



# LATROBE CITY COUNCIL

## AGENDA FOR THE COUNCIL MEETING

**TO BE HELD IN MOE TOWN HALL AND VIA AUDIO-  
VISUAL LINK  
AT 6:00 PM ON  
06 OCTOBER 2025  
CM626**

***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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**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**

**RECOMMENDATION**

**That a leave of absence be granted to Councillor David Barnes from 08 November 2025 to 26 November 2025 inclusive.**

**3. ADOPTION OF MINUTES**

**RECOMMENDATION**

**That Council confirm the minutes of the Council Meeting held on 22 September 2025.**

**4. DECLARATION OF INTERESTS**

**5. ACKNOWLEDGEMENTS**

*Councillors may raise any formal acknowledgements that need to be made at this time, including congratulatory or condolences.*

**6. PUBLIC PARTICIPATION TIME**

**Public Questions on Notice**

In accordance with the Governance Rules, members of the public can lodge a question on notice before 12noon on the Friday before the day of 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**



## 7. CORPORATE ITEMS FOR DECISION

Item Number 7.1

06 October 2025

Organisational Performance

# AUTHORISATION OF COUNCILLORS FOR CERTIFICATION OF THE 2024/25 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 2025 in accordance with the requirements of the *Local Government Act 2020* (Act).

## EXECUTIVE SUMMARY

- In order for the Victorian Auditor General's Office (VAGO) to provide an audit report certifying Council's 2024/25 financial report and performance statement, as per Section 99 of 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 16 September 2025. 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 2025 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 2025 as attached to this report; and**
2. **authorises Councillors Campbell and Potter to certify the performance statement and financial statements in their final form on behalf of Council for the year ended 30 June 2025.**

## 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 (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 four months of the end of the financial year (refer Section 100(2)(b)).

The table below sets out the process:

## ANALYSIS

Process	Date
Draft Audited Financial Statements presented to Audit and Risk Committee	16 September 2025
Council approval for two Councillors to certify the financial, standard and performance statements in their final form	6 October 2025
Certifications signed by the two nominated Councillors	6 October 2025
Auditor General issues audit reports	Upon receipt of signed certifications
Council Meeting to consider Annual Report	27 October 2025

## RISK ASSESSMENT

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

## CONSULTATION

Not applicable.

## COMMUNICATION

Not applicable.

## 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**

Not applicable.

### **Cultural**

Not applicable.

### **Health**

Not applicable.

### **Environmental**

Not applicable.

### **Economic**

Not applicable.

### **Financial**

Not applicable.

### **Attachments**

1. 2024-25 Financial Report
2. 2024-25 Performance Statement

# 7.1

## Authorisation of Councillors for Certification of the 2024/25 Finance Report and Performance Statement

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# Latrobe City Council

2024/2025 Financial Report



**Latrobe City Council**  
**2024/2025 Financial Report**

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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: 06/10/2025  
Morwell

In our opinion the accompanying financial statements present fairly the financial transactions of Latrobe City Council for the year ended 30 June 2025 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: 06/10/2025  
Morwell

Cr. Leanne Potter  
**Councillor**  
Dated: 06/10/2025  
Morwell

Steven Piasente  
**Chief Executive Officer**  
Dated: 06/10/2025  
Morwell

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Annual Report 2024/25



**Latrobe City Council**  
**2024/2025 Financial Report**

Insert Auditors Report on this page

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*Annual Report 2024/25*

Latrobe City Council  
2024/2025 Financial Report

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**Latrobe City Council**  
**2024/2025 Financial Report**

## Comprehensive Income Statement

For the Year Ended 30 June 2025

	NOTE	2025 \$'000	2024 \$'000
<b>INCOME / REVENUE</b>			
Rates and charges	3.1	95,417	93,358
Statutory fees and fines		3,136	2,891
User fees	3.2	13,059	11,676
Grants - operating	3.3	44,182	16,285
Grants - capital	3.3	20,337	17,856
Contributions - monetary	3.4	2,104	599
Contributions - non monetary	3.4	27,273	21,705
Other income	3.5	10,897	9,203
<b>Total income / revenue</b>		<b>216,405</b>	<b>173,573</b>
<b>EXPENSES</b>			
Employee costs	4.1	(65,648)	(63,370)
Materials and services	4.2	(55,244)	(53,712)
Depreciation	4.3	(35,885)	(34,711)
Amortisation - intangible assets		(944)	(944)
Depreciation - right of use assets		(145)	(160)
Allowance for impairment losses		(36)	(11)
Borrowing costs		(363)	(374)
Finance costs - leases		(46)	(50)
Net loss on disposal of property, infrastructure, plant and equipment	4.4	(5,383)	(5,438)
Other expenses	4.5	(15,311)	(7,631)
<b>Total expenses</b>		<b>(179,005)</b>	<b>(166,401)</b>
<b>Surplus/ (Deficit) for the year</b>		<b>37,400</b>	<b>7,172</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation gain/(loss)	6.1	170,666	2,376
<b>Total other comprehensive result</b>		<b>170,666</b>	<b>2,376</b>
<b>Total comprehensive result</b>		<b>208,066</b>	<b>9,548</b>

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

Annual Report 2024/25

**Latrobe City Council**  
**2024/2025 Financial Report**

## Balance Sheet

As at 30 June 2025

	NOTE	2025 \$'000	2024 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5.1	19,256	5,339
Trade and other receivables	5.1	6,091	4,884
Other financial assets	5.1	120,000	95,000
Prepayments		1,401	865
Contract Assets		5,008	3,875
Non-Current Assets Held for Sale		2,258	-
<b>Total current assets</b>		<b>154,014</b>	<b>109,963</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5.1	-	1
Other financial assets	5.1	2	2
Property, infrastructure, plant and equipment	6.1	1,694,802	1,503,179
Right-of-use assets		1,022	1,149
Intangible assets		447	1,391
<b>Total non-current assets</b>		<b>1,696,273</b>	<b>1,505,722</b>
<b>TOTAL ASSETS</b>		<b>1,850,287</b>	<b>1,615,685</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5.2	12,773	12,592
Trust funds and deposits	5.2	7,959	6,308
Contract and other liabilities	5.2	37,378	11,101
Provisions	5.4	14,279	15,652
Interest-bearing liabilities	5.3	5,626	2,217
Lease liabilities		133	132
<b>Total current liabilities</b>		<b>78,148</b>	<b>48,002</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	5.4	18,343	16,213
Interest-bearing liabilities	5.3	9,145	14,771
Lease liabilities		969	1,083
<b>Total non-current liabilities</b>		<b>28,457</b>	<b>32,067</b>
<b>TOTAL LIABILITIES</b>		<b>106,605</b>	<b>80,069</b>
<b>NET ASSETS</b>		<b>1,743,682</b>	<b>1,535,616</b>
<b>EQUITY</b>			
Accumulated surplus		919,320	882,908
Reserves	9.1	824,362	652,708
<b>TOTAL EQUITY</b>		<b>1,743,682</b>	<b>1,535,616</b>

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

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Latrobe City Council  
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## Statement of Changes in Equity

For the Year Ended 30 June 2025

	NOTE	TOTAL \$'000	ACCUMULATED SURPLUS \$'000	REVALUATION RESERVE \$'000	OTHER RESERVES \$'000
<b>2025</b>					
<b>Balance at beginning of the financial year</b>		<b>1,535,616</b>	<b>882,908</b>	<b>644,670</b>	<b>8,038</b>
Surplus for the year		37,400	37,400	-	-
Net asset revaluation gain/(loss)	6.2	170,666	-	170,666	-
Transfers to other reserves	9.1	-	(1,672)	-	1,672
Transfers from other reserves	9.1	-	684	-	(684)
<b>Balance at end of the financial year</b>		<b>1,743,682</b>	<b>919,320</b>	<b>815,336</b>	<b>9,026</b>
<b>2024</b>					
<b>Balance at beginning of the financial year</b>		<b>1,526,068</b>	<b>876,495</b>	<b>642,294</b>	<b>7,279</b>
Surplus for the year		7,172	7,172	-	-
Net asset revaluation gain/(loss)	6.1	2,376	-	2,376	-
Transfers to other reserves	9.1	-	(1,085)	-	1,085
Transfers from other reserves	9.1	-	326	-	(326)
<b>Restated Balance at end of the financial year</b>		<b>1,535,616</b>	<b>882,908</b>	<b>644,670</b>	<b>8,038</b>

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

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**Latrobe City Council**  
**2024/2025 Financial Report**

**Statement of Cash Flows**  
**For the Year Ended 30 June 2025**

	NOTE	2025 \$'000	2024 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rates and charges		93,544	93,536
Statutory fees and fines		3,144	2,886
User fees		13,502	12,271
Grants - operating		55,777	16,615
Grants - capital		35,603	18,198
Contributions - monetary		1,887	607
Interest received		6,280	5,947
Trust funds and deposits taken		16,600	14,809
Other receipts		5,706	2,115
Net GST refund/ (payment)		3,594	5,138
Employee costs		(65,939)	(63,321)
Materials and services		(65,974)	(59,335)
Short-term, low value and variable lease payments		(180)	(86)
Trust funds and deposits repaid		(14,949)	(13,948)
Other payments		(5,135)	(4,574)
<b>Net cash provided by operating activities</b>	<b>9.2</b>	<b>83,460</b>	<b>30,858</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, infrastructure, plant and equipment		(42,918)	(51,801)
Proceeds from sale of property, infrastructure, plant and equipment		1,129	973
Payments for investments		(162,728)	(135,000)
Proceeds from sale of investments		137,728	135,000
Payments of loans and advances		3	5
<b>Net cash used in investing activities</b>		<b>(66,786)</b>	<b>(50,823)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance costs		(362)	(382)
Proceeds from borrowings		-	4,500
Repayment of borrowings		(2,217)	(2,803)
Interest paid - lease liability		(46)	(50)
Repayment of lease liabilities		(132)	(142)
<b>Net cash used in financing activities</b>		<b>(2,757)</b>	<b>1,123</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>13,917</b>	<b>(18,842)</b>
Cash and cash equivalents at the beginning of the financial year		5,339	24,181
<b>Cash and cash equivalents at the end of the financial year</b>		<b>19,256</b>	<b>5,339</b>
Financing arrangements	5.5		

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

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**Latrobe City Council**  
**2024/2025 Financial Report**

## Statement of Capital Works

For the Year Ended 30 June 2025

	NOTE	2025 \$'000	2024 \$'000
<b>PROPERTY</b>			
Buildings		18,860	9,836
<b>Total buildings</b>		<b>18,860</b>	<b>9,836</b>
<b>Total property</b>		<b>18,860</b>	<b>9,836</b>
<b>PLANT AND EQUIPMENT</b>			
Plant, machinery and equipment		3,705	3,063
Fixtures, fittings and furniture		46	53
Computers and telecommunications		712	462
Art collection		14	18
<b>Total plant and equipment</b>		<b>4,477</b>	<b>3,596</b>
<b>INFRASTRUCTURE</b>			
Roads		11,667	18,087
Bridges		216	151
Footpaths and cycleways		1,628	1,754
Drainage		1,197	894
Recreational, leisure and community facilities		1,965	1,713
Waste management		1,926	415
Parks, open space and streetscapes		1,398	5,162
Off street car parks		252	3,037
Other infrastructure		2,332	3,376
<b>Total infrastructure</b>		<b>22,581</b>	<b>34,589</b>
<b>Total capital works expenditure</b>		<b>45,918</b>	<b>48,021</b>
<b>Represented by:</b>			
New asset expenditure		12,267	8,771
Asset renewal expenditure		23,145	26,113
Asset expansion expenditure		-	1,706
Asset upgrade expenditure		10,506	11,431
<b>Total capital works expenditure</b>	<b>2.1.2</b>	<b>45,918</b>	<b>48,021</b>

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

Annual Report 2024/25

**Notes to the Financial Report  
For the Year Ended 30 June 2025**

**Latrobe City Council  
2024/2025 Financial Report**

## 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 with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 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.



**Notes to the Financial Report  
For the Year Ended 30 June 2025**

**Latrobe City Council  
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**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 existing 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 2024-25 emergencies or natural disasters impacted Council's operations. Council has noted the following significant impacts on its financial operations:

- Additional revenue – Disaster Recovery Funding Arrangements funding received for August / September 2024 storms \$843K and February 2024 storms \$1,591K
- Additional costs – engagement of external contractors to assist with the clean up of the August / September 2024 storms \$1,315K

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## 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 the lower of 10 percent or \$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 3 June 2024. 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 2025 \$'000	ACTUAL 2025 \$'000	VARIANCE \$'000	VARIANCE %	REF
<b>INCOME / REVENUE</b>					
Rates and charges	95,226	95,417	191	0%	
Statutory fees and fines	2,758	3,136	378	14%	1
User fees	12,270	13,059	789	6%	2
Grants - operating	28,898	44,182	15,284	53%	3
Grants - capital	36,246	20,337	(15,909)	(44%)	4
Contributions - monetary	90	2,104	2,014	2238%	5
Contributions - non monetary	5,000	27,273	22,273	445%	6
Other income	6,845	10,897	4,052	59%	7
<b>Total income / revenue</b>	<b>187,333</b>	<b>216,405</b>	<b>29,072</b>	<b>16%</b>	
<b>EXPENSES</b>					
Employee costs	65,288	65,648	(360)	(1%)	8
Materials and services	47,625	55,244	(7,619)	(16%)	9
Allowance for impairment losses	4	36	(32)	(800%)	10
Depreciation	33,530	35,885	(2,355)	(7%)	11
Amortisation - Intangible assets	944	944	-	0%	
Depreciation - rights of use assets	159	145	14	9%	
Borrowing costs	363	363	-	0%	
Finance Costs - Leases	44	46	(2)	(5%)	
Net loss on disposal of property, infrastructure, plant and equipment	5,000	5,383	(383)	(8%)	12
Other expenses	4,407	15,311	(10,904)	(247%)	13
<b>Total expenses</b>	<b>157,364</b>	<b>179,005</b>	<b>(21,641)</b>	<b>(14%)</b>	
<b>SURPLUS/ (DEFICIT) FOR THE YEAR</b>	<b>29,969</b>	<b>37,400</b>	<b>7,431</b>	<b>25%</b>	

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## NOTE 2 Performance Against Budget (continued)

### (i) Explanation of material variations - Income and Expenditure

REF	ITEM	EXPLANATION
1	<b>Statutory fees and fines</b>	<b>Outcome Favourable \$378K 14%</b> The favourable variance is mainly due to higher than expected income received for city planning \$255K, electoral fines \$63K and land information certificates \$37K.
2	<b>User fees</b>	<b>Outcome Favourable \$789K 6%</b> The favourable variance is mainly due to higher than expected income received for landfill gate fees \$444K and subdivision supervision fees \$291K.
3	<b>Grants - operating</b>	<b>Outcome Favourable \$15,284K 53%</b> The favourable variance is largely due to an advance payment of Council's 2025/26 Annual Financial Assistance Grants (FAGS) funding received in June \$8,361K, together with higher than expected 2024/25 FAGS funding received \$302K. In addition Council has received higher than expected and unbudgeted grants for various programs including Family Services programs \$2,193K, Natural Disaster Recovery for the February 24 storm event \$1,591K and August 24 event \$843K, Gippsland Logistics Precinct \$711K, the Sports Legacy & Activation Council Support Package Fund (CSPF) \$527K, Flood Studies \$180k and the Free from Violence program \$133K.
4	<b>Grants - capital</b>	<b>Outcome Unfavourable \$15,909K 44%</b> The unfavourable variance is due to the expected timing of recognition of Regional Car Parks Fund \$13,405K, Gippsland Logistics Precinct \$5,150K, Multi Use Pavilion Traralgon Rec Reserve \$1,698K, Traralgon Indoor Multi Sports Hall \$648K and Mathison Park playspace upgrade \$363K. Receipt of these grant funds was budgeted in the current year but is now expected to be recognised in the 2025/26 financial year based on current projections of the construction of these projects. These variances have been partially offset by favourable variances including additional Roads to Recovery funding \$5510K and unbudgeted grants for the Nation Building Blackspot Program \$818KM, the Sports Legacy & Activation Council Support Package Fund (CSPF) \$2,309K, Traralgon Railway Conservation Reserve Large Dam rehabilitation \$608K together with Sports Legacy projects and other various grants.
5	<b>Contributions - monetary</b>	<b>Outcome Favourable \$2,014K 2238%</b> The favourable variance is mainly due to higher than expected receipt of developer contributions including Lake Narracan & Traralgon North Developer contribution schemes \$492K, Public Open Space contributions \$478K and Street Trees \$220K. In addition contributions were received for capital works for the Marshall's road signalised intersection \$450K and the 3 year old Preschool Transition project \$266K.
6	<b>Contributions - non monetary</b>	<b>Outcome Favourable \$22,273K 445%</b> 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.
7	<b>Other income</b>	<b>Outcome Favourable \$4,052K 59%</b> Increasing interest rates and higher than expected funds available for investment led to a favourable variance of 1,652K in investment income. Other favourable variances were received for interest on outstanding rates & charges \$468K, third party rebates and carbon generation credits earned on energy efficiency initiatives \$962K, insurance claims \$495K and container deposit scheme \$255K.
8	<b>Employee costs</b>	<b>Outcome Unfavourable \$360K 1%</b> The additional salaries and wages is mainly associated with positions that were funded by unbudgeted government grant funding relating to Family Services programs \$574K, together with a higher than budgeted Enterprise Bargaining Agreement increase and parental leave taken.

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## NOTE 2 Performance Against Budget (continued)

### Explanation of material variations - Income and Expenditure

REF	ITEM	EXPLANATION			
9	<b>Materials and services</b>	<b>Outcome</b>	<b>Unfavourable</b>	<b>\$7,619K</b>	<b>16%</b>
	The variance is predominantly a result of the expensing of costs budgeted as capital expenditure due to them not meeting Council's capitalisation criteria \$5,300K e.g Traralgon-Maffra/Marshall's road signallised intersection \$4,334K which is a State government asset. Other factors include expenditure funded from unbudgeted government grants and income received in previous financial years for expenditure incurred in the 2024/25 financial year e.g. August 2024 Storm Emergency works \$1,315K and higher than expected costs/demand for gas \$454K, electricity \$383K and water charges \$154K.				
10	<b>Allowance for impairment losses</b>	<b>Outcome</b>	<b>Unfavourable</b>	<b>\$32K</b>	<b>800%</b>
	The relatively low value but high percentage unfavourable variance was mainly due to bad debts incurred for sundry debtors which were higher than anticipated in the budget.				
11	<b>Depreciation</b>	<b>Outcome</b>	<b>Unfavourable</b>	<b>\$2,355K</b>	<b>7%</b>
	The unfavourable variance is mainly a result of the initial recognition of previously unvalued recreational, leisure and community facilities \$908K and associated parks, open space & streetscape assets \$884K, together with higher levels of infrastructure depreciation largely due to unbudgeted gifted assets and new and upgraded infrastructure funded from government grants, increasing the depreciable value of assets over the past two years.				
12	<b>Net loss on disposal of property, infrastructure, plant and equipment</b>	<b>Outcome</b>	<b>Unfavourable</b>	<b>\$383K</b>	<b>8%</b>
	The variation is associated with the higher than estimated write down of the residual value of assets renewed as part of the capital works program.				
13	<b>Other expenses</b>	<b>Outcome</b>	<b>Unfavourable</b>	<b>\$10,904K</b>	<b>247%</b>
	The unfavourable variance is mainly due to the expensing of items from opening Capital Works in Progress (\$7,155K) due to them not meeting Council's capitalisation criteria, together with unbudgeted increased landfill provision expense \$2,644K, an impairment loss \$423K the expected sale of the ex Hazelwood House property and community grants expenditure funded from previous financial years and unallocated cash reserves \$315K.				

Notes to the Financial Report  
For the Year Ended 30 June 2025Latrobe City Council  
2024/2025 Financial Report**NOTE 2 Performance Against Budget (continued)****2.1.2 Capital Works**

	BUDGET 2025 \$'000	ACTUAL 2025 \$'000	VARIANCE \$'000	VARIANCE %	REF
<b>PROPERTY</b>					
Buildings	10,220	18,860	(8,640)	(85%)	1
<b>Total buildings</b>	<b>10,220</b>	<b>18,860</b>	<b>(8,640)</b>	<b>(85%)</b>	
<b>Total property</b>	<b>10,220</b>	<b>18,860</b>	<b>(8,640)</b>	<b>(85%)</b>	
<b>PLANT AND EQUIPMENT</b>					
Plant, machinery and equipment	3,458	3,705	(247)	(7%)	2
Fixtures, fittings and furniture	-	46	(46)	100%	3
Computers and telecommunications	600	712	(112)	(19%)	4
Art collection	15	14	1	7%	
<b>Total plant and equipment</b>	<b>4,073</b>	<b>4,477</b>	<b>(404)</b>	<b>(10%)</b>	
<b>INFRASTRUCTURE</b>					
Roads	18,501	11,667	6,834	37%	5
Bridges	150	216	(66)	(44%)	6
Footpaths and cycleways	1,330	1,628	(298)	(22%)	7
Drainage	1,357	1,197	160	12%	8
Recreational, leisure and community facilities	650	1,965	(1,315)	(202%)	9
Waste management	3,075	1,926	1,149	37%	10
Parks, open space and streetscapes	1,392	1,398	(6)	(0%)	
Off street car parks	22,980	252	22,728	99%	11
Other infrastructure	4,874	2,332	2,542	52%	12
<b>Total infrastructure</b>	<b>54,309</b>	<b>22,581</b>	<b>31,728</b>	<b>58%</b>	
<b>Total capital works expenditure</b>	<b>68,602</b>	<b>45,918</b>	<b>22,684</b>	<b>33%</b>	
<b>Represented by:</b>					
New asset expenditure	37,255	12,267	24,988	67%	13
Asset renewal expenditure	24,054	23,145	909	4%	14
Asset upgrade expenditure	7,293	10,506	(3,213)	(44%)	15
<b>Total capital works expenditure</b>	<b>68,602</b>	<b>45,918</b>	<b>22,684</b>	<b>33%</b>	

**(i) Explanation of material variations - Capital Works**

REF	ITEM	EXPLANATION			
1	<b>Buildings</b>	<b>Outcome:</b>	<b>Overspend</b>	<b>(\$8,640K)</b>	<b>85%</b>
	Regional Car Park Fund Projects actual costs classified to buildings, however, budgeted to Off Street car parks - Seymour Street Carpark, Traralgon (overspend \$4,027K) and Kay Street, Traralgon (overspend \$5,110K). Delayed commencement of Traralgon Indoor Multi Sports Hall (underspend \$2,040K). Delivery of funded Community Facilities (overspend \$1,041K)				
2	<b>Plant, machinery and equipment</b>	<b>Outcome:</b>	<b>Overspend</b>	<b>(\$247K)</b>	<b>7%</b>
	Fleet Replacement carried forward from prior year to clear supply chain backlog (overspend \$389K)				
3	<b>Fixtures, fittings and furniture</b>	<b>Outcome:</b>	<b>Overspend</b>	<b>(\$46K)</b>	<b>100%</b>
	Office chair and desk replacement funded from carry forwards (overspend \$46K)				
4	<b>Computers and telecommunications</b>	<b>Outcome:</b>	<b>Overspend</b>	<b>(\$112K)</b>	<b>19%</b>
	Information Technology purchases (overspend \$70K) funded from Information Technology reserve				

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## NOTE 2 Performance Against Budget (continued)

### (i) Explanation of material variations - Capital Works

REF	ITEM	EXPLANATION
5	<b>Roads</b>	<b>Outcome: Underspend \$6,834K 37%</b> Road Rehabilitation Program (underspend \$2,321K) with \$1,500K worth of works deferred to future years program. Signalised Intersection-Maffra/Marshalls Rd - the project was budgeted as a council asset spend, however, the intersection is a Department of Transport asset. Therefore, the actual costs cannot be reflected in the capital works statement (underspend \$3,566K). DCP Infrastructure - Morwell North West Development (Roads and Drainage) carried forward to future years (underspend \$797k)
6	<b>Bridges</b>	<b>Outcome: Overspend (\$66K) 44%</b> Works carried forward from prior year (overspend \$66K)
7	<b>Footpaths and cycleways</b>	<b>Outcome: Overspend (\$298K) 22%</b> Delivery of fully funded "Council Support Package Fund" works (overspend \$347K)
8	<b>Drainage</b>	<b>Outcome: Underspend \$160K 12%</b> Rehabilitation of Traralgon Railway Reserve Large Dam, a largely funded project (overspend \$721K). Delayed progress in Piped Systems Enhancements in Traralgon (underspend \$391K). Erin Park Wetlands Drainage Works carried forward to next year (underspend \$204K) Glengarry Flood Mitigation construction works continuing into the next year (underspend \$237K)
9	<b>Recreational, leisure and community facilities</b>	<b>Outcome: Overspend (\$1,315K) 202%</b> Gaskin Park Oval 2 Drainage and Lighting Upgrade - jointly funded works (overspend \$924K) . Delivery of fully funded "Council Support Package Fund" works (overspend \$268K).
10	<b>Waste management</b>	<b>Outcome: Underspend \$1,149K 37%</b> Hyland Hwy Landfill -Cell 7 Construction works multi year project with ongoing works carried forward to next year (underspend \$2,004K). Leachate Pond Construction Hyland Highway carried forward from prior year (overspend \$930K).
11	<b>Off street car parks</b>	<b>Outcome: Underspend \$22,728K 99%</b> Regional Car Parks Fund projects Kay Street, Traralgon (budget \$14,500K) and Commercial Road, Morwell (budget \$7,000K) - these projects budgeted under Off street car parks, however, due to the nature of these projects the building class is considered more accurate. Actuals reflected under building class.
12	<b>Other infrastructure</b>	<b>Outcome: Underspend \$2,542K 52%</b> Gippsland Logistics and Manufacturing Precinct (underspend \$3,227K) - a jointly funded multi year project with works continuing into future years.
13	<b>New asset expenditure</b>	<b>Outcome: Underspend \$24,988K 67%</b> Regional Car Parks Fund project delivery (underspend \$17,204K) - consists of multi year projects with works continuing into future years. Delayed commencement of Traralgon Indoor Multi Sports Hall (underspend \$2,040K). Gippsland Logistics and Manufacturing Precinct (underspend \$3,227K) - a jointly funded multi year project with works continuing into future years.
14	<b>Asset renewal expenditure</b>	<b>Outcome: Underspend \$909K 4%</b> Road Rehabilitation Program (underspend \$2,321K) with \$1,500K worth of works deferred to future years program. Rehabilitation of Traralgon Railway Reserve Large Dam, a largely funded project (overspend \$721K).
15	<b>Asset upgrade expenditure</b>	<b>Outcome: Overspend (\$3,213K) 44%</b> Regional Car Park Fund Project delivery - Seymour Street Carpark, Traralgon (overspend \$4,027K). Delivery of funded Community Facilities (overspend \$1,041K). Signalised Intersection-Maffra/Marshalls Rd - the project was budgeted as a council asset spend, however, the intersection is a Department of Transport asset. Therefore, the actual costs cannot be reflected in the capital works statement (underspend \$3,566K).

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**Notes to the Financial Report  
For the Year Ended 30 June 2025****Latrobe City Council  
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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

**Regional City Strategy & Transition**

Engagement & Customer Focus  
Economic Investment & Transition  
Business & Industry Development  
Governance  
Strategy & Advocacy

**Organisational Performance**

Financial Support  
People & Culture  
Business Improvement  
Property Operations

**Regional City Planning & Assets**

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

**Community Health & Wellbeing**

Active Communities & Partnerships (Active & Liveable Communities, Social Policy & Inclusion, Libraries and Leisure Facilities)  
Creative Venues, Events & Tourism  
Safe Communities (Building Services, Health Services, Local Laws and Legal Proceedings)  
Family Services (Pre Schools & Childcare, Family Health & Development)  
Emergency Management

**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)

**Notes to the Financial Report**  
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**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
<b>2025</b>					
Office of the Chief Executive	2,741	(2,234)	507	992	106
Regional City Strategy & Transition	10,688	(10,342)	346	1,821	31,721
Organisational Performance	17,464	(16,433)	1,031	3,919	10,199
Regional City Planning & Assets	111,329	(82,326)	29,003	17,779	1,393,470
Community Health & Wellbeing	51,764	(54,103)	(2,339)	18,952	259,552
Other Operating	82	251	333	-	81,245
Capital Works Program	22,337	(13,818)	8,519	21,056	73,994
	<b>216,405</b>	<b>(179,005)</b>	<b>37,400</b>	<b>64,519</b>	<b>1,850,287</b>
<b>2024</b>					
Office of the Chief Executive	1,892	(2,147)	(255)	19	70
Regional City Strategy & Transition	9,198	(9,862)	(664)	183	31,166
Organisational Performance	13,631	(15,486)	(1,855)	403	9,049
Regional City Planning & Assets	81,108	(77,628)	3,480	735	1,229,985
Community Health & Wellbeing	48,924	(52,903)	(3,979)	14,846	238,287
Other Operating	231	216	447	-	51,435
Capital Works Program	18,589	(8,591)	9,998	17,955	55,693
	<b>173,573</b>	<b>(166,401)</b>	<b>7,172</b>	<b>34,141</b>	<b>1,615,685</b>



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## **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 2024/25 was \$22.028 billion (2023/24 was \$21.432 billion).

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
General rates	64,485	61,992
Municipal charge	6,225	6,002
Service rates and charges	13,658	14,648
EPA Victoria landfill levy	1,153	1,217
Supplementary rates and rates adjustments	606	527
Cultural and recreational	88	79
Revenue in lieu of rates	9,202	8,893
<b>Total rates and charges</b>	<b>95,417</b>	<b>93,358</b>

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2024 and the valuation was first applied in the rating year commencing 1 July 2024.

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	3,176	3,182
Child care/children's programs	4,767	4,681
Waste management services	2,938	2,101
Subdivision Supervision	591	477
Creative Arts & Venues	819	622
Other fees and charges	768	613
<b>Total User fees</b>	<b>13,059</b>	<b>11,676</b>

#### **User fees by timing of revenue recognition**

User fees recognised at a point in time	13,059	11,676
<b>Total User fees</b>	<b>13,059</b>	<b>11,676</b>

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

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	2025	2024
	\$'000	\$'000

### 3.3 Funding from other levels of government

Grants were received in respect of the following:

**Summary of grants**

Commonwealth Funded Grants	29,394	4,370
State Funded Grants	35,125	29,771
<b>Total grants received</b>	<b>64,519</b>	<b>34,141</b>

**(a) Operating Grants**

**Recurrent – Commonwealth Government**

Financial Assistance Grant	24,492	690
Aged and Disability Programs	-	-
Employment Facilitation	931	335
Family and Children Programs	70	99

**Recurrent – State Government**

Preschools	8,728	7,772
Family and Children Programs	2,279	2,840
Maternal and Child Health	1,626	1,677
Aged and Disability Programs	14	834
Libraries	560	560
School Crossing Supervision	259	243
Arts Programs	155	155
Environment Sustainability	36	37
Community Support and Development Programs	262	256
<b>Total recurrent operating grants</b>	<b>39,412</b>	<b>15,498</b>

**Non-Recurrent – Commonwealth Government**

Events And International Relations	9	-
Community Support & Development Programs	35	-
Employment Facilitation Programs	-	10

**Non-Recurrent – State Government**

Recreational, Leisure & Community Facilities	650	-
Pre Schools	50	131
Economic Development	30	128
Community Support and Development Programs	274	192
Buildings	-	38
Family and Children Programs	15	6
Events & International Relations	30	30
Natural Disaster Recovery	2,390	-
Emergency Management	170	-
Environment Sustainability	153	97
Sealed Roads	16	-
Statutory Planning	12	-
Strategic Planning	46	51
Other	890	104

<b>Total non-recurrent operating grants</b>	<b>4,770</b>	<b>787</b>
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<b>Total operating grants</b>	<b>44,182</b>	<b>16,285</b>
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	2025 \$'000	2024 \$'000
<b>(b) Capital Grants</b>		
<b>Recurrent – Commonwealth Government</b>		
Roads to Recovery Program	2,210	1,700
<b>Total recurrent capital grants</b>	<b>2,210</b>	<b>1,700</b>
<b>Non-Recurrent – Commonwealth Government</b>		
Buildings	1,647	1,536
Footpath & Cycleways	-	-
<b>Non-Recurrent – State Government</b>		
Buildings	5,147	2,361
Recreation, Leisure and Community Facilities	3,580	289
Natural Disaster Recovery	225	7,701
Other Recreational Facilities	242	280
Roads	818	148
Other	597	-
Heritage Buildings	-	98
Offstreet Carparks	5,871	337
Other Infrastructure	-	3,406
<b>Total non-recurrent capital grants</b>	<b>18,127</b>	<b>16,156</b>
<b>Total capital grants</b>	<b>20,337</b>	<b>17,856</b>
<b>Total Grants</b>	<b>64,519</b>	<b>34,141</b>

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	2025	2024
	\$'000	\$'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 the accounting framework under which grants are recognised.

**Income recognised under AASB 1058 Income of Not-for-Profit Entities**

General purpose	24,492	690
Specific purpose grants to acquire non-financial assets	20,337	17,856
Other specific purpose grants	19,690	15,557

**Revenue recognised under AASB 15 Revenue from Contracts with Customers**

Specific purpose grants	-	38
	<b>64,519</b>	<b>34,141</b>

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

**Operating**

Balance at start of year	6,153	9,111
Received during the financial year and remained unspent at balance date	7,245	4,801
Received in prior years and spent during the financial year	(5,570)	(7,759)
<b>Balance at year end</b>	<b>7,828</b>	<b>6,153</b>

Unspent grants are determined and disclosed on a cash basis.

**3.4 Contributions**

Monetary	2,104	599
Non-monetary	27,273	21,705
<b>Total Contributions</b>	<b>29,377</b>	<b>22,304</b>

*Contributions of non-monetary assets were received in relation to the following asset classes*

Roads	8,708	5,132
Drainage	9,574	6,218
Land	4,330	7,284
Buildings	2,759	-
Footpaths	1,861	2,991
Other	41	80
<b>Total non-monetary contributions</b>	<b>27,273</b>	<b>21,705</b>

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

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	2025	2024
	\$'000	\$'000
<b>3.5 Other Income</b>		
Interest	6,769	5,904
Contributions other	761	941
Sales	665	738
Other Rent	862	845
Insurance Claim Refunds	495	74
Rebates	1,042	519
Other	303	182
<b>Total other income</b>	<b>10,897</b>	<b>9,203</b>

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.

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**NOTE 4 The cost of delivering services**

	2025	2024
	\$'000	\$'000

**4.1 (a) Employee costs**

Salaries and wages	55,089	53,615
Workcover	1,433	1,091
Superannuation	6,384	5,951
Fringe benefits tax	279	261
Other	2,463	2,452
<b>Total employee costs</b>	<b>65,648</b>	<b>63,370</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	194	205
	<b>194</b>	<b>205</b>
Employer contributions payable at reporting date	-	-

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	5,432	5,023
	<b>5,432</b>	<b>5,023</b>
<b>Total Superannuation</b>	<b>5,626</b>	<b>5,228</b>
Employer contributions payable at reporting date	485	452

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	5,826	5,389
Domestic Rubbish Collection	4,377	4,250
Utilities	4,155	3,793
Other Contracts	5,156	3,875
Information technology	4,188	4,252
Office administration	2,648	2,641
Consultants	870	2,487
Hard Waste Collection	2,165	2,017
Transfer Stations	1,340	1,399
Insurance	1,742	1,590
Sporting Grounds & Facilities	585	863
Materials Recovery Facility	1,584	1,435
Finance & Legal Costs	924	847
Vehicle Expenses	1,254	1,322
Building maintenance	1,948	1,741
Cleaning	1,189	1,151
Management and Operation of Gippsland Regional Aquatic Centre	602	798
Green Waste Processing	900	1,041
Non-Council Asset works	4,335	-
Street Sweeping	825	845
Parks and Reserves	998	703
Litter Bins	716	599
Natural Disaster Recovery works	1,388	1,582
Logistics Precinct and Intermodal Freight Terminal	-	3,720
Other	5,529	5,372
<b>Total materials and services</b>	<b>55,244</b>	<b>53,712</b>

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

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	2025	2024
	\$'000	\$'000

#### 4.3 Depreciation

Property	7,203	7,147
Plant, furniture and equipment	2,883	2,822
Infrastructure	25,799	24,742
<b>Total depreciation</b>	<b>35,885</b>	<b>34,711</b>

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	1,129	973
Write down value of assets disposed (sold/written off)	(2,441)	(430)
Write down value of assets disposed (asset renewal)	(4,071)	(5,981)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and</b>	<b>(5,383)</b>	<b>(5,438)</b>

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	106	99
Auditors' remuneration - Internal Audit	56	34
Audit other	142	47
Councillors' allowances	381	381
Operating lease rentals	163	78
Grants	1,792	1,782
Levies	2,303	2,034
Assets written-off / impaired	7,579	2,578
Other	145	-
Landfill Provision Movement	2,644	598
<b>Total other expenses</b>	<b>15,311</b>	<b>7,631</b>

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## NOTE 5 INVESTING IN AND FINANCING OUR OPERATIONS

	2025 \$'000	2024 \$'000
<b>5.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
Cash on hand	11	11
Cash at bank	19,245	5,328
<b>Total cash and cash equivalents</b>	<b>19,256</b>	<b>5,339</b>
<b>(b) Other financial assets</b>		
<b>Current</b>		
Term Deposits	120,000	95,000
<b>Total current other financial assets</b>	<b>120,000</b>	<b>95,000</b>
<b>Non-Current</b>		
Shares	2	2
<b>Total non-current other financial assets</b>	<b>2</b>	<b>2</b>
<b>Total other financial assets</b>	<b>120,002</b>	<b>95,002</b>
<b>Total cash and cash equivalents and other financial assets</b>	<b>139,258</b>	<b>100,341</b>

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.



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	2025	2024
	\$'000	\$'000

**(c) Trade and other receivables**

**Current**

*Statutory receivables*

Rates debtors*	4,407	2,541
Health Registrations	1	7
Net GST receivable	630	491

*Non-statutory receivables*

Loans and advances to community organisations	1	3
Other debtors	1,062	1,854
Allowance for expected credit loss - other debtors	(10)	(12)

**Total current trade and other receivables** **6,091** **4,884**

\*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.

**Non-Current**

*Non-statutory receivables*

Loans and advances to community organisations	-	1
<b>Total non-current trade and other receivables</b>	<b>-</b>	<b>1</b>

**Total trade and other receivables** **6,091** **4,885**

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)	286	1,355
Past due by up to 30 days	451	48
Past due between 31 and 60 days	13	18
Past due between 61 and 90 days	10	38
Past due by more than 90 days	293	387
<b>Total trade and other receivables</b>	<b>1,053</b>	<b>1,846</b>

**(e) Ageing of individually impaired receivables**

At balance date, other debtors representing financial assets with a nominal value of \$10K (2024 \$12K) were impaired. The amount of the provision raised against these debtors was \$10K (2024 \$12K). 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	10	12
<b>Total trade and other receivables</b>	<b>10</b>	<b>12</b>

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	2025	2024
	\$'000	\$'000

**5.2 Payables, trust funds and deposits and contract and other liabilities**

**(a) Trade and other payables**

**Current**

*Non-statutory payables*

Trade Payables	10,704	10,147
Accrued Expenses	2,069	2,445
<b>Total current trade and other payables</b>	<b>12,773</b>	<b>12,592</b>

**(b) Trust funds and deposits**

**Current**

Refundable deposits	6,447	4,745
Fire Service Levy	746	574
Retention amounts	348	462
Other trust amounts	418	527
<b>Total current trust funds and deposits</b>	<b>7,959</b>	<b>6,308</b>

**(c) Contract and other liabilities**

**Contract liabilities**

**Current**

Grants received in advance - operating	11,507	100
<b>Total contract liabilities</b>	<b>11,507</b>	<b>100</b>

**Other liabilities**

**Current**

Deferred capital grants	25,871	11,001
<b>Total other liabilities</b>	<b>25,871</b>	<b>11,001</b>
<b>Total contract and other liabilities</b>	<b>37,378</b>	<b>11,101</b>

**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.

*Fire Service Levy* – 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.

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	2025 \$'000	2024 \$'000
<b>5.3 Interest-bearing liabilities</b>		
<b>Current</b>		
Treasury Corporation of Victoria Borrowings – Secured	1,752	1,709
Borrowings – Secured	3,874	508
<b>Total current</b>	<b>5,626</b>	<b>2,217</b>
<b>Non-Current</b>		
Treasury Corporation of Victoria Borrowings – Secured	7,468	9,220
Borrowings – Secured	1,677	5,551
<b>Total non-current</b>	<b>9,145</b>	<b>14,771</b>
<b>Total interest-bearing loans and borrowings</b>	<b>14,771</b>	<b>16,988</b>
All borrowings are secured over Council's Rate Revenue		
The maturity profile for Council's borrowings is:		
Not later than one year	5,626	2,217
Later than one year and not later than five years	9,145	12,538
Later than five years	-	2,233
	<b>14,771</b>	<b>16,988</b>

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.

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**5.4 Provisions**

	EMPLOYEE \$'000	LANDFILL RESTORATION \$'000	TOTAL \$'000
<b>2025</b>			
Balance at Beginning of the Financial Year	13,129	18,736	<b>31,865</b>
Additional/(Reduced) Provisions	6,129	2,938	<b>9,067</b>
Amounts Used	(5,699)	(2,293)	<b>(7,992)</b>
Change in the discounted amount arising because of time and effect of any change in the discount rate	(23)	(295)	<b>(318)</b>
<b>Balance at the End of the Financial Year</b>	<b>13,536</b>	<b>19,086</b>	<b>32,622</b>
<i>Provisions - current</i>	11,969	2,310	<b>14,279</b>
<i>Provisions - non-current</i>	1,567	16,776	<b>18,343</b>
<b>2024</b>			
Balance at Beginning of the Financial Year	12,888	20,476	<b>33,364</b>
Additional/(Reduced) Provisions	5,723	1,055	<b>6,778</b>
Amounts Used	(5,651)	(2,339)	<b>(7,990)</b>
Change in the discounted amount arising because of time and effect of any change in the discount rate	169	(456)	<b>(287)</b>
<b>Balance at the End of the Financial Year</b>	<b>13,129</b>	<b>18,736</b>	<b>31,865</b>
<i>Provisions - current</i>	11,767	3,885	<b>15,652</b>
<i>Provisions - non-current</i>	1,362	14,851	<b>16,213</b>

**(a) Employee provisions**

	2025 \$'000	2024 \$'000
<b>Current Provisions Expected to be wholly settled within 12 months</b>		
Annual leave	4,438	4,435
Long service leave	2,360	2,200
	<b>6,799</b>	<b>6,634</b>
<b>Current Provisions Expected to be wholly settled after 12 months</b>		
Annual leave	-	-
Long service leave	5,170	5,133
	<b>5,170</b>	<b>5,133</b>
<b>Total current employee provisions</b>	<b>11,969</b>	<b>11,767</b>
<b>Non-Current</b>		
Long service leave	1,567	1,362
<b>Total non-current employee provisions</b>	<b>1,567</b>	<b>1,362</b>
<b>Aggregate Carrying Amount of Employee Provisions</b>		
Current	11,969	11,767
Non-Current	1,567	1,362
	<b>13,536</b>	<b>13,129</b>

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.

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*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.

	2025	2024
	\$'000	\$'000
Key assumptions:		
- discount rate	3.59%	4.40%
- inflation rate	4.25%	4.45%

**(b) Landfill restoration**

Current	2,310	3,885
Non-Current	16,776	14,851
	<b>19,086</b>	<b>18,736</b>

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	4.02%	3.90%
- inflation rate	4.00%	4.00%

**5.5 Financing arrangements**

The Council has the following funding arrangements in place as at 30 June

Bank overdraft	1,000	1,000
Credit card facilities	500	500
Treasury Corporation of Victoria facilities	9,220	10,929
Other facilities	5,551	6,059
<b>Total facilities</b>	<b>16,271</b>	<b>18,488</b>
<b>Used facilities</b>	<b>14,886</b>	<b>17,102</b>
<b>Unused facilities</b>	<b>1,385</b>	<b>1,386</b>

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**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
<b>2025</b>					
<b>Operating</b>					
Garbage Collection	5,802	5,802	17,405	20,305	49,314
Cleaning contracts for council amenities/streets	1,997	1,929	1,960	-	5,886
Collection of Hard Waste	1,921	-	-	-	1,921
Cleaning contracts for council buildings	1,219	-	-	-	1,219
Management and Operation of GRAC	820	-	-	-	820
Processing of Organic Waste	786	-	-	-	786
Landfill	726	363	-	-	1,089
Drainage	642	-	-	-	642
Recycling	349	-	-	-	349
Software	276	56	-	-	332
<b>Total</b>	<b>14,538</b>	<b>8,150</b>	<b>19,365</b>	<b>20,305</b>	<b>62,358</b>
<b>Capital construction</b>					
Buildings	28,050	-	-	-	28,050
Landfill	1,935	-	-	-	1,935
Drainage	1,414	-	-	-	1,414
Roads	724	-	-	-	724
Recreational, leisure and community facilities	554	-	-	-	554
Off Street Carparks	107	-	-	-	107
Logistics Precinct	88	-	-	-	88
<b>Total</b>	<b>32,872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,872</b>
<b>2024</b>					
<b>Operating</b>					
Garbage Collection	5,640	5,640	16,920	25,380	53,580
Collection of Hard Waste	1,921	800	-	-	2,721
Recycling	2,454	-	-	-	2,454
Processing of Organic Waste	781	-	-	-	781
Cleaning contracts for council buildings	1,165	1,165	-	-	2,330
Cleaning contracts for council amenities/streets	2,426	2,184	3,663	-	8,273
Management and Operation of GRAC	820	-	-	-	820
Landfill	353	-	-	-	353
Software	276	84	-	-	360
Secretarial Support and Advocacy Services	214	71	-	-	285
<b>Total</b>	<b>16,050</b>	<b>9,944</b>	<b>20,583</b>	<b>25,380</b>	<b>71,957</b>
<b>Capital construction</b>					
Streetscape	1,355	-	-	-	1,355
Buildings	1,658	-	-	-	1,658
Logistics Precinct and Intermodal Freight Terminal	4,310	-	-	-	4,310
Roads	1,960	-	-	-	1,960
Landfill	4,627	167	-	-	4,794
Off Street Carparks	608	-	-	-	608
Bridges	336	-	-	-	336
<b>Total</b>	<b>14,854</b>	<b>167</b>	<b>-</b>	<b>-</b>	<b>15,021</b>

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## NOTE 6 Assets we manage

### 6.1 Property, infrastructure, plant and equipment

#### Summary of property, infrastructure, plant and equipment

	CARRYING AMOUNT	ACQUISITIONS	CONTRIBUTIONS	REVALUATION	DEPRECIATION	DISPOSAL	TRANSFERS	CARRYING AMOUNT
	30 JUNE 2024							30 JUNE 2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	266,095	-	4,330	-	-	(13)	(783)	269,629
Buildings	293,446	6,850	2,759	33,501	(7,203)	(3,503)	1,003	326,853
Plant and equipment	16,847	4,477	-	-	(2,883)	(170)	-	18,271
Infrastructure	898,321	8,801	20,184	137,165	(25,799)	(2,827)	10,629	1,046,474
Work in progress	28,470	25,790	-	-	-	(7,155)	(13,530)	33,575
	<b>1,503,179</b>	<b>45,918</b>	<b>27,273</b>	<b>170,666</b>	<b>(35,885)</b>	<b>(13,668)</b>	<b>(2,681)</b>	<b>1,694,802</b>

#### Summary of works in progress

	OPENING WIP	ADDITIONS	TRANSFERS	WRITE OFFS	CLOSING WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	3,595	12,010	(580)	(29)	14,996
Infrastructure	24,875	13,780	(12,949)	(7,126)	18,580
<b>Total</b>	<b>28,470</b>	<b>25,790</b>	<b>(13,530)</b>	<b>(7,155)</b>	<b>33,575</b>

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(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 2024	183,151	82,943	266,094	410,904	410,904	3,595	680,593
Accumulated depreciation at 1 July 2024	-	-	-	(117,457)	(117,457)	-	(117,457)
	183,151	82,943	266,094	293,447	293,447	3,595	563,136
<b>Movements in fair value</b>							
Additions	-	-	-	6,850	6,850	12,010	18,860
Contributions	4,330	-	4,330	2,759	2,759	-	7,089
Revaluation	-	-	-	47,488	47,488	-	47,488
Disposal	(13)	-	(13)	(5,616)	(5,616)	-	(5,629)
Write-off	-	-	-	-	-	(29)	(29)
Transfers	(782)	-	(782)	935	935	(580)	(427)
	3,535	-	3,535	52,416	52,416	11,401	67,352
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	-	-	-	(7,203)	(7,203)	-	(7,203)
Revaluation	-	-	-	(13,988)	(13,988)	-	(13,988)
Accumulated depreciation of disposals	-	-	-	2,113	2,113	-	2,113
Transfers	-	-	-	68	68	-	68
	-	-	-	(19,010)	(19,010)	-	(19,010)
At fair value 30 June 2025	186,686	82,943	269,629	463,320	463,320	14,996	747,944
Accumulated depreciation at 30 June 2025	-	-	-	(136,467)	(136,467)	-	(136,467)
<b>Carrying Amount</b>	186,686	82,943	269,629	326,853	326,853	14,996	611,477

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(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 fair value 1 July 2024		22,134	2,451	9,591	4,094	38,270
Accumulated depreciation at 1 July 2024		(11,972)	(1,825)	(7,627)	-	(21,424)
		<b>10,162</b>	<b>626</b>	<b>1,964</b>	<b>4,094</b>	<b>16,846</b>
<b>Movements in fair value</b>						
Additions		3,705	46	712	14	4,477
Contributions		-	-	-	-	-
Revaluations		-	-	-	-	-
Disposal		(2,184)	-	-	-	(2,184)
Transfers		-	-	-	-	-
		<b>1,521</b>	<b>46</b>	<b>712</b>	<b>14</b>	<b>2,293</b>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation		(2,125)	(127)	(631)	-	(2,883)
Accumulated depreciation of disposals		2,014	-	-	-	2,014
Contributions		-	-	-	-	-
		<b>(111)</b>	<b>(127)</b>	<b>(631)</b>	<b>-</b>	<b>(869)</b>
At fair value 30 June 2025		23,655	2,497	10,303	4,108	40,563
Accumulated depreciation at 30 June 2025		(12,083)	(1,952)	(8,258)	-	(22,293)
<b>Carrying Amount</b>		<b>11,572</b>	<b>545</b>	<b>2,045</b>	<b>4,108</b>	<b>18,270</b>

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(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 2024	850,594	60,005	115,960	278,303	14,208	34,159	4,928	12,979	47,831	24,875	1,443,842
Accumulated depreciation at 1 July 2024	(295,820)	(22,478)	(49,011)	(114,645)	(12,258)	(9,907)	(2,047)	(3,785)	(10,695)	-	(520,646)
	<b>554,774</b>	<b>37,527</b>	<b>66,949</b>	<b>163,658</b>	<b>1,950</b>	<b>24,252</b>	<b>2,881</b>	<b>9,194</b>	<b>37,136</b>	<b>24,875</b>	<b>923,196</b>
<b>Movements in fair value</b>											
Additions	5,264	58	987	314	-	741	-	252	1,186	13,781	22,583
Contributions	8,709	-	1,861	9,574	-	-	-	41	-	-	20,185
Revaluations	99,371	8,464	15,925	36,971	-	2,302	-	11,795	2,052	-	176,880
Disposal	(3,125)	(73)	(1,521)	(9)	-	-	-	(232)	(75)	(7,126)	(12,161)
Transfers	(12,450)	(52)	1,028	424	-	469	-	20,378	830	(12,950)	(2,323)
	<b>97,769</b>	<b>8,397</b>	<b>18,280</b>	<b>47,274</b>	<b>-</b>	<b>3,512</b>	<b>-</b>	<b>32,234</b>	<b>3,993</b>	<b>(6,295)</b>	<b>205,164</b>
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation	(14,844)	(787)	(2,075)	(2,815)	(1,319)	(1,456)	(226)	(699)	(1,578)	-	(25,799)
Revaluations	525	(10,235)	(6,769)	(15,082)	-	(766)	-	(6,883)	(505)	-	(39,715)
Accumulated depreciation of disposals	1,342	32	796	-	-	-	-	6	32	-	2,208
Transfers	7,268	-	-	-	-	-	-	(7,268)	-	-	-
	<b>(5,709)</b>	<b>(10,990)</b>	<b>(8,048)</b>	<b>(17,897)</b>	<b>(1,319)</b>	<b>(2,222)</b>	<b>(226)</b>	<b>(14,844)</b>	<b>(2,051)</b>	<b>-</b>	<b>(63,306)</b>
At fair value 30 June 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 30 June 2025	(301,529)	(33,468)	(57,059)	(132,542)	(13,577)	(12,129)	(2,273)	(18,629)	(12,746)	-	(583,952)
<b>Carrying Amount</b>	<b>646,834</b>	<b>34,934</b>	<b>77,181</b>	<b>193,035</b>	<b>631</b>	<b>25,542</b>	<b>2,655</b>	<b>26,584</b>	<b>39,078</b>	<b>18,580</b>	<b>1,065,054</b>

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**Acquisition**

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration 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 also to Note 8.4 for further disclosure regarding fair value measurement.

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
<b>Property</b>		
land	na	Nil
buildings	20 - 100 years	10.0
<b>Plant and equipment</b>		
plant, machinery and equipment	3 - 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
<b>Infrastructure</b>		
road pavements and seals	15 - 90 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	15 - 90 years	10.0
drainage	100 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	15 - 90 years	10.0
<b>Intangible assets</b>		
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.

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**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.

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 13.42% since the last revaluation triggering a desktop revaluation. A full revaluation of Land will be conducted by 2026/27 and Buildings 2027/28.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2025 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	DATE OF FULL VALUATION	DATE OF INDEXED VALUATION
	\$'000	\$'000	\$'000		
Land – Non specialised	-	82,943	-	Jun-2022	n/a
Land – Specialised	-	-	186,686	Jun-2022	n/a
Buildings – Specialised	-	-	326,853	Jun-2023	Jun-2025
<b>Total</b>	-	<b>82,943</b>	<b>513,539</b>		

**Valuation of infrastructure**

Valuation of infrastructure assets has been determined in accordance with an independent valuation undertaken by Assetic Pty Ltd MIE(Aust) CPEng, NPER : Membership 1102199 and Know-Ledge Asset Management Pty Ltd (Recreational, Leisure and community Facilities and Parks, open space and streetscapes).

The date and type of the current valuation is detailed in the following table. A full revaluation of Roads, Bridges and Off Street Carparks 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. Index based revaluations have been taken up for Drainage / Footpaths and cycleways / Parks, Open Spaces and Streetscapes / Recreation, Leisure and Community Facilities. A full revaluation of the Footpaths and cycleways and Drainage asset classes will be undertaken in 2025/26.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2025 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	DATE OF FULL VALUATION	DATE OF INDEXED VALUATION
	\$'000	\$'000	\$'000		
Roads	-	-	646,834	Jun-2025	n/a
Bridges	-	-	34,934	Jul-2024	n/a
Footpaths and cycleways	-	-	77,181	Jun-2020	Jun-2025
Drainage	-	-	193,035	Jun-2020	Jun-2025
Recreational, Leisure and community facilities	-	-	39,078	Jun-2024	Jun-2025
Waste management	-	-	631	n/a	n/a
Parks, open space and streetscapes	-	-	25,542	Jun-2024	Jun-2025
Aerodromes	-	-	2,655	n/a	n/a
Off street car parks	-	-	26,584	Jun-2025	n/a
<b>Total</b>	-	-	<b>1,046,474</b>		

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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 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 infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2025	2024
	\$'000	\$'000
<b>Reconciliation of specialised land</b>		
Land under roads	31,509	31,372
Parks, reserves and other specialised land	155,177	151,779
<b>Total specialised land</b>	<b>186,686</b>	<b>183,151</b>

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## 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:

		From	To	2025 No.	2024 No.
<b>Mayor</b>	Councillor D Howe	1/07/2024	25/10/2024		
	Councillor D Harriman	26/11/2024	30/06/2025		
<b>Deputy Mayor</b>	Councillor T Lund	1/07/2024	25/10/2024		
	Councillor S Gibson	26/11/2024	30/06/2025		
<b>Non Returning Councillors</b>					
	Councillor K O'Callaghan	1/07/2024	25/10/2024	1	1
	Councillor D Clancey	1/07/2024	25/10/2024	1	1
	Councillor B Law	1/07/2024	25/10/2024	1	1
	Councillor G Middlemiss	1/07/2024	25/10/2024	1	1
	Councillor M Ferguson	1/07/2024	25/10/2024	1	1
<b>Returning Councillors</b>					
	Councillor D Howe	1/07/2024	30/06/2025	1	1
	Councillor T Lund	1/07/2024	30/06/2025	1	1
	Councillor S Gibson	1/07/2024	30/06/2025	1	1
	Councillor D Harriman	1/07/2024	30/06/2025	1	1
<b>New Councillors</b>					
	Councillor D Barnes	11/11/2024	30/06/2025	1	-
	Councillor L Potter	11/11/2024	30/06/2025	1	-
	Councillor J Campbell	11/11/2024	30/06/2025	1	-
	Councillor A Pugsley	11/11/2024	30/06/2025	1	-
	Councillor S Morgan	11/11/2024	30/06/2025	1	-
<b>Other KMP</b>	Chief Executive Officer			1	1
	General Manager Regional City Planning & Assets			1	1
	General Manager Community Health and Wellbeing*			2	1
	General Manager Regional City Strategy & Transition			1	1
	General Manager Organisational Performance			1	1
	Executive Manager Sports Legacy & Activation**			2	1
	Executive Manager Commonwealth Games**			-	1
<b>Total Number of Councillors</b>				<b>14</b>	<b>9</b>
<b>Chief Executive Officer and other Key Management Personnel</b>				<b>8</b>	<b>7</b>
<b>Total Key Management Personnel</b>				<b>22</b>	<b>16</b>

Council elections were held on 26 October 2024, with elected Councillors sworn in from 11 November 2024.

There were no elected officials between the 26 October 2024 and 10 November 2024

Throughout the year the position of General Manager Community Health and Wellbeing and the position of Executive Manager Sports Legacy & Activation were occupied by two persons as a result of vacancies and redeployment of staff.

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**(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:

	2025 \$'000	2024 \$'000
Short-term benefits	2,232	1,905
Other long-term benefits	37	70
Post employment benefits	201	158
Termination benefits	87	-
<b>Total</b>	<b>2,558</b>	<b>2,134</b>

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

	2025 No.	2024 No.
\$10,000 - \$19,999	5	-
\$20,000 - \$29,999	5	1
\$30,000 - \$39,999	1	5
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$70,000 - \$79,999	1	2
\$140,000 - \$149,999	1	-
\$170,000 - \$179,999	-	1
\$210,000 - \$219,999	1	-
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	-	1
\$270,000 - \$279,999	2	1
\$280,000 - \$289,999	1	1
\$290,000 - \$299,999	2	-
\$380,000 - \$389,999	1	-
\$410,000 - \$419,999	-	1
<b>Total</b>	<b>22</b>	<b>16</b>

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**(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:

	2025	2024
	\$'000	\$'000
Short-term benefits	2,564	2,501
Other long-term benefits	42	37
Post employment benefits	276	257
Termination benefits	-	-
<b>Total</b>	<b>2,882</b>	<b>2,795</b>

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

	2025	2024
	No.	No.
<b>Income Range:</b>		
\$170,000 - \$179,999	2	6
\$180,000 - \$189,999	4	1
\$190,000 - \$199,999	5	7
\$200,000 - \$209,999	4	1
<b>Total</b>	<b>15</b>	<b>15</b>

<b>Total remuneration for the reporting year for other senior staff included above, amounted to:</b>	<b>\$2,882</b>	<b>\$2,795</b>
<b>(\$,000)</b>		

**7.2 Related party disclosure**

**(a) Transactions with related parties**

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

	2025	2024
	\$'000	\$'000
Purchase of materials & services from related parties of key management personnel	32	41
<b>Total</b>	<b>32</b>	<b>41</b>

**(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



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## 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.

Construction of infrastructure assets by developers in the course of creating new subdivisions results in the infrastructure assets being vested in Council when Council issues a Statement of Compliance. These assets are brought to account as revenue and capitalised. At reporting date, developers had commenced construction of assets that will eventually be transferred to Council contingent upon Council issuing a Statement of Compliance. Due to the nature of the arrangements in place and the assets involved, a contingent asset cannot be reliably measured prior to completion.

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.

At balance date the Council was impacted by the significant storm events in August / September 2024. These storms led to clean-up and recovery activities costing council \$1,315K in external contractor costs. Council has lodged claims with the Victorian State Government for assessment in line with the Disaster Recovery Funding Arrangements 2018. At June 2025 \$843K worth of claims have been received and 12 claims totalling \$517K are undergoing formal assessment. The amount repayable will not be known until later in the 2025-26 financial 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 (2023/24 \$2.9 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.

**Notes to the Financial Report  
For the Year Ended 30 June 2025**

**Latrobe City Council  
2024/2025 Financial Report**

**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 is currently reviewing the GME report submitted by the consultant. Subject to the auditor agreeing with the GME report that outlines there is no practical purpose to continue monitoring, a cessation report will be prepared and submitted to the EPA. Subject to the EPA comments and response, no further monitoring is anticipated, and the Audit outcomes will be complete.

**(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**

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council assesses the impact of these new standards. As at 30 June 2025 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2025 that are expected to impact Council. In September 2024 the Australian Accounting Standards Board (AASB) issued two Australian Sustainability Reporting Standards (ASRS). This followed Commonwealth legislation establishing Australia's sustainability reporting framework. Relevant entities will be required to undertake mandatory reporting of climate-related disclosures in future financial years. Public sector application issues remain under consideration and Council will continue to monitor developments and potential implications for future financial years.

**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.

**Notes to the Financial Report  
For the Year Ended 30 June 2025****Latrobe City Council  
2024/2025 Financial Report****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.

**Notes to the Financial Report  
For the Year Ended 30 June 2025**

**Latrobe City Council  
2024/2025 Financial Report**

**(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 5.4.

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 3.85%.

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. Council has considered the amendments to AASB 13 Fair Value Measurement that apply for the 2024-25 financial year as a result of AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities. For assets, where the Council adopts a current replacement cost approach to determine fair value, the Council now considers the inclusion of site preparation costs, disruption costs and costs to restore another entity's assets in the underlying valuation.

The AASB 13 amendments have not resulted in any material impacts to Council's financial statements.

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, other than plant and equipment, are measured at their 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	3 to 5 years
Buildings	3 to 5 years
Roads	3 to 5 years
Bridges	3 to 5 years
Footpaths and cycleways	3 to 5 years
Drainage	3 to 5 years
Recreational, leisure and community facilities	3 to 5 years
Waste management	na
Parks, open space and streetscapes	3 to 5 years
Aerodromes	na

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.

8.5 Events occurring after balance date

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

Notes to the Financial Report  
For the Year Ended 30 June 2025

Latrobe City Council  
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**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
<b>2025</b>			
<b>Property</b>			
Land	189,364	-	189,364
Buildings	114,878	33,501	148,379
	<b>304,242</b>	<b>33,501</b>	<b>337,743</b>
<b>Infrastructure</b>			
Roads	169,004	99,896	268,900
Bridges	34,828	(1,771)	33,057
Footpaths and cycleways	24,411	9,156	33,567
Off street carparks	9,026	4,912	13,938
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
	<b>339,320</b>	<b>137,165</b>	<b>476,485</b>
<b>Other</b>			
Artworks	1,095	-	1,095
Other	13	-	13
	<b>1,108</b>	<b>-</b>	<b>1,108</b>
<b>Total Asset Revaluation Reserves</b>	<b>644,670</b>	<b>170,666</b>	<b>815,336</b>
<b>2024</b>			
<b>Property</b>			
Land	189,364	-	189,364
Buildings	114,878	-	114,878
	<b>304,242</b>	<b>-</b>	<b>304,242</b>
<b>Infrastructure</b>			
Roads	169,004	-	169,004
Bridges	34,828	-	34,828
Footpaths and cycleways	24,411	-	24,411
Off street carparks	9,026	-	9,026
Drainage	94,094	-	94,094
Recreation, leisure and community facilities	1,159	521	1,680
Parks, open space and streetscapes	4,422	1,855	6,277
	<b>336,944</b>	<b>2,376</b>	<b>339,320</b>
<b>Other</b>			
Artworks	1,095	-	1,095
Other	13	-	13
	<b>1,108</b>	<b>-</b>	<b>1,108</b>
<b>Total Asset Revaluation Reserves</b>	<b>642,294</b>	<b>2,376</b>	<b>644,670</b>

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
<b>2025</b>				
Developer Contributions	8,038	(684)	1,672	9,026
<b>Total other reserves</b>	<b>8,038</b>	<b>(684)</b>	<b>1,672</b>	<b>9,026</b>
<b>2024</b>				
Developer Contributions	7,279	(326)	1,085	8,038
<b>Total other reserves</b>	<b>7,279</b>	<b>(326)</b>	<b>1,085</b>	<b>8,038</b>

**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.

**Notes to the Financial Report**  
**For the Year Ended 30 June 2025**

**Latrobe City Council**  
**2024/2025 Financial Report**

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

	2025 \$'000	2024 \$'000
<b>Surplus/(deficit) for the year</b>	<b>37,400</b>	<b>7,172</b>
<i>Non-cash adjustments:</i>		
Depreciation and amortisation	36,975	35,815
Loss on disposal of property, infrastructure, plant and equipment	5,383	5,438
Impairment losses	423	-
Contributions non-monetary assets	(27,273)	(21,705)
Finance costs	409	423
Work in progress written off	7,155	2,578
<b>Changes in assets and liabilities</b>		
(Increase)/ decrease in trade and other receivables	(1,208)	(274)
(Increase)/ decrease in prepayments	(537)	579
(Increase) / decrease in contract assets	(1,133)	(457)
(Increase)/ decrease in landfill intangible asset	-	-
Increase/ (decrease) in trade and other payables	(2,819)	1,546
Increase/ (decrease) in contract and other liabilities	26,277	381
Increase/ (decrease) in trust funds and deposits	1,651	861
Increase/ (decrease) in provisions	757	(1,499)
<b>Net cash provided by operating activities</b>	<b>83,460</b>	<b>30,858</b>

**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 2025, this was 11.5% as required under Superannuation Guarantee (SG) legislation (2024: 11.0%)).

**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.

**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 2024, 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 2024 (of which Council is a contributing employer) was 105.4%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.6% pa  
Salary information 3.5% pa  
Price inflation (CPI) 2.7% pa

As at 30 June 2025, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2025. The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2024 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 2024 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 2025, this rate was 11.5% of members' salaries (11.0% in 2023/24). 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.

**Notes to the Financial Report  
For the Year Ended 30 June 2025**

**Latrobe City Council  
2024/2025 Financial Report**

**The 2024 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 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:

	2024 (Interim) \$m	2023 (Triennial) \$m
- A VBI surplus	108.4	85.7
- A total service liability surplus	141.4	123.6
- A discounted accrued benefits surplus	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 2024.

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 2024.

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 2024.

**The 2025 interim actuarial investigation**

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2025 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2025. The last interim actuarial investigation conducted prior to 30 June 2025 was at 30 June 2024. The VBI of the Defined Benefit category at that date was 110.5%. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns 5.7% pa  
Salary information 3.5% pa  
Price inflation (CPI) 2.7% 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:

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

**Superannuation contributions**

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2025 are detailed below:

Scheme	Type of Scheme	Rate	2025 \$'000	2024 \$'000
Vision Super	Defined Benefits	11.5% (2024: 11.0%)	194	205
Various	Accumulation	11.5% (2024: 11.0%)	5,432	5,023

In addition to the above contributions, Latrobe City Council has paid unfunded liability payments to Vision Super totalling \$nil (2023/24 \$nil).

There were \$485K contributions outstanding (2023/24 \$452K) and \$nil loans issued (2023/24 \$nil) from or to the above schemes as at 30 June 2025.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2026 is \$200K.

**NOTE 10 Change in accounting policy**

There have been no changes to accounting policies in the 2024-25 year.



# **Latrobe City Council**

## **Performance Statement**

For the year ended 30 June 2025

PERFORMANCE STATEMENT

2024/25

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PERFORMANCE STATEMENT  
2024/25

## Certification of the Performance Statement

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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.

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Matthew Rogers  
**Principal Accounting Officer**  
**Dated:** 06 October 2025

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.

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Cr Joanne Campbell  
**Councillor**  
**Dated:** 06 October 2025

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Cr Leanne Potter  
**Councillor**  
**Dated:** 06 October 2025

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Steven Piasente  
**Chief Executive Officer**  
**Dated:** 06 October 2025

PERFORMANCE STATEMENT  
2024/25

## **Victorian Auditor – General’s Office Audit Report**

PERFORMANCE STATEMENT  
2024/25

## **Victorian Auditor – General’s Office Audit Report**

**PERFORMANCE STATEMENT****2024/25**

## **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 78,845<sup>1</sup>.

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 major towns; Churchill, Moe/Newborough, Morwell and Traralgon; and seven rural townships of Boolarra, Glengarry, Toongabbie, Tyers, Traralgon South, Yallourn North and Yinnar.

<sup>1</sup> Australian Bureau of Statistics Regional Population, 2023-24 Australia, 27 March 2025 ERP 2024

PERFORMANCE STATEMENT

2024/25

Section 2. Service performance indicators

For the year ended 30 June 2025

Indicator / measure [formula]	Results					Comments
	2022	2023	2024	2025		
	Actual	Actual	Actual	Target as per budget	Actual	
<b>Aquatic Facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i>  [Number of visits to aquatic facilities / Municipal population]	3.17	5.39	5.68	N/A	4.13	The leisure point of sale system was changed during the 2024/25FY. This system now provides the ability to conduct accurate reporting from a single source opposed to the previous system to which each leisure facility was required to run local reports.
<b>Animal Management</b> <b>Health and safety</b> <i>Animal management prosecutions</i>  [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100%	100%	100%	N/A	100%	

## PERFORMANCE STATEMENT

2024/25

## Results

	2022	2023	2024	2025		
Indicator / measure [formula]	Actual	Actual	Actual	Target as per budget	Actual	Comments
<b>Food Safety</b> <b>Health and safety</b> <i>Critical and major non-compliance outcome notifications</i>  <i>[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</i>	39.79%	60.41%	89.05%	N/A	89.02%	
<b>Governance</b> <b>Consultation and engagement</b> <i>Satisfaction with community consultation and engagement</i>  <i>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</i>	55	53	50	56	49	There was an expectation that the increased consultation associated with the development of the Community Vision and Council Plan would result in a higher community satisfaction rating. Whilst Council has undertaken increased engagement activities during this period the response from the community has not recognised the increased efforts to facilitate greater engagement in the decision-making process and the end rating remained consistent with previous.
<b>Libraries</b> <b>Participation</b> <i>Library membership</i>  <i>[percentage of the population that are registered library members] x100</i>	N/A	N/A	23.76%	N/A	27.85%	There has been an increased marketing effort which has resulted in more than 3,000 new members and an increased retention of existing members.



**PERFORMANCE STATEMENT**  
**2024/25**

Results						
Indicator / measure [formula]	2022 Actual	2023 Actual	2024 Actual	2025 Target as per budget      Actual		Comments
<b>Maternal and Child Health (MCH)</b> <b>Participation</b> <i>Participation in the MCH service</i>  <i>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</i>	71.51%	71.66%	72.99%	N/A	74.13%	
<i>Participation in the MCH service by Aboriginal children</i>  <i>[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</i>	82.45%	84.75%	90.58%	N/A	82.15%	This decrease is a direct result of the local Aboriginal Community Controlled Health Organisation (ACCHO), receiving funding and being able to employ an MCH nurse. Aboriginal families now have a choice of provider for this service. Council is unable to capture the utilisation at the local ACCHO.
<b>Roads</b> <b>Condition</b> <i>Sealed local roads below the intervention level</i>  <i>(percentage of sealed local roads that are below the renewal intervention level set by Council and not requiring renewal)</i>	99.69%	99.87%	98.45%	95.0%	99.74%	

**PERFORMANCE STATEMENT**  
**2024/25**

Results						
	2022	2023	2024	2025		
Indicator / measure [formula]	Actual	Actual	Actual	Target as per budget	Actual	Comments
<b>Statutory Planning</b> <b>Service standard</b> <i>Planning applications decided within the relevant required time</i>  <i>(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</i>	91.92%	88.02%	81.58%	90.00%	87.76%	The 2024 financial year saw a lower-than-expected result due to staff vacancies and increased complexity of applications, the current year has seen a return to a more normalised year with ratio returning to prior year levels.
<b>Waste Management</b> <b>Waste diversion</b> <i>Kerbside collection waste diverted from landfill</i>  <i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i>	50.15%	49.33%	60.68%	51.00%	56.78%	We suspect that the reduction in diversion from 2024 is linked to the first full year of the container deposit scheme as there has been a reduced level of recyclable and green organics from the previous year, whilst general waste levels remained steady.

### Section 3. Financial performance indicators

For the year ended 30 June 2025

Dimension / Indicator / Measure	Results									Comments
	2022	2023	2024	2025		2026	2027	2028	2029	
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
<b>Efficiency</b> <b>Expenditure level</b> <i>Expenses per property assessment</i> <i>[Total expenses / Number of property assessments]</i>	\$3,896.48	\$3,894.22	\$4,114.86	\$3,853.00	\$4,382.33	\$4,264.18	\$4,145.13	\$4,190.92	\$4,251.44	<p>The result was above target largely due to items budgeted as capital that have been expensed due to them not meeting capitalisation criteria, together with unbudgeted items such as emergency clean-up works following the August 2024 storm event and higher depreciation expenses following infrastructure valuations undertaken in the previous financial year.</p>

**PERFORMANCE STATEMENT**  
**2024/25**

Dimension / Indicator / Measure	Results									Comments
	2022	2023	2024	2025		2026	2027	2028	2029	
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
<b>Revenue level</b> <i>Average rate per property assessment</i>  <i>[Sum of all general rates and municipal charges / Number of property assessments]</i>	\$1,600.58	\$1,613.23	\$1,681.40	N/A	\$1,745.93	\$1,762.36	\$1,793.84	\$1,825.90	\$1,858.53	The average rate per property assessment is expected to increase in line with the adopted budget increases in 2026 and is currently estimated to increase in line with the expected rate cap from 2027 to 2029.
<b>Liquidity</b> <b>Working capital</b> <i>Current assets compared to current liabilities</i>  <i>[Current assets / Current liabilities] x100</i>	259.47%	254.73%	229.08%	228.10%	197.08%	203.79%	224.23%	232.14%	234.86%	The reduction in the ratio in 2025 is due to increases in current liabilities for unearned capital grants, together with the movement of an interest only loan into current liabilities that will mature in the 2026 financial year. The ratio is predicted to rise again in future years after these liabilities are settled.

**PERFORMANCE STATEMENT**  
**2024/25**

Dimension / Indicator / Measure	Results									Comments
	2022	2023	2024	2025		2026	2027	2028	2029	
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i>  <i>[Unrestricted cash / Current liabilities] x100</i>	7.62%	(23.46%)	(55.74%)	N/A	(56.14%)	(22.09%)	(8.02%)	(7.81%)	(13.38%)	<p>The ratio has decreased in 2025 due to high levels of Contract and Other liabilities associated with unearned capital grants, and Interest-Bearing Liabilities as a result of an interest only loan that matures in 2026. Unrestricted cash is expected to improve from negative 56.1% to negative 13.4% over the projected period as these liabilities are settled. 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.</p>

**PERFORMANCE STATEMENT**  
**2024/25**

Dimension / Indicator / Measure	Results									Comments
	2022	2023	2024	2025		2026	2027	2028	2029	
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
<b>Obligations</b> <b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i>  <i>[Interest bearing loans and borrowings / Rate revenue] x100</i>	17.90%	17.16%	18.20%	N/A	15.48%	11.69%	8.86%	6.14%	3.85%	The result for this measure has decreased to 15.5% in 2025 due to the continued repayment of current borrowings and no new loans being drawn down for the year. The ratio is projected to continue to decrease over the forecast period with repayments currently expected to exceed new borrowings.
<i>Loans and borrowings repayments compared to rates</i>  <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	2.07%	2.06%	3.41%	N/A	2.70%	5.97%	2.78%	2.70%	2.42%	The result for this measure decreased to 2.7% in 2025, this was largely due to the repayment of a lump sum in 2024 before finalising the final borrowing amount required for the Moe Rail Precinct Revitalisation Stage 2 project. The increased ratio forecasted in 2026 is due to the principal repayment of an interest only loan falling due in that year.

**PERFORMANCE STATEMENT**  
**2024/25**

Dimension / Indicator / Measure	Results									Comments
	2022	2023	2024	2025		2026	2027	2028	2029	
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
<b>Indebtedness</b> <i>Non-current liabilities compared to own source revenue</i> <i>[Non-current liabilities / Own source revenue] x100</i>	25.97%	27.08%	27.38%	N/A	23.23%	22.67%	18.37%	18.46%	16.15%	The ratio is forecasted to remain in steady decline as council repays existing interest-bearing liabilities for the four-year forecast period
<b>Asset renewal and upgrade</b> <i>Asset renewal and upgrade compared to depreciation</i> <i>[Asset renewal and asset upgrade expense / Asset depreciation] x100</i>	84.97%	104.03%	108.16%	93.50%	93.77%	111.08%	77.74%	81.21%	73.97%	The ratio was on target in 2025. The reduction in the ratio in future years is symbolic of reducing estimates of government grants. Council's largest asset class, roads, is expected to be maintained around 100%, however other classes such as drainage, which is renewed only on a reactive basis, and buildings which are often reliant on government funding for major renewal and upgrade works are forecasted to remain below 100% with the exception of 2026 which is supported by non-recurrent capital grants funding.

**PERFORMANCE STATEMENT**  
**2024/25**

Dimension / Indicator / Measure	Results									Comments
	2022	2023	2024	2025		2026	2027	2028	2029	
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
<b>Operating position</b> <b>Adjusted underlying result</b>  <i>Adjusted underlying surplus (or deficit)</i>  <i>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</i>	(4.02%)	(3.73%)	(23.16%)	N/A	(5.98%)	(6.65%)	(6.83%)	(6.16%)	(7.52%)	Council's large underlying deficit in 2024 was largely due to a reduction in operating grants which primarily related to the timing of receipt of Financial Assistance Grants funding. 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.



**PERFORMANCE STATEMENT**  
**2024/25**

Dimension / Indicator / Measure	Results									Comments
	2022	2023	2024	2025		2026	2027	2028	2029	
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
<b>Stability</b> <b>Rates concentration</b>  <i>Rates compared to adjusted underlying revenue</i>  <i>[Rate revenue / Adjusted underlying revenue] x100</i>	57.53%	59.44%	69.10%	64.5%	56.49%	60.37%	63.81%	64.13%	64.00%	The increased ratio in 2024 was largely due to a reduction in operating grants associated with the timing of Financial Assistance Grants. 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.
<b>Rates effort</b> <i>Rates compared to property values</i>  <i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.61%	0.48%	0.43%	N/A	0.43%	0.45%	0.46%	0.47%	0.47%	The ratio has remained relatively stable and is forecast to remain between 0.4 to 0.5% over the forecast period.

**PERFORMANCE STATEMENT**  
**2024/25**

## Section 4. Sustainable capacity indicators

For the year ended 30 June 2025

Indicator / measure [formula]	Results				Comments
	2022 Actual	2023 Actual	2024 Actual	2025 Actual	
<b>Population</b> <i>Expenses per head of municipal population</i> <i>[Total expenses / Municipal population]</i>	\$2,018.54	\$2,003.71	\$2,129.14	\$2,270.34	The increase is largely attributed to inflationary pressures, along with some unbudgeted expenditure related to expensed capital works items and emergency clean-up works following the August 2024 storm event.
<i>Infrastructure per head of municipal population</i> <i>[Value of infrastructure / Municipal population]</i>	\$14,342.36	\$15,315.49	\$15,828.81	\$18,075.63	The ratio has increased in line with the valuation movements from the revaluations of infrastructure assets undertaken in the 2025 financial year this movement incorporates the new interpretation requirements for Accounting Standard AASB 13.
<i>Population density per length of road</i> <i>[Municipal population / Kilometres of local roads]</i>	52.53	50.86	50.50	50.88	The result for this measure has remained stable over the three-year period.

**PERFORMANCE STATEMENT**  
**2024/25**

Indicator / measure [formula]	Results				Comments
	2022 Actual	2023 Actual	2024 Actual	2025 Actual	
<b>Own-source revenue</b>  <i>Own-source revenue per head of municipal population</i>  <i>[Own-source revenue / Municipal population]</i>	\$1,349.74	\$1,447.70	\$1,498.68	\$1,553.80	Minor increase in 2024 as a result of rates growth and increased income from landfill gate fees and interest on investments.
<b>Recurrent grants</b>  <i>Recurrent grants per head of municipal population</i>  <i>[Recurrent grants / Municipal population]</i>	\$445.60	\$444.32	\$220.05	\$527.90	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. A 50% advance of the 2026 funding was also received in 2025, further increasing this variance.
<b>Disadvantage</b>  <i>Relative Socio-Economic Disadvantage</i>  <i>[Index of Relative Socio-Economic Disadvantage by decile]</i>	1.00	1.00	1.00	1.00	The result for this measure has remained unchanged over the four year period.

PERFORMANCE STATEMENT  
2024/25

Indicator / measure [formula]	Results				Comments
	2022 Actual	2023 Actual	2024 Actual	2025 Actual	
<b>Workforce turnover</b>  <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	26.6%	13.2%	18.0%	15.9%	There is no specific event which has caused a decrease in turnover. The current turnover rate is consistent with the range of annual turnover being experienced by other Gippsland Councils.

## 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 2025-26 to 2028-29 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.

The forecast figures included in the performance statement are those adopted by council in its budget on 30 June 2025. The budget includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General-Purpose Financial Statements. The budget can be obtained by contacting council.

## 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: <ul style="list-style-type: none"> <li>• non-recurrent grants used to fund capital expenditure; and</li> <li>• non-monetary asset contributions; and</li> <li>• contributions to fund capital expenditure from sources other than those referred to above</li> </ul>
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 <i>Food Act 1984</i> , 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 <i>Food Act 1984</i>
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 <i>Road Management Act 2004</i>
major non-compliance outcome notification	means a notification received by a council under section 19N(3) or (4) of the <i>Food Act 1984</i> , 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

**PERFORMANCE STATEMENT  
2024/25**

<b>Key term</b>	<b>Definition</b>
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**



## **8. 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.