



LATROBE CITY COUNCIL

AGENDA FOR THE COUNCIL MEETING

**TO BE HELD IN KERNOT HALL, MORWELL AND VIA
AUDIO-VISUAL LINK
AT 6:00PM ON
07 OCTOBER 2024
CM610**

Please note:

The recommended decisions in this Agenda are not prohibited decisions, as defined in section 69 of the Local Government Act 2020 or significant decisions within the meaning of the Election Period Policy.

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

3. ADOPTION OF MINUTES

Proposed Resolution:

That Council confirm the minutes of the Council Meeting held on 2 September 2024.

4. DECLARATION OF INTERESTS

5. PUBLIC PARTICIPATION TIME

Public Questions on Notice

In Accordance with the Governance Rules, members of the public can lodge a question on notice 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.

STRATEGIC ITEMS FOR DECISION

6. STRATEGIC ITEMS FOR DECISION

Nil reports

STATUTORY PLANNING

7. STATUTORY PLANNING

Nil reports

CORPORATE ITEMS FOR DECISION

8. CORPORATE ITEMS FOR DECISION

Item Number 8.1 07 October 2024

Organisational Performance

AUTHORISATION OF COUNCILLORS FOR CERTIFICATION OF THE 2023/24 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 2024 in accordance with the requirements of the *Local Government Act 2020*.

EXECUTIVE SUMMARY

- In order for the Victorian Auditor General's Office (VAGO) to provide an audit report certifying Council's 2023/24 financial report and performance statement, as per Section 99 of the *Local Government Act 2020* ("the Act"), Council must first provide in principle approval of the statements and authorise two Councillors to certify the statements in their final form.
- The draft statements were presented to Council's Audit and Risk Committee on 19 September 2024. 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 2024 and that Council authorises two Councillors to certify these statements in their final form.

OFFICER'S RECOMMENDATION

That Council:

1. **Provide "in principle" approval to the performance and financial statements for the year ended 30 June 2024 as attached to this report; and**
2. **Authorise Councillors Howe and Law to certify the performance statement and financial statements in their final form on behalf of Council for the year ended 30 June 2024.**

BACKGROUND

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

Once the auditor’s reports on the performance statement and financial statements have been received by Council, they will be incorporated into the annual report which must be presented at a Council meeting open to the public, in an election year, by 25 October 2024 (refer Section 100(2)(a)).

The table below sets out the process:

ANALYSIS

Process	Date
Draft Audited Financial Statements presented to Audit and Risk Committee	19 September 2024
Council approval for two Councillors to certify the financial, standard and performance statements in their final form	07 October 2024
Certifications signed by the two nominated Councillors	07 October 2024
Auditor General issues audit reports	Upon receipt of signed certifications
Council Meeting to consider Annual Report	21 October 2024

RISK ASSESSMENT

RISK	RISK RATING	TREATMENT
<p>COMPLIANCE Non-compliance with the <i>Local Government Act 2020</i>.</p>	<p>Low <i>Unlikely x Minor</i></p>	<p>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>.</p>

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*.

ELECTION PERIOD STATEMENT

The recommended decision is not a prohibited decision, as defined in section 69 of the *Local Government Act 2020* or a significant decision within the meaning of the Election Period Policy.

APPENDIX 1 IMPACT ASSESSMENT

Social

Not applicable.

Cultural

Not applicable.

Health

Not applicable.

Environmental

Not applicable.

Economic

Not applicable.

Financial

Not applicable.

Attachments

1. 2023/24 Finance Report
2. 2023/24 Performance Statement

8.1

Authorisation of Councillors for certification of the 2023/24 Finance Report and Performance Statement

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Latrobe City Council

2023/2024 Financial Report



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Latrobe City Council
2023/2024 Financial Report

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: 07/10/2024
Morwell

In our opinion the accompanying financial statements present fairly the financial transactions of Latrobe City Council for the year ended 30 June 2024 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. Darren Howe
Councillor
Dated: 07/10/2024
Morwell

Cr. Bradley Law
Councillor
Dated: 07/10/2024
Morwell

Steven Piasente
Chief Executive Officer
Dated: 07/10/2024
Morwell

Annual Report 2023/24

Latrobe City Council
2023/2024 Financial Report

Insert Auditors Report on this page

Latrobe City Council
2023/2024 Financial Report

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Latrobe City Council
2023/2024 Financial Report

Comprehensive Income Statement

For the Year Ended 30 June 2024

	NOTE	2024 \$'000	2023 \$'000
INCOME / REVENUE			
Rates and charges	3.1	93,358	89,109
Statutory fees and fines		2,891	2,741
User fees	3.2	11,676	12,307
Grants - operating	3.3	16,285	35,860
Grants - capital	3.3	17,856	8,735
Contributions - monetary	3.4	599	1,237
Contributions - non monetary	3.4	21,705	16,707
Other income	3.5	9,203	8,193
Total income / revenue		173,573	174,889
EXPENSES			
Employee costs	4.1	(63,370)	(61,039)
Materials and services	4.2	(53,712)	(46,385)
Depreciation	4.3	(34,711)	(30,213)
Amortisation - intangible assets		(944)	(497)
Depreciation - right of use assets		(160)	(77)
Allowance for impairment losses		(11)	(9)
Borrowing costs		(374)	(285)
Finance costs - leases		(50)	(36)
Net loss on disposal of property, infrastructure, plant and equipment	4.4	(5,438)	(8,408)
Other expenses	4.5	(7,631)	(8,551)
Total expenses		(166,401)	(155,500)
Surplus/ (Deficit) for the year		7,172	19,389
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain/(loss)	6.1	2,376	83,301
Total other comprehensive result		2,376	83,301
Total comprehensive result		9,548	102,690

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

Annual Report 2023/24

Latrobe City Council
2023/2024 Financial Report

Balance Sheet

As at 30 June 2024

	NOTE	2024 \$'000	2023 Restated \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5.1	5,339	24,181
Trade and other receivables	5.1	4,884	4,613
Other financial assets	5.1	95,000	95,000
Prepayments		865	1,443
Contract Assets		3,875	3,418
Total current assets		109,963	128,655
NON-CURRENT ASSETS			
Trade and other receivables	5.1	1	4
Other financial assets	5.1	2	2
Property, infrastructure, plant and equipment	6.1	1,503,179	1,474,776
Right-of-use assets		1,149	1,221
Intangible assets		1,391	2,335
Total non-current assets		1,505,722	1,478,338
TOTAL ASSETS		1,615,685	1,606,993
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5.2	12,592	14,835
Trust funds and deposits	5.2	6,308	5,447
Contract and other liabilities	5.2	11,101	10,720
Provisions	5.4	15,652	16,240
Interest-bearing liabilities	5.3	2,217	3,127
Lease liabilities		132	137
Total current liabilities		48,002	50,506
NON-CURRENT LIABILITIES			
Provisions	5.4	16,213	17,124
Interest-bearing liabilities	5.3	14,771	12,163
Lease liabilities		1,083	1,132
Total non-current liabilities		32,067	30,419
TOTAL LIABILITIES		80,069	80,925
NET ASSETS		1,535,616	1,526,068
EQUITY			
Accumulated surplus		882,908	876,495
Reserves	9.1	652,708	649,573
TOTAL EQUITY		1,535,616	1,526,068

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

Latrobe City Council
2023/2024 Financial Report

Statement of Changes in Equity

For the Year Ended 30 June 2024

	NOTE	TOTAL \$'000	ACCUMULATED SURPLUS \$'000	REVALUATION RESERVE \$'000	OTHER RESERVES \$'000
2024					
Balance at beginning of the financial year		1,526,068	876,495	642,294	7,279
Surplus for the year		7,172	7,172	-	-
Net asset revaluation gain/(loss)	6.2	2,376	-	2,376	-
Transfers to other reserves	9.1	-	(1,085)	-	1,085
Transfers from other reserves	9.1	-	326	-	(326)
Balance at end of the financial year		1,535,616	882,908	644,670	8,038
2023					
Balance at beginning of the financial year		1,396,042	831,565	558,993	5,484
Prior year correction of errors					
Found Assets		27,336	27,336	-	-
Restated balance at the beginning of the year		1,423,378	858,901	558,993	5,484
Surplus for the year		19,389	19,389	-	-
Net asset revaluation gain/(loss)	6.1	83,301	-	83,301	-
Transfers to other reserves	9.1	-	(1,909)	-	1,909
Transfers from other reserves	9.1	-	114	-	(114)
Restated Balance at end of the financial year		1,526,068	876,495	642,294	7,279

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

Annual Report 2023/24

Latrobe City Council
2023/2024 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2024

	NOTE	2024 \$'000	2023 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and charges		93,536	90,578
Statutory fees and fines		2,886	2,743
User fees		12,271	12,918
Grants - operating		16,615	32,235
Grants - capital		18,198	13,429
Contributions - monetary		607	1,243
Interest received		5,947	2,909
Trust funds and deposits taken		14,809	13,818
Other receipts		2,115	4,169
Net GST refund/ (payment)		5,138	4,151
Employee costs		(63,321)	(63,373)
Materials and services		(59,335)	(50,070)
Short-term, low value and variable lease payments		(86)	(152)
Trust funds and deposits repaid		(13,948)	(13,553)
Other payments		(4,574)	(5,472)
Net cash provided by operating activities	9.2	30,858	45,573
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment		(51,801)	(34,474)
Proceeds from sale of property, infrastructure, plant and equipment		973	555
Payments for investments		(135,000)	(145,000)
Proceeds from sale of investments		135,000	130,000
Payments of loans and advances		5	5
Net cash used in investing activities		(50,823)	(48,914)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs		(382)	(281)
Proceeds from borrowings		4,500	1,635
Repayment of borrowings		(2,803)	(1,559)
Interest paid - lease liability		(50)	(36)
Repayment of lease liabilities		(142)	(62)
Net cash used in financing activities		1,123	(303)
Net increase/ (decrease) in cash and cash equivalents		(18,842)	(3,644)
Cash and cash equivalents at the beginning of the financial year		24,181	27,825
Cash and cash equivalents at the end of the financial year		5,339	24,181
Financing arrangements	5.6		

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

Annual Report 2023/24

Latrobe City Council
2023/2024 Financial Report

Statement of Capital Works

For the Year Ended 30 June 2024

	NOTE	2024 \$'000	2023 \$'000
PROPERTY			
Buildings		9,836	6,857
Total buildings		9,836	6,857
Total property		9,836	6,857
PLANT AND EQUIPMENT			
Plant, machinery and equipment		3,063	3,049
Fixtures, fittings and furniture		53	131
Computers and telecommunications		462	1,058
Art collection		18	13
Total plant and equipment		3,596	4,251
INFRASTRUCTURE			
Roads		18,087	19,273
Bridges		151	581
Footpaths and cycleways		1,754	1,223
Drainage		894	313
Recreational, leisure and community facilities		1,713	10
Waste management		415	430
Parks, open space and streetscapes		5,162	3,470
Off street car parks		3,037	1,318
Other infrastructure		3,376	1,252
Total infrastructure		34,589	27,870
Total capital works expenditure		48,021	38,978
Represented by:			
New asset expenditure		8,771	7,340
Asset renewal expenditure		26,113	28,317
Asset expansion expenditure		1,706	207
Asset upgrade expenditure		11,431	3,114
Total capital works expenditure	2.1.2	48,021	38,978

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

Annual Report 2023/24

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 5.5)
- The determination of landfill provisions (refer to note 5.5)
- 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 (refer to Note 5.8)
- 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 2024**

**Latrobe City Council
2023/2024 Financial Report**

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.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

**Latrobe City Council
2023/2024 Financial Report**

Prior year adjustments - Found infrastructure assets

During the reporting period a number of recreational infrastructure assets under Council's control which had not been previously recognised in the balance sheet were identified as being incorrectly omitted. The assets identified fall under the Recreation, leisure and community facilities and Parks, open space and streetscapes asset classes. These assets have been recognised as an adjustment to opening accumulated surplus and the 2022/23 comparative figures for Property, infrastructure, plant and equipment.

A third balance sheet has not been presented to disclose the prior year errors as they were considered not material to the comparative amounts included in the Balance Sheet. The net changes to the balance sheet and statement of changes in equity are displayed in the following table;

Summary of prior year adjustments	June 2023 as previously presented \$'000	Prior period adjustments \$'000	June 2023 as restated \$'000
Balance Sheet:			
Non-current assets:			
<i>Found Assets</i>			
Recreational, leisure and community facilities		16,551	
Parks open space and streetscapes		10,785	
Total Found assets		27,336	
Property, infrastructure, plant and equipment as restated	1,447,440	27,336	1,474,776
Total non-current assets	1,451,002	27,336	1,478,338
TOTAL ASSETS	1,579,657	27,336	1,606,993
NET ASSETS	1,498,732	27,336	1,526,068
Equity:			
Accumulated Surplus	849,159	27,336	876,495
TOTAL EQUITY	1,498,732	27,336	1,526,068
Statement of Changes in Equity:			
Accumulated surplus balance at beginning of the financial year	831,565	27,336	858,901
Accumulated surplus balance at end of the financial year	849,159	27,336	876,495
Total equity at beginning of the financial year	1,396,042	27,336	1,423,378
Total equity at end of the financial year	1,498,732	27,336	1,526,068

Notes to the Financial Report
For the Year Ended 30 June 2024

Latrobe City Council
2023/2024 Financial Report

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 5 June 2023. 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 2024 \$'000	ACTUAL 2024 \$'000	VARIANCE \$'000	VARIANCE %	REF
INCOME / REVENUE					
Rates and charges	93,445	93,358	(87)	(0%)	
Statutory fees and fines	2,871	2,891	20	1%	
User fees	10,477	11,676	1,199	11%	1
Grants - operating	26,349	16,285	(10,064)	(38%)	2
Grants - capital	10,040	17,856	7,816	78%	3
Contributions - monetary	90	599	509	566%	4
Contributions - non monetary	4,151	21,705	17,554	423%	5
Other income	4,792	9,203	4,411	92%	6
Total income / revenue	152,215	173,573	21,358	14%	
EXPENSES					
Employee costs	62,123	63,370	(1,247)	(2%)	7
Materials and services	42,174	53,712	(11,538)	(27%)	8
Allowance for impairment losses	4	11	(7)	(175%)	
Depreciation	33,700	34,711	(1,011)	(3%)	9
Amortisation - Intangible assets	733	944	(211)	(29%)	10
Depreciation - rights of use assets	182	160	22	12%	11
Borrowing costs	541	374	167	31%	12
Finance Costs - Leases	42	50	(8)	(19%)	13
Net loss on disposal of property, infrastructure, plant and equipment	-	5,438	(5,438)	(100%)	14
Other expenses	3,955	7,631	(3,676)	(93%)	15
Total expenses	143,454	166,401	(22,947)	(16%)	
SURPLUS/ (DEFICIT) FOR THE YEAR	8,761	7,172	(1,589)	(18%)	

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Notes to the Financial Report
For the Year Ended 30 June 2024

Latrobe City Council
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NOTE 2 Performance Against Budget (continued)

(i) Explanation of material variations - Income and Expenditure

REF	ITEM/EXPLANATION	Outcome	Favourable		
1	User fees The favourable variance is mainly due to higher than anticipated utilisation across Council's three child care centres particularly in before and after Kinder care compounded by fee increases in the 2023/24 fees & charges schedule \$984K. Subdivision supervision fees were also higher than expected in the budget \$192K.			\$1,199K	11%
2	Grants - operating The unfavourable variance is mainly due to the Federal government decision to advance 100% of the 2023/24 Victorian Grants Commission Financial Assistance Grants (FAGS) (\$13,905K) in the previous financial year, there was no corresponding advance received in the 2023/24 year. This was partially offset by favourable variances for unbudgeted and higher than expected Preschool Program funding \$3,129K.			\$10,064K	38%
3	Grants - capital The favourable variance is largely due to grants received for Natural Disaster Recovery works (\$7,701K) not included in the budget, together with earlier than expected timing of grants recognition for multi-year projects e.g. Regional Car Park Fund works \$1,401K and Gippsland Logistics Precinct project funding \$774K. Partially offsetting these variances is less than anticipated grants recognised for Traralgon Flood Recovery projects \$4,700K which were fully budgeted in 2023/24 but will be delivered over multiple financial years.			\$7,816K	78%
4	Contributions - monetary The favourable variance is mainly due to the higher than expected receipt of contributions for developer contribution plans (DCPs) \$108K, public open space \$187K, other works associated with new property subdivision development \$104K, together with unbudgeted contributions to Capital works projects \$109K.			\$509K	566%
5	Contributions - non monetary 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.			\$17,554K	423%
6	Other income Increasing interest rates and higher than expected funds available for investment led to a favourable variance of 2,664K in investment income. Other favourable variances were received for interest on outstanding rates & charges \$440K, various other reimbursements and refunds received \$404K and electricity rebates received in relation to Streetlighting upgrades \$394K.			\$4,411K	92%
7	Employee costs The unfavourable variance is mainly due to increased costs of additional positions and hours that were funded by unbudgeted government grants and initiatives e.g. Emergency Management \$401K, Pre - School programs \$1,114K together with redundancy costs of Council's transition out of the Regional Assessment Service \$407K. These items have been partially offset by savings related to positions that were vacant for part of the year.			\$1,247K	2%

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Notes to the Financial Report
For the Year Ended 30 June 2024

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NOTE 2 Performance Against Budget (continued)

Explanation of material variations - Income and Expenditure

REF	ITEM	EXPLANATION				
8	Materials and services	Outcome Unfavourable	\$11,538K	27%		
	The variance is predominantly a result of expenditure funded from unbudgeted government grants and income received in previous financial years e.g. February 2024 Storm Emergency works \$1,582K, Pre-School program funding \$833K. Other factors include the expensing of costs budgeted as capital expenditure e.g Gippsland Logistics Precinct \$3,720K and higher than expected costs/demand for Materials Recovery Facility \$498K, Hard Waste Collection \$507K, Kerbside waste collection 522K, Debt Collections costs \$327K, fuel \$254K and gas \$151K.					
9	Depreciation	Outcome Unfavourable	\$1,011K	3%		
	The unfavourable variance is mainly a result of the initial recognition of previously unvalued Recreational, leisure and community facilities \$732K and associated Parks, Open Space & Streetscape assets \$690K, 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. This is partially offset by lower than expected Buildings depreciation (\$1,053K) due to an overestimation of the impact of recent revaluations on depreciation.					
10	Amortisation - Intangible assets	Outcome Unfavourable	\$211K	29%		
	The unfavourable variance is a result of a higher than expected valuation of rehabilitation costs of Landfill cell 6.					
11	Depreciation - rights of use assets	Outcome Favourable	\$22K	12%		
	Costs for Leisure fitness equipment leases were lower than expected when 2023/24 budget was developed.					
12	Borrowing costs	Outcome Favourable	\$167K	31%		
	Lower loan repayments due to a lower than expected interest rate received and delayed and reduced drawdown of loan funds for the Moe Revitalisation Project Stage 2 and Kernot Hall Refurbishment works.					
14	Net loss on disposal of property, infrastructure, plant and equipment	Outcome Unfavourable	\$5,438K	100%		
	The variation is associated with the write down of the residual value of assets renewed as part of the capital works program. This process was not allowed for in to the 2023/24 budget due to the uncertainty in identifying the values and relates mainly to asset classes of infrastructure (\$3,211K) and buildings (\$3,028K). These variances were partially offset by gains realised on disposal of fleet and plant items.					
15	Other expenses	Outcome Unfavourable	\$3,676K	93%		
	The unfavourable variance is mainly due to the expensing of items from opening Capital Works in Progress (\$2,578K) due to them not meeting Council's capitalisation criteria, together with unbudgeted increased landfill provision expense \$598K and unbudgeted community grants funded from government grants and funds carried forward from previous financial years e.g. Cleanup and Storm Resilience in Gippsland funded project \$215K and Kindergarten Inclusion Support program \$174K.					

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Notes to the Financial Report
For the Year Ended 30 June 2024

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NOTE 2 Performance Against Budget (continued)

2.1.2 Capital Works

	BUDGET 2024 \$'000	ACTUAL 2024 \$'000	VARIANCE \$'000	VARIANCE %	REF
PROPERTY					
Buildings	11,286	9,836	1,450	13%	1
Total buildings	11,286	9,836	1,450	13%	
Total property	11,286	9,836	1,450	13%	
PLANT AND EQUIPMENT					
Plant, machinery and equipment	2,095	3,063	(968)	(46%)	2
Fixtures, fittings and furniture	50	53	(3)	(6%)	
Computers and telecommunications	600	462	138	23%	3
Art collection	15	18	(3)	(20%)	4
Total plant and equipment	2,760	3,596	(836)	(30%)	
INFRASTRUCTURE					
Roads	17,855	18,087	(232)	(1%)	5
Bridges	150	151	(1)	(1%)	
Footpaths and cycleways	1,095	1,754	(659)	(60%)	6
Drainage	1,223	894	329	27%	7
Recreational, leisure and community facilities	-	1,713	(1,713)	100%	8
Waste management	500	415	85	17%	9
Parks, open space and streetscapes	4,700	5,162	(462)	(10%)	10
Off street car parks	1,746	3,037	(1,291)	(74%)	11
Other infrastructure	2,441	3,376	(935)	(38%)	12
Total infrastructure	29,710	34,589	(4,879)	(16%)	
Total capital works expenditure	43,756	48,021	(4,265)	(10%)	
Represented by:					
New asset expenditure	13,044	8,771	4,273	33%	13
Asset renewal expenditure	21,632	26,113	(4,481)	(21%)	14
Asset expansion expenditure	-	1,706	(1,706)	100%	15
Asset upgrade expenditure	9,080	11,431	(2,351)	(26%)	16
Total capital works expenditure	43,756	48,021	(4,265)	(10%)	

(i) Explanation of material variations - Capital Works

REF	ITEM	EXPLANATION
1	Buildings	Outcome: Underspend \$1,450K 13% Delayed commencement of Multi Use Pavilion Traralgon Recreation Reserve (underspend \$1,720K) and Traralgon Indoor Multi Sports Hall (underspend \$2,640K). New Energy Projects Solar power generation installations (underspend \$813K) with completion due in 24/25 year. Projects carried forward for prior year: TwinCity Archery Club Extension (overspend \$1,100K), Refurbishment of Parklands Preschool (overspend \$756K), Traralgon Court House Upgrades (overspend \$631K), Kernot Hall Refurbishment (overspend \$508K).
2	Plant, machinery and equipment	Outcome: Overspend (\$968K) 46% Additional funding allocated to essential equipment renewal for open space service delivery (\$170K) and Latrobe Regional Airport operations (\$143K). Acquisition of Landfill Water Truck funded from carry forward from prior year (\$287K).
3	Computers and telecommunications	Outcome: Underspend \$138K 23% Items under the capitalisation threshold of Council that were expensed to the Income Statement.

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Notes to the Financial Report
For the Year Ended 30 June 2024

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NOTE 2 Performance Against Budget (continued)

(i) Explanation of material variations - Capital Works

REF	ITEM	EXPLANATION	Outcome:	Overspend		
4	Art collection				(\$3K)	20%
		Minor overspend on acquisition of artwork due to carry forward of funds from prior year.				
5	Roads				(\$232K)	1%
		Road Rehabilitation Program - Scrubby Lane rehabilitation works carried forward from previous year (overspend \$1,010K). The road component of Off Street Carpark sealing / resealing works capitalised to roads (overspend \$422K). Lake Narracan retaining wall works carried forward (overspend \$308K), Nation Building Blackspot Program grant funded works (overspend \$148K). Signalised Intersection-Maffra/Marshalls Rd - a multi year project that continues into the 24/25 year (underspend \$1,733K).				
6	Footpaths and cycleways				(\$659K)	60%
		Increase funding allocated to address footpath defects (\$331K). Additional footpath works: Missing Links - grant funded (\$83K) and Traralgon West Linear Paths - funded from land sale (\$122K).				
7	Drainage				\$329K	27%
		Delayed progress in Piped Systems Enhancements in Traralgon (underspend \$384K) and Glengarry (underspend \$238K). Unbudgeted grant funded projects: George Bates Reserve Drainage Upgrades (overspend \$188K), Roadside Drainage Improvements The Acreage, Tyers (overspend \$139K).				
8	Recreational, leisure and community facilities				(\$1,713K)	100%
		Additional funding allocated for replacement of Sports Lighting Towers (\$948K). Cricket Nets Duncan Cameron Memorial Park project carried forward from prior year (\$435K). Additional funding allocation for Tyers Soccer Club - Drainage and Irrigation Upgrades (\$106K) and Gaskin Park - Cricket Pitch Relocation/Construction (\$132K).				
9	Waste management				\$85K	17%
		Hyland Hwy Landfill -Cell 7 Construction works multi year project delays in the design approval process funds carried forward to next year (underspend \$443K). Leachate Pond Construction Hyland Highway carried forward from prior year (overspend \$358K).				
10	Parks, open space and streetscapes				(\$462K)	10%
		Street Lighting LED Upgrade carried forward from prior year (overspend \$1,800K). Moe Revitalisation Project Stage 2 savings (underspend \$1,342K).				
11	Off street car parks				(\$1,291K)	74%
		Regional Car Parks Fund (\$1,585K) - additional grant funding for multi year funded program. Component of works budgeted to Off Street Carpark works capitalised to roads (underspend \$422K).				
12	Other infrastructure				(\$935K)	38%
		Gippsland Logistics Precinct and Intermodal Freight Terminal (\$935K) - additional grant funding.				
13	New asset expenditure				\$4,273K	33%
		Delayed commencement of Multi Use Pavilion Traralgon Recreation Reserve (underspend \$1,720K) and Traralgon Indoor Multi Sports Hall (underspend \$2,640K). Moe Revitalisation Project Stage 2 savings (underspend \$1,342K).				
14	Asset renewal expenditure				(\$4,481K)	21%
		Road Rehabilitation Program - Scrubby Lane rehabilitation works carried forward from previous year (\$1,010K). Additional funding for replacement of Sports Lighting Towers (\$948K). Refurbishment of Parklands Preschool carried forward from prior year (\$756K).				
15	Asset expansion expenditure				(\$1,706K)	100%
		TwinCity Archery Club Extension carried forward from prior year (\$1,100K). Regional Car Park Fund Site 8 Commercial Road, Morwell (\$413K) - design works on funded project.				
16	Asset upgrade expenditure				(\$2,351K)	26%
		Carry forward from prior year: Street Lighting LED Upgrade (overspend \$1,800K), Traralgon Court House Upgrade (overspend \$631K), Kernot Hall Refurbishment (overspend \$508K). Signalised Intersection-Maffra/Marshalls Rd - a multi year project that continues into the 24/25 year (underspend \$1,733K).				

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Notes to the Financial Report
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Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Office of the Chief Executive

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

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 (Regional Assessment Service, 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
For the Year Ended 30 June 2024**

Latrobe City Council
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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
2024					
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	17,955	51,435
Capital Works Program	18,589	(8,591)	9,998	-	55,693
	173,573	(166,401)	7,172	34,141	1,615,685
2023					
Office of the Chief Executive	1,607	(1,744)	(137)	232	31
Regional City Strategy & Transition	10,239	(10,054)	185	1,591	31,453
Organisational Performance	15,302	(14,853)	449	2,613	8,954
Regional City Planning & Assets	86,645	(72,444)	14,201	11,580	1,203,108
Community Health & Wellbeing	51,515	(51,874)	(359)	19,720	241,349
Other Operating	126	262	388	-	68,429
Capital Works Program	9,455	(4,793)	4,662	8,859	53,669
	174,889	(155,500)	19,389	44,595	1,606,993

Notes to the Financial Report
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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 2023/24 was \$21.432 billion (2022/23 was \$18.504 billion).

	2024 \$'000	2023 \$'000
General rates	61,992	58,617
Municipal charge	6,002	5,723
Service rates and charges	14,648	14,089
EPA Victoria landfill levy	1,217	1,150
Supplementary rates and rates adjustments	527	1,087
Cultural and recreational	79	78
Revenue in lieu of rates	8,893	8,365
Total rates and charges	93,358	89,109

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2023 and the valuation was first applied in the rating year commencing 1 July 2023.

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	3,182	2,936
Child care/children's programs	4,681	4,151
Waste management services	2,101	3,345
Subdivision Supervision	477	477
Creative Arts & Venues	622	397
Other fees and charges	613	1,001
Total User fees	11,676	12,307

User fees by timing of revenue recognition

User fees recognised at a point in time	11,676	12,307
Total User fees	11,676	12,307

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.

Notes to the Financial Report
For the Year Ended 30 June 2024

Latrobe City Council
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	2024 \$'000	2023 \$'000
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3.3 Funding from other levels of government

Grants were received in respect of the following:

Summary of grants

Commonwealth Funded Grants	4,370	23,365
State Funded Grants	29,771	21,230
Total grants received	34,141	44,595

(a) Operating Grants

Recurrent – Commonwealth Government

Financial Assistance Grant	690	18,608
Aged and Disability Programs	-	87
Employment Facilitation	335	284
Family and Children Programs	99	68

Recurrent –State Government

Preschools	7,772	7,046
Family and Children Programs	2,840	1,824
Maternal and Child Health	1,677	1,454
Aged and Disability Programs	834	2,095
Libraries	560	560
School Crossing Supervision	243	236
Arts Programs	155	175
Environment Sustainability	37	36
Community Support and Development Programs	256	310
Total recurrent operating grants	15,498	32,783

Notes to the Financial Report
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	2024 \$'000	2023 \$'000
Non-Recurrent – Commonwealth Government		
Events And International Relations	-	18
Employment Facilitation Programs	10	50
Non-Recurrent – State Government		
Recreational, Leisure & Community Facilities	-	124
Pre Schools	131	367
Economic Development	128	107
Community Support and Development Programs	192	129
Buildings	38	-
Family and Children Programs	6	1
Events & International Relations	30	30
Aged & Disability	-	6
Emergency Management	-	1,683
Environment Sustainability	97	197
Libraries	-	68
Maternal and Child Health	-	50
Strategic Planning	51	104
Other	104	143
Total non-recurrent operating grants	787	3,077
Total operating grants	16,285	35,860
(b) Capital Grants		
Recurrent – Commonwealth Government		
Roads to Recovery Program	1,700	1,700
Total recurrent capital grants	1,700	1,700
Non-Recurrent – Commonwealth Government		
Buildings	1,536	2,492
Footpath & Cycleways	-	58
Non-Recurrent – State Government		
Buildings	2,361	1,996
Recreation, Leisure and Community Facilities	289	-
Natural Disaster Recovery	7,701	-
Other Recreational Facilities	280	-
Roads	148	789
Footpath & Cycleways	-	28
Heritage Buildings	98	-
Offstreet Carparks	337	-
Other Infrastructure	3,406	1,672
Total non-recurrent capital grants	16,156	7,035
Total capital grants	17,856	8,735
Total Grants	34,141	44,595

**Notes to the Financial Report
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	2024 \$'000	2023 \$'000
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(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	690	18,608
Specific purpose grants to acquire non-financial assets	17,856	8,735
Other specific purpose grants	15,557	13,191

Revenue recognised under AASB 15 Revenue from Contracts with Customers

Specific purpose grants	38	4,061
	34,141	44,595

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

Operating

Balance at start of year	9,111	6,526
Received during the financial year and remained unspent at balance date	4,801	6,800
Received in prior years and spent during the financial year	(7,759)	(4,215)
Balance at year end	6,153	9,111

Unspent grants are determined and disclosed on a cash basis.

3.4 Contributions

Monetary	599	1,237
Non-monetary	21,705	16,707
Total Contributions	22,304	17,944

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

Roads	5,132	4,033
Drainage	6,218	8,765
Land	7,284	3,187
Footpaths	2,991	677
Other	80	45
Total non-monetary contributions	21,705	16,707

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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	2024 \$'000	2023 \$'000
3.5 Other Income		
Interest	5,904	4,229
Contributions other	941	1,100
Sales	738	1,019
Other Rent	845	741
Insurance Claim Refunds	74	628
Rebates	519	332
Other	182	144
Total other income	9,203	8,193

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

	2024 \$'000	2023 \$'000
4.1 (a) Employee costs		
Salaries and wages	53,615	52,399
Workcover	1,091	587
Superannuation	5,951	5,367
Fringe benefits tax	261	253
Other	2,452	2,433
Total employee costs	63,370	61,039

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	205	245
	205	245
Employer contributions payable at reporting date	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	5,023	4,541
	5,023	4,541
Total Superannuation	5,228	4,786
Employer contributions payable at reporting date	452	404

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	5,389	5,312
Domestic Rubbish Collection	4,250	3,983
Utilities	3,793	3,935
Other Contracts	3,875	3,807
Information technology	4,252	3,040
Office administration	2,641	2,694
Consultants	2,487	2,012
Hard Waste Collection	2,017	1,926
Transfer Stations	1,399	1,845
Insurance	1,590	1,412
Sporting Grounds & Facilities	863	1,396
Materials Recovery Facility	1,435	1,316
Finance & Legal Costs	847	1,224
Vehicle Expenses	1,322	1,219
Building maintenance	1,741	1,156
Cleaning	1,151	1,038
Management and Operation of Gippsland Regional Aquatic Centre	798	866
Green Waste Processing	1,041	797
Non-Council Asset works	-	773
Street Sweeping	845	742
Parks and Reserves	703	592
Litter Bins	599	454
Natural Disaster Recovery works	1,582	-
Logistics Precinct and Intermodal Freight Terminal	3,720	-
Other	5,372	4,846
Total materials and services	53,712	46,385

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

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	2024 \$'000	2023 \$'000
4.3 Depreciation		
Property	7,147	6,961
Plant, furniture and equipment	2,822	2,716
Infrastructure	24,742	20,536
Total depreciation	34,711	30,213

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	973	555
Write down value of assets disposed (sold/written off)	(430)	(4,150)
Write down value of assets disposed (asset renewal)	(5,981)	(4,813)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(5,438)	(8,408)

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	99	92
Auditors' remuneration - Internal Audit	34	138
Audit other	47	19
Councillors' allowances	381	354
Operating lease rentals	78	138
Grants	1,782	1,790
Levies	2,034	2,875
Assets written-off / impaired	2,578	306
Landfill Provision Movement	598	2,839
Total other expenses	7,631	8,551

Notes to the Financial Report
For the Year Ended 30 June 2024

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NOTE 5 INVESTING IN AND FINANCING OUR OPERATIONS

	2024 \$'000	2023 \$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	11	11
Cash at bank	5,328	24,170
Total cash and cash equivalents	5,339	24,181
(b) Other financial assets		
Current		
Term Deposits	95,000	95,000
Total current other financial assets	95,000	95,000
Non-Current		
Shares	2	2
Total non-current other financial assets	2	2
Total other financial assets	95,002	95,002
Total cash and cash equivalents and other financial assets	100,341	119,183

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

Notes to the Financial Report
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	2024 \$'000	2023 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors*	2,541	2,736
Health Registrations	7	-
Net GST receivable	491	897
<i>Non-statutory receivables</i>		
Loans and advances to community organisations	3	5
Other debtors	1,854	988
Allowance for expected credit loss - other debtors	(12)	(13)
Total current trade and other receivables	4,884	4,613
*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		
<i>Non-statutory receivables</i>		
Loans and advances to community organisations	1	4
Total non-current trade and other receivables	1	4
Total trade and other receivables	4,885	4,617

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)	1,355	560
Past due by up to 30 days	48	308
Past due between 31 and 60 days	18	30
Past due between 61 and 90 days	38	12
Past due by more than 90 days	387	74
Total trade and other receivables	1,846	984

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$12K (2023 \$13K) were impaired. The amount of the provision raised against these debtors was \$12K (2023 \$13K). 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	12	13
Total trade and other receivables	12	13

Notes to the Financial Report
For the Year Ended 30 June 2024

Latrobe City Council
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	2024 \$'000	2023 \$'000
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5.2 Payables, trust funds and deposits and contract and other liabilities

(a) Trade and other payables

Current

Non-statutory payables

Trade Payables	10,147	12,500
Accrued Expenses	2,445	2,335
Total current trade and other payables	12,592	14,835

(b) Trust funds and deposits

Current

Refundable deposits	5,173	4,279
Fire Service Levy	574	627
Retention amounts	35	95
Other trust amounts	526	446
Total current trust funds and deposits	6,308	5,447

(c) Contract and other liabilities

Contract liabilities

Current

Grants received in advance - operating	100	-
Total contract liabilities	100	-

Other liabilities

Current

Deferred capital grants	11,001	10,720
Total other liabilities	11,001	10,720
Total contract and other liabilities	11,101	10,720

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.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

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	2024 \$'000	2023 \$'000
5.3 Interest-bearing liabilities		
Current		
Treasury Corporation of Victoria Borrowings – Secured	1,709	2,613
Borrowings – Secured	508	514
Total current	2,217	3,127
Non-Current		
Treasury Corporation of Victoria Borrowings – Secured	9,220	6,104
Borrowings – Secured	5,551	6,059
Total non-current	14,771	12,163
Total interest-bearing loans and borrowings	16,988	15,290
All borrowings are secured over Council's Rate Revenue		
The maturity profile for Council's borrowings is:		
Not later than one year	2,217	3,127
Later than one year and not later than five years	12,538	9,503
Later than five years	2,233	2,660
	16,988	15,290

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.

Notes to the Financial Report
For the Year Ended 30 June 2024

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5.4 Provisions

	EMPLOYEE \$'000	LANDFILL RESTORATION \$'000	TOTAL \$'000
2024			
Balance at Beginning of the Financial Year	12,888	20,476	33,364
Additional/(Reduced) Provisions	5,723	1,055	6,778
Amounts Used	(5,651)	(2,339)	(7,990)
Change in the discounted amount arising because of time and effect of any change in the discount rate	169	(456)	(287)
Balance at the End of the Financial Year	13,129	18,736	31,865
<i>Provisions - current</i>	11,767	3,885	15,652
<i>Provisions - non-current</i>	1,362	14,851	16,213
2023			
Balance at Beginning of the Financial Year	12,745	15,665	28,410
Additional/(Reduced) Provisions	2,814	6,306	9,120
Amounts Used	(3,599)	(860)	(4,459)
Change in the discounted amount arising because of time and effect of any change in the discount rate	928	(635)	293
Balance at the End of the Financial Year	12,888	20,476	33,364
<i>Provisions - current</i>	11,518	4,722	16,240
<i>Provisions - non-current</i>	1,370	15,754	17,124

(a) Employee provisions

	2024 \$'000	2023 \$'000
Current Provisions Expected to be wholly settled within 12 months		
Annual leave	4,435	4,023
Long service leave	2,200	2,295
	6,634	6,318
Current Provisions Expected to be wholly settled after 12 months		
Annual leave	-	304
Long service leave	5,133	4,897
	5,133	5,201
Total current employee provisions	11,767	11,518
Non-Current		
Long service leave	1,362	1,370
Total non-current employee provisions	1,362	1,370
Aggregate Carrying Amount of Employee Provisions		
Current	11,767	11,518
Non-Current	1,362	1,370
	13,129	12,888

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.

	2024 \$'000	2023 \$'000
Key assumptions:		
- discount rate	4.40%	4.06%
- inflation rate	4.45%	4.35%

(b) Landfill restoration

Current	3,885	4,722
Non-Current	14,851	15,754
	18,736	20,476

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	3.90%	3.64%
- 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	10,929	17,082
Other facilities	6,059	6,574
Total facilities	18,488	25,156
Used facilities	-	15,401
Unused facilities	18,488	9,755

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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
2024					
Operating					
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
Total	16,050	9,944	20,583	25,380	71,957
Capital construction					
Buildings	1,355	-	-	-	1,355
Logistics Precinct and Intermodal Freight Terminal	1,658	-	-	-	1,658
Roads	4,310	-	-	-	4,310
Landfill	1,960	-	-	-	1,960
Off Street Carparks	4,627	167	-	-	4,794
Drainage	608	-	-	-	608
Recreational, leisure and community facilities	336	-	-	-	336
Total	14,854	167	-	-	15,021
2023					
Operating					
Garbage Collection	2,051	-	-	-	2,051
Collection of Hard Waste	1,650	1,650	1,650	-	4,950
Recycling	1,555	-	-	-	1,555
Processing of Organic Waste	1,210	-	-	-	1,210
Cleaning contracts for council buildings	1,161	-	-	-	1,161
Cleaning contracts for council amenities/streets	1,158	704	1,848	-	3,710
Management and Operation of GRAC	820	820	-	-	1,640
Landfill	723	353	-	-	1,076
Software	326	-	-	-	326
Secretarial Support and Advocacy Services	136	-	-	-	136
Building Assets Condition Assessment	87	-	-	-	87
Total	10,877	3,527	3,498	-	17,902
Capital construction					
Streetscape	3,806	-	-	-	3,806
Buildings	3,570	-	-	-	3,570
Logistics Precinct and Intermodal Freight Terminal	3,215	-	-	-	3,215
Roads	1,627	-	-	-	1,627
Landfill	1,141	-	-	-	1,141
Off Street Carparks	740	-	-	-	740
Bridges	94	-	-	-	94
Total	14,193	-	-	-	14,193

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Notes to the Financial Report
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NOTE 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	RESTATED CARRYING AMOUNT 30 JUNE 2023 \$'000	ACQUISITIONS \$'000	CONTRIBUTIONS \$'000	REVALUATION \$'000	DEPRECIATION \$'000	DISPOSAL \$'000	TRANSFERS \$'000	CARRYING AMOUNT 30 JUNE 2024 \$'000
Land	258,866	-	7,283	-	-	(55)	-	266,094
Buildings	293,105	6,255	-	-	(7,147)	(3,028)	4,260	293,445
Plant and equipment	16,111	3,595	80	-	(2,822)	(118)	-	16,846
Infrastructure	882,039	10,825	14,342	2,376	(24,742)	(3,210)	16,692	898,322
Work in progress	24,655	27,346	-	-	-	(2,578)	(20,952)	28,471
Total	1,474,776	48,021	21,705	2,376	(34,711)	(8,989)	0	1,503,178

Summary of works in progress

	OPENING WIP \$'000	ADDITIONS \$'000	TRANSFERS \$'000	WRITE OFFS \$'000	CLOSING WIP \$'000
Buildings	4,422	3,506	(4,181)	(153)	3,594
Infrastructure	20,233	23,839	(16,771)	(2,424)	24,877
Total	24,655	27,345	(20,952)	(2,577)	28,471

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(a) Property

NOTE	LAND - SPECIALISED (INCL LAND UNDER ROADS) \$'000	LAND - NON SPECIALISED \$'000	TOTAL LAND \$'000	BUILDINGS - SPECIALISED \$'000	TOTAL BUILDINGS \$'000	WORK IN PROGRESS \$'000	TOTAL PROPERTY \$'000
At fair value 1 July 2023	175,868	82,998	258,866	405,260	405,260	4,422	668,547
Accumulated depreciation at 1 July 2023	-	-	-	(112,155)	(112,155)	-	(112,155)
	175,868	82,998	258,866	293,105	293,105	4,422	556,392
Movements in fair value							
Additions	-	-	-	6,255	6,255	3,506	9,761
Contributions	7,283	-	7,283	-	-	-	7,283
Revaluation	-	-	-	-	-	-	-
Disposal	-	(55)	(55)	(4,869)	(4,869)	-	(4,924)
Write-off	-	-	-	-	-	(153)	(153)
Transfers	-	-	-	4,260	4,260	(4,181)	79
	7,283	(55)	7,228	5,646	5,646	(828)	12,046
Movements in accumulated depreciation							
Depreciation and amortisation	-	-	-	(7,147)	(7,147)	-	(7,147)
Revaluation	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	1,841	1,841	-	1,841
	-	-	-	(5,306)	(5,306)	-	(5,306)
At fair value 30 June 2024	183,151	82,943	266,094	410,906	410,906	3,594	680,593
Accumulated depreciation at 30 June 2024	-	-	-	(117,461)	(117,461)	-	(117,461)
Carrying Amount	183,151	82,943	266,094	293,445	293,445	3,594	563,132

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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 2023	21,186	2,398	9,129	3,996	36,709
Accumulated depreciation at 1 July 2023	(11,856)	(1,701)	(7,041)	-	(20,598)
	9,330	697	2,088	3,996	16,111
Movements in fair value					
Additions	3,062	53	462	18	3,595
Contributions	-	-	-	80	80
Revaluations	-	-	-	-	-
Disposal	(2,114)	-	-	-	(2,114)
Transfers	-	-	-	-	-
	948	53	462	98	1,561
Movements in accumulated depreciation					
Depreciation and amortisation	(2,112)	(124)	(586)	-	(2,822)
Accumulated depreciation of disposals	1,996	-	-	-	1,996
Contributions	-	-	-	-	-
	(116)	(124)	(586)	-	(826)
At fair value 30 June 2024	22,134	2,451	9,591	4,094	38,270
Accumulated depreciation at 30 June 2024	(11,972)	(1,825)	(7,627)	-	(21,424)
Carrying Amount	10,162	626	1,964	4,094	16,846

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Notes to the Financial Report
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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 2023 - Restated	833,440	59,644	112,508	271,786	14,208	28,614	4,928	11,570	45,619	20,233	1,402,550
Accumulated depreciation at 1 July 2023 - Restated	(284,445)	(21,848)	(47,481)	(111,918)	(10,939)	(10,216)	(1,821)	(3,660)	(7,950)	-	(500,278)
	548,995	37,796	65,027	159,868	3,269	18,398	3,107	7,910	37,669	20,233	902,272
Movements in fair value											
Additions	6,758	116	683	221	-	2,171	-	442	435	23,839	34,665
Contributions	5,132	-	2,991	6,218	-	-	-	-	-	-	14,341
Revaluations	-	-	-	-	-	562	-	-	1,765	-	2,327
Disposal	(5,748)	(125)	(994)	-	-	(334)	-	(335)	-	(2,425)	(9,961)
Transfers	11,014	370	772	77	-	3,147	-	1,301	13	(16,771)	(77)
	17,156	361	3,452	6,516	-	5,546	-	1,408	2,213	4,643	41,295
Movements in accumulated depreciation											
Depreciation and amortisation	(14,740)	(686)	(2,033)	(2,726)	(1,319)	(1,240)	(226)	(270)	(1,502)	-	(24,742)
Revaluations	-	-	-	-	-	1,293	-	-	(1,244)	-	49
Accumulated depreciation of disposals	3,364	56	503	-	-	256	-	145	-	-	4,324
	(11,376)	(630)	(1,530)	(2,726)	(1,319)	309	(226)	(125)	(2,746)	-	(20,369)
At fair value 30 June 2024	850,596	60,005	115,960	278,302	14,208	34,160	4,928	12,978	47,832	24,876	1,443,845
Accumulated depreciation at 30 June 2024	(295,821)	(22,478)	(49,011)	(114,644)	(12,258)	(9,907)	(2,047)	(3,785)	(10,696)	-	(520,647)
Carrying Amount	554,775	37,527	66,949	163,658	1,950	24,253	2,881	9,193	37,136	24,876	923,198

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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
Property		
land	na	Nil
buildings	10 - 100 years	10.0
Plant and equipment		
plant, machinery and equipment	3 - 12 years	1.0
fixtures, fittings and furniture	5 - 10 years	1.0
computers and telecommunications	3 - 7 years	1.0
art works collection	na	0.5
Infrastructure		
road pavements and seals	14 - 87 years	10.0
road formation and earthworks	na	10.0
road kerb and channel	77 years	10.0
bridges deck	100 years	10.0
bridges substructure	100 years	10.0
footpaths and cycleways	15 - 60 years	10.0
drainage	100 years	10.0
waste management	2 - 20 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	14 - 87 years	10.0
Intangible assets		
software	5 years	5.0
landfill air space	2 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. Desktop reviews of land by management and buildings valuations by Council's valuation bureau services provider Brightly Software P/L was conducted in the current year which indicated that the the movement in valuations was less than 10% which is below Council's current threshold for undertaking an index based 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 2024 are as follows:

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	DATE OF VALUATION	TYPE OF VALUATION
Land – Non specialised	-	82,943	-	Jun-2022	Full
Land – Specialised	-	-	183,151	Jun-2022	Full
Buildings – Specialised	-	-	293,445	Jun-2023	Full
Total	-	82,943	476,596		

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 Recreational, Leisure and community facilities and Parks, open space and streetscapes was conducted in the current year. Desktop reviews valuations on indexed asset classes were undertaken by Council's valuation bureau services provider Brightly Software P/L in the current year which indicated that the the movement in valuations was less than 10% which is below Council's current threshold for undertaking a further index based revaluation. A full revaluation of the Roads, Bridges and Off Street car parks will be conducted in 2024/25 and for Footpaths and cycleways and Drainage in 2025/26.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2024 are as follows:

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	DATE OF VALUATION	TYPE OF VALUATION
Roads	-	-	554,775	Jun-2023	Index
Bridges	-	-	37,527	Jun-2023	Index
Footpaths and cycleways	-	-	66,949	Jun-2023	Index
Drainage	-	-	163,658	Jun-2023	Index
Recreational, Leisure and community facilities	-	-	37,136	Jun-2024	Full
Waste management	-	-	1,950	n/a	n/a
Parks, open space and streetscapes	-	-	24,253	Jun-2024	Full
Aerodromes	-	-	2,881	n/a	n/a
Off street car parks	-	-	9,193	Jun-2023	Index
Total	-	-	898,322		

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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.

	2024 \$'000	2023 \$'000
Reconciliation of specialised land		
Land under roads	31,372	31,245
Parks, reserves and other specialised land	151,779	144,623
Total specialised land	183,151	175,868

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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:

		2024 No.	2023 No.
Councillors			
	Councillor K O'Callaghan (Mayor 01/07/23 to 13/11/23)	1	1
	Councillor D Howe (Mayor 14/11/23 - 30/06/24)	1	1
	Councillor D Clancey (Deputy Mayor 01/07/23 to 13/11/23)	1	1
	Councillor T Lund (Deputy Mayor 14/11/23 - 30/06/24)	1	1
	Councillor S Gibson	1	1
	Councillor D Harriman	1	1
	Councillor B Law	1	1
	Councillor G Middlemiss	1	1
	Councillor M Ferguson	1	1
Other KMP			
	Chief Executive Officer	1	1
	General Manager Regional City Planning & Assets	1	1
	General Manager Community Health and Wellbeing*	1	4
	General Manager Regional City Strategy & Transition	1	1
	General Manager Organisational Performance*	1	3
	Executive Manager Office of the CEO**	-	1
	Executive Manager Commonwealth Games*	1	2
	Executive Manager Sports Legacy & Activation***	1	-
Total Number of Councillors		9	9
Chief Executive Officer and other Key Management Personnel		7	13
Total Key Management Personnel		16	22

* Note: During the 2022/23 year, some KMP positions had multiple incumbents due to vacancies. These include General Manager Community Health and Wellbeing (4 incumbents), General Manager Organisational Performance (3 incumbents) and Executive Manager - Commonwealth Games (2 incumbents).

**The position of Executive Manager Office of the CEO was discontinued from 11 December 2022 and the new role of Executive Manager Commonwealth Games was created from 12 December 2022.

*** The position of Executive Manager Commonwealth Games was discontinued from 18 October 2023 and the new role of Executive Manager Sports Legacy & Activation was created from 19 October 2023.

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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:

	2024 \$,000	2023 \$,000
Short-term benefits	1,905	1,766
Other long-term benefits	70	44
Post employment benefits	158	144
Termination benefits	-	74
Total	2,134	2,029

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

	2024 No.	2023 No.
\$0 - \$9,999	-	1
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	1	2
\$30,000 - \$39,999	5	5
\$40,000 - \$49,999	1	3
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	2
\$70,000 - \$79,999	2	-
\$90,000 - \$99,999	-	2
\$120,000 - \$129,999	-	1
\$170,000 - \$179,999	1	2
\$230,000 - \$239,999	-	1
\$250,000 - \$259,999	1	-
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	1	-
\$280,000 - \$289,999	1	-
\$370,000 - \$379,999	-	1
\$410,000 - \$419,999	1	-
Total	16	22

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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:

	2024 \$,000	2023 \$,000
Short-term benefits	2,501	2,306
Other long-term benefits	37	25
Post employment benefits	257	229
Termination benefits	-	-
Total	2,795	2,560

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

	2024 No.	2023 No.
Income Range:		
\$160,000 - \$169,999	-	9
\$170,000 - \$179,999	6	2
\$180,000 - \$189,999	1	4
\$190,000 - \$199,999	7	-
\$200,000 - \$209,999	1	-
Total	15	15
Total remuneration for the reporting year for other senior staff included above, amounted to: (\$,000)	\$2,795	\$2,560

7.2 Related party disclosure

(a) Transactions with related parties

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

	2024 \$,000	2023 \$,000
Purchase of materials & services from related parties of key management personnel	41	61
Total	41	61

(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

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.

(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.

Future superannuation contributions

In addition to the disclosed contribution, there were no contributions outstanding at the 30 June 2024.

Latrobe City Council has paid unfunded liability payments to Vision Super totalling \$nil (2022/23 \$nil). There were \$nil contributions outstanding and \$nil loans issued from or to the above schemes as at 30 June 2024. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 are \$0.2 million.

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 \$2.9 million (2022/23 \$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 was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

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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 is the implementation of the Groundwater Quality Management Plan (GQMP) to be in force until March 2025. The GQMP requires 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 monitoring event in March 2024 as required by the GQMP resulted in an exceedance of contamination in 2 of the monitoring wells. As per the approved GQMP, this resulted in another round of additional monitoring in May 2024. The results of the May monitoring showed the elevated level of contaminates in the water subsided. The recommendation by the monitoring consultant to the auditor is that the May results show that it is acceptable to return to the GQMP without further additional monitoring or clean up. The next round of testing is scheduled for March 2025. If levels are within the tolerance set out in the GQMP, it is expected that the recommendation will be that no further monitoring will be required and the current site management order issued by the EPA will be amended to reflect the close out of the GQMP.

(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 2024 reporting period. Council assesses the impact of these new standards.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities to modify AASB 13 Fair Value Measurement. AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The AASB 13 modifications:

- are applicable only to not-for-profit public sector entities;
- are limited to fair value measurements of non-financial assets not held primarily for their ability to generate net cash inflows;
- are to be applied prospectively for annual periods beginning on or after 1 January 2024;
- would not necessarily change practice for some not-for-profit public sector entities; and
- do not indicate that entities changing practice in how they measure relevant assets made an error in applying the existing requirements of AASB 13.

Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants. AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments in AASB 2022-6 are effective for annual periods beginning on or after 1 January 2024. Council will assess any impact of the modifications to AASB 101 ahead of the 2024-25 reporting period.

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.

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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.

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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 4.35%.

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

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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.

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.

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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
2024			
Property			
Land	189,364	-	189,364
Buildings	114,878	-	114,878
	304,242	-	304,242
Infrastructure			
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
	336,944	2,376	339,320
Other			
Artworks	1,095	-	1,095
Other	13	-	13
	1,108	-	1,108
Total Asset Revaluation Reserves	642,294	2,376	644,670
2023			
Property			
Land	189,364	-	189,364
Buildings	110,489	4,389	114,878
	299,853	4,389	304,242
Infrastructure			
Roads	117,377	51,627	169,004
Bridges	30,575	4,253	34,828
Footpaths and cycleways	18,205	6,206	24,411
Off street carparks	8,282	744	9,026
Drainage	79,047	15,047	94,094
Recreation, leisure and community facilities	1,159	-	1,159
Parks, open space and streetscapes	3,387	1,035	4,422
	258,032	78,912	336,944
Other			
Artworks	1,095	-	1,095
Other	13	-	13
	1,108	-	1,108
Total Asset Revaluation Reserves	558,993	83,301	642,294

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
2024				
Developer Contributions	7,279	(326)	1,085	8,038
Total other reserves	7,279	(326)	1,085	8,038
2023				
Developer Contributions	5,484	(114)	1,909	7,279
Total other reserves	5,484	(114)	1,909	7,279

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 2024**

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

	2024 \$'000	2023 \$'000
Surplus/(deficit) for the year	7,172	19,389
<i>Non-cash adjustments:</i>		
Depreciation and amortisation	35,815	30,787
Net (gain)/loss on disposal of property, infrastructure, plant and equipment	5,438	8,408
Contributions non-monetary assets	(21,705)	(16,707)
Finance costs	423	321
Impairment losses/ Work in progress written off	2,578	306
Changes in assets and liabilities		
(Increase)/ decrease in trade and other receivables	(274)	1,304
(Increase)/ decrease in prepayments	579	(290)
(Increase) / decrease in contract assets	(457)	2,229
(Increase)/ decrease in landfill intangible asset	-	(2,832)
Increase/ (decrease) in trade and other payables	1,546	(107)
Increase/ (decrease) in contract and other liabilities	381	(2,454)
Increase/ (decrease) in trust funds and deposits	861	265
Increase/ (decrease) in provisions	(1,499)	4,954
Net cash provided by operating activities	30,858	45,573

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 categories, Vision MySuper/Vision Super Saver, receive 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 2024, this was 11.0% as required under Superannuation Guarantee legislation (2023: 10.5%)).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 Employee Benefits.

Funding arrangements

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

A triennial actuarial investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. Council was notified of the 30 June 2023 VBI during August 2023. The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.8% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 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 2023 triennial 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 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). 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%.

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 2024**

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The 2023 triennial 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. 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:

	2023 (Interim) \$m	2022 (Interim) \$m
- A VBI surplus	84.7	44.6
- A total service liability surplus	123.6	105.8
- A discounted accrued benefits surplus	141.9	111.9

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 2023.

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 2023.

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 2023.

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.

The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

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

Council was notified of the 30 June 2024 VBI during August 2024.

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 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 2020 triennial investigation

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

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2024 are detailed below:

Scheme	Type of Scheme	Rate	2024 \$'000	2023 \$'000
Vision Super	Defined Benefits	11.0% (2023: 10.5%)	205	245
Various	Accumulation	11.0% (2023:10.5%)	5,023	4,541

In addition to the above contributions, Latrobe City Council has paid unfunded liability payments to Vision Super totalling \$nil (2022/23 \$nil).

There were \$452K contributions outstanding (2022/23 \$404K) and \$nil loans issued (2022/23 \$nil) from or to the above schemes as at 30 June 2024.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2025 is \$200K.

NOTE 10 Change in accounting policy

There have been no changes to accounting policies in the 2023-24 year.

Latrobe City Council

Performance Statement

For the year ended 30 June 2024

PERFORMANCE STATEMENT
2023/24

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Certification of the Performance Statement

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

Matthew Rogers, CPA
Principal Accounting Officer
Dated: 7 October 2024

In our opinion, the accompanying performance statement of the (*council name*) for the year ended 30 June 2024 presents fairly the results of council's performance in accordance with the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2020 to certify this performance statement in its final form.

Cr Darren Howe
Councillor
Dated: 7 October 2024

Cr Bradley Law
Councillor
Dated: 7 October 2024

Steven Piasente
Chief Executive Officer
Dated: 7 October 2024

PERFORMANCE STATEMENT
2023/24

Victorian Auditor – General’s Office Audit Report

**PERFORMANCE STATEMENT
2023/24**

PERFORMANCE STATEMENT**2023/24**

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 78,154¹.

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.

¹ Australian Bureau of Statistics Regional Population, 2022-23 Australia, 26 March 2024 ERP 2023

PERFORMANCE STATEMENT
2023/24

Section 2. Service performance indicators

For the year ended 30 June 2024

	Results					Comments
	2021	2022	2023	2024		
	Actual	Actual	Actual	Target as per budget	Actual	
<p>Aquatic Facilities</p> <p>Utilisation</p> <p><i>Utilisation of aquatic facilities</i></p> <p>[Number of visits to aquatic facilities / Municipal population]</p>	2.39	3.17	5.39	N/A	5.68	Utilisation of Latrobe Leisure facilities has seen a consistent increase, driven by successful marketing campaigns that resulted in 220 new members for the year, the introduction of on-trend fitness classes, an increase in social sports participation and events being held across facilities.
<p>Animal Management</p> <p>Health and safety</p> <p><i>Animal management prosecutions</i></p> <p>[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100</p>	100%	100%	100%	N/A	100%	Council has recorded 100% successful prosecutions for the 2023-2024 year, with an increase of 13 prosecutions in comparison to last year.

**PERFORMANCE STATEMENT
2023/24**

	Results					Comments
	2021	2022	2023	2024		
	Actual	Actual	Actual	Target as per budget	Actual	
<p>Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i></p> <p><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></p>	75.33%	39.79%	60.41%	N/A	89.05%	Regular reporting has been utilised for the 2023 calendar year, assisting Health Officers in scheduling inspections by identifying notifications that are due to be completed and ensuring follow-up inspections are subsequently undertaken.
<p>Governance Satisfaction <i>Satisfaction with community consultation and engagement (community satisfaction rating out of 100 with the consultation and engagement efforts of Council)</i></p>	58	55	53	56	50	Community satisfaction with consultation and engagement have remained steady with the previous year's data. Council is continuing to seek ways to engage with the community, most notably through the 'Have Your Say Platform'. There has also been increased efforts to facilitate engagement in the decision-making process at Council Meetings.
<p>Libraries Participation <i>Library membership</i></p> <p><i>[percentage of the population that are registered library members] x100</i></p>	N/A	N/A	N/A	N/A	23.76%	Each year Latrobe Libraries run a "Join in July" campaign. Outreach programs to drive membership were targeted at Latrobe Leisure, community markets and community groups to help drive memberships. As a regional service, community members may face transport challenges inhibiting them from accessing physical libraries.

PERFORMANCE STATEMENT
2023/24

Results

	2021	2022	2023	2024		Comments
	Actual	Actual	Actual	Target as per budget	Actual	
Maternal and Child Health (MCH) Participation Participation in the MCH service <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>	74.51%	71.51%	71.66%	N/A	72.99%	During the year, 3582 children were enrolled in the Maternal and Child Health service with 2614 of those children having attended the service at least once. This attendance rate has remained consistent with last year's results.
Participation Participation in the MCH service by Aboriginal children <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>	86.68%	82.45%	84.75%	N/A	90.58%	There has been a focused effort through the Best Start program and the Early Years Participation Officer to increase the participation of Aboriginal families in Maternal and Child Health services. By reaching out to individual families and addressing barriers to attendance, this initiative has successfully led to an increase in participation.
Roads Condition Sealed local roads maintained to condition standards <i>(Number of kilometres of sealed local roads below the renewal intervention level set by Council/(Kilometres of sealed local roads)x100)</i>	99.70%	99.69%	99.87%	95.0%	98.45%	The quality of Council's sealed local road network continues to be at a high standard, with 98.45% of the sealed roads within the municipality above the standard condition required.

**PERFORMANCE STATEMENT
2023/24**

Results						
	2021	2022	2023	2024		
	Actual	Actual	Actual	Target as per budget	Actual	Comments
Statutory Planning Service standard <i>Planning applications decided within the relevant required time</i> <i>(percentage of planning application decisions made within the relevant required time)</i>	95.04%	91.92%	88.02%	92.00%	81.58%	Increased timeframes have primarily resulted from staff vacancies and the onboarding of new officers. Additionally, the complexity of several applications received in 2023-2024, along with a significant increase in referrals from the State for Ministerial planning permit applications, have contributed to this ratio not meeting target.
Waste Management Waste diversion <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>	49.17%	50.15%	49.33%	53.00%	60.68%	The residual garbage tonnage is consistent with the 2022-2023 levels, indicating that the observed increase in diverted waste has been due to an increase of recyclables and organics. Council believes that ongoing education efforts, as part of the Sustainability Action plan, have contributed significantly to this positive shift.

Section 3. Financial performance indicators

For the year ended 30 June 2024

	2021	2022	2023	2024		2025	2026	2027	2028	Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Efficiency Expenditure level <i>Expenses per property assessment</i> <i>[Total expenses / Number of property assessments]</i>	\$3,612.97	\$3,896.48	\$3,894.22	\$3,547.00	\$4,114.86	\$3,852.52	\$3,913.67	\$3,956.16	\$4,002.90	The result was above target largely as a result of unbudgeted expenditure related to additional government grants received and emergency clean-up works following the February 2024 storm event.
Revenue level <i>Average rate per property assessment</i> <i>[Sum of all general rates and municipal charges / Number of property assessments]</i>	\$1,556.02	\$1,600.58	\$1,613.23	N/A	\$1,681.40	\$1,731.09	\$1,762.36	\$1,794.67	\$1,829.66	The average rate per property assessment is expected to increase in line with the expected Rate Cap amount of 2.75% in 2025, and is currently estimated at 2% per annum from 2026 to 2028.

**PERFORMANCE STATEMENT
2023/24**

	2021	2022	2023	2024		2025	2026	2027	2028	Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Liquidity Working capital Current assets compared to current liabilities [Current assets / Current liabilities] x100	253.01%	259.47%	254.73%	225.60%	229.08%	228.10%	229.79%	232.47%	228.13%	The result for this measure decreased 25% in 2024, as Council expended carry forward capital works and unspent grants reducing the levels of cash and investments. The result is materially in line with the 2023-2024 target.
Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	29.26%	7.62%	(23.46%)	N/A	(55.74%)	(20.15%)	(19.94%)	(16.78%)	(18.17%)	The ratio has decreased in 2024 due to reduced levels of cash holdings as Council has expended carry forward capital works and unspent grants in the current year. Unrestricted cash is expected to remain stable between negative 17% and 20% over the projected period. This ratio is in a negative as Council invests most of its surplus cash in other financial assets with a maturity of greater than 90 days and thereby maintains a relatively small cash balance compared to the size of restricted amounts such as unspent grants, trust funds and statutory reserves. These investments are timed to mature when the cash will be required.

**PERFORMANCE STATEMENT
2023/24**

	2021	2022	2023	2024		2025	2026	2027	2028	Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Obligations Loans and borrowings <i>Loans and borrowings compared to rates</i> <i>[Interest bearing loans and borrowings / Rate revenue] x100</i>	20.39%	17.90%	17.16%	N/A	18.20%	15.51%	9.35%	6.78%	4.28%	The result for this measure has increased to 18.2% in 2024 due to the drawdown on existing loan facilities for the Moe Rail Precinct Revitalisation Stage 2 and Kernot Hall Refurbishment projects. The ratio is projected to decrease over the forecast period with no further borrowings currently planned. The large ratio decrease forecasted in 2026 is due to the principal repayment of an interest only loan falling due in that year.
<i>Loans and borrowings repayments compared to rates</i> <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	1.24%	2.07%	2.06%	N/A	3.41%	2.71%	6.16%	2.54%	2.47%	The result for this measure increased to 3.41% in 2024, as Council further drew down on existing loan facilities for the Moe Rail Precinct Revitalisation Stage 2 and Kernot Hall Refurbishment projects. The increased ratio forecasted in 2026 is due to the principal repayment of an interest only loan falling due in that year.
Indebtedness <i>Non-current liabilities compared to own source revenue</i> <i>[Non-current liabilities / Own source revenue] x100</i>	32.34%	25.97%	27.08%	N/A	27.38%	24.07%	22.66%	19.97%	17.59%	The ratio is forecast to steadily decrease as Council repays existing interest bearing liabilities for the four year forecast period.

**PERFORMANCE STATEMENT
2023/24**

	2021	2022	2023	2024		2025	2026	2027	2028	Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Asset renewal and upgrade										
<p><i>Asset renewal and upgrade compared to depreciation</i></p> <p><i>[Asset renewal and asset upgrade expense / Asset depreciation] x100</i></p>	82.71%	84.97%	104.03%	91.10%	108.16%	93.49%	86.83%	95.87%	100.58%	The ratio remained over 100% in the current year largely supported from external grant funding. The reduction in the ratio in future years is symbolic of conservative 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 2028 when a new landfill cell is scheduled to be built.
Operating position										
<p>Adjusted underlying result</p> <p><i>Adjusted underlying surplus (or deficit)</i></p> <p><i>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100</i></p>	(5.00%)	(4.02%)	(3.73%)	N/A	(23.16%)	(6.55%)	(6.27%)	(5.48%)	(4.80%)	Council's underlying deficit 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 trend towards reducing underlying deficits in future years. The forecast is to remain in deficit due to restrictions on Council's ability to increase revenue and increased depreciation expenses resulting from the recent construction of major new infrastructure.

PERFORMANCE STATEMENT
2023/24

	2021	2022	2023	2024		2025	2026	2027	2028	Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
<p>Stability</p> <p>Rates concentration</p> <p>Rates compared to adjusted underlying revenue</p> <p><i>[Rate revenue / Adjusted underlying revenue] x100</i></p>	61.32%	57.53%	59.44%	66.90%	69.10%	64.47%	64.54%	64.61%	64.67%	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.
<p>Rates effort</p> <p>Rates compared to property values</p> <p><i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i></p>	0.66%	0.61%	0.48%	N/A	0.43%	0.43%	0.44%	0.45%	0.46%	The ratio has remained relatively stable and is forecast to remain between 0.43 to 0.46% over the forecast period.

Section 4. Sustainable capacity indicators

For the year ended 30 June 2024

Indicator / measure [formula]	Results				Comments
	2021 Actual	2022 Actual	2023 Actual	2024 Actual	
Population <i>Expenses per head of municipal population</i>	\$1,844.30	\$2,018.54	\$2,003.71	\$2,129.14	The increase is largely attributed to cost increases, along with unbudgeted expenditure related to additional government grants received, and emergency clean-up works following the February 2024 storm event.
<i>Infrastructure per head of municipal population</i> <i>[Value of infrastructure / Municipal population]</i>	\$14,243.89	\$14,342.36	\$15,315.49	\$15,828.81	The ratio has increased in line with the valuation movements from the Recreational, Leisure and Community Facilities and Parks Open Spaces and streetscapes resulting from the 2024 revaluation.
<i>Population density per length of road</i> <i>[Municipal population / Kilometres of local roads]</i>	52.46	52.53	50.86	50.50	The result for this measure has remained stable over the three year period.

PERFORMANCE STATEMENT
2023/24

Indicator / measure [formula]	Results				Comments
	2021	2022	2023	2024	
	Actual	Actual	Actual	Actual	
<p>Own-source revenue</p> <p><i>Own-source revenue per head of municipal population</i></p> <p><i>[Own-source revenue / Municipal population]</i></p>	\$1,279.87	\$1,349.74	\$1,447.70	\$1,498.68	Minor increase in 2024 as a result of rates growth and increased income from interest on investments.
<p>Recurrent grants</p> <p><i>Recurrent grants per head of municipal population</i></p> <p><i>[Recurrent grants / Municipal population]</i></p>	\$361.42	\$445.60	\$444.32	\$220.05	The 50.47% decrease to \$220.05 in 2024 was largely due to a reduction in operating grants 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.
<p>Disadvantage</p> <p><i>Relative Socio-Economic Disadvantage</i></p> <p><i>[Index of Relative Socio-Economic Disadvantage by decile]</i></p>	1.00	1.00	1.00	1.00	The result for this measure has remained unchanged over the four year period.

**PERFORMANCE STATEMENT
2023/24**

Indicator / measure [formula]	Results				Comments
	2021	2022	2023	2024	
	Actual	Actual	Actual	Actual	
<p><i>Workforce turnover</i></p> <p><i>Percentage of staff turnover</i></p> <p>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</p>	17.2%	26.5%	13.2%	18.0%	There is no specific event which has caused an increase 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 2024-25 to 2027-28 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 3 June 2024. 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"> • non-recurrent grants used to fund capital expenditure; and • non-monetary asset contributions; and • contributions to fund capital expenditure from sources other than those referred to above
adjusted underlying surplus (or deficit)	means adjusted underlying revenue less total expenditure
annual report	means an annual report prepared by a council under section 98 of the Act
asset renewal expenditure	means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability
asset upgrade expenditure	means expenditure that— (a) enhances an existing asset to provide a higher level of service; or (b) extends the life of the asset beyond its original life
critical non-compliance outcome notification	means a notification received by council under section 19N(3) or (4) of the <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
2023/24**

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

URGENT BUSINESS

9. URGENT BUSINESS

Business may be admitted to the meeting as urgent business in accordance with clause 17 of the Governance Rules, by resolution of the Council and only then if it:

- 17.1 Relates to or arises out of a matter which has arisen since distribution of the agenda; and
- 17.2 Cannot reasonably or conveniently be deferred until the next Council meeting.

REPORTS FOR NOTING

10. REPORTS FOR NOTING

Item Number 10.1 07 October 2024

Regional City Strategy & Transition

PRESENTATION OF THE AUDIT AND RISK COMMITTEE MINUTES - 29 AUGUST 2024 & 19 SEPTEMBER 2024

PURPOSE

To present the Audit and Risk Committee Meeting minutes for the meetings held on 29 August 2024 and 19 September 2024 (Special Financial) as required under the *Audit and Risk Committee Charter*.

EXECUTIVE SUMMARY

- The Audit and Risk Committee (“the Committee”) is a statutory committee of the Council. The Committee held its last two meetings on 29 August 2024 and 19 September 2024 (Special Financial).
- A number of recommendations were made at the 29 August 2024 meeting, as summarised in this report, and set out in full in the attached minutes (Attachment 1)
- The Annual Financial Report and Annual Performance Statement were adopted by Committee at the special meeting held on 19 September 2024.

OFFICER'S RECOMMENDATION

That Council receive and note the attached Audit and Risk Committee Minutes for 29 August 2024 and 19 September 2024 meetings.

BACKGROUND

At the meeting held on **29 August 2024**, the Committee resolved the following:

Item	Resolution
Confirmation of Minutes	That the minutes of the Audit and Risk Committee meeting held on 6 June 2024 be confirmed and ratified as true and correct.
Minutes of Executive Risk Management Committee Meeting – 1 August 2024	That the Audit and Risk Committee receives and notes the Agenda and Minutes from the ERMC Meeting held on 1 August 2024.
Status of Actions Arising – August 2024	That the Audit and Risk Committee receives and notes the Status of Actions Arising Report and approves the request for an extension of action item 743.
External audit	That the Audit and Risk Committee receives and notes the July 2024 Local Government Status Report and the Final Management Letter.
Update on Information Technology Actions	Notes the report and associated updates on all actions and approves an extension to 31 December 2024 for the remaining outstanding audit actions.
Update of Child Safe Standards	That the Audit and Risk Committee notes the report and associated updates on all actions.
Quarterly Internal Audit Report - Internal audit status and presentation of audits and scopes	<ol style="list-style-type: none"> 1. Endorses the proposed Scopes for the Review of Grants Management (including applicable Latrobe City Trust Programs) and Review of Long-Term Financial Plan (incl. impact on Council due to resources constraint) audits; and 2. Receives and notes the findings and management responses contained in the Review of Statutory Planning and Review of Debtor Management (excluding rates) report.
Review of Internal Auditor's performance	That the Audit and Risk Committee note the review of the Internal Auditor's performance.
Strategic Risk Register Presentation	That the Audit and Risk Committee endorses the changes to the register including the addition of the new strategic risk SR14 Failure to comply with Child Safe Standards.
Quarterly Risk Management Report - August 2024	That the Audit and Risk Committee notes and receives the Quarterly Risk Management Report for August 2024.

Item	Resolution
2024/25 Insurance program renewal outcome	That the Audit and Risk Committee notes the outcome on the 2024/25 insurance renewal process.
Update on Business Continuity Framework	That the Audit and Risk Committee note the report.
VAGO, Ombudsman, Inspectorate and IBAC Reports	That the Audit and Risk Committee receives and notes this report on VAGO, Victorian Ombudsman, IBAC, Victorian Inspectorate and other reports.
Fraud and Corruption Reporting	That the Audit and Risk Committee receives and notes this report.
Reporting on Internal Control Environment	That the ARC receives and notes the updates on the delivery of the Internal Control Environment – Rolling Four Year Plan.
Draft Compliance Operational Policy	That the Audit and Risk Committee endorse the draft Compliance Operational Policy for adoption by the Executive Team.
Draft Audit and Risk Committee Charter and Internal Audit Charter	That the Audit and Risk Committee: 1. Endorse the draft Audit and Risk Committee Charter to be presented to Council for adoption; and 2. Endorse the draft Internal Audit Charter to be presented to Council for adoption.
Audit Compliance Report - August 2024	That the Audit and Risk Committee: 1. Receives and notes this report. 2. Approves the extension to the audit action due date as proposed in Attachment two.
Gifts, Benefits and Hospitality Compliance Reporting January to June 2024	That the Audit and Risk Committee receives and notes this report into the Gift Register Review for the period of 1 January 2024 to 30 June 2024.
Quarter 4 2023/24 People and Workcover Reports	Audit and Risk Committee Minutes 29 August 2024 Page 11 That the Audit and Risk Committee note the Quarterly People Report, Workcover Report and Lost Time Injuries Report for Q4 of the 2023/24 financial year.

Item	Resolution
Major Initiatives Performance Summary Report - Q4 2023/24	That the Audit and Risk Committee note the Major Initiatives Performance Summary Report for Q4 2023/24.
Finance	That the Audit and Risk Committee approves the scheduling of a special meeting to consider the financial reports and performance statement on 19 September 2024 at 10am (virtual meeting).
Annual Audit & Risk Committee Assessment Process	That the Audit and Risk Committee: 1. Confirms that the proposed questions are to be utilised for the annual Committee Assessment process this year; 2. Invites the Audit and Risk Committee members, Chief Executive Officer and Senior Officers to complete the survey; and 3. Requests the results are compiled and presented back to the next meeting of the Audit and Risk Committee.
Biannual Audit and Risk Committee Report to Council	That the Audit and Risk Committee endorse the attached report for presentation to the Chief Executive Officer for tabling at the next available Council Meeting.

At the meeting held on **19 September 2024**, the Committee resolved the following:

Item	Resolution
Draft Financial Report & Performance Statement for the year ended 30 June 2024	1. Having reviewed the Financial Report and Performance Statement for the year ending 30 June 2024, considers both documents to be complete, consistent with known information to Committee members, reflect appropriate accounting treatments and adequately disclose Council's financial performance. 2. Recommends the adoption of the annual financial report and annual performance statement to Council.

ANALYSIS

All motions made at the meetings and their corresponding actions arising can be found in the full minutes attached to this report.

RISK ASSESSMENT

RISK	RISK RATING	TREATMENT
COMPLIANCE Latrobe City Council practices are not compliant with legislation.	Low <i>Unlikely x Minor</i>	Ensure that the Audit and Risk Committee Minutes are tabled at the next possible Council Meeting.

CONSULTATION

The draft minutes were provided to the Committee Chairperson for feedback.

COMMUNICATION

The provision and circulation of the minutes to Council provides reassurance and awareness as a communication loop back to Council as part of good governance practices.

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*.

ELECTION PERIOD STATEMENT

The recommended decision is not a prohibited decision, as defined in section 69 of the *Local Government Act 2020* or a significant decision within the meaning of the Election Period Policy.

APPENDIX 1 IMPACT ASSESSMENT

Social

Not applicable.

Cultural

Not applicable.

Health

Not applicable.

Environmental

Not applicable.

Economic

Not applicable.

Financial

The Audit and Risk Committee is managed through existing budget provisions. Recommendations and actions arising from the meeting are considered by management within the constraints of budget requirements.

Attachments

1. Audit & Risk Committee Minutes - 29 August 2024
2. Audit & Risk Committee Minutes - 19 September 2024

10.1

Presentation of the Audit and Risk Committee Minutes - 29 August 2024 & 19 September 2024.

- 1 Audit & Risk Committee Minutes - 29 August 2024 97**
- 2 Audit & Risk Committee Minutes - 19 September 2024 110**



Audit and Risk Committee Meeting Minutes - 29 August 2024

I hereby designate that all matters in this agenda and any discussion about or arising from any such matters will remain confidential until:

- Council passes a resolution that the information is not confidential; or,
- a report on the matter has been released in a subsequent meeting agenda, minute's paper or is approved in writing by the Chief Executive Officer.

Steven Piasente, Chief Executive Officer

29 August 2024

**Nambur Wariga Meeting Room, Council Headquarters,
141 Commercial Road, Morwell**

Meeting commenced at 10.00 AM

Attendance

Members:

- David Kortum (Chairperson)
- John Purcell
- Cr Brad Law – left at 11.20 AM
- Cr Darren Howe

In Attendance:

- Nathan Kearsley (General Manager Organisational Performance)
- Georgia Hills (General Manager Community Health and Wellbeing)
- Jody Riordan (General Manager Regional City Planning and Assets) from 10.13 AM.
- Tim Ellis (General Manager Regional City Strategy and Transition)
- James Rouse (Executive Manager Sports Legacy & Activation)



Audit and Risk Committee Meeting Minutes - 29 August 2024

- Lee Blashki (VAGO) left at 10.15 AM
- Kapil Kukreja (HLB Mann Judd)
- Meldra Zenija Cifersone (HLB Mann Judd)
- Zoe Speck (Manager Governance)
- Paul Howard (Coordinator Audit, Risk and Compliance)
- Louise Van Der Velden (Senior Compliance Officer)
- Cassy Siddle (Compliance Officer)
- Ace Wilhelm (IT Audit Action Update) left at 10.25 AM
- Nathan Fenech (IT Audit Action Update) left at 10.25 AM

Teleconference: Tim Ellis, Nathan Kearsley, Lee Blashki

1. OPENING AND WELCOME

The Chairperson opened the meeting and welcomed all present.

2. APOLOGIES

Steven Piasente, Jane Watson, Travis Derricott, Matthew Rogers.

3. DECLARATIONS OF INTEREST

Nil.

4. PROBITY QUESTIONS

The CEO was an apology for the meeting, however, responded to the probity question out of session.

The Audit and Risk Committee Chair asked if the CEO was aware of any legislative non-compliance issues, any fraud incidents that have occurred or if there were any strategic risks been triggered since the last Audit and Risk Committee meeting.

The CEO confirmed that no matters have been reported.

The Audit and Risk Committee Chair asked the Councillors:



Audit and Risk Committee Meeting Minutes - 29 August 2024

- a. If there was any matter arising from the Council meetings that needed to be brought to the attention of the Committee
- b. If there was any feedback or direction required from Council relating to the Audit Committee members.

The Councillors responded **no**.

The Audit and Risk Committee Chair then asked the auditor representatives if they were satisfied that their work had not been impeded.

The auditor representatives both responded **yes** (VAGO & Internal Auditor).

5. CONFIRMATION OF MINUTES

RECOMMENDATION

That the minutes of the Audit and Risk Committee meeting held on 6 June 2024 be confirmed and ratified as true and correct.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.

6. ITEMS REFERRED BY THE COMMITTEE TO THIS MEETING FOR CONSIDERATION

6.1 Agenda & Minutes of Executive Risk Management Committee Meeting - 1 August 2024

RECOMMENDATION

That the Audit and Risk Committee receives and notes the Agenda and Minutes from the ERMC Meeting held on 1 August 2024.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.



Audit and Risk Committee Meeting Minutes - 29 August 2024

7. STATUS OF ACTIONS ARISING

7.1 Status of Actions Arising - August 2024

<p>RECOMMENDATION</p> <p>That the Audit and Risk Committee receives and notes the Status of Actions Arising Report and approves the request for an extension of action item 743.</p>
<p>OUTCOME/ACTIONS ARISING:</p> <ol style="list-style-type: none"> 1. Recommendation agreed. 2. Extension of action item 743 approved.

8. EXTERNAL AUDIT

8.1 VAGO - Local Government Status Report July 2024 & Presentation of Final Management Letter

<p>RECOMMENDATION</p> <p>That the Audit and Risk Committee receives and notes the July 2024 Local Government Status Report and the Final Management Letter.</p>
<p>OUTCOME/ACTIONS ARISING:</p> <ol style="list-style-type: none"> 1. Recommendation agreed. 2. General Manager Organisational Performance will provide an update to the committee out of session following the meeting with VAGO, addressing the outstanding action in relation to CHRIS21 and outlining the approach that will be taken.



Audit and Risk Committee Meeting Minutes - 29 August 2024

9. INTERNAL AUDIT

9.1 Update on Information Technology Actions

RECOMMENDATION

That the Audit and Risk Committee:

Notes the report and associated updates on all actions and approves an extension to 31 December 2024 for the remaining outstanding audit actions.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.
2. Extension on all IT Audit Actions to 31 December 2024 approved.

9.2 Update on Child Safe Standards Actions

RECOMMENDATION

That the Audit and Risk Committee:

Notes the report and associated updates on all actions.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.

9.3 Quarterly Internal Audit Report - Internal audit status and presentation of audits and scopes

RECOMMENDATION

That the Audit and Risk Committee:-

1. Endorses the proposed Scopes for the Review of Grants Management (including applicable Latrobe City Trust Programs) and Review of Long-Term Financial Plan (incl. impact on Council due to resources constraint) audits.



Audit and Risk Committee Meeting Minutes - 29 August 2024

- | |
|---|
| 2. Receives and notes the findings and management responses contained in the Review of Statutory Planning and Review of Debtor Management (excluding rates) report; and |
|---|

OUTCOME/ACTIONS ARISING:

- | |
|---------------------------|
| 1. Recommendation agreed. |
|---------------------------|

9.4 Review of Internal Auditor's performance

RECOMMENDATION

That the Audit and Risk Committee note the review of the Internal Auditor's performance.
--

OUTCOME/ACTIONS ARISING:

- | |
|---------------------------|
| 1. Recommendation agreed. |
|---------------------------|

10. RISK

10.1 Strategic Risk Register Presentation

RECOMMENDATION

That the Audit and Risk Committee endorses the changes to the register including the addition of the new strategic risk <i>SR14 Failure to comply with Child Safe Standards</i> .

OUTCOME/ACTIONS ARISING:

- | |
|---------------------------|
| 1. Recommendation agreed. |
|---------------------------|

10.2 Quarterly Risk Management Report - August 2024

RECOMMENDATION

That the Audit and Risk Committee notes and receives the Quarterly Risk



Audit and Risk Committee Meeting Minutes - 29 August 2024

Management Report for August 2024.
OUTCOME/ACTIONS ARISING:
1. Recommendation agreed.
NOTE: The Chairperson recommended to undertake a risk appetite review process with the new incoming Council following the election.

10.3 2024/25 Insurance program renewal outcome

RECOMMENDATION
That the Audit and Risk Committee notes the outcome on the 2024/25 insurance renewal process.
OUTCOME/ACTIONS ARISING:
1. Recommendation agreed.
2. Question on notice for Coordinator Audit, Risk & Compliance – What is the amount of cover provided, and the excess for Cyber Liability Insurance?

10.4 Update on Business Continuity Framework

RECOMMENDATION
That the Audit and Risk Committee note the report.
OUTCOME/ACTIONS ARISING:
1. Recommendation agreed.

11. MONITORING

11.1 VAGO, Ombudsman, Inspectorate and IBAC Reports

RECOMMENDATION



Audit and Risk Committee Meeting Minutes - 29 August 2024

That the Audit and Risk Committee receives and notes this report on VAGO, Victorian Ombudsman, IBAC, Victorian Inspectorate and other reports.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.

11.2 Fraud and Corruption Reporting

RECOMMENDATION

1. That the Audit and Risk Committee receives and notes this report.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.

11.3 Reporting on Internal Control Environment

RECOMMENDATION

That the ARC receives and notes the updates on the delivery of the Internal Control Environment – Rolling Four Year Plan.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.

11.4 Draft Compliance Operational Policy

RECOMMENDATION

That the Audit and Risk Committee endorse the draft *Compliance Operational Policy* for adoption by the Executive Team.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.
2. The Chairperson will provide some advice to the Governance Team in terms of



Audit and Risk Committee Meeting Minutes - 29 August 2024

the threshold for reporting of non-compliance to ARC.

NOTE: Following the meeting the Internal Auditor requested a minor wording change in the Compliance Operational Policy as follows:-

5.7. The specific roles and responsibilities are as outlined below:

Internal Audit – ~~in accordance with the Audit and Risk Committee Charter, is responsible for overseeing Council's processes for managing compliance obligations.~~ Providing assurance to management, Council and Audit and Risk Committee through the conduct of internal audits, as per the adopted Strategic Internal Audit Plan.

11.5 Draft Audit and Risk Committee Charter and Internal Audit Charter

RECOMMENDATION

That the Audit and Risk Committee:

1. Endorse the draft Audit and Risk Committee Charter to be presented to Council for adoption; and
2. Endorse the draft Internal Audit Charter to be presented to Council for adoption.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.

NOTE: Following the meeting, the General Manager of Organisational Performance advised that the Audit and Risk Committee Charter will need to include a requirement for all independent members to obtain a Working with Children Check and agree to the Child Safe Code of Conduct.



Audit and Risk Committee Meeting Minutes - 29 August 2024

11.6 Audit Compliance Report - August 2024

RECOMMENDATION

That the Audit and Risk Committee:

1. Receives and notes this report.
2. Approves the extension to the audit action due date as proposed in Attachment two.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.
2. Extension approved.

11.7 Gifts, Benefits and Hospitality Compliance Reporting January to June 2024

RECOMMENDATION

That the Audit and Risk Committee receives and notes this report into the Gift Register Review for the period of 1 January 2024 to 30 June 2024.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.

NOTE: The Chairperson advised that if the reports continue to trend downward, more awareness campaigns should be conducted, and monitoring should be intensified over the holiday period.

12. PERFORMANCE REPORTING

12.1 Quarter 4 2023/24 People and Workcover Reports

RECOMMENDATION



Audit and Risk Committee Meeting Minutes - 29 August 2024

That the Audit and Risk Committee note the Quarterly People Report, Workcover Report and Lost Time Injuries Report for Q4 of the 2023/24 financial year.
<p>OUTCOME/ACTIONS ARISING:</p> <ol style="list-style-type: none"> 1. Recommendation agreed. 2. Question on notice for General Manager Organisational Performance - what is local government industry average for staff turnover?
<p>NOTE: The General Manager of Organisational Performance will attempt to separate the staff turnover data into full-time and casual employee categories. If this breakdown is not possible, additional context will be provided within the report to explain the figures.</p>

12.2 Major Initiatives Performance Summary Report - Q4 2023/24

<p>RECOMMENDATION</p> <p>That the Audit and Risk Committee note the Major Initiatives Performance Summary Report for Q4 2023/24.</p>
<p>OUTCOME/ACTIONS ARISING:</p> <ol style="list-style-type: none"> 1. Recommendation agreed.

13. FINANCE

<p>RECOMMENDATION</p> <p>That the Audit and Risk Committee approves the scheduling of a special meeting to consider the financial reports and performance statement on 19 September 2024 at 10am (virtual meeting).</p>
<p>OUTCOME/ACTIONS ARISING:</p> <ol style="list-style-type: none"> 1. Recommendation agreed.



Audit and Risk Committee Meeting Minutes - 29 August 2024

14. REPORTING REQUIREMENTS

14.1 Annual Audit & Risk Committee Assessment Process

RECOMMENDATION

That the Audit and Risk Committee:

1. Confirms that the proposed questions are to be utilised for the annual Committee Assessment process this year;
2. Invites the Audit and Risk Committee members, Chief Executive Officer and Senior Officers to complete the survey; and
3. Requests the results are compiled and presented back to the next meeting of the Audit and Risk Committee.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.

15. GENERAL BUSINESS

15.1 Biannual Audit and Risk Committee Report to Council

RECOMMENDATION

That the Audit and Risk Committee endorse the attached report for presentation to the Chief Executive Officer for tabling at the next available Council Meeting.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed.



Audit and Risk Committee Meeting Minutes - 29 August 2024

The Chairperson requested an update from the Executive Manager of Sports Legacy & Activation (SL&A) regarding the current developments and future plans following the cancellation of the Commonwealth Games. The Executive Manager SL&A provided an overview of the four projects being supported by the team.

Next Meeting Date

The next Audit and Risk Committee meeting is to be held on Thursday 19 Sept 2024 (Financials).
--

Meeting Closed at 11.50am.



Special Audit and Risk Committee Meeting

Minutes - 19 September 2024

I hereby designate that all matters in this agenda and any discussion about or arising from any such matters will remain confidential until:

- Council passes a resolution that the information is not confidential; or,
- a report on the matter has been released in a subsequent meeting agenda, minute's paper or is approved in writing by the Chief Executive Officer.

Steven Piasente, Chief Executive Officer

19 September 2024

**Nambur Wariga Meeting Room, Council Headquarters,
141 Commercial Road, Morwell**

Meeting commenced at 10:02 AM

Attendance

Members: David Kortum (Chairperson), John Purcell, Jane Watson
Cr Darren Howe, Cr Brad Law

In Attendance:

- Steven Piasente (CEO)
- Nathan Kearsley (General Manager Organisational Performance)
- James Rouse (Acting General Manager Community Health and Wellbeing)
- Jody Riordan (General Manager Regional City Planning and Assets)
- Zoe Speck (Acting General Manager Regional City Strategy and Transition)
- Matthew Rogers (Manager Financial Performance)
- Lee Blashki (VAGO)
- Shae Hansen (Acting Manager Governance)
- Paul Howard (Coordinator Audit, Risk and Compliance)



Special Audit and Risk Committee Meeting

Minutes - 19 September 2024

- Cassy Siddle (Compliance Officer)

Teleconference: David Kortum, John Purcell, Jane Watson, Cr Darren Howe, Cr Brad Law, Shae Hansen, Nathan Kersley, Steven Piasente, Lee Blashki, Jody Riordan, Zoe Speck.

1. OPENING AND WELCOME

The Chairperson opened the meeting and welcomed all present.

2. APOLOGIES

Georgia Hills and Tim Ellis.

3. DECLARATIONS OF INTEREST

Nil.

4. PROBITY QUESTIONS

The Audit and Risk Committee Chair asked if the CEO was aware of any legislative non-compliance issues, any fraud incidents that have occurred or if there were any strategic risks been triggered since the last Audit and Risk Committee meeting.

The CEO responded no.

The Audit and Risk Committee Chair asked the Councillors:

- a. If there was any matter arising from the Council meetings that needed to be brought to the attention of the Committee
- b. If there was any feedback or direction required from Council relating to the Audit Committee members.

The Councillors responded no.

The Audit and Risk Committee Chair then asked the auditor representative if they were satisfied that their work had not been impeded.

The auditor representative responded yes.



Special Audit and Risk Committee Meeting Minutes - 19 September 2024

5. FINANCE

5.1 Draft Financial Report & Performance Statement for the year ended 30 June 2024

RECOMMENDATION

That the Audit and Risk Committee;

1. Having reviewed the Financial Report and Performance Statement for the year ending 30 June 2024, considers both documents to be complete, consistent with known information to Committee members, reflect appropriate accounting treatments and adequately disclose Council's financial performance.
2. Recommends the adoption of the annual financial report and annual performance statement to Council.

OUTCOME/ACTIONS ARISING:

1. Recommendation agreed. Annual Financial Report and Annual Performance Statement adopted by Committee.

Next Meeting Date

The next Audit and Risk Committee meeting is to be held on Thursday 12 December 2024.

Meeting Closed at 10.27am.

TABLING OF AUDIT AND RISK COMMITTEE BI-ANNUAL REPORT

PURPOSE

To fulfil the Chief Executive Officer's legislated requirement to table the Audit and Risk Committee Bi-Annual Report at a Council Meeting.

EXECUTIVE SUMMARY

- The *Local Government Act 2020* set outs that an Audit and Risk Committee must:
 - prepare a Bi-Annual Audit and Risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations.
 - provide a copy of the Bi-Annual Report (Attached) to the Chief Executive Officer for tabling at the next Council meeting.
- The Bi-Annual Report reports that the governance / risk culture and commitment to continuous improvement of Council remains strong.

OFFICER'S RECOMMENDATION

That Council receive and note the Bi-Annual Report prepared by the Audit and Risk Committee Chairperson.

BACKGROUND

The Audit and Risk Committee is formally established under Section 53 of the *Local Government Act 2020*.

The Audit and Risk Committee’s purpose is to support Council in discharging its oversight responsibilities related to:

- financial and performance reporting,
- risk management,
- fraud prevention systems and control,
- maintenance of a sound internal control environment,
- assurance activities including internal and external audit, and
- Council’s performance with regard to compliance with its policies and legislative and regulatory requirements.

The Audit and Risk Committee acts in this capacity by monitoring, reviewing, endorsing, and advising on the above matters.

ANALYSIS

The attached Audit and Risk Committee Bi-Annual Report is provided to fulfil a legislative requirement of the *Local Government Act 2020* and the Audit and Risk Committee Charter. The Bi-Annual Report provides a summary of the work performed by the Audit and Risk Committee for the period 1 January 2024 to 30 June 2024.

The Bi-Annual Report reports that the governance / risk culture and commitment to continuous improvement of Council remains strong.

RISK ASSESSMENT

RISK	RISK RATING	TREATMENT
COMPLIANCE That Council does not fulfil its legislative obligations.	Low <i>Unlikely x Minor</i>	Ensure that each report is tabled at the next possible Council meeting and/or briefing in order to meet legislative requirements.

CONSULTATION

The draft Bi-Annual Report was provided to Audit and Risk Committee members for discussion and endorsement.

COMMUNICATION

No communications are proposed as part of this report,

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*.

ELECTION PERIOD STATEMENT

The recommended decision is not a prohibited decision, as defined in section 69 of the *Local Government Act 2020* or a significant decision within the meaning of the Election Period Policy.

APPENDIX 1 IMPACT ASSESSMENT

Social

Not applicable.

Cultural

Not applicable.

Health

Not applicable.

Environmental

Not applicable.

Economic

Not applicable.

Financial

The Audit and Risk Committee is managed through existing budget provisions. Recommendations and actions arising from the meeting are considered by management within the constraints of budget requirements.

Attachments

1. Audit and Risk Committee Biannual Report 2024 (January to June)

10.2

Tabling of Audit and Risk Committee Bi-Annual Report

1	Audit and Risk Committee Biannual Report 2024 (January to June).....	118
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Audit and Risk Committee

Biannual Report

2024 Year (January to June)



Dear Councillors,

As part of the Audit and Risk Committee Charter, I am pleased to present to you the Biannual Report of the Audit and Risk Committee for the period January to June 2024.

The report contains details of:

1. Purpose of the Audit and Risk Committee
2. Committee Membership
3. A Summary of Work Performed by the Audit and Risk Committee
4. Overall Conduct of the Audit and Risk Committee

Mr. David Kortum

Chair, Audit and Risk Committee

2 August 2024

Purpose of the Audit and Risk Committee

The Audit and Risk Committee is formally established under Section 53 of the Local Government Act 2020.

The Audit and Risk Committee's purpose is to support Council in discharging its oversight responsibilities related to financial and performance reporting, risk management, fraud prevention systems and control, maintenance of a sound internal control environment, assurance activities including internal and external audit and Council's performance with regard to compliance with its policies and legislative and regulatory requirements. It acts in this capacity by monitoring, reviewing, endorsing and advising on the above matters.

Audit and Risk Committee Membership

The Latrobe City Council Audit and Risk Committee consists of two Councillors and one Councillor alternate member, and three independent external members. To fulfill obligations under Section 53 of the Local Government Act 2020 and to be effective in our role, we require a broad representation of skills and experience.

I am pleased to report in this period, we have had stable membership of the Audit and Risk Committee. The Audit and Risk Committee continues to demonstrate a broad skill set, expertise and awareness of the local government operating environment.

I am grateful for the contribution from the councillors, who further assist the Audit and Risk Committee fulfill our obligations and provide local context which is critical in managing risk.

A Summary of Work Performed by the Audit and Risk Committee

In the January to June period, the Audit and Risk Committee held two meetings. The first was held on the 7th of March and the second meeting was held on the 6th June 2024.

Risk Management

The Committee continued to monitor Council's risk management performance and the effectiveness of the risk management framework. The Committee has continued to focus on, and prioritised risks associated with internal audit reviews and external audit reports and to consider new and emerging risks.

Within this period, the Audit and Risk Committee has continued to review the minutes and activities of the Executive Risk Management Committee. We are encouraged and very supportive of this executive level engagement in the Risk Management Program, as it is a critical activity to build a robust and positive risk culture within Latrobe City Council and demonstrates the tone from the top leadership from management.

As part of the March meeting, the Audit and Risk Committee reviewed the Latrobe City Council Strategic Risk Register and had a detailed presentation of the Insurance Program Review. Both activities are critical in mitigating strategic risks that may have considerable consequences to the Latrobe City Council and ensuring the Insurance Program is fit-for-purpose, targeted and provides appropriate coverage.

In the March meeting, the Audit and Risk Committee review and endorsed the updated Fraud and Corruption Internal Investigation Procedure, Risk Management Policy, Risk Management Operational Policy and the Risk Management Plan.

Financial Statements

In alignment with the Audit and Risk Committee Work Plan, in March and June meetings we continued to review the Quarterly Budget Reports.

At the June meeting, we were presented with the Shell Financial and Performance Statements.

The Audit and Risk Committee look forward to reviewing the Financial Statements in the next period.

Internal Audit

Throughout the year the Committee reviewed regular status reports from the Internal Auditor on their work and continued a practice of endorsing audit scopes in advance of commencement. The following Internal Audits were tabled in this reporting period:

- Child Safe Standards; and
- Tendering Thresholds and Processes.

A key focus for the Committee remains reviewing the organisation's audit action compliance through regular reporting to the committee. The Committee recognises Management's focus on the review and close out of aging and overdue audit actions, to ensure risks have been mitigated.

In the June meeting, the Audit and Risk Committee approved the survey questions that will be used to review the performance of the Internal Audit function.

The Audit and Risk Committee has reviewed the proposed scope and approach for the Internal Audit – Follow-Up Review.

Other Audits and Information Presented

In the March meeting, the Audit and Risk Committee received and noted the Municipal Monitor appointed to Strathbogie Shire Council – Report to the Minister for Local Government. As part of the Audit and Risk Committee Workplan, Management is to identify and report on relevant integrity body reports, with commentary on actions that may be considered by Council.

The Audit and Risk Committee supports this process, the analysis and self-assessment made by Management. We continue to advocate for this proactive self-assessment and monitoring of other local government entities to continuously improve and mature the control environment and effectiveness of controls at Latrobe City Council.

In addition, the Audit and Risk Committee have had information presented on the following audits, investigations, and internal projects, including some that have been conducted by other agencies:

- Council's quarterly Performance and Budget Reports;
- Gifts, Benefits and Hospitality Compliance Reporting;
- VAGO, Ombudsman, Inspectorate and IBAC Reports;
- Fraud and Corruption Reporting;
- Conflict of Interest – Compliance;
- People and Workcover Reports;
- Update on compliance and internal control activities; and
- Asset accounting update.

The Committee advises it continues to get value from the review of integrity agency reports and these are produced to a high quality.

Overall Conduct of the Audit and Risk Committee

The Committee discharged its duties during the following meetings:

- 7 March 2024
- 6 June 2024

Attendance

Attendance at the meetings for each independent and Councillor members is in the following table.

Committee Member	March 2024	June 2024
David Kortum	✓	✓
John Purcell	✓	✓
Jane Watson	✓	✓
Cr Law	✓	✓
Cr Howe	N/A	✓
Cr Middlemiss (alternate)	✓	N/A

Conclusion

The Committee is of the view that the governance / risk culture and commitment to continuous improvement of Council remains strong. There have been no substantial issues raised by Internal Audit or External Audit that were a great surprise to the Executive or would give rise to undue concern. Moreover, as opportunities to improve have been identified, Council has been open to the suggestions.

The Committee appreciates that council does understand the important role the Committee plays as an independent committee of Council, through the diverse experience and knowledge of its members. It helps council to fulfil its responsibilities via many key functions including external financial and performance reporting, maintenance of strong and effective governance and control frameworks, management of key risks and Council's compliance with legislation and regulation.

I would like to thank the management team for their support in running the Committee and thank my colleagues, both the independent members and the Councillors, for their contribution to a strong Committee.

David Kortum

External Chair

Audit and Risk Committee, Latrobe City Council

2 August 2024

11. QUESTIONS ON NOTICE

Nil reports

NOTICES OF MOTION

12. NOTICES OF MOTION

Latrobe City Council entered the Local Government election period at 12noon Tuesday 17 September 2024. Election period will end at 6pm Saturday 26 October 2024.

During this time, Council must comply with regulations set in the Election Period Policy and Local Government Act, therefore Notices of Motion requests could not be accepted for this meeting.

ITEMS FOR TABLING

13. ITEMS FOR TABLING

Nil reports

14. ACKNOWLEDGEMENTS

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

**MEETING CLOSED TO
THE PUBLIC TO
CONSIDER
CONFIDENTIAL
INFORMATION**

15. MEETING CLOSED TO THE PUBLIC TO CONSIDER CONFIDENTIAL INFORMATION

Section 66 of the *Local Government Act 2020* enables Council to close the meeting to the public to consider *confidential information* as defined in that Act.

Nil reports