

Annual Financial Report for the Year Ended 30 June 2024

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Financial Report

Certification of the Consolidated Financial Statements

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



Michelle Hansen CPA
Principal Accounting Officer
Date: 23 September 2024
Dandenong

In our opinion the accompanying consolidated financial statements present fairly the consolidated financial transactions of the Greater Dandenong City Council for the year ended 30 June 2024 and the consolidated financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances that 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 consolidated financial statements in their final form.



Lana Formoso
Mayor
Date: 23 September 2024
Dandenong



Rhonda Garad
Councillor
Date: 23 September 2024
Dandenong



Jacqui Weatherill
Chief Executive Officer
Date: 23 September 2024
Dandenong

Independent Auditor's Report



Independent Auditor's Report

To the Councillors of Greater Dandenong City Council

Opinion I have audited the consolidated financial report of Greater Dandenong City Council (the council) and its controlled entities (together the consolidated entity) which comprises the:

- consolidated balance sheet as at 30 June 2024
- consolidated comprehensive income statement for the year then ended
- consolidated statement of changes in equity for the year then ended
- consolidated statement of cash flows for the year then ended
- consolidated statement of capital works for the year then ended
- notes to the consolidated financial statements, including material accounting policy information
- certification of the consolidated financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2024 and the consolidated entity's financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the *Local Government Act 2020*, the Local Government (Planning and Reporting) Regulations 2020 and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Councillors' responsibilities for the financial report The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the council's and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's and consolidated entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
 - conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's and consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council and consolidated entity to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the council and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the council and the consolidated entity. I remain solely responsible for my audit opinion
-

Auditor's responsibilities for the audit of the financial report (continued) I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
26 September 2024

Travis Derricott
as delegate for the Auditor-General of Victoria

Financial Statements

Comprehensive Income Statement For the year ended 30 June 2024

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Income / Revenue			
Rates and charges	3.1	171,109	163,528
Statutory fees and fines	3.2	11,218	8,917
User fees	3.3	13,844	11,771
Grants – operating	3.4	26,058	41,913
Grants – capital	3.4	8,282	9,763
Contributions – monetary	3.5	3,305	2,393
Contributions – non-monetary	3.5	12,098	14,804
Net gain on disposal of property, infrastructure, plant and equipment	3.6	604	719
Fair value adjustments for investment property	6.4	115	228
Other income	3.7	25,971	22,358
Total income / revenue		272,604	276,394
Expenses			
Employee costs	4.1	102,319	93,472
Materials and services	4.2	102,858	100,788
Depreciation	4.3	35,881	32,849
Amortisation – intangible assets	4.4	44	111
Depreciation – right-of-use assets	4.5	715	726
Allowance for impairment losses	4.6	3,267	2,818
Borrowing costs	4.7	2,575	2,687
Finance costs – leases	4.8	41	52
Other expenses	4.9	12,617	9,515
Total expenses		260,317	243,018
Surplus for the year		12,287	33,376
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain	9.1(a)	125,688	57,669
Impairment (loss) reversal of previous revaluation	9.1(a)	(729)	-
Total other comprehensive income		124,959	57,669
Total comprehensive result		137,246	91,045

The above Comprehensive Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2024

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	25,170	75,993
Trade and other receivables	5.1(c)	30,802	31,161
Other financial assets	5.1(b)	172,820	122,869
Inventories	5.2(a)	69	62
Prepayments	5.2(b)	1,222	3,098
Other assets	5.2(c)	5,396	5,355
Total current assets		235,479	238,538
Non-current assets			
Trade and other receivables	5.1(c)	266	273
Property, infrastructure, plant and equipment	6.2	2,644,801	2,508,343
Investment property	6.4	6,690	6,575
Right-of-use assets	5.8	1,169	1,554
Intangible assets	5.2(c)	40	84
Total non-current assets		2,652,966	2,516,829
Total assets		2,888,445	2,755,367
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	27,816	25,988
Trust funds and deposits	5.3(b)	4,825	6,473
Contract and other liabilities	5.3(c)	56,677	58,880
Provisions	5.5	21,135	21,277
Other interest-bearing liabilities	5.4(b)	99	92
Interest-bearing liabilities	5.4(a)	3,834	3,597
Lease liabilities	5.8	594	548
Total current liabilities		114,980	116,855
Non-current liabilities			
Trust funds and deposits	5.3(b)	2,898	2,112
Provisions	5.5	1,560	1,321
Other interest-bearing liabilities	5.4(b)	285	373
Interest-bearing liabilities	5.4(a)	43,348	46,182
Lease liabilities	5.8	642	1,038
Total non-current liabilities		48,733	51,026
Total liabilities		163,713	167,881
Net assets		2,724,732	2,587,486
Equity			
Accumulated surplus		974,960	969,354
Reserves	9.1(c)	1,749,772	1,618,132
Total equity		2,724,732	2,587,486

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2024

2024	Consolidated				
	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		2,587,486	969,354	1,530,252	87,880
Surplus for the year		12,287	12,287	-	-
Net asset revaluation gain	9.1(a)	125,688	-	125,688	-
Impairment (loss) reversal of previous revaluation	9.1(a)	(729)	-	(729)	-
Transfers to other reserves	9.1(b)	-	(17,475)	-	17,475
Transfers from other reserves	9.1(b)	-	10,794	-	(10,794)
Balance at end of the financial year		2,724,732	974,960	1,655,211	94,561

2023	Consolidated				
	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		2,496,441	955,457	1,472,583	68,401
Surplus for the year		33,376	33,376	-	-
Net asset revaluation gain	9.1(a)	57,669	-	57,669	-
Transfers to other reserves	9.1(b)	-	(26,874)	-	26,874
Transfers from other reserves	9.1(a)	-	7,395	-	(7,395)
Balance at end of the financial year		2,587,486	969,354	1,530,252	87,880

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2024

	Note	Consolidated 2024 Inflows/ (Outflows) \$'000	Consolidated 2023 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		169,741	162,903
Statutory fees and fines		8,550	7,007
User fees		14,065	11,268
Grants – operating		23,777	44,697
Grants – capital		8,240	6,499
Contributions – monetary		4,153	5,189
Interest received		7,919	5,520
Trust funds and deposits taken		33,731	29,580
Other receipts		19,324	20,063
Net GST refund		12,052	11,534
Employee costs		(101,634)	(93,612)
Materials and services		(104,078)	(104,901)
Short-term, low value and variable lease payment		(727)	(756)
Trust funds and deposits repaid		(34,359)	(28,560)
Other payments		(4,963)	(6,289)
Net cash provided by operating activities	9.2	55,791	70,142
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(53,271)	(49,214)
Proceeds from sale of property, infrastructure, plant and equipment		628	794
Payments for investments		(338,033)	(290,054)
Proceeds from sale of investments		290,054	317,966
Net cash used in investing activities		(100,622)	(20,508)
Cash flows from financing activities			
Finance costs		(2,591)	(2,706)
Proceeds from borrowings		1,000	-
Repayment of borrowings		(3,597)	(3,484)
Repayment of other interest-bearing liabilities		(81)	(45)
Interest paid – lease liability		(43)	(53)
Repayment of lease liabilities		(680)	(696)
Net cash used in financing activities		(5,992)	(6,984)
Net increase (decrease) in cash and cash equivalents		(50,823)	42,650
Cash and cash equivalents at the beginning of the financial year		75,993	33,343
Cash and cash equivalents at the end of the financial year	5.1(a)	25,170	75,993
Financing arrangements	5.6		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Capital Works

For the year ended 30 June 2024

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Property			
Land		10	–
Total land		10	–
Buildings		15,412	15,784
Leasehold improvements		–	393
Total buildings		15,412	16,177
Total property	2.1.2	15,422	16,177
Plant and equipment			
Plant, machinery and equipment		2,259	2,235
Fixtures, fittings and furniture		49	124
Computers and telecommunications		940	642
Library books		791	817
Total plant and equipment	2.1.2	4,039	3,818
Infrastructure			
Roads		13,299	10,923
Bridges		343	84
Footpaths and cycleways		700	1,833
Drainage		1,002	3,704
Recreational, leisure and community facilities		9,616	8,329
Parks, open space and streetscapes		5,684	3,548
Off street car parks		66	449
Total infrastructure	2.1.2	30,710	28,870
Sub-total capital works expenditure	2.1.2	50,171	48,865
<i>(Property, infrastructure, plant and equipment)</i>			
Investment property		–	11
Total capital works expenditure	2.1.2	50,171	48,876
<i>(This includes Property, infrastructure, plant and equipment, Investment property and Intangibles)</i>			
Represented by:			
New asset expenditure		13,582	6,666
Asset renewal expenditure		21,713	20,207
Asset upgrade expenditure		14,876	19,564
Asset expansion expenditure		–	2,439
Total capital works expenditure		50,171	48,876

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

Notes to Financial Statements

Note 1 Overview

The Greater Dandenong City Council was established in December 1994 with the amalgamation of the former City of Springvale and former City of Dandenong, and is a body corporate. The Council's main office is located at 225 Lonsdale Street, Dandenong, 3175.

Statement of compliance

These consolidated 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, 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

1.1 Basis of accounting

These consolidated financial statements for the year ended 30 June 2024 comprise the results of operations for both Council and its wholly owned subsidiaries, namely the Dandenong Market Pty Ltd and South East Leisure Pty Ltd (established 7 July 2021 and commenced operations on 1 July 2022). Refer to Note 6.3 for further details of Council's subsidiaries.

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, 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 and infrastructure (refer to note 6.2 and 8.4).
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.2).
- the determination of employee provisions (refer to note 5.5(a)).
- the determination of landfill provisions (refer to note 5.5(b)).
- 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 in substance short-term or low value (refer to note 5.8).
- other areas requiring judgements.

Note 1 Overview (*continued*)

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. Disclosure has been made of any material changes to comparatives (refer to note 10). It is noted that there have been no material changes to comparatives.

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.

Note 2 Analysis of our results

2.1 Performance against budget

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of greater than 10 per cent and greater than \$1 million or 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 26 June 2023 (known as the Adopted Budget). The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income 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

	Consolidated Actual 2024 \$'000	Council Actual 2024 \$'000 (note 6.3)	Council Budget 2024 \$'000	Council Variance \$'000 Fav (Unfav)	Council Variance % Fav (Unfav)	Note 2.1.1 Ref
Income / Revenue						
Rates and charges	171,109	171,211	170,138	1,073	0.6%	
Statutory fees and fines	11,218	11,218	10,865	353	3.2%	
User fees	13,844	9,100	9,214	(114)	(1.2%)	
Grants – operating	26,058	26,014	33,824	(7,810)	(23.1%)	(a)
Grants – capital	8,282	8,282	5,316	2,966	55.8%	(b)
Contributions – monetary	3,305	3,305	2,000	1,305	65.3%	(c)
Contributions – non-monetary	12,098	12,098	7,500	4,598	61.3%	(d)
Net gain on disposal of property, infrastructure, plant and equipment	604	604	746	(142)	(19.0%)	
Fair value adjustments for investment property	115	115	–	115	100.0%	
Other income	25,971	15,452	8,265	7,187	87.0%	(e)
Total income / revenue	272,604	257,399	247,868	9,531	3.8%	
Expenses						
Employee costs	102,319	93,186	95,009	1,823	(1.9%)	
Materials and services	102,858	97,683	80,136	(17,547)	21.9%	(f)
Depreciation	35,881	35,695	33,601	(2,094)	6.2%	
Amortisation – intangible assets	44	24	–	(24)	100.0%	
Depreciation– right of use assets	715	715	598	(117)	19.6%	
Allowance for impairment losses	3,267	3,263	2,245	(1,018)	45.3%	(g)
Borrowing costs	2,575	2,537	2,698	161	(6.0%)	
Finance costs– leases	41	41	22	(19)	86.4%	
Other expenses	12,617	12,170	4,476	(7,694)	171.9%	(h)
Total expenses	260,317	245,314	218,785	(26,529)	12.1%	
Surplus for the year	12,287	12,085	29,083	16,998	58.4%	

2.1.1 Income / Revenue and expenditure (continued)

Explanation of material variations

Ref	Item	Explanation
(a)	Grants – operating	<p>Operating grant income was \$7.81 million lower than budget mainly due to the early receipt of Council's 2023-24 Financial Assistance grant allocation via the Victorian Local Government Grants Commission (VLGGC) in the prior year (2022-23) and no early distribution of the 2024-25 allocation (\$11.65 million).</p> <p>This is partly offset by higher than anticipated Family Day Care grant income due to an expanded program (\$2.64 million) and unbudgeted grant income for various projects which were either advised after the adoption of Council's 2023-24 Budget or relate to grant-funded projects carried over from 2022-23 including Child First (\$472,000), New Directions - Mothers and Babies (\$366,000), Market Street Occasional Child Care Centre (\$338,000) and Refugee Immunisation PRIME (\$301,000).</p>
(b)	Grants – capital	<p>Capital grant income was \$2.97 million favourable to budget mainly due to grant funded projects carried over from the previous financial year (Local Roads Community Infrastructure Program \$1.04 million and two Noble Park Revitalisation projects – Leonard Avenue Streetscape and Ian Street Streetscape \$555,000) as well as funding advised after the adoption of Council's budget (Black Spot Works Program \$1.40 million).</p>
(c)	Contributions – monetary	<p>Monetary contributions were \$1.31 million lower than budget due to a delay in completion of the Perry Road widening project. This resulted in Development Contribution Plan income (DCP) not recognised in the Income Statement (recognised on completion).</p>
(d)	Contributions – non-monetary	<p>These contributions represent assets that are transferred to Council's ownership from developers upon completion of subdivisions. Refer to Note 6.2(a) for further details about contributed assets. In 2023-24, they relate mainly to land, land under roads, drains, roads, parks open space and streetscapes and recreational leisure and community facilities. The number of subdivisions that are completed vary from year to year and the timing of these asset transfers is outside of Council's control and difficult to predict.</p>
(e)	Other income	<p>Other income is \$7.19 million favourable to budget mainly due to \$6.19 million better than expected interest return on investments due to high interest rates and greater cash and investment balances as a result of delayed capital expenditure.</p>
(f)	Materials and services	<p>The unfavourable variance of \$17.55 million is attributable to:</p> <ul style="list-style-type: none"> – \$11.95 million in capital expenditure that was not able to be capitalised to the asset register because it was not capital in nature, it did not meet the capitalisation threshold or it related to non-Council owned assets (\$3.90 million relating to current year capital expenditure and \$8.05 million relating to prior year capital expenditure in work in progress). – higher than anticipated Family Day Care contract services expenditure as a result of an expanded program (\$2.63 million, matched by higher income). – higher park maintenance contract costs particularly for storm events, playgrounds, trees and roadside mowing (\$2.15 million).
(g)	Allowance for impairment losses	<p>The unfavourable variance of \$1.02 million is due to an additional provision for a sundry doubtful debt (\$407,000) and an increase in the provision for doubtful infringement debt assumptions.</p>
(h)	Other expenses	<p>The \$7.69 million unfavourable variance to budget is mainly arising from asset write offs (\$6.75 million) and contributions to non-Council assets as part of several capital works projects (\$538,000), in particular, Black Spot projects. Asset write offs represent the renewal and replacement works as part of capital work projects. In 2023-24, this mainly relates to roads, kerb and channel, buildings, drainage, footpaths, bridges and off-street car parks.</p>

2.1.2 Capital works

	Consolidated Actual 2024 \$'000	Council Actual 2024 \$'000	Council Budget 2024 \$'000	Council Variance \$'000 <i>Fav (Unfav)</i>	Council Variance % <i>Fav (Unfav)</i>	Note 2.1.2 Ref
Property						
Land	10	10	–	(10)	(100.00%)	
Total land	10	10	–	(10)	(100.00%)	
Buildings	15,412	15,412	26,745	11,333	42.37%	(a)
Total buildings	15,412	15,412	26,745	11,333	42.37%	
Total property	15,422	15,422	26,745	11,323	42.34%	
Plant and equipment						
Plant, machinery and equipment	2,259	2,154	3,141	987	31.42%	(b)
Fixtures, fittings and furniture	49	34	116	82	70.69%	
Computers and telecommunications	940	940	860	(80)	(9.30%)	
Library books	791	791	878	87	9.91%	
Total plant and equipment	4,039	3,919	4,995	1,076	21.54%	
Infrastructure						
Roads	13,299	13,299	9,058	(4,241)	(46.82%)	(c)
Bridges	343	343	–	(343)	(100.00%)	
Footpaths and cycleways	700	700	1,220	520	42.62%	
Drainage	1,002	1,002	1,550	548	35.35%	
Recreational, leisure and community facilities	9,616	9,616	7,551	(2,065)	(27.35%)	(d)
Parks, open space and streetscapes	5,684	5,684	7,137	1,453	20.36%	(e)
Off street car parks	66	66	75	9	12.00%	
Total infrastructure	30,710	30,710	26,591	(4,119)	(15.49%)	
Total capital works expenditure	50,171	50,051	58,331	8,280	14.19%	
Represented by:						
New asset expenditure	13,582	13,462	22,232	8,770	39.45%	(f)
Asset renewal expenditure	21,713	21,713	28,112	6,399	22.76%	(g)
Asset upgrade expenditure	14,876	14,876	7,987	(6,889)	(86.25%)	(h)
Total capital works expenditure	50,171	50,051	58,331	8,280	14.19%	

2.1.2 Capital works (continued)

Explanation of material variations

Ref	Item	Explanation
(a)	Buildings	The \$11.33 million favourable variance to budget is mainly due to the several large multi-year capital projects combined with some delays, with the remaining budget to be carried over to the 2024-25 financial year: <ul style="list-style-type: none"> – Keysborough South Community Hub (\$3.77 million) – Dandenong Wellbeing Centre (\$3.64 million) – Dandenong New Art (\$1.54 million) – Dandenong Community Hub (\$1.49 million) – Precinct Energy Plant (PEP) Redevelopment (\$527,000) – Lyndale Secondary College (\$350,000).
(b)	Plant, machinery and equipment	The favourable variance of \$987,000 to the budget is mainly due to Fleet team resourcing issues which meant that a number of heavy plant and equipment renewals were not actioned during 2023-24.
(c)	Roads	The unfavourable variance of \$4.24 million to the budget is due to: <ul style="list-style-type: none"> – \$2.47 million in expenditure for the Perry Road widening project which was carried over from the 2022-23 year due to delays caused by service authorities' approvals and materials availability (supply of concrete pipes). – several Black Spot grant funded projects carried over from the 2022-23 year (\$1.06 million).
(d)	Recreational, leisure and community facilities	The unfavourable variance of \$2.07 million to the budget is mainly due to projects that were carried over from the 2022-23 year including Ross Reserve Athletic Soccer Pitch, Frederick Wachter Playground and George Andrews Reserve Field 2 Lighting.
(e)	Parks, open space and streetscapes	Capital expenditure on parks, open space and streetscapes was \$1.45 million lower than the budget mainly due to delays in the following projects that will be carried over to the 2024-25 financial year: <ul style="list-style-type: none"> – Dandenong Indoor Sports Stadium Carpark Lighting and Lonsdale Street Light Sticks (\$411,000) – Dandenong CBD – Road and Pedestrian Street Lights LED Upgrade (\$409,000) – Implementation of the Springvale Revitalisation Action Plan (\$250,000) – Noble Park Revitalisation (\$249,000).
(f)	New asset expenditure	New asset expenditure was \$8.77 million lower than budget due to the deferral of \$5.12 million in capital expenditure and new borrowings for the Keysborough South Community Hub major project to 2024-25. This is combined with \$5.22 million favourable variance in two other multi-year projects (Dandenong Wellbeing Centre and Dandenong Community Hub) that will be carried over to 2024-25.
(g)	Asset renewal expenditure	Asset renewal expenditure was \$6.40 million lower than budget due to \$4 million in budgeted renewal works for the Ross Reserve Athletics Track spent in asset upgrade. Also contributing are favourable variances in the Fleet renewal program as detailed in 2.1.2(b) and Dandenong Indoor Sports Stadium Carpark Lighting, Lonsdale Street Light Sticks and Dandenong CBD – Road and Pedestrian Street Lights LED Upgrade as per commentary in 2.1.2(e). These projects will be carried over to the 2024-25 financial year.
(h)	Asset upgrade expenditure	Asset upgrade expenditure was \$6.89 million higher than budget due to Ross Reserve Athletics Track which was spent in asset upgrade, but budgeted in asset renewal combined with the Perry Road widening project carry over from 2022-23 discussed in 2.1.2(c) and (g) above.

2.2 Analysis of Council results by program

During the 2023-24 financial year, Council's organisational structure underwent a transformation to address current and future challenges. A new organisational structure was effective from 30 October 2023 and positions Council as an agile and innovative organisation ready to meet the demands of the future.

New Structure	Former Structure
Chief Executive Office (including Digital Technology and Strategic Growth and Advocacy)	Chief Executive Office
City Futures	City Planning, Design and Amenity Business, Engineering and Major Projects (including Greater Dandenong Business)
Community Strengthening	Community Strengthening
Corporate Development	Corporate Services

2.2.1 Council delivers its functions and activities through the following programs.

Chief Executive Office (CEO)

The Chief Executive Office includes the CEO, Digital Technology and Strategic Growth and Advocacy.

The Chief Executive Office has overall responsibility for the operations of the organisation. Each member of the executive management team reports to the CEO.

The Digital Technology unit is responsible for the provision of cost-effective information and telecommunication solutions to staff and councillors.

Strategic Growth and Advocacy is responsible for Council's organisational strategy and performance; asset management; and advocacy functions. The business units within this department include Asset Management, Community Advocacy, and Corporate Planning and Performance.

City Futures

City Futures is responsible for a large range of Council activities including parks and waste, roads and transport, major projects, sustainability, statutory planning, economic development, and investment attraction. It has a key focus on the development of our built and natural environments and ensuring that Council's activities match the community's future needs for facilities, housing, and sustainability.

The departments which make up City Futures are Business Development and Investment, Chief Engineer and Major Projects, Infrastructure Services, Statutory Planning, Strategic and Environmental Planning, and Transport and Civil Development.

Community Strengthening

Community Strengthening provides direct services to the community across a wide range of programs such as sport and recreation, libraries, youth and families, children's services, festivals and events, support for older people and community safety. This directorate manages Community Amenity, Community Arts, Culture and Libraries; Community Care; Community Wellbeing; and Safe, Active and Connected Communities.

Corporate Development

Corporate Development covers a broad range of organisational functions including financial planning, marketing and communications, customer service, governance, risk management and organisational development. The departments within this directorate include Financial Services; Governance, Legal and Risk; Communications and Customer Experience; and People and Change.

Non-attributable

The items that cannot be reliably attributable to a directorate. For example furniture, fixtures and fittings that cannot be identified by a location or work in progress that cannot be easily allocated across directorate.

2.2 Analysis of Council results by program (continued)

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

	Income / Revenue \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income / revenue \$'000	Total assets \$'000
2024					
Chief Executive Office	289	12,329	(12,040)	222	360
City Futures	58,868	119,109	(60,241)	9,370	1,805,030
Community Strengthening	40,924	79,447	(38,523)	24,135	748,158
Corporate Development	157,318	26,375	130,943	569	329,711
Non-attributable*	-	8,054	(8,054)	-	283
Council Total**	257,399	245,314	12,085	34,296	2,883,542
Dandenong Market Pty Ltd	6,886	6,736	150	-	2,685
South East Leisure Pty Ltd	12,646	12,594	52	44	3,297
Consolidated elimination	(4,327)	(4,327)	-	-	(1,079)
Consolidated Total	272,604	260,317	12,287	34,340	2,888,445

	Income / Revenue \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income / revenue \$'000	Total assets \$'000
2023					
Chief Executive Office	-	813	(813)	-	5
Business, Engineering & Major Projects	54,433	106,661	(52,228)	11,184	1,563,635
City Planning, Design & Amenity	14,792	20,241	(5,449)	670	117,237
Community Strengthening	27,207	62,884	(35,677)	23,369	738,077
Corporate Services	166,602	30,231	136,371	16,434	332,132
Non-attributable*	-	8,981	(8,981)	-	134
Total for Council	263,034	229,811	33,223	51,657	2,751,220
Dandenong Market Pty Ltd	6,146	6,017	129	-	2,138
South East Leisure Pty Ltd	11,464	11,440	24	19	3,344
Consolidation elimination	(4,250)	(4,250)	-	-	(1,335)
Consolidated Total	276,394	243,018	33,376	51,676	2,755,367

*Non-attributable represents income and expense items that are not specifically attributable to one of the directorates.

**During 2023-24, an organisational restructure occurred. Refer to Note 2.2.1.

Note 3 Funding for the delivery of our services

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
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3.1 Rates and charges

Council uses the 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 the land and all improvements on it, and is determined by independent valuers and certified by the Valuer General Victoria. The valuation base used to calculate general rates for 2023-24 was \$64.44 billion (\$59.36 billion in 2022-23).

Residential	59,675	58,243
Commercial	12,818	12,242
Industrial	67,494	62,298
Farm	501	458
Cultural and recreational	519	558
Waste management charge – residential	26,185	24,829
Supplementary rates and rates adjustment	999	1,963
Maintenance levy	1,735	1,697
Interest on rates and charges	1,183	1,240
Total rates and charges	171,109	163,528

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 Statutory fees and fines

Infringements and costs	6,376	4,933
Court recoveries	2,308	1,661
Building and town planning fees	1,948	1,818
Subdivision	63	146
Land information certificates	128	112
Election fines	67	10
Permits	328	237
Total statutory fees and fines	11,218	8,917

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.

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
3.3 User fees		
Aged and health services	1,065	941
Leisure centre and recreation	4,744	3,504
Child care/children's programs	1,821	1,749
Parking	3,278	2,530
Registration and other permits	1,850	2,018
Asset protection fees	508	472
Other fees and charges	578	557
Total user fees	13,844	11,771

User fees by timing of revenue recognition		
User fees recognised over time	278	281
User fees recognised at point in time	13,566	11,490
Total user fees	13,844	11,771

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

3.4 Funding from other levels of government

Grants were received in respect of the following:

Summary of grants		
Commonwealth funded grants	17,824	34,361
State funded grants	16,507	17,296
Other grant sources	9	19
Total grants received	34,340	51,676

a) Operating grants

Recurrent – Commonwealth Government

Financial Assistance Grants (via Victoria Local Government Grants Commission)*	568	16,258
Family Day Care	7,201	6,534
General Home Care	5,792	6,247
Family, Youth and Children Services	366	352
Libraries	252	261
Immunisation	15	18
Volunteer Services	–	13
	14,194	29,683

*Payments for Financial Assistance Grants received via the Victorian Local Government Grants Commission can vary year on year. Due to an early distribution in the prior year, 2023-24 only reflects the final adjustment to Council's 2023-24 funding allocation, whereas 2022-23 reflects approximately 125% of funding received (that is, 100% of the initial funding estimate for 2023-24 and 25% of 2022-23).

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
3.4 Funding from other levels of government (continued)		
a) Operating grants (continued)		
Recurrent – State Government		
Aged Care	1,005	1,018
Maternal and Child Health	2,618	2,374
Family, Youth and Children Services	2,960	2,658
Libraries	1,137	1,178
School Crossing Supervisors	540	524
General Home Care	421	492
Education and Employment	480	350
Community Health	260	232
Open Space and Environment	212	213
Immunisation	86	138
COVID Safety and Support	–	192
Emergency Management	–	87
Volunteer Services	8	8
	9,727	9,464
Total recurrent operating grants	23,921	39,147
Non-recurrent – Commonwealth Government		
Family, Youth and Children Services	50	110
Immunisation	100	126
Community Development	22	–
Libraries	1	–
	173	236
Non-recurrent – State Government		
Community Development	501	488
Immunisation	301	513
Waste Management	68	369
Family, Youth and Children Services	394	284
Maternal and Child Health	166	41
Community Safety	200	200
Open Space and Environment	219	398
COVID Safety and Support	60	90
Aged Care	–	92
South East Leisure	44	19
Other	2	14
Arts and Culture	–	3
	1,955	2,511

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
3.4 Funding from other levels of government (continued)		
a) Operating grants (continued)		
Non-recurrent – Other		
Arts and Culture	9	–
Transport and Access	–	19
	9	19
Total non-recurrent operating grants	2,137	2,766
Total operating grants	26,058	41,913
b) Capital grants		
Recurrent – Commonwealth Government		
Roads to Recovery	969	929
Non-recurrent – Commonwealth Government		
Local Roads Community Infrastructure Program	1,044	2,657
Black Spot Program	1,404	828
Parks, Open Space and Streetscapes	40	–
Sports and Recreation	–	28
	2,488	3,513
Non-recurrent – State Government		
Recreational, Leisure and Community Facilities	–	2,903
Parks, Open Space and Streetscapes	1,873	1,681
Buildings and Leaseholds	2,462	337
Noble Park Revitalisation Program	490	400
	4,825	5,321
Total non-recurrent capital grants	7,313	8,834
Total capital grants	8,282	9,763

Consolidated 2024 \$'000	Consolidated 2023 \$'000
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3.4 Funding from other levels of government (*continued*)

(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	568	16,258
Specific purpose grants to acquire non-financial assets	8,282	9,763
Other specific purpose grants	15,163	15,505

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

Specific purpose grants	10,327	10,150
	34,340	51,676

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
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3.4 Funding from other levels of government (*continued*)

d) Unspent grants for income recognised under AASB 1058

The unspent grant income disclosed below relate to contracts that do not have sufficiently specific performance obligations. The income for these contracts are recognised when Council obtains control of the contribution, which is normally upon receipt. For details of grant funding recognised under AASB 15 and relating to unsatisfied performance obligations and transfers to construct a recognisable non-financial to be controlled by Council, please refer to Note 5.3(c).

Operating

Balance at start of the year	20,866	16,449
Received during the financial year and remained unspent at balance date	5,471	18,672
Received in prior years and spent during the financial year	(20,425)	(14,255)
Balance at year end*	5,912	20,866

Unspent grants are determined and disclosed on a cash basis.

**The large balance of unspent operating grants in the 2023 year relates to the early distribution by the Victoria Local Government Grants Commission of 100% of the Financial Assistance Grants funding for the following financial year (2024: \$0 and 2023: \$12.94 million).*

3.5 Contributions

Monetary

Community contributions (for capital works)	16	197
Other contributions	91	25
Total non-developer contributions	107	222
Open space contributions (<i>for future capital works</i>) (<i>note 3.5(a)</i>)	2,288	2,171
Development infrastructure levies (<i>for capital works completed</i>)	910	–
Total developer contributions	3,198	2,171
Total monetary contributions	3,305	2,393
Non-monetary	12,098	14,804
Total contributions	15,403	17,197

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

Land	1,640	14,000
Infrastructure	10,458	804
Total non-monetary contributions	12,098	14,804

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

Additional note: (a) Public open space contributions received during the financial year are transferred to the Open Space Planning, Development and Improvements Reserve. Refer note 9.1(b).

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
3.6 Net gain on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	628	794
Less carrying amount of assets sold	(24)	(75)
	604	719
Total net gain on disposal of property, infrastructure, plant and equipment	604	719

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

3.7 Other income

Interest on investments	9,593	5,760
Dandenong Market revenue from operations	6,443	5,967
Investment property rental	1,607	1,553
Other rent	3,915	3,598
Recoveries	1,965	3,431
Other	2,448	2,049
Total other income	25,971	22,358

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
4.1 a) Employee costs		
Wages and salaries	80,172	74,770
WorkCover	2,349	1,435
Casual staff	1,091	1,062
Superannuation	8,885	7,871
Long service leave oncost	1,844	1,707
Fringe benefits tax	392	528
Other	7,586	6,099
Total employee costs	102,319	93,472
b) Superannuation		
Council made contributions to the following funds:		
<u>Defined benefit fund</u>		
Employer contribution to Local Authorities Superannuation Fund (Vision Super)	312	321
	312	321
Employer contributions payable at reporting date.	34	–
<u>Accumulation funds</u>		
Employer contribution to Local Authorities Superannuation Fund (Vision Super)	3,771	3,610
Employer contribution – other funds	4,772	3,908
	8,543	7,518
Employer contributions payable at reporting date.	313	284
Contributions made exclude amounts accrued at balance date. Refer note 9.3 for further information relating to Council's superannuation obligation.		

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
4.2 Materials and services		
Waste management	20,643	20,040
Other contract payments	11,430	10,264
Works in progress (unable to be capitalised)	8,054	8,978
Park maintenance	8,840	8,637
Office administration	6,534	6,271
General maintenance	5,888	7,392
Cleaning services	7,103	6,740
Educator services	7,187	6,559
Consultants and professional services	7,424	6,271
Information technology	5,472	4,797
Utilities	5,218	4,970
Building maintenance	3,546	3,640
Insurance	1,832	2,343
Security services	2,187	1,911
Springvalley landfill rehabilitation and monitoring costs	234	724
Library resources	587	542
Meals for delivery	354	348
Cash collection services	205	201
Property valuation services	120	108
Leisure centre contract	-	52
Total materials and services	102,858	100,788

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

4.3 Depreciation

Property	8,559	6,845
Plant and equipment	4,202	3,903
Infrastructure	23,120	22,101
Total depreciation	35,881	32,849

Refer to 6.2 for a more detailed breakdown of depreciation charges.

4.4 Amortisation – Intangible assets

Software	44	111
Total amortisation – intangible assets	44	111

4.5 Depreciation – Right-of-use assets

Property	430	416
Vehicles	46	71
IT and office equipment	239	239
Total depreciation – right-of-use assets	715	726

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
4.6 Allowance for impairment losses		
Parking fine debtors	2,268	1,544
Other debtors	995	1,258
Dandenong Market Pty Ltd	3	(6)
South East Leisure Pty Ltd	1	22
Total allowance for impairment losses	3,267	2,818
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	2,260	1,376
New allowances recognised during the year	3,267	2,818
Amounts already allowed for and written off as uncollectible	(2,319)	(1,934)
Balance at end of year	3,208	2,260
An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.		
4.7 Borrowing costs		
Interest – borrowings	2,537	2,665
Interest – other interest-bearing liabilities	38	22
Interest – other	–	–
Total borrowing costs	2,575	2,687
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.		
4.8 Finance costs – leases		
Interest – lease liabilities	41	52
Finance costs – leases	41	52

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
4.9 Other expenses		
Auditors' remuneration – VAGO – audit of the financial statements, performance statement and grant acquittals	123	124
Auditors' remuneration – Internal Audit	171	32
Auditors' remuneration – Other	–	4
Councillors' allowances	514	516
Council elections	129	2
Operating lease / rentals	768	742
Assets written-off	6,754	3,427
Landfill provision	90	144
Impairment loss	56	–
Other expenses	1,357	1,566
Community grants and contributions	2,655	2,958
Total other expenses	12,617	9,515

Note 5 Investing in and financing our operations

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	14	19
Cash at bank	25,156	25,918
Term deposits	-	50,056
Total cash and cash equivalents	25,170	75,993
(b) Other financial assets		
Current		
Term deposits	172,820	122,869
Total current other financial assets	172,820	122,869
Total other financial assets	172,820	122,869
Total cash and cash equivalents and other financial assets	197,990	198,862

Cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (note 5.3(b))	7,723	8,585
Total restricted funds	7,723	8,585
Total unrestricted cash and cash equivalents	190,267	190,277

Council further restricts its cash and cash equivalents by the following intended allocations:

Intended allocations*

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

Employee provisions (note 5.5 (a))	21,591	21,584
Development Contribution Plans (DCP) unearned income (note 5.3 (c))	44,104	43,256
Statutory and other reserves (note 9.1(b))	94,561	87,880
Cash held to fund carried forward operational projects**	7,048	20,893
Cash held to fund carried forward capital works (net)**	21,741	17,802
Total funds subject to intended allocations	189,045	191,415
Council's unrestricted cash and cash equivalents	1,222	(1,138)

*Users of the financial report should refer to note 9.1(b) for details of funds held in reserve and note 5.7 for details of existing Council commitments.

**Cash amounts held to fund carried forward projects are exclusive of associated reserve funding.

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.

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
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5.1 Financial assets (continued)

(b) Other financial assets (continued)

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 including 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.

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	15,960	15,325
Infringement debtors	10,884	10,342
Allowance for expected credit loss – infringements	(1,522)	(1,035)
Other statutory debtors	291	539
Allowance for expected credit loss – other debtors	(88)	(69)
Net GST receivable	1,854	2,012

Non statutory receivables

Other debtors	5,021	5,203
Allowance for expected credit loss - other debtors	(1,598)	(1,156)
Total current trade and other receivables	30,802	31,161

Non-current

Non statutory receivables

Narre Warren landfill – financial contribution	192	200
Other debtors – refundable deposit	74	73
Total non-current trade and other receivables	266	273
Total trade and other receivables	31,068	31,434

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.

i) Ageing of receivables

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

Current (not yet due)	986	1,610
Past due by up to 30 days	297	307
Past due between 31 and 180 days	982	526
Past due between 181 and 365 days	122	792
Past due by more than 1 year	1,302	1,085
Total trade and other receivables	3,689	4,320

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
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5.1 Financial assets (continued)

(c) Trade and other receivables (continued)

ii) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$1.43 million (2023: \$1.02 million) were impaired. The amount of the allowance raised against these debtors was \$1.43 million (2023: \$1.02 million). 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.

Ageing of all impaired trade and other receivables (excluding statutory receivables)

Current (not yet due)	56	63
Past due by up to 30 days	16	4
Past due between 31 and 180 days	31	37
Past due between 181 and 365 days	83	372
Past due by more than 1 year	1,412	680
Total trade and other receivables	1,598	1,156

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
5.2 Non-financial assets		
a) Inventories		
Inventories held for distribution	69	62
Total inventories	69	62
<p>Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.</p>		
b) Prepayments		
Prepayments	1,222	3,098
Total prepayments	1,222	3,098
c) Other assets		
Accrued income	4,729	4,796
Other	667	559
Total other assets	5,396	5,355
(c) Intangible assets		
Software	40	84
Total intangible assets	40	84
<i>Software</i>		
Gross carrying amount		
Balance at 1 July 2023	3,050	3,050
Transfer from work in progress	-	-
Other additions	-	-
Balance at 30 June 2024	3,050	3,050
Accumulated amortisation and impairment		
Balance at 1 July 2023	(2,966)	(2,855)
Amortisation expense	(44)	(111)
Balance at 30 June 2024	(3,010)	(2,966)
Net book value at 30 June 2023	84	195
Net book value at 30 June 2024	40	84
<p>Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life (3 years for Computer Software). 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.</p>		

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
5.3 Payables, trust funds and deposits and contract and other liabilities		
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	17,454	16,756
Accrued expenses	10,124	9,051
Statutory payables		
Net GST payable	238	181
Total current trade and other payables	27,816	25,988
(b) Trust funds and deposits		
Current		
Fire services property levy	877	932
Road deposits	429	576
Landscape deposits	1,044	1,167
Open space contributions	212	446
Other refundable deposits	2,263	3,352
Total current trust funds and deposits	4,825	6,473
Non-current		
Other refundable deposits	2,898	2,112
Total non-current trust funds and deposits	2,898	2,112
Total trust funds and deposits	7,723	8,585

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.

Purpose and nature of items

Fire Services Property Levy – Council is the collection agent for fire services 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.

Road and landscape deposits – are taken by Council as a form of surety during the maintenance period of a development or held due to outstanding works identified after the maintenance period which have not been addressed by the contracted builder or developer.

Refundable deposits – Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
5.3 Payables, trust funds and deposits and contract and other liabilities (continued)		
(c) Contract and other liabilities		
Contract liabilities		
Current		
Grants received in advance – operating grants*	8,162	10,012
Grants received in advance – capital grants*	2,177	3,568
Unearned income / revenue – Development Contribution Plans (DCP)*	44,104	43,256
Other	2,234	2,044
Total contract liabilities	56,677	58,880

*Movement reconciliations for 2024 provided on the following pages.

Contract liabilities

Contract liabilities reflect consideration received in advance from customers in respect of operating grants with sufficiently specific performance obligations. For example, Home and Community Care grant funding to perform a set number of service hours or meals for clients. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

(c) Contract and other liabilities (continued)

Revenue from contracts (AASB 15)	Consolidated 2024				
	Opening balance \$'000	Income received during current year \$'000	Income refunded \$'000	Income recognised due to satisfied obligations \$'000	Closing balance of unsatisfied obligations \$'000
Operating grants					
Home and Community Care*	9,190	6,404	(1,296)	(6,988)	7,310
Family, Youth and Children	796	3,301	–	(3,262)	835
Parks and Open Space	8	–	–	–	8
Other	18	68	–	(77)	9
	10,012	9,773	(1,296)	(10,327)	8,162

Performance obligations under the above operating grants are based on the contract agreement and generally relate to the number of service hours or meals provided.

*The most significant item above relates to grants received by Council's Community Care department from the Commonwealth Government for the Commonwealth Home Support Program (CHSP) and the Victorian Government for the Home and Community Care (HACC) Program for Younger People (PYP). The \$7.31 million relates to unsatisfied performance obligations from 2019-20, 2020-21, 2021-22 and 2022-23. These funds were received under an agreement that was initially to end in 2019 but due to delays in implementing the new Aged Care Reform Agenda Council has been receiving one year contract extensions for the 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 years. The current contract extension now finishes 30 June 2025. The Commonwealth Government recently announced that they are delaying the implementation of the new In Home Support Program until 1 July 2027.

Other liabilities

Council receives grant consideration from a variety of funding bodies to support the construction of nominated property 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.

The table on the following page outlines the various capital grants Council has recognised as income under AASB 1058 based on the stage of completion of the asset.

The closing balance of transfers received to construct a recognisable non-financial asset to be controlled by Council represents a liability (unearned income) arising from the transfer at balance date.

The closing balance of transfers received to construct a recognisable non-financial asset to be controlled by Council represents a liability (unearned income) arising from the transfer at balance date.

Transfers to construct a recognisable non-financial asset to be controlled by Council (AASB 1058)	Consolidated 2024				
	Opening balance \$'000	Income received and/or accrued \$'000	Income refunded \$'000	Income recognised due to satisfied obligations \$'000	Closing balance of unsatisfied obligations \$'000

(c) Contract and other liabilities (continued)

Capital grants

Alex Wilkie Reserve	-	55	-	-	55
Black Spot Works Program	69	1,335	-	(1,404)	-
Home and Community Care Minor Equipment	50	-	-	-	50
Keysborough South Community Hub	1,026	1,200	-	(1,841)	385
Local Roads Community Infrastructure (LRCI)	490	768	-	(1,044)	214
Lyndale Secondary College Pavilion	-	72	-	(50)	22
Noble Park Revitalisation	557	80	(16)	(490)	131
Open Space and Streetscapes (Ian, Hemmings and Frank Streets)	236	120	-	(313)	43
Other	-	7	-	34	41
Parkfield Reserve Tennis Court	-	247	-	-	247
Police Paddocks	152	20	-	(172)	-
Redevelopment of former Precinct Energy Plant (PEP)	727	-	-	(273)	454
Roads to Recovery	108	861	-	(969)	-
Safe System Pedestrian Infrastructure	-	175	-	-	175
Springvale Reserve (various)	-	1,487	-	(1,487)	-
Sportsground Lighting (George Andrews, Lois Twohig, Rowley Allan and Greaves reserves)	153	380	-	(173)	360
Thomas Carroll Reserve Pavilion and Lighting	-	100	-	(100)	-
	3,568	6,907	(16)	(8,282)	2,177

Council's obligations under the above transfers are to construct a Property, Infrastructure, Plant and Equipment asset and this obligation is considered to be satisfied as the capital project expenditure to construct the asset is progressively incurred.

Development Contribution Plans (DCP)

Keysborough Residential DCP	28,825	21	-	-	28,846
Dandenong Industrial DCP (Keysborough & Lyndhurst)	14,431	2,928	(910)	(1,191)	15,258
	43,256	2,949	(910)	(1,191)	44,104

The satisfaction of DCP obligations depends on development activity and the construction of assets by developers. Income / revenue is recognised on practical completion of the asset.

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
5.4 Interest-bearing liabilities		
(a) Interest-bearing loans and borrowings		
<i>Current</i>		
Other borrowings – secured	3,834	3,597
	3,834	3,597
<i>Non-current</i>		
Other borrowings – secured	43,348	46,182
	43,348	46,182
Total interest-bearing liabilities	47,182	49,779

Borrowings are secured over the general rates of Council.

(b) Other Interest-bearing loans and borrowings

Current

Other borrowings – secured	99	92
	99	92

Non-current

Borrowings – secured	285	373
	285	373

Total other interest-bearing loans and borrowings	384	465
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Other interest-bearing loans and borrowings relates to a finance lease entered into by South East Leisure Pty Ltd to lease and subsequently purchase gym equipment. Council is a guarantor to this finance lease.

(c) Maturity profile

The maturity profile for Council's borrowings is:

Not later than one year	3,933	3,689
Later than one year and not later than five years	12,592	16,139
Later than five years	31,041	30,416
	47,566	50,244

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.

5.5 Provisions

	Consolidated		
	Employee \$'000	Landfill restoration \$'000	Total \$'000
2024			
Balance at beginning of the financial year	21,584	1,014	22,598
Additional provisions	9,142	443	9,585
Amounts used	(9,110)	(234)	(9,344)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(25)	(119)	(144)
Balance at the end of the financial year	21,591	1,104	22,695
<i>Provisions – current</i>	<i>20,906</i>	<i>229</i>	<i>21,135</i>
<i>Provisions – non-current</i>	<i>685</i>	<i>875</i>	<i>1,560</i>
	<i>21,591</i>	<i>1,104</i>	<i>22,695</i>
2023			
Balance at beginning of the financial year	22,114	870	22,984
Additional provisions	8,083	324	8,407
Amounts used	(8,290)	(158)	(8,448)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(323)	(22)	(345)
Balance at the end of the financial year	21,584	1,014	22,598
<i>Provisions – current</i>	<i>20,983</i>	<i>294</i>	<i>21,277</i>
<i>Provisions – non-current</i>	<i>601</i>	<i>720</i>	<i>1,321</i>
	<i>21,584</i>	<i>1,014</i>	<i>22,598</i>

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
5.5 Provisions (continued)		
(a) Employee provisions		
<i>Current provisions expected to be wholly settled within 12 months</i>		
Annual leave	8,017	7,924
Long service leave	1,005	1,124
Other	620	533
	9,642	9,581
<i>Current provisions expected to be wholly settled after 12 months</i>		
Annual leave	477	538
Long service leave	10,787	10,864
	11,264	11,402
Total current employee provisions	20,906	20,983
<i>Non-current</i>		
Long service leave	685	601
Total non-current employee provisions	685	601
<i>Aggregate carrying amount of employee provisions:</i>		
Current	20,906	20,983
Non-current	685	601
Total aggregate carrying amount of employee provisions	21,591	21,584

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

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

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

Long service leave

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

	Consolidated 2024	Consolidated 2023
5.5 Provisions (continued)		
Key assumptions:		
- discount rate	4.20%	4.05%
- index rate	3.50%	3.50%
- settlement rate long service leave (years)		
long service leave (years)	7	7
(b) Landfill restoration	\$'000	\$'000
Current	229	294
Non-current	875	720
Total provision for landfill restoration	1,104	1,014

The former Springvalley landfill has been closed to the receipt of refuse since December 1998. The former landfill is located between Clarke Road and Springvale Road and the premises was used as a landfill for disposal of waste from 1993 to 1999 under a licence issued by the Environmental Protection Authority (EPA). The landfill is owned by the Greater Dandenong City Council and is used as recreational open space. Under the terms of a licence agreement with the Environment Protection Authority (EPA) and Pollution Abatement notices, Council is required to monitor, progressively rehabilitate and conduct rectification works.

Council is obligated to restore the former Springvalley landfill site to a particular standard. The forecast life of the 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 including site aftercare and monitoring costs. The expected cost of works has been estimated based on current understanding of work required to progressively rehabilitate 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.

The Greater Dandenong City Council shares the commitment for rehabilitation and aftercare management of the landfill with other stakeholder Council's. Council's interest or share of the costs is 19.88%. In the financial report for 30 June 2024, Council has an amount of \$1.10 million (30 June 2023 \$1.01 million) as a provision for the restoration of the Springvalley Road landfill site which includes aftercare costs to meet EPA obligations.

Key assumptions:		
- discount rate	4.26%	4.05%
- index rate	3.00%	3.50%
- settlement rate	15 years	15 years

5.6 Financing arrangements

Bank overdraft	2,500	2,500
Credit card facilities	200	200
Interest-bearing liabilities - secured	47,182	49,779
Other interest-bearing liabilities - secured	384	465
Total facilities	50,266	52,944
Used facilities	47,611	51,188
Unused facilities	2,655	1,756

5.7 Commitments

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

(a) Commitments for expenditure

	Consolidated				
	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2024					
Operating					
Animal pound services	151	107	–	–	258
Building maintenance services	2,893	212	307	–	3,412
Cleaning services	1,109	1,084	1,945	–	4,138
Dandenong Market Pty Ltd commitments	2,569	2,145	2,160	362	7,236
Festivals and events	200	200	805	–	1,205
Garbage collection (incl. garden waste)	10,080	7,912	16,661	142	34,795
Hard waste and dumped rubbish	562	500	850	–	1,912
Meals for delivery	230	–	–	–	230
Open space management	128	–	–	–	128
Other contracts	1,318	345	1,001	–	2,664
Parking management	55	–	–	–	55
Recycling	3,326	3,382	5,004	–	11,712
Renewable electricity	489	489	1,466	–	2,444
South East Leisure Pty Ltd commitments	1,042	1,082	30	–	2,154
Works (roads and drains) services	441	119	–	–	560
Total operating commitments	24,593	17,577	30,229	504	72,903
Capital					
Buildings	13,245	5	4	–	13,254
Drainage	953	–	–	–	953
Parks, open space and streetscapes	1,267	1,525	5,803	–	8,595
Roads	317	–	–	–	317
Total capital commitments	15,782	1,530	5,807	–	23,119
Total commitments 2024	40,375	19,107	36,036	504	96,022

5.7 Commitments (continued)

(a) Commitments for expenditure (continued)

	Consolidated				
	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2023					
Operating					
Animal pound services	290	-	-	-	290
Building maintenance services	5,234	3,972	-	-	9,206
Cleaning services	2,949	801	107	-	3,857
Dandenong Market Pty Ltd commitments	2,486	2,569	4,257	-	9,312
Garbage collection (incl. garden waste)	6,936	7,144	18,421	3,839	36,340
Hard waste and dumped rubbish	925	-	-	-	925
Meals for delivery	440	-	-	-	440
Open space management	1,117	-	-	-	1,117
Other contracts	859	95	-	-	954
Parking management	70	30	-	-	100
Recycling	2,384	1,900	4,477	-	8,761
Renewable electricity	610	610	1,830	120	3,170
South East Leisure Pty Ltd commitments	1,054	1,078	1,096	72	3,300
Works (roads and drains) services	617	601	222	-	1,440
Total operating commitments	25,971	18,800	30,410	4,031	79,212
Capital					
Buildings	891	120	190	-	1,201
Drainage	92	-	-	-	92
Parks, open space and streetscapes	2,797	4,475	-	-	7,272
Roads	5,224	621	-	-	5,845
Total capital commitments	9,004	5,216	190	-	14,410
Total commitments 2023	34,975	24,016	30,600	4,031	93,622

5.7 Commitments (continued)

(b) Operating lease receivables

The Council has entered into commercial property leases on selected properties. These properties are held under operating leases and have remaining non-cancellable lease terms of between 1 and 50 years. All leases include a CPI based revision of the rental charge annually.

Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

	Consolidated	
	2024 \$'000	2023 \$'000
Not later than one year	1,034	1,306
Later than one year and not later than five years	1,827	1,555
Later than five years	200	51
	3,061	2,912

5.8 Leases

At inception of a contract, Council assesses 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;
- Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Council 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.

5.8 Leases (continued)

Right-of-use assets	Property \$'000	Vehicles \$'000	IT and Office Equip. \$'000	Total \$'000
Balance at 1 July 2023	959	68	527	1,554
Additions/lease modifications	274	–	56	330
Depreciation charge	(430)	(45)	(240)	(715)
Balance at 30 June 2024	803	23	343	1,169

Lease liabilities	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	622	586
One to five years	658	1,079
Total undiscounted lease liabilities as at 30 June	1,280	1,665
Lease liabilities included in the Balance Sheet at 30 June:		
Current	594	548
Non-current	642	1,038
Total lease liabilities	1,236	1,586

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases 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). This includes IT and office related equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Expenses relating to:

Leases of low value assets	768	742
Total	768	742

Non-cancellable lease commitments - short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Within one year	389	657
Later than one year but not later than five years	373	864
Total lease commitments	762	1,521

Note 6 Assets we manage

Note content:

6.1 Non-current assets classified as held for sale

6.2 (a) Summary of Property, Infrastructure, Plant and Equipment

(b) Summary of Work in Progress (WIP)

(c) Property

(d) Plant and Equipment

(e) Infrastructure

(f) Recognition

(g) Depreciation

(h) Valuation

(i) Reconciliation of Specialised Land

8.4* Fair value measurement

**This note includes additional details about the fair value hierarchy and impairment of assets.*

6.1 Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets and related liabilities are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

There are no non-current assets classified as held for sale at 30 June 2024.

6.2 Property, infrastructure, plant and equipment

Consolidated

(a) SUMMARY OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (net carrying amount)

	Carrying amount 30 June 2023	Acquisitions	Contributions	Revaluation	Depreciation	Impairment (loss) / reversal*	Disposals	Write Offs	Transfers	Carrying amount 30 June 2024
(Related FS note)		Stmt Cap Works	(Note 3.5)	(Note 9.1(a))	(Note 4.3)	(Note 4.9 and 9.1(a))	(Note 3.6)	(Note 4.2 & 4.9)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	1,339,926	-	1,640	62,633	-	-	-	-	-	1,404,199
Buildings	334,985	1,410	-	1,903	(8,559)	(729)	-	(1,547)	3,456	330,919
Plant and equipment	12,338	3,294	-	-	(4,202)	-	(24)	(4)	805	12,207
Infrastructure	772,567	15,404	10,458	61,152	(23,120)	(56)	-	(5,204)	20,187	851,388
Work in progress (WIP)	48,527	30,063	-	-	-	-	-	(8,054)	(24,448)	46,088
Total carrying amount	2,508,343	50,171	12,098	125,688	(35,881)	(785)	(24)	(14,809)	-	2,644,801

(b) SUMMARY OF WORK IN PROGRESS

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Write Offs \$'000	Closing WIP \$'000
Property	16,577	13,970	(4,214)	(1,255)	25,078
Plant and equipment	316	730	(233)	(83)	730
Infrastructure	31,634	15,363	(20,001)	(6,716)	20,280
Total	48,527	30,063	(24,448)	(8,054)	46,088

6.2 Property, infrastructure, plant and equipment (continued)

Consolidated

(c) PROPERTY

	*Land – specialised	*Land under roads – specialised	Land – non-specialised	Total land	Buildings – specialised	Leasehold improvements	Total buildings	Work in progress	TOTAL PROPERTY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At cost 1 July 2023	-	48,119	-	48,119	-	3,740	3,740	16,577	68,436
At fair value 1 July 2023	1,103,122	-	188,685	1,291,807	569,631	-	569,631	-	1,861,438
Accumulated depreciation at 1 July 2023	-	-	-	-	(236,478)	(1,908)	(238,386)	-	(238,386)
	1,103,122	48,119	188,685	1,339,926	333,153	1,832	334,985	16,577	1,691,488
Movements in fair value/cost									
Additions	-	-	-	-	1,410	-	1,410	13,970	15,380
Contributed assets	1,530	110	-	1,640	-	-	-	-	1,640
Revaluation increments (decrements)	14,846	44,152	3,635	62,633	(1,897)	-	(1,897)	-	60,736
Fair value/cost of assets written off	-	-	-	-	(3,188)	-	(3,188)	(1,255)	(4,443)
Transfers in (out)	-	-	-	-	3,456	-	3,456	(4,214)	(758)
	16,376	44,262	3,635	64,273	(219)	-	(219)	8,501	72,555
Movements in accumulated depreciation									
Depreciation	-	-	-	-	(8,438)	(121)	(8,559)	-	(8,559)
Accumulated depreciation of write offs	-	-	-	-	1,641	-	1,641	-	1,641
Impairment (loss)/reversal in revaluation reserve	-	-	-	-	(729)	-	(729)	-	(729)
Revaluation (increments) decrements	-	-	-	-	3,800	-	3,800	-	3,800
	-	-	-	-	(3,726)	(121)	(3,847)	-	(3,847)
At cost 30 June 2024	-	-	-	-	-	3,740	3,740	25,078	28,818
At fair value 30 June 2024	1,119,498	92,381	192,320	1,404,199	569,412	-	569,412	-	1,973,611
Accumulated depreciation at 30 June 2024	-	-	-	-	(240,204)	(2,029)	(242,233)	-	(242,233)
Carrying amount	1,119,498	92,381	192,320	1,404,199	329,208	1,711	330,919	25,078	1,760,196

*Refer to note 6.2(i) for a reconciliation of specialised land at fair value.

#Land under road assets are now recorded at fair value and the revaluation in 2023-24 is the first revaluation for this asset class. Please refer to note 10 Change in Accounting Policy for further details.

6.2 Property, infrastructure, plant and equipment
(d) PLANT AND EQUIPMENT

Consolidated

	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecomm's	Library books	Work in progress	TOTAL PLANT AND EQUIPMENT
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	16,879	9,337	7,833	10,970	316	45,335
Accumulated depreciation at 1 July 2023	(10,045)	(7,896)	(6,090)	(8,650)	-	(32,681)
	6,834	1,441	1,743	2,320	316	12,654
Movements in cost						
Additions	2,253	66	191	784	730	4,024
Cost of assets disposed	(1,408)	-	-	-	-	(1,408)
Cost of assets written off	-	(200)	-	-	(83)	(283)
Transfers in (out)	-	99	706	-	(233)	572
	845	(35)	897	784	414	2,905
Movements in accumulated depreciation						
Depreciation	(2,190)	(398)	(832)	(782)	-	(4,202)
Accumulated depreciation of disposals	1,384	-	-	-	-	1,384
Accumulated depreciation of write offs	-	196	-	-	-	196
	(806)	(202)	(832)	(782)	-	(2,622)
At fair value 30 June 2024	17,724	9,302	8,730	11,754	730	48,240
Accumulated depreciation at 30 June 2024	(10,851)	(8,098)	(6,922)	(9,432)	-	(35,303)
Carrying amount	6,873	1,204	1,808	2,322	730	12,937

6.2 Property, infrastructure, plant and equipment

Consolidated

(e) INFRASTRUCTURE

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Parks, open space and streetscapes	Off street car parks	Work in progress	TOTAL INFRA-STRUCTURE	GRAND TOTAL PROPERTY, PLANT & EQUIP, INFRAS.
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At cost 1 July 2023	-	-	-	-	51,776	53,831	-	31,634	137,241	251,012
At fair value 1 July 2023	559,766	75,642	106,543	477,964	-	-	19,782	-	1,239,697	3,101,135
Accumulated depreciation at 1 July 2023	(275,291)	(25,039)	(41,253)	(172,104)	(25,323)	(26,868)	(6,859)	-	(572,737)	(843,804)
	284,475	50,603	65,290	305,860	26,453	26,963	12,923	31,634	804,201	2,508,343
Movements in fair value/cost										
Additions	6,757	343	357	502	6,040	1,405	-	15,363	30,767	46,147
Contributed assets	1,502	-	60	1,556	2,702	4,710	-	-	10,530	12,170
Revaluation increments	-	8,642	-	80,619	8,773	8,107	-	-	106,141	166,877
Fair value/cost of assets disposed	-	-	-	-	-	-	-	-	-	(1,408)
Fair value/cost of assets written off	(7,317)	(494)	(396)	(910)	(8,925)	(15,273)	(798)	(6,716)	(40,829)	(45,555)
Transfers in (out)	6,607	118	1,754	1,427	6,087	4,024	170	(20,001)	186	-
	7,549	8,609	1,775	83,194	14,677	2,973	(628)	(11,354)	106,795	178,231
Movements in accumulated depreciation										
Depreciation	(9,356)	(967)	(2,343)	(4,901)	(2,877)	(2,308)	(368)	-	(23,120)	(35,881)
Accumulated depreciation of contributed assets	(47)	-	-	(25)	-	-	-	-	(72)	(72)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	1,384
Accumulated depreciation of write offs	4,022	158	122	372	8,747	15,106	382	-	28,909	30,746
Revaluation (increments) decrements	-	(2,954)	-	(34,154)	(4,291)	(3,590)	-	-	(44,989)	(41,189)
Impairment (loss)/reversal in revaluation reserve	-	-	-	-	-	-	-	-	-	(729)
Impairment (loss)/reversal in operating result	-	-	-	-	-	(56)	-	-	(56)	(56)
	(5,381)	(3,763)	(2,221)	(38,708)	1,579	9,152	14	-	(39,328)	(45,797)
At cost 30 June 2024	-	-	-	-	-	-	-	20,280	20,280	97,338
At fair value 30 June 2024	567,315	84,251	108,318	561,158	66,453	56,804	19,154	-	1,463,453	3,437,064
Accumulated depreciation at 30 June 2024	(280,672)	(28,802)	(43,474)	(210,812)	(23,744)	(17,716)	(6,845)	-	(612,065)	(889,601)
Carrying amount	286,643	55,449	64,844	350,346	42,709	39,088	12,309	20,280	871,668	2,644,801

6.2 Property, infrastructure, plant and equipment (continued)

(f) Recognition

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 detailed in note 6.2(g) have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Land under roads

Council recognises all land under roads acquired after 30 June 2008 at fair value (2022-23: cost). Council does not recognise land under roads that it controlled prior to that period in its financial report.

Repairs and maintenance

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.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 5 to 30 year period.

(g) Depreciation

All asset classes except land, land under roads and art works, 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 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 depreciated on the basis that they are assessed as having a limited useful life.

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

6.2 Property, infrastructure, plant and equipment (continued)

(g) Depreciation (continued)

Asset recognition thresholds and depreciation periods

Depreciation periods used are listed below and are consistent with the prior year unless marked with an *.

Council has also set a threshold limit for all classes of assets, which means that all assets with a value equal or greater than this threshold are recognised in these financial statements.

	Depreciation period (years)	Threshold limit \$'000
<i>Property</i>		
Land		
Land	N/A	–
Land under roads	N/A	–
Buildings		
Building components:		
Superstructure	100	* 10
Ancillary services	* 20	5
Fitout and fittings	* 20	5
Leasehold improvements	Lease term	5
<i>Plant and equipment</i>		
Plant and equipment		
Heavy plant and equipment	7	3
Buses, quads and trailers	10	3
Light plant and equipment, passenger and light commercial vehicles	5	3
Fixtures, fittings and furniture		
Fixtures, fittings, furniture and equipment	6	3
Musical instruments	20	3
Art works	N/A	3
Computers and telecommunications		
Hand held devices / mobile phones	5	3
Hardware and equipment	5	3
Library resources	5	–
<i>Infrastructure</i>		
Roads		
Seal	12 –20	20
Substructure	100	20
Kerb and channel	15 –80	5
Local Area Traffic Management (LATM) devices	5 –30	2
On-street car parks	20 –100	5
Bridges	20 –100	5
Footpaths and cycleways	10 –50	5
Drainage		
Pipes	100	5
Pits	100	2
Gross pollutant traps	50	5

6.2 Property, infrastructure, plant and equipment (*continued*)

(g) Depreciation (*continued*)

	Depreciation period (years)	Threshold limit \$'000
<i>Infrastructure (continued)</i>		
Recreational, leisure and community facilities		
Recreational equipment and facilities, minor outdoor electronic screens, signs and scoreboards. Sportsgrounds, grass (turf), courts, hardstand, other ground surfaces. Minor structures (sporting, shade structures and retaining walls), irrigation, sportsfield drainage, controllers, sensors, water tanks/pumps.	10-20	3
Major outdoor LED screens	5	3
Playgrounds	15	3
Outdoor pools	50	3
Parks, open space and streetscapes		
Open space furniture, fencing, bollards and gates.	10-50	3
Flood prevention – retarding/detention basins	20	3
Surface drainage – unformed open drains, water quality devices - wetlands, rain gardens and bioretention swales.	10	3
Surface drainage – formed open drains. Public art.	50	3
Signs, parking meters, ticket machines and equipment.	10-20	3
Lighting, landscaping, passive grass/surface and gardens.	10-20	3
Off street car parks	20-100	5

6.2 Property, infrastructure, plant and equipment (continued)

(h) Valuation

Valuation of land and buildings

The last formal valuation of land and buildings at 1 January 2024 was undertaken by qualified independent valuers, Patel Dore Valuers Pty Ltd. 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.

The net revaluation increment of \$1.90 million for Council's building assets is a minor revaluation movement in 2023-24 (0.6%). The buildings asset class was last revalued at 31 May 2023 via an indexed revaluation which resulted in a \$35 million increase. The financial impact on the buildings revaluation following the componentisation of building assets, increased the accumulated depreciation adjustment in the revaluation by \$974,000.

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 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.

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 \$'000s	Non- specialised Level 2 \$'000s	Specialised Level 3 \$'000s	Date of last valuation	Type of valuation
Land	–	192,320	1,119,498	1-Jan-24	Full
Land under roads	–	–	92,381	1-Jan-24	Full
Buildings*	–	–	329,208	1-Jan-24	Full
Total written down value	–	192,320	1,541,087		

*Buildings at fair value excludes leasehold improvements which are valued at cost.
Additional details about the fair value hierarchy (Levels 1-3) can be found in Note 8.4.

Valuation of Infrastructure

Valuation of infrastructure assets at fair value has been determined in accordance with a Council valuation or using an appropriate index.

The valuation is at fair value based on current replacement cost less accumulated depreciation at the date of valuation.

The date and type of the current valuation is detailed in the following table. The indexed revaluations that were conducted in the current year used CPI index as the basis of the valuation.

6.2 Property, infrastructure, plant and equipment (continued)

(h) Valuation (continued)

Valuation of Infrastructure (continued)

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 \$'000s	Non-specialised Level 2 \$'000s	Specialised Level 3 \$'000s	Date of last valuation	Type of valuation
Roads	–	–	286,643	May-23	Full
Bridges	–	–	55,449	Jun-24	Index
Footpaths and cycleways	–	–	64,844	May-23	Full
Drainage	–	–	350,346	May-24	Full
Recreational, leisure and community facilities	–	–	42,709	May-24	Index
Parks, open space and streetscapes	–	–	39,088	May-24	Index
Off street car parks	–	–	12,309	May-23	Full
Total written down value	–	–	851,388		

The drainage asset class was subject to a Council valuation and revalued at 31 May 2024. The revaluation increment was \$46.5 million or 15.2% on the opening carrying amount. The bridges asset class was subject to an indexed revaluation at 30 June 2024 based on a CPI index since the last revaluation in March 2022. This resulted in a \$5.69 million revaluation increment (11.2% on opening carrying amount).

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads are valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restrictions 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 98%. Where there is an assessed advantage, land values have been increased by 3% to 55%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently, land values range between \$2 and \$7,250 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 range from \$340 to \$66,000 per square metre. The remaining useful lives of specialised buildings are determined on the basis of the current condition of buildings and vary from 1 year 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 1 year 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.

Note – 'Work in progress' is valued at cost.

6.2 Property, infrastructure, plant and equipment *(continued)*

(i) Reconciliation of specialised land at fair value*

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

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Parks and reserves	648,055	711,740
Floodway	7,615	7,000
Public use	23,160	23,550
Industrial	112,746	52,080
Other	420,303	308,752
Total specialised land	1,211,879	1,103,122

**2023 excluded land under roads which was previously valued at cost. From 2024, land under roads are valued at fair value and are included in specialised land at fair value in this disclosure note (mainly affects the increased industrial and other categories).*

6.3 Investments in associates, joint arrangements and subsidiaries

a) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2024, and their income and expenses for that part of the reporting period in which control existed. Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into Council are Dandenong Market Pty Ltd and South East Leisure Pty Ltd.

Reconciliation of Council, its subsidiaries and consolidated accounts

Dandenong Market Pty Ltd

Dandenong Market Pty Ltd (DMPL) is a wholly owned subsidiary company of the Greater Dandenong City Council, established in 2012. DMPL is managed in accordance with the terms set out in a Management Service Agreement which was updated and approved by Council on the 25 August 2021. This Agreement took effect from 1 July 2021 and continues until 30 June 2026. The Management Service Agreement runs concurrently with the Lease Agreement (50 years) and provides for annual agreement extensions at Council's discretion.

The current economic impacts including higher interest rates and cost of living pressures have driven business confidence down. DMPL revenues continue to be under pressure and costs continue to inflate. Council provided DMPL with a letter of support ensuring the long-term viability of the Market. A return is budgeted in 2024-25.

South East Leisure Pty Ltd

South East Leisure Pty Ltd (SEL) is another wholly owned subsidiary company of the Greater Dandenong City Council, established in 2021 and commenced operations from 1 July 2022. SEL manages and operates four leisure centres on the terms set out in a Management Services Agreement dated September 2021 from 1 July 2022 through to 30 June 2032:

- Dandenong Oasis
- Noble Park Aquatic Centre (NPAC)
- Springers Leisure Centre
- Dandenong Stadium.

Council also granted a lease to SEL in respect of each of the four major leisure facilities which runs concurrently with the Management Services Agreement for the next 10 years.

Council provided SEL with a letter of support ensuring the long-term viability of the leisure centre operations.

The following Comprehensive Income Statement, Balance Sheet and Statement of Cash Flows has been provided to show the individual financial positions of the Council, The Dandenong Market Pty Ltd, South East Leisure Pty Ltd and consolidated accounts for the 2023-24 financial year. These financial statements should be read in conjunction with the accompanying notes in the financial report.

6.3 a) Principles of consolidation (continued)

Comprehensive Income Statement

For the year ended 30 June 2024

Consolidated

	Council 2024 \$'000	DMPL 2024 \$'000	SEL 2024 \$'000	Consolidation Adjustment 2024 \$'000	Consolidated Accounts 2024 \$'000
Income / revenue					
Rates and charges	171,211	-	-	(102)	171,109
Statutory fees and fines	11,218	-	-	-	11,218
User fees	9,100	-	4,748	(4)	13,844
Grants – operating	26,014	-	44	-	26,058
Grants – capital	8,282	-	-	-	8,282
Contributions – monetary	3,305	-	-	-	3,305
Contributions – non-monetary	12,098	-	-	-	12,098
Net gain on disposal of property, infrastructure, plant and equipment	604	-	-	-	604
Fair value adjustments for investment property	115	-	-	-	115
Other income	15,452	6,886	7,854	(4,221)	25,971
Total income / revenue	257,399	6,886	12,646	(4,327)	272,604
Expenses					
Employee costs	93,186	1,716	7,417	-	102,319
Materials and services	97,683	4,424	4,732	(3,981)	102,858
Depreciation	35,695	31	155	-	35,881
Amortisation – intangible assets	24	-	20	-	44
Depreciation – right of use assets	715	-	-	-	715
Allowance for impairment losses	3,263	3	1	-	3,267
Borrowing costs	2,537	-	38	-	2,575
Finance costs – leases	41	-	-	-	41
Other expenses	12,170	562	231	(346)	12,617
Total expenses	245,314	6,736	12,594	(4,327)	260,317
Surplus for the year	12,085	150	52	-	12,287
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation gain	125,688	-	-	-	125,688
Impairment (loss) reversal of previous revaluation	(729)	-	-	-	(729)
Total comprehensive result	137,044	150	52	-	137,246

6.3 a) Principles of consolidation (continued)

Balance Sheet

As at 30 June 2024

Consolidated

	Council 2024 \$'000	DMPL 2024 \$'000	SEL 2024 \$'000	Consolidation Adjustment 2024 \$'000	Consolidated Accounts 2024 \$'000
Assets					
Current assets					
Cash and cash equivalents	21,577	2,442	1,151	-	25,170
Trade and other receivables	30,254	194	1,407	(1,053)	30,802
Other financial assets	172,820	-	-	-	172,820
Inventories	-	-	69	-	69
Prepayments	1,172	3	47	-	1,222
Other assets	5,405	17	-	(26)	5,396
Total current assets	231,228	2,656	2,674	(1,079)	235,479
Non-current assets					
Trade and other receivables	266	-	-	-	266
Property, infrastructure, plant and equipment	2,644,188	29	584	-	2,644,801
Investment property	6,690	-	-	-	6,690
Right-of-use assets	1,169	-	-	-	1,169
Intangible assets	1	-	39	-	40
Total non-current assets	2,652,314	29	623	-	2,652,966
Total assets	2,883,542	2,685	3,297	(1,079)	2,888,445
Liabilities					
Current liabilities					
Trade and other payables	25,837	981	1,201	(203)	27,816
Trust funds and deposits	4,254	571	-	-	4,825
Contract and other liabilities	56,518	38	997	(876)	56,677
Provisions	20,847	80	208	-	21,135
Other interest-bearing liabilities	-	-	99	-	99
Interest-bearing liabilities	3,834	-	-	-	3,834
Lease liabilities	594	-	-	-	594
Total current liabilities	111,884	1,670	2,505	(1,079)	114,980
Non-current liabilities					
Trust funds and deposits	2,898	-	-	-	2,898
Provisions	1,475	8	77	-	1,560
Other interest-bearing liabilities	-	-	285	-	285
Interest-bearing liabilities	43,348	-	-	-	43,348
Lease liabilities	642	-	-	-	642
Total non-current liabilities	48,363	8	362	-	48,733
Total liabilities	160,247	1,678	2,867	(1,079)	163,713
Net assets	2,723,295	1,007	430	-	2,724,732
Equity					
Accumulated surplus	973,523	1,007	430	-	974,960
Reserves	1,749,772	-	-	-	1,749,772
Total equity	2,723,295	1,007	430	-	2,724,732

6.3 a) Principles of consolidation (continued)

Statement of Cash Flows

For the year ended 30 June 2024

Consolidated

	Council 2024 \$'000	DMPL 2024 \$'000	SEL 2024 \$'000	Consolidation Adjustment 2024 \$'000	Consolidated Accounts 2024 \$'000
Cash flows from operating activities					
Rates and charges	169,843	-	-	(102)	169,741
Statutory fees and fines	8,550	-	-	-	8,550
User fees	9,321	-	4,748	(4)	14,065
Grants – operating	23,733	-	44	-	23,777
Grants – capital	8,240	-	-	-	8,240
Contributions – monetary	4,153	-	-	-	4,153
Interest received	7,885	35	-	(1)	7,919
Trust funds and deposits taken	33,614	-	-	117	33,731
Other receipts	6,848	7,556	7,454	(2,534)	19,324
Net GST refund / (payment)	13,100	(245)	(121)	(682)	12,052
Employee costs	(92,488)	(1,743)	(7,402)	(1)	(101,634)
Materials and services	(97,550)	(5,079)	(5,198)	3,749	(104,078)
Short-term, low value and variable lease payments	(725)	(2)	-	-	(727)
Trust funds and deposits repaid	(34,299)	-	-	(60)	(34,359)
Other payments	(4,518)	-	-	(445)	(4,963)
Net cash provided by operating activities	55,707	522	(475)	37	55,791
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(53,150)	(8)	(114)	1	(53,271)
Proceeds from sale of property, infrastructure, plant and equipment	628	-	-	-	628
Payments for investments	(338,033)	-	-	-	(338,033)
Proceeds from sale of investments	290,054	-	-	-	290,054
Net cash used in investing activities	(100,501)	(8)	(114)	1	(100,622)
Cash flows from financing activities					
Finance costs	(2,553)	-	-	(38)	(2,591)
Proceeds from borrowings	1,000	-	-	-	1,000
Repayment of borrowings	(3,597)	-	-	-	(3,597)
Repayment of other interest-bearing liabilities	-	-	(81)	-	(81)
Interest paid – lease liability	(43)	-	-	-	(43)
Repayment of lease liabilities	(680)	-	-	-	(680)
Net cash used in financing activities	(5,873)	-	(81)	(38)	(5,992)
Net increase in cash and cash equivalents	(50,667)	514	(670)	-	(50,823)
Cash and cash equivalents at the beginning of the financial year	72,244	1,928	1,821	-	75,993
Cash and cash equivalents at the end of the financial year	21,577	2,442	1,151	-	25,170

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
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6.3 Investments in associates, joint arrangements and subsidiaries

(b) Community Asset Committee

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

At balance date there were no committees of management controlled by the Council.

6.4 Investment property

Balance at beginning of financial year	6,575	6,336
Additions	-	11
Fair value adjustments	115	228
Balance at end of financial year	6,690	6,575

Valuation of investment property

Investment property, comprising retail complexes, are held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the Comprehensive Income Statement in the period that they arise. Investment property are not subject to depreciation. Rental income from the leasing of investment properties is recognised in the Comprehensive Income Statement on a straight line basis over the lease term.

Valuation of investment property has been determined in accordance with an independent valuation by Patel Dore Valuers who have recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related parties

Parent entity

City of Greater Dandenong

Subsidiaries

Dandenong Market Pty Ltd – detailed in note 6.3

South East Leisure Pty Ltd – detailed in note 6.3

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

Councillors		Consolidated 2024 No.	Consolidated 2023 No.
From 1 July 2023 to Current			
Councillor Lana Formoso*	Mayor, 10 October 2023 – current Deputy Mayor, 10 November 2022 to 9 October 2023		
Councillor Richard Lim	Deputy Mayor, 10 November 2023 – Current		
Councillor Eden Foster*	Mayor, 10 November 2022 – 9 October 2023		
Councillor Jim Memeti			
Councillor Sophie Tan			
Councillor Angela Long			
Councillor Sean O'Reilly			
Councillor Loi Truong			
Councillor Tim Dark			
Councillor Bob Milkovic			
Councillor Rhonda Garad			
Councillor Phillip Danh**	Elected 19 March 2024		
Total number of Councillors		12	11

*At a Meeting on Monday 9 October, Cr Eden Foster formally advised her colleagues and the community that she had been selected as the Labor Party's preferred candidate to contest the by-election for the Victorian Government electorate seat of Mulgrave and took a leave of absence. Councillor Foster was elected to the seat of Mulgrave in November 2023.

Deputy Mayor Councillor Lana Formoso performed the role of Mayor during Councillor Foster's leave of absence (from 9 October 2023) until formally elected as Mayor on 16 November 2023.

**Cr Phillip Danh is the new representative on Greater Dandenong City Council, after a by-election was held to fill an extraordinary vacancy. The vacancy happened due to the resignation of Eden Foster.

	Consolidated 2024 No.	Consolidated 2023 No.
7.1 Council and key management remuneration (continued)		
(b) Key Management Personnel (continued)		
Other key management personnel		
Jody Bosman – Director City Planning, Design and Amenity – 1 July 2023 to 27 October 2023		
Paul Kearsley – Director Business, Engineering and Major Projects – 1 July 2023 to 27 October 2023		
Michelle Hansen – Executive Manager Finance and Information Technology – 1 July 2023 to 27 October 2023		
Kylie Sprague – Executive Manager Media and Communications – 1 July 2023 to 27 October 2023		
Martin Fidler – Director Community Strengthening		
Andrew Foley – Executive Director Corporate Development – commenced 11 January 2024		
Peta Gillies – Executive Director Community Strengthening		
Sanjay Manivasagasivam – Executive Director City Futures – commenced 5 February 2024		
Marjan Hajjari – Executive Manager Strategic Growth and Advocacy – commenced 5 February 2024		
Total number of other Key Management Personnel	9	8
Chief Executive Officer		
Jacqui Weatherill	1	1
Total key management personnel	22	20
During the financial year Council underwent an organisational restructure effective from 30 October 2023. Refer to Note 2.2.1.		
Dandenong Market Board Members		
Board Members	6	5
Executives	3	4
Total number of Dandenong Market Board Members	9	9
South East Leisure Board Members		
Board Members	5	5
General Managers	4	4
Chief Executive Officer	1	1
Total number of South East Leisure Board Members	10	10

Consolidated 2024 No.	Consolidated 2023 No.
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7.1 Council and key management remuneration *(continued)*

(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.

Total remuneration of key management personnel was as follows:

Short-term benefits	3,779	4,028
Long-term benefits	50	64
Post employment benefit	353	334
Termination benefits	620	-
	4,802	4,426

	Consolidated 2024 No.	Consolidated 2023 No.
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7.1 Council and key management remuneration (continued)

(c) Remuneration of Key Management Personnel (continued)

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

	No.	No.
\$1 – \$9,999	1	–
\$10,000 – \$19,999	3	–
\$20,000 – \$29,999	6	8
\$30,000 – \$39,999	7	8
\$40,000 – \$49,999	5	2
\$50,000 – \$59,999	1	1
\$60,000 – \$69,999	–	3
\$70,000 – \$79,999	1	1
\$80,000 – \$89,999	–	1
\$90,000 – \$99,999	1	–
\$100,000 – \$109,999	1	–
\$110,000 – \$119,999	–	2
\$120,000 – \$129,999	1	1
\$130,000 – \$139,999	1	–
\$150,000 – \$159,999	–	2
\$160,000 – \$169,999	3	–
\$170,000 – \$179,999	–	1
\$180,000 – \$189,999	2	3
\$190,000 – \$199,999	1	–
\$200,000 – \$209,999	1	–
\$220,000 – \$229,999	–	1
\$230,000 – \$239,999	1	1
\$240,000 – \$249,999	1	1
\$280,000 – \$289,999	–	1
\$310,000 – \$319,999	–	1
\$320,000 – \$329,999	1	–
\$330,000 – \$339,999	–	1
\$400,000 – \$409,999	–	1
\$410,000 – \$419,999	1	–
\$420,000 – \$429,999	1	–
\$600,000 – \$609,999	1	–
Total	41	40

Consolidated 2024 No.	Consolidated 2023 No.
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7.1 Council and key management remuneration (*continued*)

(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.

The number of Senior Officers are shown below in their relevant income bands:

Income range:

\$170,000 – \$179,999	–	1
\$180,000 – \$189,999	–	3
\$190,000 – \$199,999	3	4
\$200,000 – \$209,999	2	4
\$210,000 – \$219,999	4	–
\$220,000 – \$229,999	1	2
\$230,000 – \$249,999	2	1
\$240,000 – \$249,999	1	–
\$250,000 – \$259,999	1	–
	14	15

	\$'000	\$'000
Total remuneration for the reporting year for Senior Officers included above, amounted to:	3,061	3,165

*Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the *Local Government Act 1989*.

	Consolidated 2024 Excl GST \$'000	Consolidated 2023 Excl GST \$'000
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7.2 Related party disclosure

(a) Transactions with related parties

(i) During 2023-24 Council entered into the following transactions with related parties Dandenong Market Pty Ltd (DMPL) and South East Leisure Pty Ltd (SEL).

Dandenong Market Pty Ltd

Received from DMPL

Rent received	264	–
Other charges	103	103
Total received	367	103

Paid to DMPL

Contributions for festival/events	82	130
Payment for gift vouchers	2	24
Payment for other items	315	22
Total paid	399	176

Councillor Memeti has a financial interest in a stall at Dandenong Market. The financial arrangements are at arms length based on commercial terms. A number of related parties have minority shareholdings in public companies, which have dealings with the Council from time to time.

South East Leisure Pty Ltd

Received from SEL

Other reimbursements	4	8
Total received	4	8

Paid to SEL

Management fee	3,406	3,161
Payment for other items	135	45
Total paid	3,541	3,206

(b) Outstanding balances with related parties

The following transaction was outstanding at 30 June

Other reimbursements	20	2
	20	2

(c) Loans to/from related parties

On the 26 September 2022, Council resolved to serve as a guarantor for the finance lease facility in favour of South East Leisure Pty Ltd. The amount outstanding at 30 June 2024 is \$496,706.

	Consolidated 2024 Excl GST \$'000	Consolidated 2023 Excl GST \$'000
7.2 Related party disclosure (continued)		
(d) Commitments to/from related parties		
<i>Dandenong Market Pty Ltd</i>		
Under the Management Services Agreement with Dandenong Market Pty Ltd (DMPL) an extension has been exercised up to 30 June 2026.		
A commitment for rent of the Market premises is as follows	322	238
	322	238
<i>South East Leisure Pty Ltd</i>		
Under the Management Services Agreement Council appoints South East Leisure Pty Ltd to provide management services to Council, Council is required to pay a Management Fee under the terms and conditions of the Management Services Agreement which ends 30 June 2032.		
A commitment to pay a Management Fee to South East Leisure Pty Ltd	3,505	2,492
	3,505	2,492

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 by way of a note 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.

The following are potential contingent asset to be considered by Council.

Developer contributions

Greater Dandenong acquires infrastructure assets, such as local roads, footpaths, kerb and channel and drains etc, from developers, as subdivisional contributions. The amount and value of assets acquired depends on the size of the development and the level of growth within the municipality. Developers construct infrastructure assets which are vested with Council when Council issues a Statement of Compliance. These assets are brought to account as revenue (Contributions – Non Monetary Assets) and capitalised. At reporting date, developers had commenced construction of assets that will eventually be transferred to the Council subject to Council issuing a Statement of Compliance. Council cannot reliably measure the value of the assets involved prior to completion and the timing of recognition.

(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.

The following are potential contingencies to be considered by Council.

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 in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Development Contribution Plans (DCP)

Council has three sites that are subject to formal development contribution plans, two are in Keysborough and one in Lyndhurst. All three sites are covered by a DCP.

A DCP provides the framework for the provision and funding of infrastructure to facilitate the set development area and the purpose of a DCP is to provide a “fair distribution of costs for works and services, including roads, traffic management and community facilities to all the proper servicing in the area”.

New development in each of the areas is required to meet its share of the total cost of delivering the required infrastructure works – as measured by its projected share of usage – through development contributions collected under the DCP's. The balance of works not covered by development contributions has been agreed to be funded by Council. The total value of these works is estimated to be around \$13.1 million.

Landfills

The Greater Dandenong City Council may be liable for the consequences of disposing refuse at a number of legacy landfill sites. A legacy site refers to a landfill that has been decommissioned and is no longer receiving waste. At balance date Council is unable to assess whether there are any financial implications.

Legal actions

Council is presently involved in a number of confidential legal matters, which are being conducted through Council's solicitors. The estimated potential financial effect of these matters may be up to \$1.0 million (\$1.5 million as at 30 June 2023).

(b) Contingent liabilities (continued)**MAV Workcare**

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. Since 30 June 2021, Council has paid \$1.36 million in adjustment payments (2023-24: \$32,260, 2022-23: \$33,500). 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. The 30 June 2024 marks the three-year anniversary of the schemes cessation. Early estimates indicate Council's contribution in the event a deficiency is between \$154,000 and \$232,000 respectively.

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

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 right will be exercised. Details of guarantees that Council has provided, that are not recognised in the Balance Sheet are disclosed below.

As at 30 June 2024, Council's maximum potential exposure is as follows:

Entities	Amount outstanding 30 June 2024 \$'000	Amount outstanding 30 June 2023 \$'000	Date commenced
Keysborough Bowls Club Inc.	31	48	18 May 2015
Total Guarantees for loans to other entities	31	48	

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.

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) and bank borrowings. Details of the significant accounting policies 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 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 our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. We do 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*. We manage 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.

(b) Market risk (continued)

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 us to make a financial loss. We have exposure to credit risk on some financial assets included in the Balance Sheet. Particularly significant area of credit risk exists in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with
- we may require collateral where appropriate and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our 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. Rates debtors are secured by a charge over the rateable property. Council has assessed that 14% of parking infringement debts owing to Council are unlikely to be collected and has raised a provision for doubtful debts over those debts based on an assessment of collectability. The collection of long overdue parking infringement debts is managed by Fines Victoria.

Refer note 5.1 for financial assets which are 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 provides a guarantee for another party. Details of Council's contingent liabilities are disclosed in note 8.1(b).

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

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements we 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:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained.
- has readily accessible standby facilities and other funding arrangements in place.
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments.
- monitors budget to actual performance on a regular basis, and
- sets 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 in 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 amount of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

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

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

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

8.4 Fair value measurement

Fair value hierarchy

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

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as 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. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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.

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, works in progress, leasehold improvements 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 assets valued at cost, the 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 2 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	1 to 2 years
Buildings	1 to 2 years
Roads	4 to 5 years
Bridges	4 to 5 years
Footpaths and cycleways	4 to 5 years
Drainage	4 to 5 years
Off street car parks	4 to 5 years

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

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Comprehensive Income Statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

The impairment adjustments at 30 June 2024 include two buildings: an uninhabitable building and a fire-damaged building (total impairment loss of \$729,000 in the asset revaluation reserve in Note 9.1(a)) and 60 parking meter assets which will become obsolete in 2025 due to advances in card payment security technology (impairment loss of \$56,000 in other expenses in Note 4.9).

8.5 Events occurring after balance date

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

8.6 Adjustments directly to equity

There were no adjustments to opening equity balances in the 2023-24 financial year.

Note 9 Other matters

9.1 Reserves

	Balance at beginning of reporting period \$'000	Increase (decrease) \$'000	Reversal of previous revaluations for assets disposed \$'000	Impairment loss (credited against previous increments)/ reversal \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves					
2024					
Property					
Land	963,143	62,633	–	–	1,025,776
Buildings	74,677	1,903	–	(729)	75,851
	1,037,820	64,536	–	(729)	1,101,627
Infrastructure					
Roads	216,246	–	–	–	216,246
Bridges	26,141	5,688	–	–	31,829
Footpaths and cycleways	22,752	–	–	–	22,752
Drainage	223,964	46,465	–	–	270,429
Off street car parks	3,329	–	–	–	3,329
Parks, open space and streetscapes	–	4,516	–	–	4,516
Recreational, leisure and community facilities	–	4,483	–	–	4,483
	492,432	61,152	–	–	553,584
Total asset revaluation reserves	1,530,252	125,688	–	(729)	1,655,211
2023					
Property					
Land	963,143	–	–	–	963,143
Buildings	39,838	34,839	–	–	74,677
	1,002,981	34,839	–	–	1,037,820
Infrastructure					
Roads	196,658	19,588	–	–	216,246
Bridges	26,141	–	–	–	26,141
Footpaths and cycleways	19,035	3,717	–	–	22,752
Drainage	223,964	–	–	–	223,964
Off street car parks	3,804	(475)	–	–	3,329
	469,602	22,830	–	–	492,432
Total asset revaluation reserves	1,472,583	57,669	–	–	1,530,252

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 6.2(h).

9.1 Reserves (continued)

	Balance at beginning of reporting period \$'000	Transfer to accumulated surplus \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2024				
Insurance reserve	469	-	-	469
Re-vegetation reserves	229	(29)	-	200
Open space – planning, development and improvements	2,309	(841)	2,288	3,756
Open space – acquisitions	6,000	(10)	10	6,000
Keysborough South maintenance levy	2,581	(1,308)	1,735	3,008
Major projects reserve	42,566	(2,172)	8,914	49,308
General reserve	2,662	(245)	1,738	4,155
Council funded development contributions reserve	19,546	(4,421)	1,189	16,314
Spring Valley landfill rehabilitation	3,148	(36)	951	4,063
Springvale Activity Precinct – parking and development	235	-	-	235
Dandenong Activity Precinct – parking and development	3,074	(711)	650	3,013
Future maintenance reserve	4,341	(301)	-	4,040
Grants in Advance	720	(720)	-	-
Total other reserves	87,880	(10,794)	17,475	94,561
2023				
Insurance reserve	325	-	144	469
Re-vegetation reserves	280	(51)	-	229
Open space – planning, development and improvements	2,942	(2,804)	2,171	2,309
Open space – acquisitions	6,000	(1,989)	1,989	6,000
Keysborough South maintenance levy	2,330	(1,446)	1,697	2,581
Major projects reserve	26,218	-	16,348	42,566
General reserve	1,102	(6)	1,566	2,662
Council funded development contributions reserve	19,505	(363)	404	19,546
Spring Valley landfill rehabilitation	2,985	(168)	331	3,148
Springvale Activity Precinct – parking and development	235	-	-	235
Dandenong Activity Precinct – parking and development	1,866	(296)	1,504	3,074
Future maintenance reserve	4,613	(272)	-	4,341
Grants in Advance	-	-	720	720
Total other reserves	68,401	(7,395)	26,874	87,880

9.1 Reserves (continued)

(b) Other reserves (continued)

Nature and purpose of other reserves:

Insurance reserve

The insurance reserve has been created to meet large and unexpected policy excesses on multiple insurance claims.

Re-vegetation reserves

The purpose of this reserve fund is to meet native re-vegetation requirements on Council's reserves.

Open space – planning, development and improvements

Funds set aside in this reserve will be utilised exclusively for allocation towards enhancing the City's open space via planning, development and improvements.

Open space – acquisitions

Funds set aside in this reserve will be utilised exclusively for open space land acquisitions.

Keysborough South maintenance levy

This reserve has been established to ensure full accountability of the levies received for the Keysborough and Somerfield Estates reflecting costs of maintaining an additional 15% open space beyond that of traditional estates.

Major projects reserve

The major projects reserve holds proceeds from the sale of Council's property assets or surplus Council funds and will be utilised for investing in other properties or funding future major projects.

General reserve

This reserve relates to financial impacts of future aged care sector reforms and fixed term contracts in community service programs.

Council funded development contributions reserve

The reserve for Council funded development contribution plans holds funds in respect of Council's contribution to the two major developments in Dandenong South (C87) and Keysborough (C36).

Spring Valley landfill rehabilitation reserve

The purpose of this reserve is to rehabilitate the Spring Valley landfill site at Clarke Road, Springvale South.

Springvale Activity Precinct – parking and development reserve

The purpose of the reserve is to fund development in the Springvale Activity Centre.

Dandenong Activity Precinct – parking and development reserve

The purpose of the reserve is to fund development in the Dandenong Activity Centre.

Future maintenance reserve

This reserve holds contribution funds for future works to address level crossing removal authority defects.

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000
(c) Total reserves summary			
Asset revaluation reserve	9.1(a)	1,655,211	1,530,252
Other reserves	9.1(b)	94,561	87,880
Total reserves		1,749,772	1,618,132

9.2 Reconciliation of cash flows from operating activities to surplus

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Surplus for the year	12,287	33,376
Non-cash adjustments:		
Depreciation	35,881	32,849
Amortisation intangible assets	44	111
Depreciation right of use assets	715	726
Impairment loss	56	–
Gain on disposal of property, infrastructure, plant and equipment	(604)	(719)
Fair value adjustments for investment property	(115)	(228)
Contributions of non-monetary assets	(12,098)	(14,804)
Works in progress (unable to be capitalised)	8,054	8,978
Assets written-off	6,754	3,427
Borrowing costs	2,575	2,687
Finance cost – leases	41	52
Other interest bearing liabilities net present value adjustment	–	(59)
Change in assets and liabilities		
Increase)/decrease in trade and other receivables	366	(973)
Increase in prepayments/other assets	(137)	(866)
Increase/(decrease) in trust funds and deposits taken/repaid	(862)	1,196
Increase in trade and other payables	4,947	1,717
Increase/(decrease) in contract and other liabilities	(2,203)	3,058
Increase/(decrease) in provisions	97	(386)
Increase in inventories	(7)	–
Net cash provided by operating activities	55,791	70,142

9.3 Superannuation

Council makes the majority 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 Income Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/ Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11.0% as required under Superannuation Guarantee (SG) 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 the 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	5.70% pa
– Salary information	3.50% pa
– Price inflation (CPI)	2.80% 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% from 26 July 2024 (previously 97%).

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including 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.

9.3 Superannuation (*continued*)

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

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 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 investigation identified the following for the Defined Benefit category of which Council is a contributing employer:

	2023 (Triennial) \$ million	2022 (Interim) \$ million
– 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	5.60% pa
– Salary information	3.50% pa
– Price inflation (CPI)	2.70% 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.

9.3 Superannuation (*continued*)

The 2020 triennial investigation

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

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

Superannuation contributions

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

Scheme	Type of scheme	Rate	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Vision Super	Defined benefits	11.0% (2023: 10.5%)	312	321
Vision Super	Accumulation	11.0% (2023: 10.5%)	3,771	3,610
Other funds	Accumulation	11.0% (2023: 10.5%)	4,772	3,908

In addition to the above contributions, Council has paid \$0 unfunded liability payments to Vision Super in 2023-24 (2022-23: \$0).

There were \$347,000 contributions outstanding and no 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 2025 is \$322,000.

Note 10 Change in accounting policy

Land under roads

Up to 30 June 2023 Council valued Land Under Road (LUR) assets at cost. In 2023-24, a change in accounting policy occurred to measure LUR assets at fair value. The 2023-24 revaluation of LUR is therefore the first revaluation conducted of Council's LUR assets and was an independent valuation by Patel Dore Pty Ltd (Council's contract valuer).

The financial impact of this change in accounting policy was a \$44.2 million increase in asset value and asset revaluation reserve.

Parks, open space and streetscapes (POSS) and Recreational, leisure and community facilities (RLCF)

These infrastructure asset classes were also previously valued at cost and weren't subject to revaluations. The revaluation that occurred during 2023-24 was the first time that these two asset classes have been revalued and was based on an inflation index which saw a revaluation increment of \$4.5 million for both asset classes.