,263)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(318,423)	(318,425)	(300,471)
Proceeds from Self Supporting Loans		40,680	40,681	38,358
		<u>40,680</u>	<u>40,681</u>	<u>38,358</u>
Net Cash Provided By (Used In) Financing Activities		<u>(277,743)</u>	<u>(277,744)</u>	<u>(262,113)</u>
Net Increase (Decrease) in Cash Held		356,649	(309,305)	(237,698)
Cash at Beginning of Year		2,114,954	1,452,177	2,352,652
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>2,471,603</u></u>	<u><u>1,142,872</u></u>	<u><u>2,114,954</u></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 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
Revenue				
Governance		51,791	69,300	78,389
General Purpose Funding		641,912	386,530	529,138
Law, Order, Public Safety		16,810	15,900	36,850
Health		73,927	71,350	72,930
Education and Welfare		37,439	34,449	75,723
Community Amenities		497,879	496,185	495,341
Recreation and Culture		482,189	378,148	1,482,136
Transport		663,320	708,367	1,087,724
Economic Services		166,540	229,000	243,445
Other Property and Services		533	2,200	30,345
		<u>2,632,340</u>	<u>2,391,429</u>	<u>4,132,021</u>
Expenses				
Governance		(612,368)	(624,790)	(545,088)
General Purpose Funding		(190,620)	(253,646)	(182,534)
Law, Order, Public Safety		(235,325)	(242,894)	(214,399)
Health		(177,235)	(202,488)	(190,761)
Education and Welfare		(192,027)	(180,709)	(203,793)
Community Amenities		(2,696,864)	(2,826,319)	(2,577,388)
Recreation and Culture		(3,128,114)	(3,171,896)	(3,013,465)
Transport		(2,599,819)	(2,615,588)	(2,654,496)
Economic Services		(310,092)	(323,090)	(327,125)
Other Property and Services		(32,643)	0	(5,418)
		<u>(10,175,107)</u>	<u>(10,441,420)</u>	<u>(9,914,467)</u>
Net Result Excluding Rates		(7,542,767)	(8,049,991)	(5,782,446)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	(79,011)	0	(118,662)
Movement in Equity Accounted Joint Ventures		(24,749)	0	34,526
Movement in Deferred Pensioner Rates (Non-Current)		(4,328)	0	35,628
Movement in Employee Benefit Provisions (Non-Current)		56,168	0	0
Depreciation and Amortisation on Assets	2(a)	1,843,364	1,794,316	1,778,756
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings		(265,083)	(306,000)	(2,285,721)
Purchase Infrastructure Assets		(849,303)	(780,859)	(740,229)
Purchase Plant and Equipment		(291,031)	(321,400)	(509,975)
Purchase Furniture and Equipment		(97,286)	(134,243)	(79,747)
Purchase of Investments		0	0	0
Proceeds from Disposal of Investments		0	0	0
Proceeds from Disposal of Assets	21	131,019	133,900	225,536
Repayment of Debentures	22(a)	(318,423)	(318,425)	(300,471)
Proceeds from New Debentures	22	0	0	0
Self-Supporting Loan Principal Income		40,680	40,681	38,358
Transfers to Reserves (Restricted Assets)	12	(530,822)	(102,837)	(478,196)
Transfers from Reserves (Restricted Assets)	12	272,449	100,485	952,735
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	703,439	281,338	663,970
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	770,273	0	735,013
Amount Required to be Raised from Rates	22(a)	<u>(7,725,957)</u>	<u>(7,663,035)</u>	<u>(7,300,951)</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 2012

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.

Except for cash flow and rate setting information, 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, loans and 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

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. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 in the statement of financial position.

(e) Trade and Other Receivables

Collectability 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.

(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 overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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 recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

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.

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 (excluding freehold land) 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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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
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.

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 items of property, plant and equipment under \$1,000 is not capitalised. The threshold is \$5,000 for infrastructure construction.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 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 where they are expected to mature within 12 months after the end of the reporting period.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current.

(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 profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(j) 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.

(k) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(l) 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.

(m) 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; 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.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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 venture is set out in Notes 6 & 17.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(p) 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 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(r) 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.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

(u) 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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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 2012.

Council's assessment of these new and amended 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 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.
(iii) 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).

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) 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.
(v) 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, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	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).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) 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	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 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127,128 & 131]	July 2011	01 July 2013	
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	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 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 124
- AASB 1054
- AASB 2009 - 12
- AASB 2009 - 14
- AASB 2010 - 4
- AASB 2010 - 5
- AASB 2010 - 6
- AASB 2010 - 9
- AASB 2011 - 1

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 2012

2. REVENUE AND EXPENSES	2012	2011
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	17,500	16,750
- Other Services	7,718	7,456
Depreciation		
Buildings	317,935	259,193
Furniture and Equipment	105,258	118,211
Plant and Equipment	210,897	213,717
Roads	685,596	671,343
Footpaths	179,706	177,423
Drainage	103,695	103,640
Parks and Ovals	59,949	72,448
Streetscapes	25,466	25,072
Rights of Way	2,655	2,209
Irrigation	70,532	66,178
Miscellaneous	81,675	69,322
	<u>1,843,364</u>	<u>1,778,756</u>
Interest Expenses (Finance Costs)		
Other Interest Charges	842	55
Debentures (<i>refer Note 22(a)</i>)	401,108	419,352
	<u>401,950</u>	<u>419,407</u>
Rental Charges		
- Operating Leases	10,363	9,344
	<u>10,363</u>	<u>9,344</u>
(ii) Crediting as Revenue:		
	2012	2012
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	46,994	32,437
- Other Funds	152,186	88,772
Other Interest Revenue (<i>refer note 27</i>)	29,444	26,411
	<u>228,624</u>	<u>143,709</u>
	<u>228,624</u>	<u>202,254</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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 Untied 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 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening			Closing			Closing
Grant/Contribution	Function/ Activity	Balance (*) 1-Jul-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Balance (*) 30-Jun-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Balance 30-Jun-12 \$
Cottesloe Beach Erosion	Recreation & Culture	12,273	0	(11,419)	854	0	(854)	0
Muderup Rocks Restoration	Recreation & Culture	2,486	0	0	2,486	0	(2,486)	0
North Metro Foreshore Weed Eradication Project	Recreation & Culture	0	20,250	(7,159)	13,091	8,381	(18,740)	2,732
Financial Assistance Grant Funding	General Purpose Funding	64,685	256,166	(253,451)	67,400	335,391	(260,739)	142,052
Federal Stimulus Package (Round 2 - Playgrounds)	Recreation & Culture	39,000	0	(38,928)	72	0	0	72
Surveillance Equipment Federal Stimulus Package (Round 3 - Disability)	Other Law, Order & Public Safety	25,000	0	(25,000)	0	0	0	0
	Aged & Welfare	0	39,000	(25,207)	13,793	0	(10,987)	2,806
Total		143,444	315,416	(361,164)	97,696	343,772	(293,806)	147,662

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.

The balance of \$142,052 was held in the Unspent Grants Reserve as at 30th June 2012, and the balance of unspent grants of \$5,610 was held in Council's Municipal Account.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,418,726	1,229,579
Restricted	1,066,869	900,582
	<u>2,485,595</u>	<u>2,130,161</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Area Improvement Reserve	857	71,342
Civic Centre Improvements Reserve	20,770	19,391
Waste Management Reserve	70,064	66,061
Leave Reserve	137,620	42,419
Parking Reserve	398,165	375,234
Property Reserve	85,743	81,102
Infrastructure Reserve	122,866	81,104
Unspent Grants/Funds Reserve	142,052	0
Legal Reserve	33,675	0
Sub Total	<u>1,011,812</u>	<u>736,653</u>
Combined Library	49,447	66,233
Sub Total	<u>1,061,259</u>	<u>802,886</u>
Unspent Grants Other	5,610	97,696
	<u>1,066,869</u>	<u>900,582</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	107,140	51,362
Sundry Debtors	91,173	97,249
Other Tax Debtors	0	217
Accrued Income	60,673	7,557
GST Receivable	0	43,436
Loans - Clubs/Institutions	43,143	40,680
	<u>302,129</u>	<u>240,501</u>
Non-Current		
Rates Outstanding - Pensioners	205,420	201,092
Loans - Clubs/Institutions	337,611	380,754
	<u>543,031</u>	<u>581,846</u>
5. INVENTORIES		
Current		
Centenary Books	46,125	46,404
	<u>46,125</u>	<u>46,404</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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:

	2012	2011
	\$	\$
(a) Retained Surplus attributable to interest in joint venture:		
Balance at the beginning of the financial year	416,908	545,356
Adjustment from prior year audited Financial Statements	0	(2,471)
Net Transfers (to)/from reserves	117,058	(91,451)
Share of joint venture's profit/(loss) from ordinary activities after tax	<u>28,509</u>	<u>(34,526)</u>
Balance at the end of the financial year:	<u>562,475</u>	<u>416,908</u>
 (b) Carrying amount of investment in joint venture:		
Balance at the beginning of the financial year	1,157,703	1,192,229
Share of profit/(loss) from ordinary activities	<u>28,509</u>	<u>(34,526)</u>
Balance at the end of the financial year:	<u><u>1,186,212</u></u>	<u><u>1,157,703</u></u>

At the time of the completion of the Town of Cottesloe's 2011-2012 audit, final audited figures for the year ended 30-06-12 were not available from WMRC, therefore draft figures for 2011/12 supplied by WMRC have been used.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2011 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	15,523,214	15,258,131
Less Accumulated Depreciation	<u>(3,440,536)</u>	<u>(3,122,601)</u>
	12,082,678	12,135,530
Furniture and Equipment - Cost	1,099,749	1,002,462
Less Accumulated Depreciation	<u>(699,205)</u>	<u>(593,946)</u>
	400,544	408,516
Plant and Equipment - Cost	1,223,408	1,207,620
Less Accumulated Depreciation	<u>(544,691)</u>	<u>(560,281)</u>
	678,717	647,339
Combined Library - Cost	61,870	67,312
Less Accumulated Depreciation	<u>(47,046)</u>	<u>(53,965)</u>
	14,824	13,347
	<u><u>13,176,763</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 2012**

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.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Combined Library \$	Total \$
Balance as at the beginning of the year	12,135,530	408,516	647,339	13,347	13,204,732
Additions	265,083	97,286	291,031	0	653,400
(Disposals)	0	0	(48,756)	0	(48,756)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation (Expense)	(317,935)	(105,258)	(210,897)	0	(634,090)
Other Movements	0	0	0	1,477	1,477
Carrying amount at the end of the year	<u>12,082,678</u>	<u>400,544</u>	<u>678,717</u>	<u>14,824</u>	<u>13,176,763</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
8. INFRASTRUCTURE		
Roads - Cost	17,437,999	17,118,919
Less Accumulated Depreciation	<u>(10,345,544)</u>	<u>(9,659,948)</u>
	7,092,455	7,458,971
Footpaths - Cost	5,024,780	4,862,103
Less Accumulated Depreciation	<u>(3,299,289)</u>	<u>(3,119,583)</u>
	1,725,491	1,742,520
Drainage - Cost	5,198,429	5,184,720
Less Accumulated Depreciation	<u>(1,647,427)</u>	<u>(1,543,733)</u>
	3,551,002	3,640,987
Parks & Ovals - Cost	671,195	623,193
Less Accumulated Depreciation	<u>(488,444)</u>	<u>(428,495)</u>
	182,751	194,698
Street Furniture - Cost	466,760	468,144
Less Accumulated Depreciation	<u>(232,472)</u>	<u>(213,126)</u>
	234,288	255,018
Right of Ways - Cost	1,446,679	1,336,211
Less Accumulated Depreciation	<u>(1,291,945)</u>	<u>(1,289,289)</u>
	154,734	46,922
Irrigation - Cost	1,228,246	1,224,931
Less Accumulated Depreciation	<u>(877,686)</u>	<u>(807,153)</u>
	350,560	417,778
Miscellaneous - at Cost	1,034,268	850,203
Less Accumulated Depreciation	<u>(272,409)</u>	<u>(190,734)</u>
	761,859	659,469
	<u>14,053,140</u>	<u>14,416,363</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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	7,458,971	1,742,520	3,640,987	194,698	255,018	46,922	417,778	659,469	14,416,363
Additions	319,080	162,677	13,710	48,002	7,988	110,467	3,314	184,065	849,303
(Disposals)	0	0	0	0	(3,252)	0	0	0	(3,252)
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)	(685,596)	(179,706)	(103,695)	(59,949)	(25,466)	(2,655)	(70,532)	(81,675)	(1,209,274)
									0
Carrying amount at the end of year	7,092,455	1,725,491	3,551,002	182,751	234,288	154,734	350,560	761,859	14,053,140

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	216,074	265,891
Accrued Expenses	483,711	319,020
Accrued Interest on Debentures	109,429	114,357
Accrued Salaries and Wages	135,968	94,772
Other Tax Liabilities	0	60,814
	<u>945,182</u>	<u>854,854</u>
9(a). SHORT-TERM BORROWINGS		
Bank Overdraft	<u>13,992</u>	<u>15,207</u>
	<u>13,992</u>	<u>15,207</u>
10. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>337,457</u>	<u>318,423</u>
	<u>337,457</u>	<u>318,423</u>
Non-Current		
Secured by Floating Charge Debentures	<u>5,870,772</u>	<u>6,208,229</u>
	<u>5,870,772</u>	<u>6,208,229</u>
Additional detail on borrowings is provided in Note 22.		
11. PROVISIONS		
Current		
Provision for Annual Leave	291,896	230,101
Provision for Long Service Leave	150,963	167,293
Other Provisions	2,811	0
Combined Library Leave Provisions	36,684	13,947
	<u>482,354</u>	<u>411,341</u>
Non-Current		
Provision for Long Service Leave	53,320	45,428
Combined Library Leave Provisions	0	6,892
	<u>53,320</u>	<u>52,320</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
12. RESERVES - CASH BACKED			
(a) Area Improvement Reserve			
Opening Balance	71,342	70,485	70,424
Amount Set Aside / Transfer to Reserve	0	0	918
Amount Used / Transfer from Reserve	(70,485)	(70,485)	0
	<u>857</u>	<u>0</u>	<u>71,342</u>
(b) Civic Centre Improvements Reserve			
Opening Balance	19,391	19,353	54,031
Amount Set Aside / Transfer to Reserve	1,379	846	4,246
Amount Used / Transfer from Reserve	0	0	(38,886)
	<u>20,770</u>	<u>20,199</u>	<u>19,391</u>
(c) Waste Management Reserve			
Opening Balance	66,061	65,297	63,097
Amount Set Aside / Transfer to Reserve	4,003	3,265	2,964
Amount Used / Transfer from Reserve	0	0	0
	<u>70,064</u>	<u>68,562</u>	<u>66,061</u>
(d) Leave Reserve			
Opening Balance	42,419	41,949	21,149
Amount Set Aside / Transfer to Reserve	95,201	12,479	21,270
Amount Used / Transfer from Reserve	0	0	0
	<u>137,620</u>	<u>54,428</u>	<u>42,419</u>
(e) Parking Reserve			
Opening Balance	375,234	371,656	105,656
Amount Set Aside / Transfer to Reserve	22,931	18,583	269,578
Amount Used / Transfer from Reserve	0	0	0
	<u>398,165</u>	<u>390,239</u>	<u>375,234</u>
(f) Property Reserve			
Opening Balance	81,102	80,000	0
Amount Set Aside / Transfer to Reserve	104,641	23,664	81,102
Amount Used / Transfer from Reserve	(100,000)	(30,000)	0
	<u>85,743</u>	<u>73,664</u>	<u>81,102</u>
(g) Infrastructure Reserve			
Opening Balance	81,104	80,000	0
Amount Set Aside / Transfer to Reserve	126,940	44,000	81,104
Amount Used / Transfer from Reserve	(85,178)	0	0
	<u>122,866</u>	<u>124,000</u>	<u>81,104</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

12. RESERVES - CASH BACKED (Continued)	2012	2012	2011
	\$	Budget	\$
		\$	
(h) Unspent Grants/Funds Reserve			
Opening Balance	0	0	896,837
Amount Set Aside / Transfer to Reserve	142,052	0	17,011
Amount Used / Transfer from Reserve	0	0	(913,848)
	<u>142,052</u>	<u>0</u>	<u>0</u>
(i) Combined Library Reserve			
Opening Balance	66,233	0	51,376
Amount Set Aside / Transfer to Reserve	0	0	14,857
Amount Used / Transfer from Reserve	(16,786)	0	0
	<u>49,447</u>	<u>0</u>	<u>66,233</u>
(j) Legal Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	33,675	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>33,675</u>	<u>0</u>	<u>0</u>
Total Reserves	<u>1,061,259</u>	<u>731,092</u>	<u>802,886</u>

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

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

12. RESERVES - CASH BACKED (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds 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.

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

Legal Reserve

- to contribute towards unanticipated legal expenses incurred by Council.

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

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.

Legal Reserve - to fund unanticipated legal expenses over the next two years.

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

13. RESERVES - ASSET REVALUATION

- (a) The Asset Revaluation Reserves arose on initial revaluation of asset classifications in years as follows:

	\$
(i) Land and Buildings	44,413
(ii) Roads	54,405
Total	<u><u>98,818</u></u>

In 2011 (and prior years), these balances were disclosed as part of the Asset Revaluation Reserve despite the Council resolving to revert to deemed cost in accordance with the transition to IFRS being effective from 1 July 2004. At the time of reverting to deemed cost the Asset Revaluation Reserve should have been transferred to Retained surplus.

	2012 \$	2011 \$
(b) Combined Library		
Opening Balance	10,608	57,751
Revaluation Increment	0	0
Revaluation Decrement	<u>(10,608)</u>	<u>(47,143)</u>
	<u><u>0</u></u>	<u><u>10,608</u></u>
 TOTAL ASSET REVALUATION RESERVES	 <u><u>0</u></u>	 <u><u>10,608</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	2,485,595	1,142,872	2,130,161
Bank Overdraft	(13,992)	0	(15,207)
Total	<u><u>2,471,603</u></u>	<u><u>1,142,872</u></u>	<u><u>2,114,954</u></u>

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

Net Result	183,190	(386,956)	1,518,505
Depreciation	1,843,364	1,794,316	1,778,756
(Profit)/Loss on Sale of Asset	(79,011)	0	(118,662)
(Increase)/Decrease in Receivables	(59,382)	10,000	63,450
(Increase)/Decrease in Deferred Rates	(4,328)	10,000	10,694
(Increase)/Decrease in Inventories	279	1,500	211,105
Increase/(Decrease) in Payables	49,349	(65,321)	35,628
Increase/(Decrease) in Employee Provisions	97,364	3,000	(5,874)
(Increase)/Decrease in Equity			
Accounted Joint Ventures	(7,963)	0	34,526
Grants/Contributions for the Development of Assets	<u>(100,408)</u>	<u>(104,567)</u>	<u>(1,470,450)</u>
Net Cash from Operating Activities	<u><u>1,922,454</u></u>	<u><u>1,261,972</u></u>	<u><u>2,057,678</u></u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	250,000	250,000
Bank Overdraft at Balance Date	(13,992)	(15,207)
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>(316)</u>	<u>(9)</u>
Total Amount of Credit Unused	<u><u>240,692</u></u>	<u><u>239,784</u></u>

Loan Facilities

Loan Facilities - Current	337,457	318,423
Loan Facilities - Non-Current	<u>5,870,772</u>	<u>6,208,229</u>
Total Facilities in Use at Balance Date	<u><u>6,208,229</u></u>	<u><u>6,526,652</u></u>

Unused Loan Facilities at Balance Date	<u><u>NIL</u></u>	<u><u>NIL</u></u>
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**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

15. CONTINGENT LIABILITIES

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

16. CAPITAL AND LEASING COMMITMENTS	2012	2011
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	7,959	9,517
- later than one year but not later than five years	1,592	0
	<u>9,551</u>	<u>9,517</u>
(b) Other Operating Commitments		
Waste collection contracts contracted for as at year end		
Payable:		
- not later than one year	671,435	644,357
- later than one year but not later than five years	194,667	754,667
	<u>866,102</u>	<u>1,399,024</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	2012	2011
	\$	\$
CURRENT ASSETS		
Cash		
- Library Restricted Reserves	49,447	66,233
	<u>49,447</u>	<u>66,233</u>
NON CURRENT ASSETS		
Property, Plant & Equipment - Cost	6,303,006	6,442,827
Accumulated Depreciation	(338,887)	(329,763)
	<u>5,964,119</u>	<u>6,113,064</u>
TOTAL ASSETS	<u>6,013,566</u>	<u>6,179,297</u>
CURRENT LIABILITIES		
Long Term Borrowings	147,908	138,730
Provision for Annual Leave	36,684	13,947
	<u>184,592</u>	<u>152,677</u>
NON CURRENT LIABILITIES		
Long Term Borrowings	4,475,898	4,623,806
Provision for Long Service Leave	0	6,892
	<u>4,475,898</u>	<u>4,630,698</u>
TOTAL LIABILITIES	<u>4,660,490</u>	<u>4,783,375</u>
SHARE OF NET ASSETS OF JOINT VENTURE	<u><u>1,353,076</u></u>	<u><u>1,395,922</u></u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	504,613	441,290
General Purpose Funding	486,345	324,146
Law, Order, Public Safety	9,721	21,020
Health	13,751	17,433
Education and Welfare	322,982	420,803
Community Amenities	1,629,391	1,641,522
Recreation and Culture	12,512,427	12,655,930
Transport	14,516,057	14,691,350
Economic Services	26,571	14,245
Other Property and Services	114,157	114,374
Unallocated	1,656,980	1,435,597
	<u>31,792,995</u>	<u>31,777,710</u>

19. FINANCIAL RATIOS	2012	2011	2010
Current Ratio	1.08	1.04	0.97
Untied Cash to Unpaid Trade Creditors Ratio	6.57	3.76	2.09
Debt Ratio	0.24	0.25	0.26
Debt Service Ratio	0.07	0.07	0.06
Gross Debt to Revenue Ratio	0.61	0.65	0.73
Gross Debt to Economically Realisable Assets Ratio	0.35	0.38	0.45
Rate Coverage Ratio	0.75	0.64	0.67
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 2012**

20. TRUST FUNDS

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

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
BCITF Levy	0	116,423	(116,423)	0
BRB Levy	0	5,170	(5,129)	41
Building Services Levy	0	12,041	(8,203)	1,253
Infrastructure Deposits	434,206	118,503	(81,211)	471,498
Right of Ways	57,166	4,600	(14,200)	47,566
Miscellaneous	43,373	7,079	(6,491)	43,961
	<u>534,745</u>			<u>564,319</u>

21. DISPOSALS OF ASSETS - 2011/12 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	48,756	133,900	131,019	133,900	82,263	0
Infrastructure - Streetscapes	3,252	0	0	0	(3,252)	0
	<u>52,008</u>	<u>133,900</u>	<u>131,019</u>	<u>133,900</u>	<u>79,011</u>	<u>0</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Cottesloe Tennis Club - Loan No 104*	83,181		22,107	22,107	61,074	61,074	4,334	3,791
Seaview Golf Club - Loan No 105*	338,253		18,573	18,574	319,680	319,679	20,706	19,748
Civic Centre Extension - Loan No 106	1,342,682		139,013	139,013	1,203,669	1,203,669	67,825	68,250
Joint Library - Loan No 107	4,762,536		138,730	138,731	4,623,806	4,623,805	308,243	308,258
	6,526,652	0	318,423	318,425	6,208,229	6,208,227	401,108	400,047

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

(b) New Debentures - 2011/12

There were no new debentures during the 2011-2012 financial year.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

22. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Council had no unspent debentures as at 30 June 2012.

(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 2011 and 30 June 2012 was \$15,207 and \$13,992 respectively.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

23. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(a) Rates

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 - Residential Improved (RI)	0.058929	3,064	102,292,690	6,028,006	80,075	3,624	6,111,705	6,024,278	0	0	6,024,278	
GRV - Residential Vacant (RV)	0.058929	97	4,659,100	274,556	(29,402)	(2,220)	242,934	279,046	0	0	279,046	
GRV - Commercial Improved (CI)	0.058929	68	7,254,904	427,524	0	0	427,524	427,524	0	0	427,524	
GRV - Commercial Town (CT)	0.069654	126	8,185,460	570,150	19,556	0	589,706	570,150	0	0	570,150	
GRV - Industrial (II)	0.058929	1	42,030	2,477	(414)	0	2,063	2,477	0	0	2,477	
Sub-Totals		3,356	122,434,184	7,302,713	69,815	1,404	7,373,932	7,303,475	0	0	7,303,475	
Minimum Rates												
	Minimum \$											
GRV - Residential Improved (RI)	890	383	4,761,452	340,870	0	0	340,870	340,870	0	0	340,870	
GRV - Commercial Improved (CI)	890	10	104,250	8,900	0	0	8,900	8,900	0	0	8,900	
GRV - Commercial Town (CT)	890	11	116,220	9,790	(3,560)	0	6,230	9,790	0	0	9,790	
Sub-Totals		404	4,981,922	359,560	(3,560)	0	356,000	359,560	0	0	359,560	
							7,729,932					7,663,035
Ex-Gratia Rates							0					0
Specified Area Rate (refer note 23)							0					0
							7,729,932					7,663,035
Discounts (refer note 25)							(3,975)					0
Totals							7,725,957					7,663,035

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

23. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(b) Information on Surplus/(Deficit) Brought Forward

	2012 (30 June 2012 Carried Forward) \$	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
Surplus/(Deficit)	<u>770,273</u>	<u>703,439</u>	<u>735,013</u>
<u>Comprises:</u>			
Cash - Unrestricted	1,404,732	1,214,372	1,214,372
Cash - Restricted	1,011,812	736,653	736,653
Unspent Grant Transfer	5,610	97,696	97,696
Rates - Current	107,140	51,362	51,361
Sundry Debtors	91,173	97,249	97,249
Accrued Income	60,673	7,557	7,557
GST Receivables	0	43,436	0 *
Other Tax Debtors	0	217	0 *
Inventories			
- History Books	46,125	46,404	46,404
Less:			
Reserves - Restricted Cash	(1,011,812)	(736,653)	(736,653)
Sundry Creditors	(216,072)	(265,891)	(570,497) *
Accrued Expenses	(483,711)	(319,020)	0 *
Accrued Interest on Debentures	(109,429)	(114,357)	(114,357)
Accrued Salaries and Wages	(135,968)	(94,772)	(94,772)
Other Tax Liabilities	0	(60,814)	0 *
Current Employee Benefits Provision	(482,354)	(411,341)	(397,394) *
Add back: Component of Leave Liability not required to be funded	482,354	411,341	397,394 *
Surplus/(Deficit)	<u>770,273</u>	<u>703,439</u>	<u>735,013</u>

Difference:

The difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report is \$31,574.

This difference is due to a change in methodology for the calculation of the surplus/deficit position. An * has been placed adjacent to the items that have changed due to the change in methodology.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

24. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

Council did not raise a specified area rate during the 2011-2012 financial year.

25. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

Council did not raise any service charges during the 2011-2012 financial year.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	80%	3,975	0
Venue Hire	Discount	10%-20%	1,000	4,000
Venue Hire	Waiver	100%	300	2,200
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 - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		19,318	14,500
Interest on Pensioner Deferred Rates			10,126	8,000
Charges on Instalment Plan		54	51,965	45,000
			81,409	67,500

Ratepayers had the option of paying rates in four equal instalments, due on 22nd September 2011, 24th November 2011, 2nd February 2012 and 5th April 2012. Administration charges applied for the final three instalments.

28. FEES & CHARGES	2012 \$	2011 \$
General Purpose Funding	76,636	64,228
Law, Order, Public Safety	7,130	7,714
Health	66,247	64,450
Education and Welfare	24,571	23,859
Community Amenities	437,134	474,361
Recreation and Culture	205,117	212,033
Transport	498,395	645,150
Economic Services	161,222	241,926
	<u>1,476,452</u>	<u>1,733,721</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 2012**

29. GRANT REVENUE

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

	2012	2011
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	354,923	324,569
Non-Operating Grants, Subsidies and Contributions	85,328	1,425,530
	<u>440,251</u>	<u>1,750,099</u>
By Program:		
General Purpose Funding	335,391	256,166
Law, Order, Public Safety	500	17,215
Education and Welfare	0	39,000
Recreation and Culture	64,467	1,089,785
Transport	39,893	347,933
	<u>440,251</u>	<u>1,750,099</u>

30. ELECTED MEMBERS REMUNERATION

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

	2012	2012	2011
	\$	Budget	\$
		\$	
Meeting Fees	55,586	60,000	88,059
President's Allowance	7,500	7,500	10,000
Deputy President's Allowance	1,250	1,250	1,250
Telecommunications Allowance	16,187	18,000	25,779
Other Member Costs	5,139	8,600	7,690
	<u>85,662</u>	<u>95,350</u>	<u>132,778</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2012	2011
	<u>41</u>	<u>40</u>

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

32. MAJOR LAND TRANSACTIONS

Council did not undertake any major land transactions during the 2011/12 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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	
	2012 \$	2011 \$	2012 \$	2011 \$
Financial Assets				
Cash and cash equivalents	2,485,595	2,130,161	2,485,595	2,130,161
Receivables	845,160	822,347	845,160	822,347
Other Financial Assets	1,186,212	1,157,703	1,186,212	1,157,703
	<u>4,516,967</u>	<u>4,110,211</u>	<u>4,516,967</u>	<u>4,110,211</u>
Financial Liabilities				
Payables	945,182	854,854	945,182	854,854
Short Term Borrowings	13,992	15,207	13,992	15,207
Long Term Borrowings	6,208,229	6,526,652	5,999,997	6,278,048
	<u>7,167,403</u>	<u>7,396,713</u>	<u>6,959,171</u>	<u>7,148,109</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 2012**

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.

Impact of a 1% (*) movement in interest rates on cash and investments:

	2012	2011
	\$	\$
- Equity	24,940	21,302
- Statement of Comprehensive Income	24,940	21,302

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	98.78%	93.24%
- Overdue	1.22%	6.76%

**TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2012</u>					
Payables	945,182	0	0	945,182	945,182
Borrowings	720,496	2,813,738	6,248,919	9,783,153	6,208,229
	<u>1,665,678</u>	<u>2,813,738</u>	<u>6,248,919</u>	<u>10,728,335</u>	<u>7,153,411</u>
<u>2011</u>					
Payables	854,854	0	0	854,854	854,854
Borrowings	720,496	2,840,429	6,942,723	10,503,648	6,526,652
	<u>1,575,350</u>	<u>2,840,429</u>	<u>6,942,723</u>	<u>11,358,502</u>	<u>7,381,506</u>

TOWN OF COTTESLOE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2012</u>								
Fixed Rate								
Debentures	0	61,074	0	0	0	6,147,155	6,208,229	6.24%
Weighted Average Effective Interest Rate	0.00%	5.75%	0.00%	0.00%	0.00%	6.25%		
<u>Year Ended 30 June 2011</u>								
Fixed Rate								
Debentures	0	0	83,181	0	0	6,443,471	6,526,652	6.23%
Weighted Average Effective Interest Rate	0.00%	0.00%	5.75%	0.00%	0.00%	6.23%		

**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 2012, 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 Town'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 Town'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 2012 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).


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**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

Date: 2 October 2012
Perth, WA


GREG GODWIN
PARTNER