LATROBE CITY COUNCIL

AGENDA FOR THE COUNCIL MEETING

TO BE HELD IN KERNOT HALL, MORWELL AND VIA AUDIO-VISUAL LINK AT 6:00 PM ON 05 OCTOBER 2026 CM640

Please note:

Opinions expressed or statements made by participants are the opinions or statements of those individuals and do not imply any form of endorsement by Council.

By attending a Council Meeting via audio-visual link those present will be recorded or their image captured. When participating in the meeting, consent is automatically given for those participating to be recorded and have images captured.

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Community members that register to observe or speak at this meeting, must adhere to the protocols of the meeting, to ensure we can extend the appropriate courtesy and respect throughout the meeting. Please adhere to the following:

- If you arrive late, quietly enter the Chamber.
- Don’t move about unnecessarily.
- If you have registered to speak, adhere to the speaking times and any instructions from the Chair.
- Remain quiet while the meeting is in progress, and don’t interject, applaud, converse, or take part in debate.
- Don’t harass those attending the meeting, including Councillors, officers and other visitors.
- Remember that photography or any audio or audio-visual recording of the meeting is prohibited.
- Switch off or change your mobile devices to silent mode when in the Chamber.

1. ACKNOWLEDGEMENT OF THE TRADITIONAL OWNERS OF THE LAND

I would like to acknowledge that we are meeting here today on the traditional land of the Brayakaulung people of the Gunaikurnai nation and I pay respect to their elders past and present.

If there are other Elders present I would also like to acknowledge them.

2. APOLOGIES AND LEAVE OF ABSENCE

3. ADOPTION OF MINUTES

Proposed Resolution:

That Council confirms the minutes of the Council Meeting held on 28 September 2026.

4. DECLARATION OF INTERESTS

5. PUBLIC PARTICIPATION TIME

Public Questions on Notice

In accordance with the Governance Rules, members of the public can lodge a question on notice by no later than midday one business day before the Council meeting in order for the question to be answered at the meeting.

Public Speakers

An opportunity for members of the public to speak to an item on the agenda will be made available by necessary means. To participate, members of the public must have registered before 12noon on the day of the Council meeting.

CORPORATE ITEMS FOR DECISION

6. CORPORATE ITEMS FOR DECISION

Item Number 6.1 05 October 2026 Organisational Performance

Authorisation of Councillors for Certification of the 2025/26 Finance Report and Performance Statement

PURPOSE

To authorise two Councillors to certify the performance statement and financial statements in their final form on behalf of Council for the year ended 30 June 2026 in accordance with the requirements of the *Local Government Act 2020*.

EXECUTIVE SUMMARY

- In order for the Victorian Auditor General's Office (VAGO) to provide an audit report certifying Council's 2025/26 financial report and performance statement, as per Section 99 of the *Local Government Act 2020* (the Act), Council must first provide in principle approval of the statements and authorise two Councillors to certify the statements in their final form.
- The draft statements were presented to Council's Audit and Risk Committee on 21 September 2026. VAGO representatives were in attendance and tabled a closing audit report.
- It is recommended that Council gives its approval in principle to the draft performance statement and draft financial report for the year ended 30 June 2026 and that Council authorises two Councillors to certify these statements in their final form.

OFFICER'S RECOMMENDATION

That Council:

1. **provides "in principle" approval to the performance and financial statements for the year ended 30 June 2026 as attached to this report; and**
2. **authorises Councillors Joanne Campbell and Leanne Potter to certify the performance statement and financial statements in their final form on behalf of Council for the year ended 30 June 2026.**

BACKGROUND

Under the provisions of the Act, a Council cannot submit its financial and performance statements to the Auditor-General or the Minister for Local Government (the Minister) unless a resolution has been passed by Council authorising two Councillors to certify the financial statements in their final form (section 99(3) of the Act).

Once the auditor's reports on the performance statement and financial statements have been received by Council, they will be incorporated into the annual report which must be presented at a Council meeting open to the public, within 4 months of the end of the financial year (refer Section 100(2)(b) of the Act).

The table below sets out the process:

ANALYSIS

Process	Date
Draft Audited Financial Statements presented to Audit and Risk Committee	21 September 2026
Council approval for two Councillors to certify the financial, standard and performance statements in their final form	05 October 2026
Certifications signed by the two nominated Councillors	05 October 2026
Auditor General issues audit reports	Upon receipt of signed certifications
Council Meeting to consider Annual Report	26 October 2026

RISK ASSESSMENT

RISK	RISK RATING	TREATMENT
COMPLIANCE Non-compliance with the *Local Government Act 2020*.	**Low** *Unlikely x Minor*	The recommendations in this report comply with statutory requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

CONSULTATION

N/A

COMMUNICATION

N/A

DECLARATIONS OF INTEREST

Officers preparing this report have declared they do not have a conflict of interest in this matter under the provisions of the *Local Government Act 2020*.

APPENDIX 1 IMPACT ASSESSMENT

Gender

A Gender Impact Assessment (GIA) under the *Gender Equality Act 2020* has not been conducted as this matter does not involve a program, service or policy with a significant and direct impact on the community.

Social

N/A

Cultural

N/A

Health

N/A

Environmental

N/A

Economic

N/A

Financial

N/A

Attachments

1. 2025/26 Financial Report
2. 2025/26 Performance Statement

6.1

Authorisation of Councillors for Certification of the 2025/26 Finance Report and Performance Statement

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Latrobe City Council

Financial Report

For the year ended 30 June 2026

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Certification of the Financial Statements

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020* , the *Local Government (Planning and Reporting) Regulations 2020* , Australian Accounting Standards and other mandatory professional reporting requirements.

Matthew Rogers CPA
Principal Accounting Officer
Dated: 05/10/2026
Morwell

In our opinion the accompanying financial statements present fairly the financial transactions of Latrobe City Council for the year ended 30 June 2026 and the financial position of the Council as at the date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.

Cr. Joanne Campbell
Councillor
Dated: 05/10/2026
Morwell

Cr. Leanne Potter
Councillor
Dated: 05/10/2026
Morwell

Steven Piasente
Chief Executive Officer
Dated: 05/10/2026
Morwell

Insert Auditors Report on this page

Insert Auditors Report on this page

Comprehensive Income Statement

For the Year Ended 30 June 2026

	NOTE	2026 $'000	2025 $'000
INCOME / REVENUE			
Rates and charges	*3.1*	99,900	95,417
Statutory fees and fines		3,623	3,136
User fees	*3.2*	13,626	13,059
Grants - operating	*3.3*	39,998	44,182
Grants - capital	*3.3*	44,022	20,337
Contributions - monetary	*3.4*	1,340	2,104
Contributions - non monetary	*3.4*	11,695	27,273
Other income	*3.5*	10,849	10,897
Total income / revenue		**225,053**	**216,405**
EXPENSES			
Employee costs	*4.1*	(67,522)	(65,648)
Materials and services	*4.2*	(54,340)	(55,244)
Depreciation	*4.3*	(40,031)	(35,885)
Amortisation - intangible assets		(693)	(944)
Depreciation - right of use assets		(156)	(145)
Allowance for impairment losses		(5)	(36)
Borrowing costs		(319)	(363)
Finance costs - leases		(43)	(46)
Net loss on disposal of property, infrastructure, plant and equipment	*4.4*	(13,011)	(5,383)
Other expenses	*4.5*	(7,199)	(15,311)
Total expenses		**(183,319)**	**(179,005)**
Surplus/ (Deficit) for the year		**41,734**	**37,400**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain/(loss)	*6.1*	194,236	170,666
Total other comprehensive result		**194,236**	**170,666**
Total comprehensive result		**235,970**	**208,066**

The above comprehensive income statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2026

	NOTE	2026 $'000	2025 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	*5.1*	16,380	19,256
Trade and other receivables	*5.1*	11,714	6,091
Other financial assets	*5.1*	130,000	120,000
Prepayments		1,265	1,401
Accrued income*		4,026	5,008
Non-Current Assets Held for Sale		-	2,258
Total current assets		**163,385**	**154,014**
NON-CURRENT ASSETS			
Other financial assets	*5.1*	2	2
Property, infrastructure, plant and equipment	*6.1*	1,911,336	1,694,802
Right-of-use assets		970	1,022
Intangible assets		2,155	447
Total non-current assets		**1,914,463**	**1,696,273**
TOTAL ASSETS		**2,077,848**	**1,850,287**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	*5.2*	13,034	12,773
Trust funds and deposits	*5.2*	7,731	7,959
Contract and other liabilities	*5.2*	29,934	37,378
Provisions	*5.4*	13,627	14,279
Interest-bearing liabilities	*5.3*	2,532	5,626
Lease liabilities		160	133
Total current liabilities		**67,018**	**78,148**
NON-CURRENT LIABILITIES			
Provisions	*5.4*	21,165	18,343
Interest-bearing liabilities	*5.3*	9,113	9,145
Lease liabilities		900	969
Total non-current liabilities		**31,178**	**28,457**
TOTAL LIABILITIES		**98,196**	**106,605**
NET ASSETS		**1,979,652**	**1,743,682**
EQUITY			
Accumulated surplus		961,202	919,320
Reserves	*9.1*	1,018,450	824,362
TOTAL EQUITY		**1,979,652**	**1,743,682**

** Accrued income was classified as contract assets in the 2025 comparative period.*

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2026

	NOTE	TOTAL $'000	ACCUMULATED SURPLUS $'000	REVALUATION RESERVE $'000	OTHER RESERVES $'000
2026					
Balance at beginning of the financial year		**1,743,682**	**919,320**	**815,336**	**9,026**
Surplus for the year		41,734	41,734	-	-
Net asset revaluation gain/(loss)	*6.1*	194,236	-	194,236	
Transfers to other reserves	*9.1*	-	(1,000)	-	1,000
Transfers from other reserves	*9.1*	-	1,148	-	(1,148)
Balance at end of the financial year		**1,979,652**	**961,202**	**1,009,572**	**8,878**
2025					
Balance at beginning of the financial year		**1,535,616**	**882,908**	**644,670**	**8,038**
Surplus for the year		37,400	37,400	-	
Net asset revaluation gain/(loss)	*6.1*	170,666	-	170,666	
Transfers to other reserves	*9.1*	-	(1,672)	-	1,672
Transfers from other reserves	*9.1*	-	684	-	(684)
Balance at end of the financial year		**1,743,682**	**919,320**	**815,336**	**9,026**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the Year Ended 30 June 2026

	NOTE	2026 $'000	2025 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and charges		99,362	93,544
Statutory fees and fines		3,621	3,144
User fees		14,648	13,502
Grants - operating		41,857	55,777
Grants - capital		34,570	35,603
Contributions - monetary		1,606	1,887
Interest received		6,542	6,280
Trust funds and deposits taken		21,228	16,600
Other receipts		3,588	5,706
Net GST refund/ (payment)		1,463	3,594
Employee costs		(67,826)	(65,939)
Materials and services		(58,306)	(65,974)
Short-term, low value and variable lease payments		(197)	(180)
Trust funds and deposits repaid		(21,457)	(14,949)
Other payments		(6,564)	(5,135)
Net cash provided by operating activities	***9.2***	**74,135**	**83,460**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment		(67,679)	(42,918)
Proceeds from sale of property, infrastructure, plant and equipment		4,304	1,129
Payments for investments		(175,000)	(162,728)
Proceeds from sale of investments		165,000	137,728
Payments of loans and advances		1	3
Net cash used in investing activities		**(73,374)**	**(66,786)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs		(321)	(362)
Proceeds from borrowings		2,500	-
Repayment of borrowings		(5,626)	(2,217)
Interest paid - lease liability		(43)	(46)
Repayment of lease liabilities		(147)	(132)
Net cash used in financing activities		**(3,637)**	**(2,757)**
Net increase/ (decrease) in cash and cash equivalents		**(2,876)**	**13,917**
Cash and cash equivalents at the beginning of the financial year		19,256	5,339
Cash and cash equivalents at the end of the financial year		**16,380**	**19,256**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Capital Works

For the Year Ended 30 June 2026

	NOTE	2026 $'000	2025 $'000
PROPERTY			
Buildings		34,352	18,860
Total buildings		**34,352**	**18,860**
Total property		**34,352**	**18,860**
PLANT AND EQUIPMENT			
Plant, machinery and equipment		2,409	3,705
Fixtures, fittings and furniture		36	46
Computers and telecommunications		751	712
Art collection		10	14
Total plant and equipment		**3,206**	**4,477**
INFRASTRUCTURE			
Roads		12,917	11,667
Bridges		1,355	216
Footpaths and cycleways		739	1,628
Drainage		1,857	1,197
Recreational, leisure and community facilities		10,983	1,965
Waste management		1,300	1,926
Parks, open space and streetscapes		1,237	1,398
Off street car parks		485	252
Other infrastructure		39	2,332
Total infrastructure		**30,912**	**22,581**
Total capital works expenditure		**68,470**	**45,918**
Represented by:			
New asset expenditure		30,805	12,267
Asset renewal expenditure		24,639	23,145
Asset upgrade expenditure		13,026	10,506
Total capital works expenditure	***2.1.2***	**68,470**	**45,918**

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

OVERVIEW

Introduction

The Latrobe City Council was established by an Order of the Governor in Council on 2 December 1994 and is a body corporate. The Council's main office is located at 141 Commercial Road Morwell 3840.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Accounting policy information

Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Specific accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- The determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.1)
- The determination of employee provisions (refer to note 5.4)
- The determination of landfill provisions (refer to note 5.4)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts wtih Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3.3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is substance shot-term or low value
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure has been made of any material changes to comparatives.

Statutory fees and fines

Statutory fees and fines (including parking fees and fines) are recognised as income when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

Contract Assets
Contract assets are recognised when Council has transferred goods or services to the customer but where Council is yet to establish an unconditional right to consideration.

Intangible Assets
Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

Right of Use Assets and Leases
At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.
As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:
- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under AASB 16 Leases, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Short-term and low value leases
Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than exisiting capitalisation thresholds for a like asset up to a maximum of $10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Goods and Services Tax (GST)
Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

1.2 Impact of emergencies and natural disasters
During 2025-26 costs of landslip reconstruction from prior years flood and storm events impacted Council's operations. Council has noted the following impacts on its financial operations:
• Additional costs – $1,364K was incurred on landslip reconstruction. These cost will be put forward as claims to the Disaster Recovery Funding Arrangements in the 26/27 year.

1.3 Impacts of other external events
Council has considered ongoing external events that have contributed to volatility in international markets, disrupted global supply chains and increased inflationary pressure, including the risk that they may cause significant changes in the carrying values of assets and liabilities in the next financial year, and has concluded that there is no material impact on the 2025-26 financial report that requires additional disclosure.

NOTE 2 ANALYSIS OF OUR RESULTS

NOTE 2.1 Performance Against Budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of greater than 10 percent and $250,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 30 June 2025. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income / Revenue and Expenditure

	BUDGET 2026 $'000	ACTUAL 2026 $'000	VARIANCE $'000	VARIANCE %	REF
INCOME / REVENUE					
Rates and charges	99,591	99,900	309	0%	*1*
Statutory fees and fines	3,031	3,623	592	20%	*2*
User fees	12,336	13,626	1,290	10%	*3*
Grants - operating	40,256	39,998	(258)	(1%)	*4*
Grants - capital	55,947	44,022	(11,925)	(21%)	*5*
Contributions - monetary	320	1,340	1,020	319%	*6*
Contributions - non monetary	10,000	11,695	1,695	17%	*7*
Other income	7,037	10,849	3,812	54%	*8*
Total income / revenue	**228,518**	**225,053**	**(3,465)**	**(2%)**	
EXPENSES					
Employee costs	69,694	67,522	2,172	3%	*9*
Materials and services	57,772	54,340	3,432	6%	*10*
Allowance for impairment losses	4	5	(1)	(25%)	
Depreciation	37,100	40,031	(2,931)	(8%)	*11*
Amortisation - Intangible assets	1,000	693	307	31%	*12*
Depreciation - rights of use assets	141	156	(15)	(11%)	
Borrowing costs	318	319	(1)	(0%)	
Finance Costs - Leases	44	43	1	2%	
Net loss on disposal of property, infrastructure, plant and equipment	5,000	13,011	(8,011)	(160%)	*13*
Other expenses	4,867	7,199	(2,332)	(48%)	*14*
Total expenses	**175,940**	**183,319**	**(7,379)**	**(4%)**	
SURPLUS/ (DEFICIT) FOR THE YEAR	**52,578**	**41,734**	**(10,844)**	**(21%)**	

NOTE 2 Performance Against Budget (continued)

(i) Explanation of material variations - Income and Expenditure

REF	ITEM	EXPLANATION			
1	**Rates and charges**	**Outcome**	**Favourable**	**$309K**	**0%**
	Council received higher than expected growth in rates and charges raised through supplementary valuations from new buildings and subdivisions.				
2	**Statutory fees and fines**	**Outcome**	**Favourable**	**$592K**	**20%**
	The favourable variance is mainly due to higher than expected demand for planning permits $216K, asset protection fees $129K, election fines $100K, land information certificates $84K and health registrations and fines $70K.				
3	**User fees**	**Outcome**	**Favourable**	**$1,290K**	**10%**
	The favourable variance is mainly due to higher than expected income received for landfill gate fees $919K due to a large new customer and increased quantities received from existing customers, together with higher than expected leisure fees $270K mainly as a result of additional fitness program usage.				
4	**Grants - operating**	**Outcome**	**Unfavourable**	**$258K**	**1%**
	The unfavourable variance is largely due to funding budgeted in 2025/26 that is now expected to be received in 2026/27 e.g for the Gippsland Logistics and Manufacturing Precinct (GLAMP) $8,046K, Council Support Package Fund projects (CSPF) $896K and Crinigan Road Development Plan sewer pump $333K. These variances are largely offset by favourable variances e.g. the advanced receipt of Council's 2026/27 Annual Financial Assistance Grants (FAGS) $5,334K , together with higher than expected and unbudgeted grants for various programs including Family Services programs $2,171K, Latrobe City Business Capability Grant Program $890K and Natural Disaster Recovery for the August 24 storm event $511K.				
5	**Grants - capital**	**Outcome**	**Unfavourable**	**$11,925K**	**21%**
	The unfavourable variance is in relation to the following projects: Regional Car Parks Fund $8,751K, Sports Legacy projects at Gippsland Regional Indoor Sports Stadium (GRISS) and Ted Summerton Reserve $2,289K, Local Roads and Community Infrastructure program (LRCI4) $481K, Traralgon Indoor Multi Sports Hall $2,188K, Multi use pavilion Gaskin Park $927K and Mathison Park playspace upgrade $785K. Receipt of these grant funds was budgeted in the current year but is now expected to be recognised in the 2026/27 financial year based on current projections of the completion of construction on these projects. These variances have been partially offset by favourable variances including the timing of funding for the Sports Legacy & Activation Council Support Package Fund (CSPF) $2,457K, Multi use pavilion at Traralgon Recreation Reserve $776K and unbudgeted grants for the Nation Building Blackspot Program $505K.				
6	**Contributions - monetary**	**Outcome**	**Favourable**	**$1,020K**	**319%**
	The favourable variance is mainly due to higher than expected receipt of developer contributions including Lake Narracan & Traralgon North Developer contribution schemes $559K and Street Trees $89K. In addition contributions were received for capital works for the 3 year old Preschool Transition project $164K and various recreation projects $389K.				
7	**Contributions - non monetary**	**Outcome**	**Favourable**	**$1,695K**	**17%**
	Council receives non-monetary contributions of land and infrastructure from property developers. It is difficult to predict the annual level of contributions as they are realised at the time the subdivision statement of compliance is received. This year saw a higher than expected level of development activity which resulted in higher contributions.				
8	**Other income**	**Outcome**	**Favourable**	**$3,812K**	**54%**
	Increasing interest rates and higher than expected funds available for investment led to a favourable variance of 1,832K in investment income. Other favourable variances were received for interest on outstanding rates & charges $469K, third party rebates and carbon generation credits earned on energy efficiency initiatives $799K, reimbursements and insurance claim refunds $455K and container deposit scheme $187K.				

NOTE 2 Performance Against Budget (continued)

Explanation of material variations - Income and Expenditure

REF	ITEM	EXPLANATION			
9	**Employee costs**	**Outcome**	**Favourable**	**$2,172K**	**3%**
	The favourable variance to budget is largely a result of vacant positions across the organisation across the year.				
10	**Materials and services**	**Outcome**	**Favourable**	**$3,432K**	**6%**
	The favourable variance is mainly due to the revised financial year timing for the Gippsland Logistics & Manufacturing Precinct Stage 1B project $8,097K and Crinigan Road Development Plan project $333K, together with favourable waste services contract costs $621K, largely due to lower than expected waste coupon usage. This is partially offset by unfavourable variances relating to the expensing of costs budgeted as capital expenditure due to them not meeting Council's capitalisation criteria $1,225K. Other factors include expenditure funded from unbudgeted government grants and income received in previous financial years for expenditure incurred in the 2025/26 financial year and higher than expected costs/demand for gas $412K, electricity $130K and water $89K.				
11	**Depreciation**	**Outcome**	**Unfavourable**	**$2,931K**	**8%**
	The unfavourable variance is mainly a result of the higher than expected revaluations of infrastructure assets in the 2024/25 and 2025/26 financial years, the results of these valuations were not known at the time of the budget was developed.				
12	**Amortisation - Intangible assets**	**Outcome**	**Favourable**	**$307K**	**31%**
	The favourable variance is mainly a result of Landfill cell 6 being fully amortised in December 2025, but still continuing to operate until Cell 7 was opened in March, therefore there was no amortisation expense for a three month period.				
13	**Net loss on disposal of property, infrastructure, plant and equipment**	**Outcome**	**Unfavourable**	**$8,011K**	**160%**
	The variation is mainly associated with the demolition of pre-existing structures at the Gippsland Sports and Entertainment Park $4,113K together with higher than estimated write down of the residual value of assets renewed as part of the capital works program and costs incurred in preparation of sale of land in the Gippsland Logistics and Manufacturing Precinct.				
14	**Other expenses**	**Outcome**	**Unfavourable**	**$2,332K**	**48%**
	The unfavourable variance is mainly due to the expensing of items from opening Capital Works in Progress ($600K) due to them not meeting Council's capitalisation criteria, together with higher than expected EPA levies as a result of higher than expected commercial waste quantities received at Council's landfill facility $434K, an unbudgeted increased landfill provision expense $130K, unbudgeted development contribution plan payment funded from statutory reserves $523K, community grants expenditure funded from previous financial years, unbudgeted government grants $401K and higher than expected state government land tax and Emergency Services and Volunteers fund levy costs $220K.				

NOTE 2 Performance Against Budget (continued)

2.1.2 Capital Works

	BUDGET 2026 $'000	ACTUAL 2026 $'000	VARIANCE $'000	VARIANCE %	REF
PROPERTY					
Buildings	51,675	34,352	17,323	34%	*1*
Total buildings	**51,675**	**34,352**	**17,323**	34%	
Total property	**51,675**	**34,352**	**17,323**	**34%**	
PLANT AND EQUIPMENT					
Plant, machinery and equipment	3,200	2,409	791	25%	*2*
Fixtures, fittings and furniture	10	36	(26)	(260%)	*3*
Computers and telecommunications	850	751	99	12%	
Art collection	14	10	4	29%	
Total plant and equipment	**4,074**	**3,206**	**868**	**21%**	
INFRASTRUCTURE					
Roads	14,520	12,917	1,603	11%	*4*
Bridges	1,777	1,355	422	24%	*5*
Footpaths and cycleways	1,012	739	273	27%	*6*
Drainage	1,006	1,857	(851)	(85%)	*7*
Recreational, leisure and community facilities	11,161	10,983	178	2%	
Waste management	250	1,300	(1,050)	(420%)	*8*
Parks, open space and streetscapes	1,606	1,237	369	23%	*9*
Off street car parks	225	485	(260)	(116%)	*10*
Other infrastructure	-	39	(39)	100%	*11*
Total infrastructure	**31,557**	**30,912**	**645**	**2%**	
Total capital works expenditure	**87,306**	**68,470**	**18,836**	**22%**	
Represented by:					
New asset expenditure	46,095	30,805	15,290	33%	*12*
Asset renewal expenditure	28,878	24,639	4,239	15%	*13*
Asset upgrade expenditure	12,333	13,026	(693)	(6%)	*14*
Total capital works expenditure	**87,306**	**68,470**	**18,836**	**22%**	

(i) Explanation of material variations - Capital Works

REF	ITEM	EXPLANATION			
1	**Buildings**	**Outcome:**	**Underspend**	**$17,323K**	**34%**
	Delayed commencement of: Commercial Road, Morwell carpark (underspend $6,964K); Indoor Multi Sports Hall, Glenview Park Traralgon (underspend $2,188K); Multi-use Pavilion Gaskin Park (underspend $3,573K), various Building renewal program projects (underspend $1,631K). A further underspend on Kay Street, Traralgon Multi-level Carpark of $2,164K is largely due to savings realised in the project which will be re-purposed to the Commercial Road Morwell carpark.				
2	**Plant, machinery and equipment**	**Outcome:**	**Underspend**	**$791K**	**25%**
	Delays in delivery of Plant and Fleet items ordered in 2025/26, funding will be carried forward to the 2026/27 year.				
3	**Fixtures, fittings and furniture**	**Outcome:**	**Overspend**	**($26K)**	**260%**
	Overspend mainly a result of replacement of furniture items funded from operational budgets and funds carried forward from the 2024/25 financial year.				

NOTE 2 Performance Against Budget (continued)

(i) Explanation of material variations - Capital Works

REF	ITEM	EXPLANATION			
4	**Roads**	**Outcome:**	**Underspend**	**$1,603K**	**11%**
	Road Rehabilitation project design delays will result in funding carried forward to 26/27 year (underspend $3,651K). Landslip Reconstruction from previous year storm events for which Council will be seeking Natural Disaster Recovery Funding (overspend $1,216K). Unbudgeted Nation Building Blackspot Grant Funded Program (overspend $529K).				
5	**Bridges**	**Outcome:**	**Underspend**	**$422K**	**24%**
	Bridge projects at Waterhole Creek Morwell and Victory Park Traralgon have encountered delays which has resulted in funding being carried forward to 26/27 in order to complete the works.				
6	**Footpaths and cycleways**	**Outcome:**	**Underspend**	**$273K**	**27%**
	Some savings were achieved in the footpath bay replacement program, together with some works which were assess as being maintenance being expensed in the Income Statement.				
7	**Drainage**	**Outcome:**	**Overspend**	**($851K)**	**85%**
	Piped Systems Enhancements in Traralgon funded from Drainage Reserve (overspend $1,441K). Glengarry Flood Mitigation construction works continuing into the 26/27 year (underspend $224K)				
8	**Waste management**	**Outcome:**	**Overspend**	**($1,050K)**	**420%**
	Hyland Hwy Landfill -Cell 7 Construction and leachate pond projects carried forward from 2024/25.				
9	**Parks, open space and streetscapes**	**Outcome:**	**Underspend**	**$369K**	**23%**
	Revised timing of delivery of Mathison Park Play space upgrade delayed to 26/27 year (underspend $785K). Tyers Pump Track delivery carried forward from previous financial year (overspend $344K).				
10	**Off street car parks**	**Outcome:**	**Overspend**	**($260K)**	**116%**
	Hyland Hwy Landfill access road (overspend $269K) - this project was budgeted under roads, however, due to the nature of this asset capitalised under Off street car parks				
11	**Other infrastructure**	**Outcome:**	**Overspend**	**($39K)**	**100%**
	Gippsland Logistics and Manufacturing Precinct (overspend $36K) - a funded multi year project with works continuing into future years.				
12	**New asset expenditure**	**Outcome:**	**Underspend**	**$15,290K**	**33%**
	Delayed commencement of Commercial Road carpark (underspend $6,964K); Indoor Multi Sports Hall, Glenview Park (underspend $2,187K); Multi-use Pavilion Gaskin Park (underspend $3,573K). A further underspend on Kay Street, Traralgon Multi-level Carpark of $2,164K is largely due to savings realised in the project which will be re-purposed to the Commercial Road Morwell carpark. Glengarry Preschool Redevelopment incorrectly budgeted as new expenditure capitalised as upgrade (underspend $899K).				
13	**Asset renewal expenditure**	**Outcome:**	**Underspend**	**$4,239K**	**15%**
	Delays in designs of Road Rehabilitation Program funding carried forward to 26/27 year (underspend $3,651K) and Plant & Fleet Replacement programs. Landslip Reconstruction from previous year storm events (overspend $1,216K).				
14	**Asset upgrade expenditure**	**Outcome:**	**Overspend**	**($693K)**	**6%**
	Piped Systems Enhancements in Traralgon funded from Drainage Reserve (overspend $1,442K). Glengarry Preschool Redevelopment expenditure budgeted as new expenditure capitalised as upgrade (overspend $899K). Fully funded Community Facilities including a component capitalised as new expenditure (underspend $852K). Mathison Park Play space upgrade delayed to 26/27 year (underspend $785K).				

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1
Office of the Chief Executive

Office of the Chief Executive
Mayoral and Council Support and Operations
Sports Legacy & Activation

Investment & Growth
Marketing & Engagement
Investment Attraction
Business & Economic Development (including Events & Tourism and Indigenous Employment Development)
Advocacy & Transition
City Planning

Organisational Performance
Financial Support
People & Culture
Business Improvement
Governance

Infrastructure & Sustainability
City Assets (Engineering Services, Asset Planning, Capital Works, Building Projects & Maintenance and Recreation & Open Space Planning, Property Operations)
City Presentation (Infrastructure Maintenance, Open Space Maintenance and Recreation Liaison & Reserve Maintenance)
Sustainability & Environment (Environment, Landfill Services, Resource Recovery & Utilities, Emergency Management)

Community Liveability
Active & Connected Communities (Social Policy & Inclusion, Community Strengthening and Leisure Facilities)
Creative Venues & Libraries
Safe Communities (Building Services, Health Services, Local Laws and Legal Proceedings
Family Services (Pre Schools & Childcare, Family Health & Development)

Other Operating
Other unattributable items e.g. Loan interest, unattributable cash & investments and sundry receivables. A surplus is expected to be generated to fund repayment of loan principal.

Capital Works Program
Capital Works Program (includes items not capitalised)

Note 2.2 Analysis of Council results by program

2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	$'000	$'000	$'000	$'000	$'000
2026					
Office of the Chief Executive	3,043	(2,782)	261	1,245	116
Investment & Growth	14,180	(17,486)	(3,306)	3,528	34,502
Organisational Performance	20,233	(18,752)	1,481	3,172	7,250
Infrastructure & Sustainability	91,885	(92,411)	(526)	13,503	1,576,880
Community Liveability	51,233	(52,003)	(770)	19,533	258,476
Other Operating	121	250	371	-	94,589
Capital Works Program	44,358	(135)	44,223	43,039	92,187
	225,053	**(183,319)**	**41,734**	**84,020**	**2,064,000**
2025					
Office of the Chief Executive	2,741	(2,234)	507	992	106
Investment & Growth	13,240	(11,900)	1,340	3,005	31,729
Organisational Performance	19,338	(18,629)	709	3,538	9,386
Infrastructure & Sustainability	109,920	(81,317)	28,603	17,693	1,394,275
Community Liveability	48,745	(51,358)	(2,613)	18,235	259,552
Other Operating	82	251	333	-	81,245
Capital Works Program	22,339	(13,818)	8,521	21,056	73,994
	216,405	**(179,005)**	**37,400**	**64,519**	**1,850,287**

NOTE 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of its land and all its improvements.

This valuation base was used to calculate general rates, excluding those who contribute under a Payment in lieu of Rates scheme (power generators) or where a rating agreement is in place (Opal).

The valuation base used to calculate general rates for 2025/26 was $22.364 billion (2024/25 was $22.028 billion).

	2026 $'000	2025 $'000
General rates	66,344	64,485
Municipal charge	6,371	6,225
Service rates and charges	15,618	13,658
EPA Victoria landfill levy	1,396	1,153
Supplementary rates and rates adjustments	714	606
Cultural and recreational	89	88
Revenue in lieu of rates	9,368	9,202
Total rates and charges	**99,900**	**95,417**

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2025 and the valuation was first applied in the rating year commencing 1 July 2025.

Annual rates and charges are recognised as income when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 User fees

Leisure centre and recreation	3,431	3,176
Child care/children's programs	4,314	4,767
Waste management services	3,491	2,938
Subdivision Supervision	463	591
Creative Arts & Venues	900	819
Other fees and charges	1,027	768
Total User fees	**13,626**	**13,059**
User fees by timing of revenue recognition		
User fees recognised over time	7,745	7,944
User fees recognised at a point in time	5,881	5,115
Total User fees	**13,626**	**13,059**

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

	2026 $'000	2025 $'000
3.3 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth Funded Grants	25,971	29,394
State Funded Grants	58,049	35,125
Total grants received	**84,020**	**64,519**
(a) Operating Grants		
Recurrent – Commonwealth Government		
Financial Assistance Grant	21,745	24,492
Employment Facilitation	822	931
Maternal and Child Health	147	-
Family and Children Programs	47	70
Recurrent –State Government		
Preschools	10,419	8,728
Family and Children Programs	2,288	2,279
Maternal and Child Health	1,693	1,626
Aged and Disability Programs	4	14
Libraries	560	560
School Crossing Supervision	258	259
Arts Programs	155	155
Environment Sustainability	33	36
Other	70	-
Community Support and Development Programs	208	262
Total recurrent operating grants	**38,449**	**39,412**
Non-Recurrent – Commonwealth Government		
Events And International Relations	10	9
Community Support & Development Programs	-	35
Non-Recurrent – State Government		
Recreational, Leisure & Community Facilities	-	650
Pre Schools	3	50
Economic Development	-	30
Community Support and Development Programs	78	274
Family and Children Programs	-	15
Events & International Relations	30	30
Natural Disaster Recovery	511	2,390
Emergency Management	32	170
Environment Sustainability	103	153
Sealed Roads	-	16
Statutory Planning	-	12
Strategic Planning	-	46
Other	782	890
Total non-recurrent operating grants	**1,549**	**4,770**
Total operating grants	**39,998**	**44,182**

	2026 $'000	2025 $'000
(b) Capital Grants		
Recurrent – Commonwealth Government		
Roads to Recovery Program	2,720	2,210
Total recurrent capital grants	**2,720**	**2,210**
Non-Recurrent – Commonwealth Government		
Buildings	-	1,647
Other	480	-
Non-Recurrent – State Government		
Buildings	1,217	5,147
Recreation, Leisure and Community Facilities	18,547	3,580
Natural Disaster Recovery	-	225
Other Recreational Facilities	-	242
Roads	-	818
Other	36	597
Sealed Roads	505	-
Offstreet Carparks	20,517	5,871
Other Infrastructure	-	-
Total non-recurrent capital grants	**41,302**	**18,127**
Total capital grants	**44,022**	**20,337**
Total Grants	**84,020**	**64,519**

	2026 $'000	2025 $'000

(c) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 Revenue from Contracts with Customers. When both these conditions are satisfied, the Council:
- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the point in time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 Income of Not-for-Profit Entities.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of unspent grants.

(d) Unspent grants received on condition that they be spent in a specific manne

Operating		
Balance at start of year	7,828	6,153
Received during the financial year and remained unspent at balance date	6,625	7,245
Received in prior years and spent during the financial year	(7,399)	(5,570)
Balance at year end	**7,054**	**7,828**

Unspent grants are determined and disclosed on a cash basis.

3.4 Contributions

Monetary	1,340	2,104
Non-monetary	11,695	27,273
Total Contributions	**13,035**	**29,377**
Contributions of non-monetary assets were received in relation to the following asset classes		
Roads	3,946	8,708
Drainage	4,666	9,574
Land	1,273	4,330
Buildings	-	2,759
Footpaths	1,770	1,861
Other	40	41
Total non-monetary contributions	**11,695**	**27,273**

Monetary and non-monetary contributions are recognised as income at their fair value when Council obtains control over the contributed asset.

	2026 $'000	2025 $'000
3.5 Other Income		
Interest	7,101	6,769
Contributions other	911	761
Sales	796	665
Other Rent	846	862
Insurance Claim Refunds	123	495
Rebates	1,068	1,042
Other	4	303
Total other income	**10,849**	**10,897**

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

NOTE 4 The cost of delivering services

	2026 $'000	2025 $'000
4.1 (a) Employee costs		
Salaries and wages	56,695	55,089
Workcover	1,465	1,433
Superannuation	6,923	6,384
Fringe benefits tax	314	279
Other	2,125	2,463
Total employee costs	**67,522**	**65,648**
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	195	194
	195	**194**
Employer contributions payable at reporting date	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	6,438	5,432
	6,438	**5,432**
Total Superannuation	**6,633**	**5,626**
Employer contributions payable at reporting date	-	485

Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services		
General maintenance	6,178	5,826
Domestic Rubbish Collection	4,852	4,377
Utilities	4,192	4,155
Other Contracts	5,827	5,156
Information technology	4,569	4,188
Office administration	3,195	2,648
Consultants	1,437	870
Hard Waste Collection	2,682	2,165
Transfer Stations	1,661	1,340
Insurance	1,944	1,742
Sporting Grounds & Facilities	620	585
Materials Recovery Facility	758	1,584
Finance & Legal Costs	953	924
Vehicle Expenses	1,276	1,254
Building maintenance	2,226	1,948
Cleaning	1,257	1,189
Management and Operation of Gippsland Regional Aquatic Centre	587	602
Green Waste Processing	914	900
Non-Council Asset works	105	4,335
Street Sweeping	940	825
Parks and Reserves	733	998
Litter Bins	607	716
Natural Disaster Recovery works	179	1,388
Logistics Precinct and Intermodel Freight Terminal	-	-
Other	6,648	5,529
Total materials and services	**54,340**	**55,244**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

	2026 $'000	2025 $'000
4.3 Depreciation		
Property	7,966	7,203
Plant, furniture and equipment	3,008	2,883
Infrastructure	29,057	25,799
Total depreciation	**40,031**	**35,885**

Refer to note 6.1 for a more detailed breakdown of depreciation charges and accounting policy.

4.4 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	4,304	1,129
Write down value of assets disposed (sold/written off)	(11,195)	(2,441)
Write down value of assets disposed (asset renewal)	(6,120)	(4,071)
Total net gain/(loss) on disposal of property, infrastructure, plant and	**(13,011)**	**(5,383)**

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

4.5 Other expenses		
Auditors' remuneration - VAGO	105	106
Auditors' remuneration - Internal Audit	73	56
Audit other	36	142
Councillors' allowances	410	381
Operating lease rentals	179	163
Grants	2,007	1,792
Levies	2,983	2,303
Assets written-off / impaired	600	7,579
Other	676	145
Landfill Provision Movement	130	2,644
Total other expenses	**7,199**	**15,311**

NOTE 5 INVESTING IN AND FINANCING OUR OPERATIONS

	2026 $'000	2025 $'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	13	11
Cash at bank	16,367	19,245
Total cash and cash equivalents	**16,380**	**19,256**
(b) Other financial assets		
Current		
Term Deposits	130,000	120,000
Total current other financial assets	**130,000**	**120,000**
Non-Current		
Shares	2	2
Total non-current other financial assets	**2**	**2**
Total other financial assets	**130,002**	**120,002**
Total cash and cash equivalents and other financial assets	**146,382**	**139,258**

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

	2026 $'000	2025 $'000

(c) Trade and other receivables

Current		
Statutory receivables		
Rates debtors*	5,011	4,407
Health Registrations	1	1
Net GST receivable	802	630
Non-statutory receivables		
Loans and advances to community organisations	-	1
Other debtors	5,908	1,062
Allowance for expected credit loss - other debtors	(8)	(10)
Total current trade and other receivables	**11,714**	**6,091**

*Rates are payable by four instalments during the year or by lump sum in February. Arrears attract interest, currently at the rate of 10.0% per annum.

Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of receivables

The ageing of the Council's trade & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	3	286
Past due by up to 30 days	5,435	451
Past due between 31 and 60 days	93	13
Past due between 61 and 90 days	39	10
Past due by more than 90 days	330	293
Total trade and other receivables	**5,900**	**1,053**

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of $8K (2025 $10K) were impaired. The amount of the provision raised against these debtors was $8K (2025 $10K). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

Past due by more than 90 days	8	10
Total trade and other receivables	**8**	**10**

	2026 $'000	2025 $'000
5.2 Payables, trust funds and deposits and contract and other liabilities		
(a) Trade and other payables		
Current		
Non-statutory payables		
Trade Payables	11,165	10,704
Accrued Expenses	1,869	2,069
Total current trade and other payables	**13,034**	**12,773**
(b) Trust funds and deposits		
Current		
Refundable deposits	5,547	6,447
Emergency Services and Volunteers Fund	1,144	746
Retention amounts	461	348
Other trust amounts	579	418
Total current trust funds and deposits	**7,731**	**7,959**
(c) Contract and other liabilities		
Contract liabilities		
Current		
Grants received in advance - operating	15,939	11,507
Other	67	-
Total contract liabilities	**16,006**	**11,507**
Other liabilities		
Current		
Deferred capital grants	13,928	25,871
Total other liabilities	**13,928**	**25,871**
Total contract and other liabilities	**29,934**	**37,378**

Trust funds and deposits
Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Contract liabilities
Contract liabilities reflect consideration received in advance from customers in respect of operational government grants. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Other liabilities
Grant consideration was received from Commonwealth and State governments to support the renewal and construction of buildings and infrastructure assets. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of the asset. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Purpose and Nature of Items
Refundable deposits – Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to contracts, asset protection, planning permit works and the use of civic facilities.

Emergency Services and Volunteers Fund – Council is the collection agent for the fire services property levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Other trust amounts - Council collects ticketing revenue on behalf of performing arts venue users, and forwards these monies to the user upon show performance and settlement.

	2026 $'000	2025 $'000
5.3 Interest-bearing liabilities		
Current		
Treasury Corporation of Victoria Borrowings – Secured	1,992	1,752
Borrowings – Secured	540	3,874
Total current interest-bearing liabilities	**2,532**	**5,626**
Non-Current		
Treasury Corporation of Victoria Borrowings – Secured	7,977	7,468
Borrowings – Secured	1,136	1,677
Total non-current interest bearing liabilities	**9,113**	**9,145**
Total interest-bearing loans and borrowings	**11,645**	**14,771**

All borrowings are secured over Council's Rate Revenue

The maturity profile for Council's borrowings is:		
Not later than one year	2,532	5,626
Later than one year and not later than five years	7,700	9,145
Later than five years	1,413	-
Total	**11,645**	**14,771**

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities based on contractual repayment terms at every balance date.

In classifying borrowings as current or non-current Council considers whether at balance date it has the right to defer settlement of the liability for at least twelve months after the reporting period. Council's loan arrangements include covenants based on Council's financial performance and position at the end of the reporting period. These covenants are assessed for compliance after the reporting period based on specified financial ratios.

5.4 Provisions

	EMPLOYEE	LANDFILL RESTORATION	TOTAL
	$'000	$'000	$'000
2026			
Balance at Beginning of the Financial Year	13,536	19,086	**32,622**
Additional/(Reduced) Provisions	6,851	3,426	**10,277**
Amounts Used	(5,996)	(550)	**(6,546)**
Change in the discounted amount arising because of time and effect of any change in the discount rate	(665)	(896)	**(1,561)**
Balance at the End of the Financial Year	**13,726**	**21,066**	**34,792**
Provisions - current	12,379	1,248	**13,627**
Provisions - non-current	1,347	19,818	**21,165**
2025			
Balance at Beginning of the Financial Year	13,129	18,736	**31,865**
Additional/(Reduced) Provisions	6,129	2,938	**9,067**
Amounts Used	(5,699)	(2,293)	**(7,992)**
Change in the discounted amount arising because of time and effect of any change in the discount rate	(23)	(295)	**(318)**
Balance at the End of the Financial Year	**13,536**	**19,086**	**32,622**
Provisions - current	11,969	2,310	**14,279**
Provisions - non-current	1,567	16,776	**18,343**

(a) Employee provisions

	2026	2025
	$'000	$'000
Current Provisions Expected to be wholly settled within 12 months		
Annual leave	4,653	4,438
Long service leave	2,263	2,360
	6,916	**6,799**
Current Provisions Expected to be wholly settled after 12 months		
Annual leave	-	-
Long service leave	5,463	5,170
	5,463	**5,170**
Total current employee provisions	**12,379**	**11,969**
Non-Current		
Long service leave	1,347	1,567
Total non-current employee provisions	**1,347**	**1,567**
Aggregate Carrying Amount of Employee Provisions		
Current	12,379	11,969
Non-Current	1,347	1,567
Total aggregate carrying amount of employee provisions	**13,726**	**13,536**

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date

Annual Leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:
- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

	2026 $'000	2025 $'000
Key assumptions:		
- discount rate	4.21%	3.59%
- inflation rate	4.15%	4.25%

(b) Landfill restoration

Current	1,248	2,310
Non-Current	19,818	16,776
	21,066	**19,086**

Council is obligated to restore the current Highland Highway landfill site and legacy sites at Moe, Morwell, Traralgon and Yinnar to a particular standard. The forecast life of the Highland Highway landfill site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill rehabilitation has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to restore the sites to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.
Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:		
- discount rate	4.75%	4.02%
- inflation rate	4.15%	4.00%

5.5 Financing arrangements

The Council has the following funding arrangements in place as at 30 June		
Bank overdraft	-	1,000
Credit card facilities	500	500
Treasury Corporation of Victoria facilities	9,968	9,220
Other facilities	1,676	5,551
Total facilities	**12,144**	**16,271**
Used facilities	**11,766**	**14,886**
Unused facilities	**378**	**1,385**

5.6 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

(a) Commitments for expenditure

	NOT LATER THAN 1 YEAR	LATER THAN 1 YEAR AND NOT LATER THAN 2 YEARS	LATER THAN 2 YEAR AND NOT LATER THAN 5 YEARS	LATER THAN 5 YEARS	TOTAL
	$'000	$'000	$'000	$'000	$'000
2026					
Operating					
Garbage Collection	5,068	5,068	15,204	12,670	38,010
Processing of Organic Waste	2,265	2,265	6,795	22,651	33,976
Recycling	2,308	2,308	5,362	4,208	14,186
Cleaning contracts for council amenities/streets	2,823	2,029	416	-	5,268
Collection of Hard Waste	2,250	2,250	-	-	4,500
Management and Operation of GRAC	715	715	1,430	-	2,860
Cleaning contracts for council buildings	1,170	1,170	-	-	2,340
Landfill	363	-	-	-	363
Drainage	101	-	-	-	101
Asset Condition Assessment	56	-	-	-	56
Total	**17,119**	**15,805**	**29,207**	**39,529**	**101,660**
Capital construction					
Buildings	3,039	-	-	-	3,039
Roads	756	-	-	-	756
Recreational, leisure and community facilities	550	-	-	-	550
Bridges	390	-	-	-	390
Drainage	72	-	-	-	72
Total	**4,807**	**-**	**-**	**-**	**4,807**
2025					
Operating					
Garbage Collection	5,802	5,802	17,405	20,305	49,314
Collection of Hard Waste	1,997	1,929	1,960	-	5,886
Recycling	1,921	-	-	-	1,921
Processing of Organic Waste	1,219	-	-	-	1,219
Cleaning contracts for council buildings	820	-	-	-	820
Cleaning contracts for council amenities/streets	786	-	-	-	786
Management and Operation of GRAC	726	363	-	-	1,089
Landfill	642	-	-	-	642
Software	349	-	-	-	349
Secretarial Support and Advocacy Services	276	56	-	-	332
Total	**14,538**	**8,150**	**19,365**	**20,305**	**62,358**
Capital construction					
Streetscape	28,050	-	-	-	28,050
Buildings	1,935	-	-	-	1,935
Logistics Precinct and Intermodel Freight Terminal	1,414	-	-	-	1,414
Roads	724	-	-	-	724
Landfill	554	-	-	-	554
Off Street Carparks	107	-	-	-	107
Bridges	88	-	-	-	88
Total	**32,872**	**-**	**-**	**-**	**32,872**

NOTE 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	CARRYING AMOUNT 30 JUNE 2025 $'000	ACQUISITIONS $'000	CONTRIBUTIONS $'000	REVALUATION $'000	DEPRECIATION $'000	DISPOSAL $'000	TRANSFERS $'000	CARRYING AMOUNT 30 JUNE 2026 $'000
Land	269,629	-	1,273	-	-	(312)	-	270,590
Buildings	326,853	8,352	-	-	(7,966)	(5,590)	6,700	328,349
Plant and equipment	18,271	3,206	40	244	(3,008)	(148)	27	18,632
Infrastructure	1,046,474	13,375	10,382	193,992	(29,057)	(6,763)	11,847	1,240,250
Work in progress	33,575	43,537	-	-	-	(5,023)	(18,574)	53,515
Total	**1,694,802**	**68,470**	**11,695**	**194,236**	**(40,031)**	**(17,836)**	**-**	**1,911,336**

Summary of works in progress

	OPENING WIP $'000	ADDITIONS $'000	TRANSFERS $'000	WRITE OFFS $'000	CLOSING WIP $'000
Buildings	14,996	25,999	(6,754)	(102)	34,140
Infrastructure	18,579	17,537	(11,820)	(4,921)	19,375
Total	**33,575**	**43,537**	**(18,574)**	**(5,023)**	**53,515**

(a) Property

	NOTE	LAND - SPECIALISED (INCL LAND UNDER ROADS)	LAND - NON SPECIALISED	TOTAL LAND	BUILDINGS - SPECIALISED	TOTAL BUILDINGS	WORK IN PROGRESS	TOTAL PROPERTY
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2025		186,686	82,943	**269,629**	463,320	**463,320**	14,996	**747,944**
Accumulated depreciation at 1 July 2025		-	-	**-**	(136,467)	**(136,467)**	-	**(136,467)**
		186,686	**82,943**	**269,629**	**326,853**	**326,853**	**14,996**	**611,477**
Movements in fair value								
Additions		-	-	**-**	8,352	**8,352**	26,000	**34,352**
Contributions		1,273	-	**1,273**	-	**-**	-	**1,273**
Revaluation		-	-	**-**	-	**-**	-	**-**
Disposal		-	(312)	**(312)**	(11,166)	**(11,166)**	-	**(11,478)**
Write-off				**-**		**-**	(102)	**(102)**
Transfers		-	-	**-**	6,700	**6,700**	(6,754)	**(54)**
		1,273	**(312)**	**961**	**3,886**	**3,886**	**19,144**	**23,991**
Movements in accumulated depreciation								
Depreciation and amortisation		-	-	**-**	(7,966)	**(7,966)**	-	**(7,966)**
Accumulated depreciation of disposals		-	-	**-**	5,576	**5,576**	-	**5,576**
Revaluation Movement		-	-	**-**	-	**-**	-	**-**
Transfers		-	-	**-**	-	**-**	-	**-**
		-	**-**	**-**	**(2,390)**	**(2,390)**	**-**	**(2,390)**
At fair value 30 June 2026		187,959	82,631	**270,590**	467,206	**467,206**	34,140	**771,936**
Accumulated depreciation at 30 June 2026		-	-	**-**	(138,857)	**(138,857)**	-	**(138,857)**
Carrying Amount		**187,959**	**82,631**	**270,590**	**328,349**	**328,349**	**34,140**	**633,079**

(b) Plant and Equipment

	NOTE	PLANT MACHINERY AND EQUIPMENT	FIXTURES FITTINGS AND FURNITURE	COMPUTERS AND TELECOMMS	ART COLLECTION	TOTAL PLANT AND EQUIPMENT
		$'000	$'000	$'000	$'000	$'000
At cost / fair value 1 July 2025		23,655	2,497	10,303	4,108	**40,563**
Accumulated depreciation at 1 July 2025		(12,082)	(1,952)	(8,258)	-	**(22,292)**
		11,573	**545**	**2,045**	**4,108**	**18,271**
Movements in carrying value						
Additions		2,409	36	751	10	**3,206**
Contributions		-	-	-	40	**40**
Revaluations		-	-	-	244	**244**
Disposal		(1,868)	-	-	-	**(1,868)**
Transfers		-	-	27	-	**27**
		541	**36**	**778**	**294**	**1,649**
Movements in accumulated depreciation						
Depreciation and amortisation		(2,223)	(128)	(657)	-	**(3,008)**
Accumulated depreciation of disposals		1,720	-	-	-	**1,720**
Contributions		-	-	-	-	**-**
		(503)	**(128)**	**(657)**	**-**	**(1,288)**
At cost / fair value 30 June 2026		24,196	2,533	11,081	4,402	**42,212**
Accumulated depreciation at 30 June 2026		(12,585)	(2,080)	(8,915)	-	**(23,580)**
Carrying Amount		**11,611**	**453**	**2,166**	**4,402**	**18,632**

Plant and equipment are carried at historical cost, except Art Collection which is carried at historical cost

(c) Infrastructure

	ROADS	BRIDGES	FOOTPATHS AND CYCLEWAYS	DRAINAGE	WASTE MANAGEMENT	PARKS OPEN SPACES AND STREETSCAPES	AERODROMES	OFF STREET CAR PARKS	RECREATION, LEISURE AND COMMUNITY FACILITIES	WORK IN PROGRESS	TOTAL INFRASTRUCTURE
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2025	948,363	68,402	134,240	325,577	14,208	37,671	4,928	45,213	51,824	18,580	**1,649,006**
Accumulated depreciation at 1 July 2025	(301,529)	(33,468)	(57,059)	(132,542)	(13,577)	(12,129)	(2,273)	(18,629)	(12,746)	-	**(583,952)**
	646,834	**34,934**	**77,181**	**193,035**	**631**	**25,542**	**2,655**	**26,584**	**39,078**	**18,580**	**1,065,054**
Movements in fair value											
Additions	9,088	284	201	74	1,300	885	-	285	1,258	17,537	**30,912**
Contributions	3,946	-	1,770	4,665	-	-	-	-	-	-	**10,381**
Revaluations	-	-	105,145	181,586	-	-	5,362	-	-	-	**292,093**
Disposal	(10,960)	-	(811)	-	-	(394)	-	(277)	(363)	(4,921)	**(17,726)**
Transfers	5,534	127	589	1,417	2,346	1,343	-	86	405	(11,820)	**27**
	7,608	**411**	**106,894**	**187,742**	**3,646**	**1,834**	**5,362**	**94**	**1,300**	**796**	**315,687**
Movements in accumulated depreciation											
Depreciation and amortisation	(16,785)	(786)	(3,100)	(3,258)	(874)	(1,585)	(177)	(806)	(1,685)	-	**(29,056)**
Accumulated depreciation of disposals	5,190	-	404	-	-	188	-	133	127	-	**6,042**
Revaluation Movement	-	-	(41,842)	(54,336)	-	-	(1,924)	-	-	-	**(98,102)**
Transfers	-	-	-	-	-	-	-	-	-	-	**-**
	(11,595)	**(786)**	**(44,538)**	**(57,594)**	**(874)**	**(1,397)**	**(2,101)**	**(673)**	**(1,558)**	**-**	**(121,116)**
At fair value 30 June 2026	955,971	68,813	241,134	513,319	17,854	39,505	10,290	45,307	53,124	19,376	**1,964,693**
Accumulated depreciation at 30 June 2026	(313,124)	(34,254)	(101,597)	(190,136)	(14,451)	(13,526)	(4,374)	(19,302)	(14,304)	-	**(705,068)**
Carrying Amount	**642,847**	**34,559**	**139,537**	**323,183**	**3,403**	**25,979**	**5,916**	**26,005**	**38,820**	**19,376**	**1,259,625**

Acquisition

Initial measurement

Council initially measures its property, infrastructure, plant and equipment assets at cost. The cost of an acquired asset is the fair value of the consideration that Council has provided at the date of acquisition plus any incidental costs attributable to the acquisition.

Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Refer to Note 8.4 for more information on how Council measures fair value.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

ASSET CATEGORY	DEPRECIATION PERIOD	THRESHOLD LIMIT $'000
Property		
land	na	Nil
buildings	10 - 100 years	10.0
Plant and equipment		
plant, machinery and equipment	2 - 25 years	1.0
fixtures, fittings and furniture	5 - 10 years	1.0
computers and telecommunications	3 - 10 years	1.0
art works collection	na	0.5
Infrastructure		
road pavements and seals	10 - 100 years	10.0
road formation and earthworks	na	10.0
road kerb and channel	80 years	10.0
bridges super structure	60 - 100 years	10.0
bridges substructure	60 - 100 years	10.0
bridges culvert	100 years	10.0
footpaths and cycleways	10 - 80 years	10.0
drainage	100 - 150 years	10.0
waste management	3 years	10.0
parks, open space and streetscapes	10 - 100 years	5.0
recreation, leisure and community facilities	7 - 100 years	10.0
off street car parks	10 - 90 years	10.0
aerodromes runways and taxiways	10 - 90 years	10.0
Intangible assets		
landfill air space	3 years	10.0

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Valuation of land and buildings

Valuation of land and buildings were undertaken by qualified independent valuers Gippsland Property Valuations (Registration number: 71139) for land (June 2022) and Assetic Pty Ltd for buildings (June 2023). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement. Where land use is not restricted, highest and best use is assumed to be current use, except where the land is held for sale, or highly likely to be used for an alternative purpose within 12 months of the reporting date.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date and type of the current valuation is detailed in the following table. A desktop reviews of land by undertaken by management indicated that the the movement in valuations was less than 10% since the last revaluation which is below Council's current threshold for undertaking an index based revaluation. A desktop review of buildings valuations by Council's valuation bureau services provider Brightly Software P/L was conducted in the current year which indicated that the movement in valuations was 8.08% since the last revaluation which is below Council's current threshold for undertaking an index based revaluation. A full revaluation of both Land and Buildings asset classes will be conducted in the 2026/27 financial year.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2026 are as follows:

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	DATE OF FULL VALUATION	DATE OF INDEXED VALUATION
Land – Non specialised	-	82,631	-	Jun-2022	n/a
Land – Specialised	-	-	187,959	Jun-2022	n/a
Buildings – Specialised	-	-	328,349	Jun-2023	Jun-2025
Total	**-**	**82,631**	**516,308**		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an independent valuation undertaken by Brightly Australia Pty Ltd (Roads, Off street car parks, Aerodromes, Recreational, leisure & community facilities and Parks, open space & streetscapes), Modelve Pty Ltd (Footpaths & cycleways and Drainage), and iinSights Pty Ltd (Bridges).

The date and type of the current valuation is detailed in the following table. A full revaluation of the Footpaths and cycleways, drainage and aerodromes asset classes was conducted in the current year. Desktop valuations on indexed asset classes were undertaken by Council's valuation bureau services provider Brightly Software P/L in the current year. No index based revaluations have been applied in 2025/26 due to all assessments indicating movements in valuation of less than Council's 10% threshold.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2026 are as follows:

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	DATE OF FULL VALUATION	DATE OF INDEXED VALUATION
Roads	-	-	642,847	Jun-2025	n/a
Bridges	-	-	34,559	Jul-2024	n/a
Footpaths and cycleways	-	-	139,537	Jul-2025	n/a
Drainage	-	-	323,183	Jun-2026	n/a
Recreational, Leisure and community facilities	-	-	38,820	Jun-2024	Jun-2025
Waste management	-	-	3,403	n/a	n/a
Parks, open space and streetscapes	-	-	25,979	Jun-2024	Jun-2025
Aerodromes	-	-	5,916	Jul-2025	n/a
Off street car parks	-	-	26,005	Jun-2025	n/a
Total	**-**	**-**	**1,240,249**		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between $0 and $951 per square metre

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from $170 to $7,595 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 0 to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2026 $'000	2025 $'000
Reconciliation of specialised land		
Land under roads	31,588	31,509
Parks, reserves and other specialised land	156,371	155,177
Total specialised land	**187,959**	**186,686**

NOTE 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity
Latrobe City Council is the parent entity

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Latrobe City Council. The Councillors, Chief Executive Officer and General Managers are deemed KMP.

Details of KMP at any time during the year are:

		2026 No.	2025 No.
	Councillor S Gibson (Mayor from 27/11/2025 to 30/06/2026)	1	1
	Councillor D Harriman (Mayor from 01/07/2025 to 26/11/2025)	1	1
	Councillor D Howe	1	1
	Councillor D Barnes	1	1
	Councillor L Potter	1	1
	Councillor J Campbell	1	1
	Councillor A Pugsley	1	1
	Councillor S Morgan	1	1
	Councillor T Lund (resigned 16/03/2026)	1	1
	Councillor K O'Callaghan	-	1
	Councillor D Clancey	-	1
	Councillor B Law	-	1
	Councillor G Middlemiss	-	1
	Councillor M Ferguson	-	1
Other KMP	Chief Executive Officer	1	1
	General Manager Infrastructure & Sustainability	1	1
	General Manager Community Liveability	1	2
	General Manager Investment & Growth	1	1
	General Manager Organisational Performance	1	1
	Executive Manager Sports Legacy & Activation	1	2
Total Number of Councillors		**9**	**14**
Chief Executive Officer and other Key Management Personnel		**6**	**8**
Total Key Management Personnel		**15**	**22**

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages and unused Long Service Leave and Annual Leave entitlements.

Total remuneration of key management personnel was as follows:

	2026 $'000	2025 $'000
Short-term benefits	1,801	2,232
Other long-term benefits	45	37
Post employment benefits	160	201
Termination benefits	-	87
Total	**2,007**	**2,558**

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2026 No.	2025 No.
$10,000 - $19,999	1	5
$20,000 - $29,999	1	5
$30,000 - $39,999	6	1
$40,000 - $49,999	-	1
$50,000 - $59,999	-	1
$70,000 - $79,999	-	1
$80,000 - $89,999	1	-
$90,000 - $99,999	1	-
$140,000 - $149,999	-	1
$210,000 - $219,999	-	1
$270,000 - $279,999	-	2
$280,000 - $289,999	1	1
$290,000 - $299,999	3	2
$380,000 - $389,999	-	1
$410,000 - $419,999	1	-
Total	**15**	**22**

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds $170,000 and who report directly to a member of the KMP.

Total remuneration of other senior staff was as follows:

	2026 $'000	2025 $'000
Short-term benefits	2,393	2,564
Other long-term benefits	- 116	42
Post employment benefits	277	276
Termination benefits	241	-
Total	**2,795**	**2,882**

The number of other senior staff are shown below in their relevant income bands:

	2026 No.	2025 No.
Income Range:		
$170,000 - $179,999	2	2
$180,000 - $189,999	2	4
$190,000 - $199,999	2	5
$200,000 - $209,999	7	4
$230,000 - $239,999	1	-
Total	**14**	**15**
Total remuneration for the reporting year for other senior staff included above, amounted to: ($,000)	**2,795**	**2,882**

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties:

	2026 $'000	2025 $'000
Purchase of materials & services from related parties of key management personnel	50	32
Total	**50**	**32**

(b) Outstanding balances with related parties

Council has no outstanding balances to/from any related parties.

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

(c) Loans to/from related parties

No loans have been made, guaranteed or secured by the council to a key management person, or a related party of a key management person during the reporting period.

(d) Commitments to/from related parties

The following commitments were in place at the end of the reporting period in relation to related parties

	2026 $'000	2025 $'000
Employee commitments for close family members of key personnel	-	-
Total	**-**	**-**

NOTE 8 Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

Landslip reconstruction costs of $1,364K were incurred in 25/26 year. These costs will be put forward as claims to the Disaster Recovery Funding Arrangements in the 26/27 year

(b) Contingent liabilities

Contingent liabilities are:
- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Landfill

Council has set aside a provision for the rehabilitation of landfill sites. The amounts provisioned are management's best estimates of the cost to rehabilitate these sites however until the rehabilitation plans have been designed and approved by the Environment Protection Authority Victoria (EPA) there is a possibility that Council's obligations could further increase in respect to these sites.

In addition Council has provided bank guarantees to the value of $0.9 million (2024/25 $0.9 million) to Environment Protection Authority Victoria (EPA) for performance obligations in relation to the rehabilitation of these landfill sites.

Liability Mutual Insurance

Council is (was) a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

Gippsland Regional Aquatic Centre site

Latrobe City Council has been issued with a clean-up notice from the Environmental Protection Authority (EPA) in relation to the site located at the corner of Breed Street and Kay Street Traralgon. The location is the former site of the Traralgon Gasworks and the current site of the Gippsland Regional Aquatic Centre. Extensive clean up and remediation of the site has been undertaken by Latrobe City Council and council is working with an EPA approved Environmental Consultant to ensure that the contamination on site has been cleaned up to the satisfaction of the EPA.

On 4 November 2022 the EPA issued a notice to the CEO that they have revoked the Environmental Action Notice (EAN). The EPA appointed auditor provided an Environmental Audit Statement to the EPA prior to the revocation on their findings and recommendations. While the clean-up works associated with the EAN has been completed and resulted in the revocation, the recommendations by the auditor in their statement are to be adhered to. Among the recommendations was the implementation of the Groundwater Quality Management Plan (GQMP) to be in force until March 2025. The GQMP required Council to undertake ground water monitoring each year in March to determine if the residual contamination is changing in its risk profile. At the completion of monitoring the appointed auditor will determine if the GQMP needs to be updated or no longer required. It is important to note that if there is unexpected activity with the contamination where the auditor determines that the risk profile has increased, it could result in further clean up works or further monitoring.

The final groundwater monitoring event (GME) was completed in March 2025 with the results showing a further reduction in the contaminate levels with no movement of the plume. The consultant responsible for the GME has made a recommendation for the monitoring to cease as per the approved Groundwater Quality Management Plan (GQMP). The Auditor has reviewed the GME report submitted by the consultant and provided agreement with that there is no practical purpose to continue monitoring and that a cessation report was now appropriate. A cessation report has been prepared by a consultant and is currently being reviewed by the auditor for approval of the cessation. The EPA will be notified that the audit is complete. It has been advised that there is no requirement for the EPA to approve completion of the audit.

(c) Guarantees for loans to other entities

Council has not provided any guarantees for loans to other entities as at the balance date.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

8.2 Change in accounting standards

Australian Accounting Standards issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period. Council assesses the impact of these new standards.

The Australian Accounting Standards Board (AASB) has issued AASB 18 Presentation and Disclosure in Financial Statements. When applicable AASB 18 supersedes AASB 101 Presentation of Financial Statements. AASB 18 aims to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. It is expected to result in presentation and disclosure changes, primarily to Council's Comprehensive Income Statement. AASB 18 is expected to first apply to Council for the 2028-29 financial year.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables), bank and TCV borrowings. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020* . Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities Council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any allowance for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.3.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 4.35%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy , Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. For assets where Council adopts a current replacement cost approach to determine fair value, Council considers the inclusion of site preparation costs, disruption costs and costs to restore another entity's assets in the underlying valuation.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets are measured at fair value, other than plant and equipment (except for the art collection which is valued at fair value). Fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Land	5 years
Buildings	4 to 5 years
Roads	4 to 5 years
Bridges	4 to 5 years
Footpaths and cycleways	4 to 5 years
Drainage	4 to 5 years
Recreational, leisure and community facilities	4 to 5 years
Waste management	Not revalued as useful life is generally only 3 years
Parks, open space and streetscapes	4 to 5 years
Aerodromes	4 to 5 years

Where the assets are revalued, the revaluation increases are credited directly to the asset revaluation reserve except to the extent that an increase reverses a prior year decrease for that class of asset that had been recognised as an expense in which case the increase is recognised as revenue up to the amount of the expense. Revaluation decreases are recognised as an expense except where prior increases are included in the asset revaluation reserve for that class of asset in which case the decrease is taken to the reserve to the extent of the remaining increases. Within the same class of assets, revaluation increases and decreases within the year are offset.

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. The impairment policy above does not apply to Council's property, infrastructure, specialised buildings and other non-current physical assets subsequently measured at fair value. These are primarily non-cash generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity. Their recoverable amount is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 Impairment of Assets does not apply to such assets that are regularly revalued.

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

NOTE 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

	BALANCE AT BEGINNING OF REPORTING PERIOD $'000	INCREASE/ (DECREASE) $'000	BALANCE AT END OF REPORTING PERIOD $'000
2026			
Property			
Land	189,364	-	189,364
Buildings	148,379	-	148,379
	337,743	**-**	**337,743**
Infrastructure			
Roads	268,900	-	268,900
Bridges	33,057	-	33,057
Footpaths and cycleways	33,567	63,304	96,871
Drainage	115,983	127,250	243,233
Recreation, leisure and community facilities	3,227	-	3,227
Parks, open space and streetscapes	7,813	-	7,813
Aerodromes	-	3,438	3,438
Off street carparks	13,938	-	13,938
	476,485	**193,992**	**670,477**
Other			
Artworks	1,095	244	1,339
Other	13	-	13
	1,108	**244**	**1,352**
Total Asset Revaluation Reserves	**815,336**	**194,236**	**1,009,572**
2025			
Property			
Land	189,364	-	189,364
Buildings	114,878	33,501	148,379
	304,242	**33,501**	**337,743**
Infrastructure			
Roads	169,004	99,896	268,900
Bridges	34,828	(1,771)	33,057
Footpaths and cycleways	24,411	9,156	33,567
Drainage	94,094	21,889	115,983
Recreation, leisure and community facilities	1,680	1,547	3,227
Parks, open space and streetscapes	6,277	1,536	7,813
Off street carparks	9,026	4,912	13,938
	339,320	**137,165**	**476,485**
Other			
Artworks	1,095	-	1,095
Other	13	-	13
	1,108	**-**	**1,108**
Total Asset Revaluation Reserves	**644,670**	**170,666**	**815,336**

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

(b) Other reserves

	BALANCE AT BEGINNING OF REPORTING PERIOD $'000	TRANSFER FROM ACCUMULATED SURPLUS $'000	TRANSFER TO ACCUMULATED SURPLUS $'000	BALANCE AT END OF REPORTING PERIOD $'000
2026				
Developer Contributions	9,026	(1,148)	1,000	8,878
Total other reserves	**9,026**	**(1,148)**	**1,000**	**8,878**
2025				
Developer Contributions	8,038	(684)	1,672	9,026
Total other reserves	**8,038**	**(684)**	**1,672**	**9,026**

Purpose and nature of other reserves
Developer Contributions – The development contribution reserve is maintained to account for funds held by the Council for specific development purposes include off street parking, drainage, playgrounds and public open spaces and tree planting development.

9.2 Reconciliation of cash flows from operating activities to surplus (deficit)

	2026 $'000	2025 $'000
Surplus/(deficit) for the year	41,734	37,400
Non-cash adjustments:		
Depreciation and amortisation	40,880	36,975
Loss on disposal of property, infrastructure, plant and equipment	13,011	5,383
Impairment losses	-	423
Contributions non-monetary assets	(11,695)	(27,273)
Finance costs	362	409
Work in progress written off	600	7,155
Changes in assets and liabilities		
(Increase)/ decrease in trade and other receivables	(5,625)	(1,208)
(Increase)/ decrease in prepayments	137	(537)
(Increase) / decrease in accrued income	982	(1,133)
(Increase) / decrease in landfill intangible asset	(2,400)	-
Increase/ (decrease) in trade and other payables	1,650	(2,819)
Increase/ (decrease) in contract and other liabilities	(7,444)	26,277
Increase/ (decrease) in trust funds and deposits	(228)	1,651
Increase/ (decrease) in provisions	2,171	757
Net cash provided by operating activities	**74,135**	**83,460**

9.3 Superannuation

Latrobe City Council (Council) makes some of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

Accumulation
The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2026, this was 12.0% as required under Superannuation Guarantee (SG) legislation (2025: 11.5%)).

Defined Benefit
Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.
There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 Employee Benefits.

Funding arrangements
Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2025, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2025 (of which Council is a contributing employer) was 110.5%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.6% pa

As at 30 June 2026, a triennial actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2026. The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2025 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions
(a) Regular contributions
On the basis of the results of the 2025 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2026, this rate was 12.0% of members' salaries (11.5% in 2024/25). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

(b) Funding calls
If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%).

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Latrobe City Council are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.
In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2025 interim actuarial investigation surplus amounts
An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2025 and 30 June 2024 while a full investigation was conducted as at 30 June 2023.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Council is a contributing employer:

	2025 (Interim) $m	2024 (Interim) $m	2023 (Triennial) $m
- A VBI surplus	200.1	108.4	85.7
- A total service liability surplus	229.4	141.4	123.6
- A discounted accrued benefits surplus	242.8	156.7	141.9

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2025.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2025.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2025.

The 2026 triennial actuarial investigation
A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2026 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2026. The last interim actuarial investigation conducted prior to 30 June 2026 was at 30 June 2025. The VBI of the Defined Benefit category at that date was 110.5%. The financial assumptions used to calculate the 30 June 2025 VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.6% pa

Council was notified of the 30 June 2025 VBI during August 2025.
Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2025 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

The 2023 triennial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	2023 Triennial investigation $m	2020 Triennial investigation $m
Net Investment return	5.7% pa	5.6% pa
Salary inflation	3.5% pa	2.5% pa for the first two years and 2.75% pa thereafter
Price inflation	2.8% pa	2.0% pa

Superannuation contributions
Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2026 are detailed below:

Scheme	Type of Scheme	Rate	2026 $'000	2025 $'000
Vision Super	Defined Benefits	12.0% (2025: 11.5%)	195	194
Various	Accumulation	12.0% (2025: 11.5%)	6,438	5,432

In addition to the above contributions, Latrobe City Council has paid unfunded liability payments to Vision Super totalling $nil (2024/25 $nil).

There were $nil contributions outstanding (2024/25 $485K) and $nil loans issued (2024/25 $nil) from or to the above schemes as at 30 June 2026.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2027 is $200K.

NOTE 10 Change in accounting policy

There have been no changes to accounting policies in the 2025-26 year.

Latrobe City Council

Performance Statement

For the year ended 30 June 2026

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Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020.

_____
Matthew Rogers
Principal Accounting Officer
Dated: 05 October 2026

In our opinion, the accompanying performance statement of the Latrobe City Council for the year ended 30 June 2025 presents fairly the results of council's performance in accordance with the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020.
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.
At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.
We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2020 to certify this performance statement in its final form.

_____
Cr Joanne Campbell
Councillor
Dated: 05 October 2026

_____
Cr Leanne Potter
Councillor
Dated: 05 October 2026

_____
Steven Piasente
Chief Executive Officer
Dated: 05 October 2026

Victorian Auditor – General's Office Audit Report

Victorian Auditor – General's Office Audit Report

Section 1. Description of municipality

Latrobe City is Victoria's eastern Regional City and Gippsland's primary service centre and employment hub, providing retail, entertainment, education, government and health services to the region with a population of 79,112[1].

Latrobe City is located an hour and half drive east of Melbourne covering an area of 1,425 square kilometres situated between the Strzelecki Ranges to the south and the Great Dividing Range to the north. The city is made up of four central towns; Churchill, Moe/Newborough, Morwell and Traralgon; and seven smaller rural townships of Boolarra, Glengarry, Toongabbie, Tyers, Traralgon South, Yallourn North and Yinnar.

[1] Australian Bureau of Statistics Regional Population, 2024-25 Australia, 31 March 2026

Section 2. Service performance indicators

For the year ended 30 June 2026

	Results					
	2023	2024	2025	2026		
Indicator / measure [formula]	Actual	Actual	Actual	Target as per budget	Actual	
Aquatic Facilities ***Utilisation*** *Utilisation of aquatic facilities* [Number of visits to aquatic facilities / Municipal population]	5.39	5.68	4.13	N/A	7.06	The data collection method for recording visits has changed for 2026. Council have opted to utilise people counters instead of point of sale systems (which only captured paying customers) for recording visitation at all major facilities. This is largely the reason for the significant variance compared to 2025.
Animal Management ***Health and safety*** *Animal management prosecutions* [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100%	100%	100%	N/A	94%	Performance was slightly lower than the 2025 financial year, with 17 of 18 animal management prosecutions resulting in a successful outcome.

	Results					
	2023	**2024**	**2025**	**2026**		
Indicator / measure [formula]	Actual	Actual	Actual	Target as per budget	Actual	**Comments**
Food Safety ***Health and safety*** *Critical and major non-compliance outcome notifications* *[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100*	60.41%	89.05%	89.02%	N/A	96.16%	Council has continued to increase performance on previous years through regular reporting of critical and major non-compliance and a stronger focus on completing required follow-up inspections. Council has also encouraged annual inspections to be undertaken earlier in the year, allowing sufficient time for any necessary follow-up activities; supporting a more proactive approach to compliance management.
Governance ***Satisfaction*** *Satisfaction with community consultation and engagement* [*community satisfaction rating out of 100 with the consultation and engagement efforts of Council*]	53	50	49	53	55	Council has been working to deliver on the 2025-29 Council Plan, which many community members contributed to. Further it has delivered a refreshed Community Engagement Policy which officers apply in their work.
Libraries ***Participation*** *Library membership* *[percentage of the population that are registered library members] x100*	N/A	23.76%	27.85%	N/A	25.38%	

PERFORMANCE STATEMENT
2025/26

	Results					
	2023	**2024**	**2025**	**2026**		
Indicator / measure [formula]	Actual	Actual	Actual	Target as per budget	Actual	**Comments**
Maternal and Child Health (MCH) **Participation** *Participation in the MCH service* *[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100*	71.66%	72.99%	74.13%	N/A	81.38%	
Participation in the MCH service by Aboriginal children *[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100*	84.75%	90.58%	82.15%	N/A	87.89%	
Roads **Condition** *Sealed local roads below the intervention level* *(percentage of sealed local roads that are below the renewal intervention level set by Council and not requiring renewal)*	99.87%	98.45%	99.74%	95%	99.74%	

PERFORMANCE STATEMENT
2025/26

Results

	2023	2024	2025	2026		
Indicator / measure [formula]	Actual	Actual	Actual	Target as per budget	Actual	**Comments**
Statutory Planning ***Service standard*** *Planning applications decided within the relevant required time* *(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100*	88.02%	81.58%	87.76%	85.00%	99.02%	Council was able to decide a higher proportion of planning applications within the required statutory timeframes, which has resulted in a 12.8% increase in comparison to the 2025 financial year. This is primarily attributed to fairly stable and consistent staffing and ongoing improvements to processes and procedures.
Waste Management ***Waste diversion*** *Kerbside collection waste diverted from landfill* *[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100*	49.33%	60.68%	56.78%	65.00%	56.92%	During the 2026 financial year Council has seen significant volumes of contaminated recyclables, requiring disposal to landfill; and consistent levels of general rubbish volumes compared to the previous financial year. An increase in contamination and no decrease to general rubbish volumes has resulted in Council being 12.4% below the budgeted target for the 2026 financial year. Council understands that in order to increase the percentage of waste that is diverted from landfill, education on contamination is required along with efforts to reduce general rubbish at the household level.

Section 3. Financial performance indicators

For the year ended 30 June 2026

	Results									
	2023	2024	2025	2026		2027	2028	2029	2030	Comments
Dimension / Indicator / Measure	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Efficiency										
Expenditure level										
Expenses per property assessment	$3,894.22	$4,114.86	$4,382.33	$4,264.00	$4,443.02	$4,608.27	$4,288.36	$4,345.93	$4,404.05	The higher than budgeted result for the year is mainly due to greater than expected loss on disposal of assets, e.g demolition works at Gippsland Sports and Entertainment Park, together with increased depreciation expense following recent asset revaluations. Expenditure per property assessment is targeted to increase by around 1.1% per annum over the forecast period. This is well below the projected CPI of 3.0% p.a. The decrease projected in 2028 is mainly due to higher expenditure in 2027 tied to non-recurrent grants income.
[Total expenses / Number of property assessments]										

PERFORMANCE STATEMENT
2025/26

Dimension / Indicator / Measure	Results 2023 Actual	2024 Actual	2025 Actual	2026 Target As per budget	2026 Actual	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	Comments
Revenue level *Average rate per property assessment* *[Sum of all general rates and municipal charges / Number of property assessments]*	$1,613.23	$1,681.40	$1,745.93	N/A	$1,779.67	$1,812.28	$1,844.67	$1,877.65	$1,911.21	The average rate per property assessment is expected to increase in line with the adopted budget increases in 2027, and is currently estimated to increase in line with the expected rate cap from 2028 to 2030.
Liquidity ***Working capital*** *Current assets compared to current liabilities* *[Current assets / Current liabilities] x100*	254.73%	229.08%	197.08%	203.8%	243.8%	129.7%	151.4%	166.1%	181.0%	The increased result in 2026 is mainly due to higher than expected levels of cash and investments holdings due to funds carried over for multi year projects and the unbudgeted advance of 80% of Council's 2026/27 Financial Assistance Grants in June 2026. The ratio result is projected to decrease in 2026/27 due to the planned drawdown of carry forward and reserve funding to continue and/or complete various major projects.

	Results									
	2023	**2024**	**2025**	**2026**		**2027**	**2028**	**2029**	**2030**	
Dimension / Indicator / Measure	**Actual**	**Actual**	**Actual**	**Target As per budget**	**Actual**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	
Unrestricted cash *Unrestricted cash compared to current liabilities* *[Unrestricted cash / Current liabilities] x100*	(23.46%)	(55.74%)	(56.14%)	N/A	(72.10%)	(49.73%)	(45.07%)	(54.67%)	(59.04%)	The ratio has decreased in 2026 mainly due to a higher amount of surplus funds being invested in term deposits. The ratio is negative as Council invests most of its surplus cash in financial assets and thereby maintains a relatively small cash balance compared to the size of restricted amounts such as unspent grants, trust funds and statutory reserves. These investments are timed to mature when the cash will be required.

PERFORMANCE STATEMENT
2025/26

	Results									
	2023	2024	2025	2026		2027	2028	2029	2030	
Dimension / Indicator / Measure	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Obligations ***Loans and borrowings*** *Loans and borrowings compared to rates* *[Interest bearing loans and borrowings / Rate revenue] x100*	17.16%	18.20%	15.48%	N/A	11.66%	11.65%	8.65%	6.04%	3.44%	The result for this measure has decreased to 11.7% in 2026 due to the loan repayments exceeding new borrowings for the year largely as the result of the repayment of an interest only loan. The ratio is projected to continue to decrease over the forecast period with repayments currently expected to exceed new borrowings.
Loans and borrowings repayments compared to rates *[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100*	2.06%	3.41%	2.70%	N/A	5.95%	2.73%	3.06%	2.73%	2.65%	The result for this measure increased to 5.95% in 2026, this was largely due to the principal repayment of an interest only loan falling due during the year.

PERFORMANCE STATEMENT
2025/26

Results

Dimension / Indicator / Measure	2023	2024	2025	2026		2027	2028	2029	2030	Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Indebtedness *Non-current liabilities compared to own source revenue* *[Non-current liabilities / Own source revenue] x100*	27.08%	27.38%	23.23%	N/A	24.36%	23.44%	20.96%	20.47%	18.40%	The ratio had a minor increase in 2026 mainly due to the establishment of a new provision for landfill rehabilitation following the opening of a new cell. The ratio is forecasted to steadily reduce as council repays existing interest-bearing liabilities for the four-year forecast period.
Asset renewal and upgrade *Asset renewal and upgrade compared to depreciation* *[Asset renewal and asset upgrade expense / Asset depreciation] x100*	104.03%	108.16%	93.77%	111.10%	94.09%	87.55%	69.82%	72.10%	73.40%	The ratio result was below budget mainly due to a delay in road rehabilitation works that will be carried over for completion in the 2027 financial year. The reduction in the ratio in future years is due to expectations of reduced capital grants available for asset renewal.

PERFORMANCE STATEMENT
2025/26

Results

Dimension / Indicator / Measure	2023	2024	2025	2026		2027	2028	2029	2030	Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Operating position										Council's increased underlying deficit in 2026 was largely related to higher depreciation expense following infrastructure revaluations and loss on disposal of assets impacted by the demolition of existing assets at the Gippsland Sports and Entertainment Park (GSEP) as part of the redevelopment currently being undertaken by the state government. The ratio is projected to continue to see underlying deficits in future years due to restrictions on Council's ability to increase revenue and increased depreciation expenses resulting from the recent construction of major new infrastructure and asset revaluation increases.
Adjusted underlying result										
Adjusted underlying surplus (or deficit)	(3.73%)	(23.16%)	(5.98%)	N/A	(7.38%)	(8.16%)	(8.91%)	(8.81%)	(8.35%)	
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100										

PERFORMANCE STATEMENT
2025/26

Results

Dimension / Indicator / Measure	2023 Actual	2024 Actual	2025 Actual	2026 Target As per budget	2026 Actual	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	Comments
Stability										
Rates concentration										
Rates compared to adjusted underlying revenue	59.44%	69.10%	56.49%	60.4%	58.52%	58.05%	64.23%	64.30%	64.59%	Council's reliance on rates revenue is expected to continue to rise into the future primarily based on moderate estimates of future levels of recurrent government funding and user fees and charges.
[Rate revenue / Adjusted underlying revenue] x100										
Rates effort										
Rates compared to property values	0.48%	0.43%	0.43%	N/A	0.45%	0.43%	0.44%	0.45%	0.46%	The ratio has remained relatively stable and is forecast to remain between 0.43 to 0.46% over the forecast period.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100										

Section 4. Sustainable capacity indicators

For the year ended 30 June 2026

	Results				
Indicator / measure [formula]	2023	2024	2025	2026	Comments
	Actual	Actual	Actual	Actual	
Population *Expenses per head of municipal population*	$2,003.71	$2,129.14	$2,270.34	$2,317.21	The 2.0% increase is largely attributed to inflationary pressures.
Infrastructure per head of municipal population *[Value of infrastructure / Municipal population]*	$15,315.49	$15,828.81	$18,075.63	$20,739.53	The ratio has increased in line with the valuation movements from the revaluation of infrastructure assets undertaken in the 2026 financial year.
Population density per length of road *[Municipal population / Kilometres of local roads]*	50.86	50.50	50.88	53.96	The increase in this ratio is a result of a change in the methodology used for calculating road lengths. Previously spreadsheet based on chainage differences the calculation is now based on actual centreline lengths calculated in Council's Geographic Information System. This led to a restated decrease in the overall length of Council's road assets.

PERFORMANCE STATEMENT
2025/26

Results

Indicator / measure [formula]	2023	2024	2025	2026	Comments
	Actual	Actual	Actual	Actual	
Own-source revenue *Own-source revenue per head of municipal population* *[Own-source revenue / Municipal population]*	$1,447.70	$1,498.68	$1,553.80	$1,617.93	The increase of 4.1% in 2026 was mainly a result of rates growth and increased income from landfill gate fees and interest on investments due to increasing interest rates.
Recurrent grants *Recurrent grants per head of municipal population* *[Recurrent grants / Municipal population]*	$444.32	$220.05	$527.90	$520.39	The large increase to $527.90 in 2025 was largely due to a reduction in operating grants in 2024 mainly in relation to the timing of Financial Assistance Grants funding with the 2023-2024 allocation being advanced to Council in 2022-2023 and no equivalent advance received in 2023-2024. The ratio has remained relatively stable in 2026 with a minor reduction.
Disadvantage *Relative Socio-Economic Disadvantage* *[Index of Relative Socio-Economic Disadvantage by decile]*	1.00	1.00	1.00	1.00	The result for this measure has remained unchanged over the four year period.

Results

Indicator / measure [formula]	2023	2024	2025	2026	Comments
	Actual	Actual	Actual	Actual	
Workforce turnover *Percentage of staff turnover* [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	13.2%	18.0%	15.9%	11.41%	No specific event has been identified as contributing to the decrease in turnover. The reduction is likely reflective of stable workforce conditions over the past 12 months, together with the ongoing benefits of leadership development and employee initiatives that support a positive workplace culture.

Section 5. Notes to the accounts

5.1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed, service performance, financial performance and sustainable capacity indicators and measures together with a description of the municipal district, an explanation of material variations in the results and notes to the accounts. This statement has been prepared to meet the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g., Australian Bureau of Statistics or the Council's satisfaction survey provider).

The performance statement presents the actual results for the current year and the previous three years, along with the current year's target, if mandated by *the Local Government (Planning and Reporting) Regulations 2020*. Additionally, for the prescribed financial performance indicators and measures, the performance statement includes the target budget for the current year and the results forecast for the period 2026-27 to 2029-30 by the council's financial plan.

The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

5.2. Definitions

Key term	Definition
Aboriginal children	means a child who is an Aboriginal person
Aboriginal person	has the same meaning as in the Aboriginal Heritage Act 2006
adjusted underlying revenue	means total income other than: • non-recurrent grants used to fund capital expenditure; and • non-monetary asset contributions; and • contributions to fund capital expenditure from sources other than those referred to above
adjusted underlying surplus (or deficit)	means adjusted underlying revenue less total expenditure
annual report	means an annual report prepared by a council under section 98 of the Act
asset renewal expenditure	means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability
asset upgrade expenditure	means expenditure that— (a) enhances an existing asset to provide a higher level of service; or (b) extends the life of the asset beyond its original life
critical non-compliance outcome notification	means a notification received by council under section 19N(3) or (4) of the *Food Act 1984* , or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health
current assets	has the same meaning as in the Australian Accounting Standards
current liabilities	has the same meaning as in the Australian Accounting Standards
food premises	has the same meaning as in the *Food Act 1984*
intervention level	means the level set for the condition of a road beyond which a council will not allow the road to deteriorate and will need to intervene
local road	means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*
major non-compliance outcome notification	means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
MCH	means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age
non-current liabilities	means all liabilities other than current liabilities
own-source revenue	means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)
population	means the resident population estimated by council
rate revenue	means revenue from general rates, municipal charges, service rates and service charges

Key term	Definition
relative socio-economic disadvantage	in relation to a municipal district, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipal district is located according to the Index of Relative Socio-Economic Disadvantage of SEIFA
restricted cash	means cash, cash equivalents and financial assets, within the meaning of the Australian Accounting Standards, not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year
SEIFA	means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet site
unrestricted cash	means all cash and cash equivalents other than restricted cash

URGENT BUSINESS

7. URGENT BUSINESS

Business may be admitted to the meeting as urgent business in accordance with clause 20 of the Governance Rules, by resolution of the Council and only then if it:

20.1 Relates to or arises out of a matter which has arisen since distribution of the agenda; and

20.2 Cannot reasonably or conveniently be deferred until the next Council meeting.