



Shire of
Bruce Rock
Where friends become family

Long Term Financial Plan

2023-2033

Contents

1.0	FOREWORD	4
2.0	KEY INFORMATION	5
3.0	EXECUTIVE SUMMARY	6
4.0	COMMUNITY PROFILE, VISION AND OBJECTIVE	7
5.0	LONG TERM FINANCIAL PLANNING OVERVIEW	8
6.0	SCENARIO MODELLING	11
7.0	STRATEGIC PLANNING AND POLICIES	12
8.0	RISK MANAGEMENT	13
9.0	ASSUMPTIONS, RISKS, UNCERTAINTIES AND SENSITIVITY	14
10.0	MONITORING AND PERFORMANCE	20
	APPENDIX A1 – FORECAST FINANCIAL STATEMENTS	21
	APPENDIX A2 – FORECAST STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE 2023 - 2033	23
	APPENDIX A3 – FORECAST STATEMENT OF FINANCIAL POSITION 2023 - 2033	24
	APPENDIX A4 – FORECAST STATEMENT OF CHANGES IN EQUITY 2023 - 2033	25
	APPENDIX A5 – FORECAST STATEMENT OF CASHFLOWS 2023 - 2033	26
	APPENDIX A6 – FORECAST STATEMENT OF FUNDING 2023 - 2033	27
	APPENDIX A7 – FORECAST STATEMENT OF NET CURRENT ASSET COMPOSITION 2023 - 2033	28
	APPENDIX A8 – FORECAST STATEMENT OF FIXED ASSET MOVEMENTS 2023 - 2033	29
	APPENDIX A9 – FORECAST STATEMENT OF CAPITAL FUNDING 2023 - 2033	30
	APPENDIX A10 – FORECAST RATIOS 2023 - 2033	31
	APPENDIX A11 – FORECAST SIGNIFICANT ACCOUNTING POLICIES	32
	APPENDIX B1 – GLOSSARY	36

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Our Vision

Where friends become family

1.0 Foreword

We are pleased to present the Shire of Bruce Rock Long Term Financial Plan for 2023 - 2033.

This Plan is part of the Shire's ongoing commitment to an integrated approach to planning for the District's future. Despite the current uncertain times, it provides the Council and the community with a picture of the Shire's long term financial and asset management circumstances and assists us to meet our strategic outcomes and objectives.

The Shire will encounter many challenges and opportunities over the next 10 years. Changes in population levels and demographics bring with them changing community needs and expectations. The Council will require a clear understanding of its capacity to meet these service expectations as it maintains a strong focus on sound financial management.

Council welcomes community participation in the planning process as we develop the strategic direction for a promising future for our district. We invite members of the community to contact a Councillor or Senior Council staff member if they have any questions.

The Shire of Bruce Rock's Long Term Financial Plan is an important planning tool as we strive to achieve the strategies set out in the Shire of Bruce Rock Strategic Community Plan 2022 - 2032.

This Plan will be used with the Corporate Business Plan and Workforce Plan to achieve our goals and drive the Shire in achieving its vision of "Where friends become family".

The Shire has recently devoted significant resources to improving its strategic planning. This work continues as we constantly seek to improve our systems and service delivery.

Stephen Strange
President

Darren Mollenoyux
Chief Executive Officer

2.0 Key Information

ASSUMPTIONS


3.5%
 Inflation Rate


Stable
 Population

Stable
 Levels of Service


Stable
 Operations

Balanced
 Annual Budget

5% from 2023-24 →
 (CPI 3.5%)
Rates

3.5% from 2023-24 →
 (3.5% CPI)
Employee Costs


STATISTICS ¹

9
 *7 from Oct 2023
Elected Members

50
 Employees

670
 Electors

572
 Dwellings

244km
 Distance from
Perth

2,772km²
 Area

945
 Population

¹WALGA Online Local Government
Directory 2020/21, Shire of Bruce Rock

3.0 Executive Summary

The following information provides a brief summary of the Long Term Financial Plan 2023 - 2033, this should be read in conjunction with the underlying assumptions detailed in this Plan.

3.1 Planning for a Sustainable and Stable Future

The Shire of Bruce Rock is planning for a positive and stable future, despite the current uncertainty arising from inflation and global supply storages. The Shire seeks to maintain, and where possible, improve service levels into the future while ensuring a healthy financial position.

Long term maintenance and renewal of the Shire's infrastructure remains a significant challenge and requires external funding to ensure the economic and social benefits of the Shire's infrastructure to the broader region and Western Australia are not impacted.

3.2 Significant Issues

The continued provision of community infrastructure remains one of the key priorities and major expenditure items for the Shire.

Road maintenance and road renewal remain a high priority for the Shire due to the strategic economic benefit the road network provides to the district and broader region.

Adequate maintenance, renewal and upgrading of the road network remains highly dependent on the receipt of external grants and contributions.

Rate revenue is forecast to increase at 5% per year from 2023/24 for the duration of the Plan. These increases are to assist in the long term financial stability of the Shire and to increase the level of services to the community where possible. These increases will be reviewed annually when setting future budgets and once the impacts of the inflation and current global supply shortages are more apparent.

3.3 Forecast Capital Projects

A capital works program has been planned over the term of the Plan with a mixture of new/upgrade assets and asset renewals aimed at ensuring the continued provision of high quality community infrastructure to residents of the Shire. External funding is required to undertake these works.

Project by Asset Class	2023 - 2033 Amount (\$)
Infrastructure – Roads	
Road upgrades and renewal program	12,128,710
Infrastructure - Roads Total	12,128,710
Other infrastructure - bridges	
Bridges renewals	800,000
Other infrastructure – bridges Total	800,000
Other infrastructure - other	
Main street playground	1,800,000
Main street revitalisation	450,000
Hockey turf replacement	200,000
Oval refurbishment	300,000
Aquatic centre refurbishment	300,000
Synthetic bowling green replacement	300,000
Other infrastructure - other Total	3,350,000
Buildings - non-specialised	
Building renewals	2,650,000
Buildings - non-specialised Total	2,650,000
Buildings - specialised	
Depot renewal	3,000,000
Buildings - specialised Total	3,000,000
Plant and Equipment	
Plant replacement program	6,268,016
Plant and Equipment Total	6,268,016
Grand Total	28,196,726

4.0 Community Profile, Vision and Objective

4.1 Location and Heritage

Bruce Rock is located in the heart of the West Australian Wheatbelt, 244km east of Perth. The Shire of Bruce Rock covers 2,724 square kilometres. In 2021, the Shire of Bruce Rock's population on the night of the census was 979.

Settlers had been allocated land around Bruce Rock township commencing in 1860, with the town of Bruce Rock gazetted in 1913. The Shire comprises of five town sites, Ardath, Babakin, Bruce Rock, Kwolyin and Shackleton.

The Shire continues to maintain a number of assets to service the community, and welcome visitors to enjoy the picturesque main street, gardens, amphitheatre and sculpture park, historic buildings, museums, federation style verandas and great facilities.

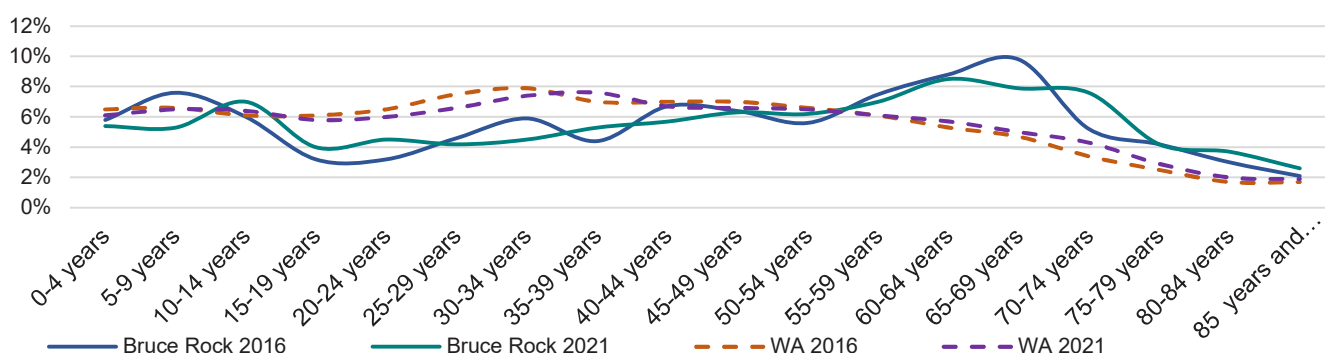
With a great community spirit, rich agricultural history and plenty of services and facilities on offer, the Shire of Bruce Rock is an ideal country area to raise a family.

4.2 People

The following statistics reflect the Shire's population in comparison to the population of the state of Western Australia.

Population	2016		2021
Shire of Bruce Rock	930	↑	979
WA	2.47m	↑	2.66m

The age demographic of the districts population is reflected by the blue (2016 Census) and green (2021 Census) lines in the chart at the bottom of the page. When compared to the age demographic of the West Australian population reflected by the dotted lines, it is apparent the Shire of Bruce Rock has a higher percentage of older residents.



4.3 Vision

The Shire's strategic vision: **Where friends become family**

4.4 Strategic Objectives

The following key themes are identified in the Shire's Strategic Community Plan 2022 – 2032 and considered within the Long Term Financial Plan:

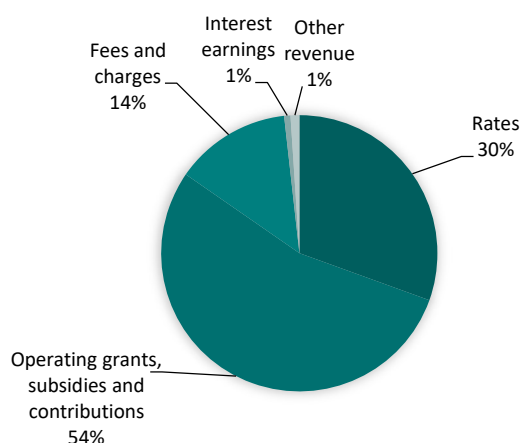
- The importance of agriculture to the local economy and the need to maintain road networks;
- Consistent and clear communication to the community by the Shire;
- Desire to attract tourists and support businesses;
- Attracting permanent and transient populations to use our services and facilities;
- The retention of schools and local health services;
- Improved telecommunications;
- The importance of volunteering and support required; and
- Care for our seniors and services to support them.

5.0 Long Term Financial Planning Overview

5.1 Forecast Revenue

Rates are expected to increase annually by 5% (inflation 3.5% +1.5%) in 2023-24 and generate \$1.80m before increasing to \$2.79m in 2032-33 and comprise 30% of operating revenue over the term of the Plan. The Shire is reliant on receiving more than \$40.13m over the next 10 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. Non operating grants are expected to remain relatively stable for road renewal.

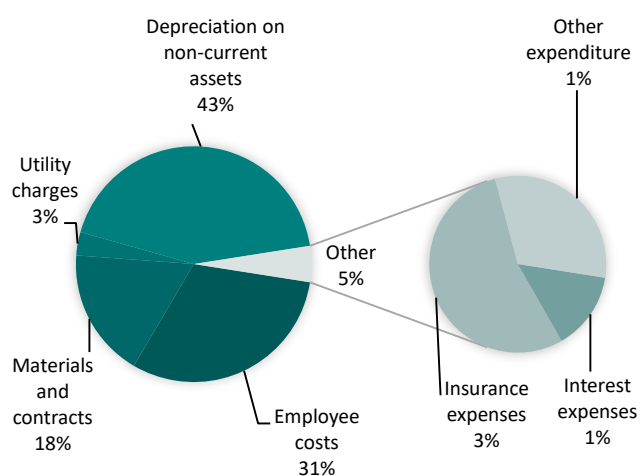
5.1.1 Revenue Composition Year 1 to 10



5.2 Forecast Expenditure

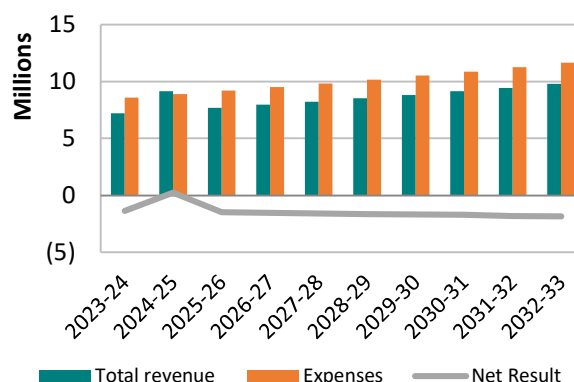
Expenditure is forecast to increase in line with inflation with the exception of depreciation expense which is impacted by the addition of assets over the term of the Plan.

5.2.1 Expenditure Composition Year 1 to 10



5.3 Net Result

The chart below reflects in the columns the steady increase in operating revenue and expenditure forecast over the 10 years, with the grey line reflecting the net result.



The increase in revenue and net result in 2024-25 is due to an one off increase in forecast capital grants and contributions.

A negative net result over the long term indicates net asset values will decrease faster than depreciation expenses erode asset values. This may be masked by continuous revaluation of assets. Improved asset funding or changes to expected useful life of assets as they are better understood may impact the net result.

5.4 Depreciation Expense

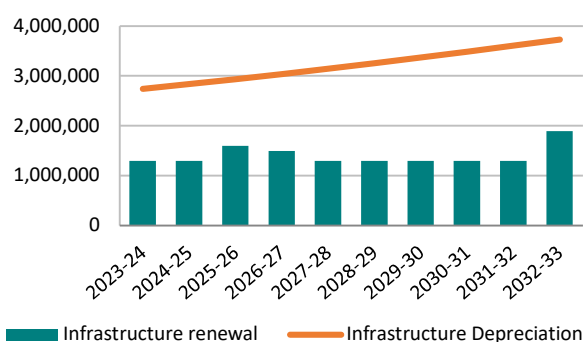
Ideally, the average asset renewal should be in line with depreciation expense over the long term, to ensure the value of assets is maintained. On average, the Shire is planning to renew its infrastructure assets at a lower level than they are depreciating over the term of the Plan due to a shortage of funding to renew the assets at an appropriate rate.

5.0 Long Term Financial Planning Overview (Continued)

5.5 Infrastructure Depreciation Expense -V- Asset Renewal Expenditure

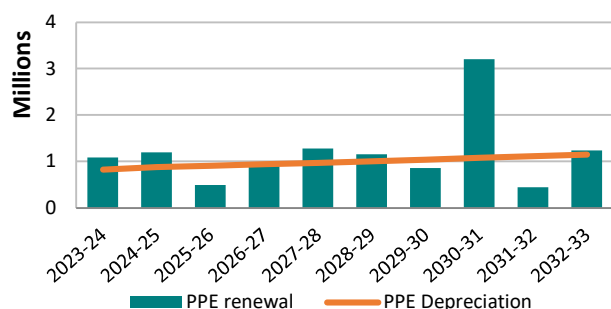
Depreciation expense increases throughout the Plan from \$3.57m in year 1 to \$5.21m in year 10 as assets are revalued and renewed. Depreciation of infrastructure over the 10 years is \$34.22m, shown by the orange line in the chart below. The planned level of infrastructure asset renewal expenditure at \$14.03m (reflected by the green columns) is over the term of the Plan below the level of depreciation.

Further review of asset useful lives for infrastructure



assets in future may be required as changes occur in the construction techniques of road pavements occur and traffic loads vary. Planned property, plant and equipment asset renewals of \$11.92m (reflected by the green columns) over the 10 years is more than the depreciation expense of \$10.06m (reflected by the orange line) over the same period as shown in the chart below.

5.6 Property, Plant and Equipment Depreciation Expense -V- Asset Renewal Expenditure



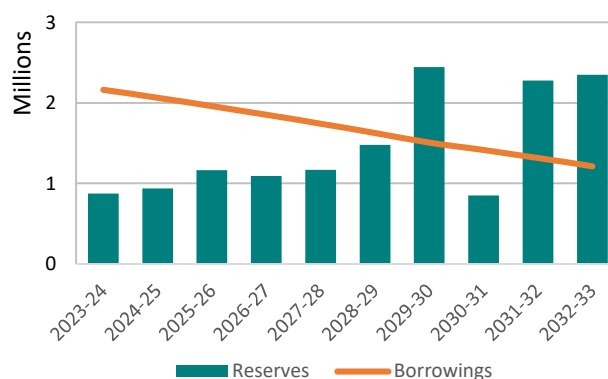
Further improvements in asset management data and the estimation of depreciation expense along with the future renewal of long lived assets may result in a closer alignment between asset renewals and depreciation expense.

5.7 Maintenance Expenditure

The current maintenance expenditure allocated in the annual operating budget is expected to continue at current levels, with inflationary increases occurring each year.

5.8 Forecast Borrowings and Reserve accounts

In general, the finances of the Shire are expected to remain stable over the long term. Reserve accounts will be utilised to save for major forecast asset renewals and then utilised to fund asset renewals resulting in the variations in reserve account levels as shown in the chart below.



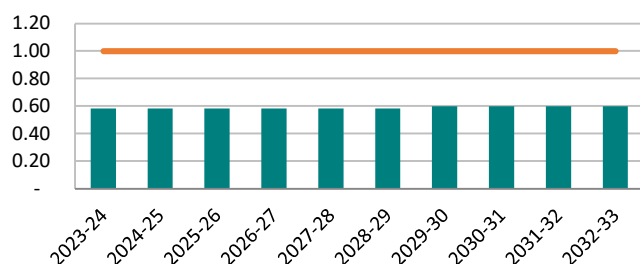
Borrowings are reduced over the course of the plan, this is part of its strategy to allow flexibility to respond to sudden or unexpected expenditure requirements. This strategy also provides scope to leverage off future grant funding opportunities when, and if, they become available. The strategy also includes the use of reserve accounts to save for significant future asset renewal spikes.

5.0 Long Term Financial Planning Overview (Continued)

5.9 Forecast Operating Ratios 2023 - 2033

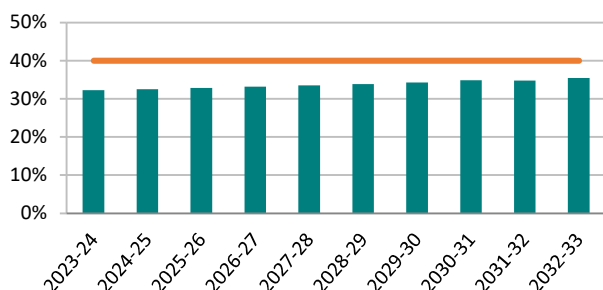
Monitoring the Shire's financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios. The orange line reflects the Department of Local Government, Sport and Cultural Industries' (the Department) advisory standard target level of the ratio.

5.9.1 Current Ratio



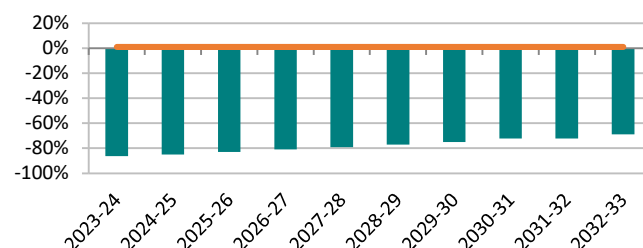
As expected for a Shire with a forecast balanced funding surplus position and current borrowing liabilities, the ratio is less than 1.0 and will be until the borrowings are repaid. The trend is not considered to indicate a threat to the Shire's long term financial position.

5.9.2 Own Source Revenue Coverage Ratio



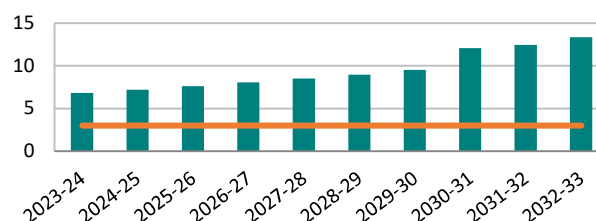
The ratio is below the target due to the Shire's reliance on state and federal grants. The ratio improves throughout the plan as rates increases take effect.

5.9.3 Operating Surplus Ratio



The ratio above highlights how the cumulative impact of the rates increases are intended to address the Operating Surplus Ratio.

5.9.4 Debt Service Cover Ratio



The ratio indicates the Shire has an increasing capacity to take up borrowings if required.

An explanation of all ratios is provided at Section 10.2.

6.0 Scenario Modelling

6.1 Scenario Modelling

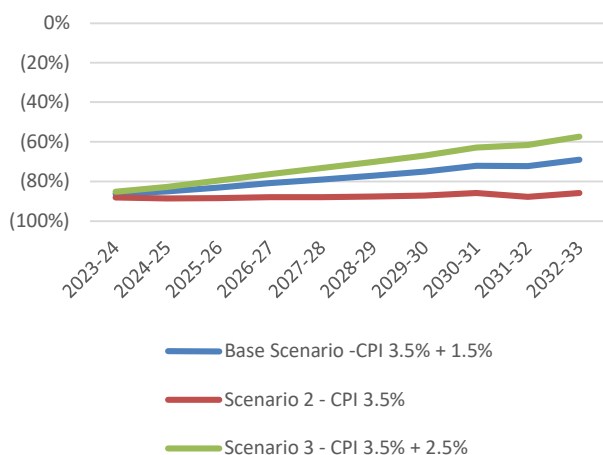
Scenarios were developed to test the financial impact of reduced levels of operating funding. To ascertain the effect of reduced funding levels, modelling of various scenarios was undertaken.

A base scenario was developed with an annual rates yield increase of 5% (inflation 3.5% + 1.5%) throughout the life of the Plan. Two alternative scenarios were also developed from this base as shown in the table below. All other assumptions remained the same across the three scenarios.

Scenario	Rates and Fees & Charges	
	Increase above CPI (3.5%)	Total Increase
Base Scenario	1.5%	5%
Scenario 2	0%	3.5%
Scenario 3	2.5%	6%

The base scenario was selected as the most appropriate and has been used for the Plan. The base scenario includes levels of rate revenue and fees and charges to ensure the current levels of service are maintained.

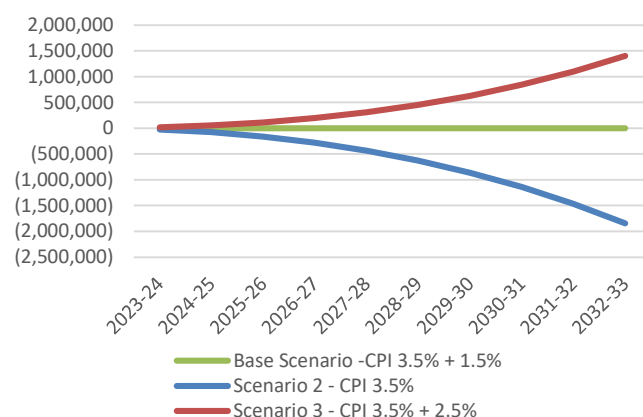
6.2 Scenario Comparison – Operating Surplus Ratio



The chart above shows the impact of the same change in total rates yield on the Shire's Operating Surplus Ratio (other assumptions remaining the same). The base scenario was selected as it maintains existing rating levels.

The chart below reflects the impact of a change in total rates yield on the estimated surplus (deficit) at June 30 from the base scenario (other assumptions remaining the same).

6.3 Estimated Surplus (Deficit) June 30 Carried Forward



The cumulative impact of the changes in rates along with fees and charges results in the surplus (deficit) shown in the table below.

Estimated Surplus/(Deficit)		
Scenario 1 CPI 3.5% + 1.5% \$	Scenario 2 CPI 3.5% + 0% \$	Scenario 3 CPI 3.5% + 2.5% \$
0	(25,681)	17,119
0	(79,868)	53,670
0	(165,596)	112,177
0	(284,347)	195,396
0	(438,388)	306,329
0	(630,514)	448,248
0	(863,697)	624,714
0	(1,141,094)	839,597
0	(1,466,060)	1,097,103
0	(1,842,157)	1,401,796

7.0 Strategic Planning and Policies

7.1 Linkage with Other Plans

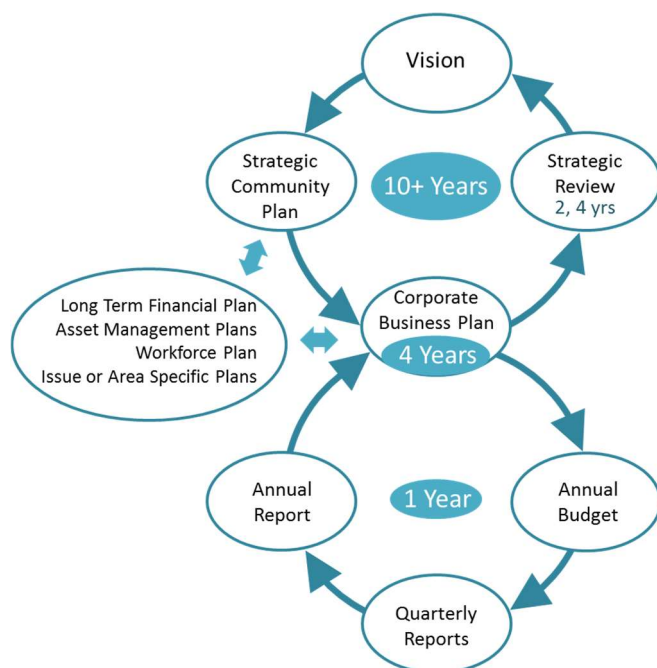
The Strategic Resource Plan is one component of a number of integrated strategic planning practices the Shire has developed. Combining asset management planning and long term financial planning into one document, the Strategic Resource Plan considers, and influences, workforce planning along with other key strategic plans. This Strategic Resource Plan has been prepared to achieve compliance with the *Local Government (Administration) Regulations 1996*.

Development of the Plan has also been influenced by the Department's Integrated Planning Framework and Guidelines.

7.2 Strategic Documents Linkage

This Plan includes, and influences, other strategic planning activities as a mechanism to action the strategies contained in the Shire's Strategic Community Plan, as illustrated in the diagram below.

Diagram: Integrated Planning and Reporting Cycle¹



7.3 Strategic Community Plan 2022 - 2032

The Strategic Community Plan has been prepared to cover a minimum period of 10 years and set out the community's vision, aspirations and objectives for the Shire. To achieve the vision, a series of priorities, objectives and strategies were developed. Many strategies may be required to achieve a single objective and many objectives needed to achieve a single priority.

Individual strategies all require actions involving extra human, physical and financial resources. Achieving the Shire's strategic priorities requires careful operational planning and prioritisation. This planning process is formalised as a Corporate Business Plan which operates on a rolling four-year basis.

7.4 Corporate Business Plan

The Corporate Business Plan contains details of the actions and resources (human, asset and financial) to achieve each strategy and acts as an organisational guide for the Council and management.

The financial capacity and asset management practices to support the Corporate Business Plan are set out in the Strategic Resource Plan for the period. This planning provides an assurance the actions contained in the Corporate Business Plan can be adequately resourced over the next four years and highlights the long term consequences of the application of resources to undertake various projects.

7.5 Workforce and Other Strategic Plans

The Workforce Plan and other strategic plans integrate with the Strategic Resource Plan through the workforce requirement for assets and financial resources along with the requirements for a workforce to manage the Shire's assets and financial resources. As far as possible, these requirements are met in the Plan.

The Shire's Workforce Plan has been considered in the development of this Strategic Resource Plan. No financial impacts are expected from the Workforce Plan with employee costs forecast to rise in line with forecast inflation of 3.5%.

¹ Department of Local Government, Sport and Cultural Industries, Integrated Planning and Reporting: Framework and Guidelines, September 2016

8.0 Risk Management

8.1 Risk Management

The Shire provides a diverse range of services and facilities to the general public which exposes it to risks. As part of the implementation of Integrated Planning and Reporting, the Shire intends to formalise its risk based management practices to improve the management of identified risks.

The Shire has a practice of conducting a regular review of insurance levels of assets by the Chief Executive Officer to ensure the level is adequate. The Shire's insurer is LGIS.

The Financial Management Regulations require the investment of surplus funds (including reserve accounts) to be in term deposits held by authorised deposit taking institutions or Treasury bonds.

The Shire seeks to engage experienced and qualified personnel in areas of high risk and provides them with appropriate ongoing training and equipment to ensure they are able to undertake their roles with minimal risk to the community and the Shire.

8.2 Certainty of Assumptions

Included in the Plan is a detailed analysis of the assumptions used as part of the planning process and the level of risk associated with each assumption.

The impact of the assumptions applied to issues identified as carrying a high risk have been separately disclosed, as has the sensitivity of movements in these assumptions on the financial forecasts set out in this Plan.

8.3 Sensitivity Analysis

Where an assessment has been made that a high level of uncertainty applies to the assumptions, sensitivity analysis has been used to help quantify the potential financial impact of a change in the assumption.

Assumptions with a high level of uncertainty and a higher dollar value present the greatest risk that a movement will result in unexpected and detrimental consequences. The details of this analysis are shown adjacent to each assumption on the following pages.

9.0 Assumptions, Risks, Uncertainties and Sensitivity

9.1 Revenue – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
District Growth in Population: The number of residents in the Shire is expected to remain stable.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Rates Level Increase: Annual rates have been based on an increase in the total rate yield of 5% from 2023/24 onwards, being in line with forecast inflation rate.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Operating Grants and Contributions: Increases in line with inflation forecast.	High	The road maintenance program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$34,205 to the value of operating grants and contributions per 1% movement in the value in the first year of the Plan.
Non-operating Grants and Contributions: Remain in line with funding requirements identified for various capital works.	High	The forecast capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately impact on service levels.	High	± \$117,858 to the value of non-operating grants and contributions per 1% movement in the value over the life of the Plan.
Fees and Charges: Increases in line with inflation forecast.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Interest Earnings: Interest earning of an average rate of 2.5% per annum.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Revenue: Increases in line with inflation.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Profit on Asset Disposal: Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

9.2 Expenditure – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Employee Costs: Increased annually by forecast inflation.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Materials and Contracts: Increased annually by forecast inflation.	High	The road preservation program and general operations of the Shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the Shire's ability to meet projected service levels.	High	± \$181,989 to the value of materials and contracts per 1% movement in the value over the life of the Plan. A high level of uncertainty exists due to current good and labour storages.
Depreciation: Depreciation has been calculated using an average depreciation rate based on the estimated useful lives on individual assets.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Insurance: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Other Expenditure: Base year increased in line with inflation.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Loss on Asset Disposal: A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan.	Low	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

9.3 Assets – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Revaluations: In line with annual inflation.	Low	The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on Cashflows.	High	±\$521,173 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$582,899 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.
Impairment of Assets: No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters.	High	A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels.	Medium	Unable to be quantified.
Infrastructure Assets: Expenditure has been based on historical levels escalated by inflation.	High	The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels.	High	±\$117,858 to the value of infrastructure assets per 1% movement in the capital grants received over the life of the Plan.
Property, Plant and Equipment: Building expenditure is in accordance with the 10 Year Capital Plan, and plant expenditure is based on the Plant Replacement Program.	Medium	Not assessed as high financial risk as the frequency of capital grants for buildings is not as pervasive as roadwork's and plant and equipment replacement is not influenced by external grant funds.	Medium	Not assessed as high level of uncertainty.

9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

9.4 Liabilities – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Borrowings: New borrowings to be considered for capital works where required.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
Employee Entitlements: It has been assumed the Shire will be in a position to meet its obligations in relation to employee entitlements.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.

9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

9.5 Equity Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Reserve accounts: It has been assumed the Shire will invest reserve account cash in term deposits with banking institutions and these funds will be available for use during the term of the Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
Revaluation Surplus: Increasing in line with inflation based revaluation.	Low	The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows.	High	±\$521,173 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±\$582,899 to the value of infrastructure assets per 1% movement in the value over the life of the Plan.

9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

9.6 Other – Assumptions, Risks, Uncertainties and Sensitivity

Disclosure/Assumption	Assessed Financial Risk	Impact of High Financial Risk Assumptions	Level of Uncertainty	Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk
Ownership of Strategic Assets: The Shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan.	High	Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation.	Low	Not assessed as high level of uncertainty.
Inflators: Forecast inflation at 3.5% per annum.	Medium	Not assessed as high financial risk.	High	± \$ 741,135 to operating revenue per 1% movement in the inflators over the life of the Plan. ± \$1,026,637 to operating expenditure per 1% movement in the inflators over the life of the Plan.
Commercial Activities: The Shire has no plans to undertake a significant commercial activity during the period of the Plan.	Medium	Not assessed as high financial risk.	Low	Not assessed as high level of uncertainty.
General Economic Forecasts for State: The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to remain stable in the short term with a corresponding stability of the state economy.	Medium	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.
General Economic Forecasts for Region: Historically, the region's economy is heavily dependent on agriculture and this remains the assumption for the term of this Plan.	Low	Not assessed as high financial risk.	Medium	Not assessed as high level of uncertainty.

10.0 Monitoring and Performance

10.1 Monitoring

The Plan will be the subject of a desktop review each year to consider changing circumstances, with a full revision scheduled every two years in line with the review of the Strategic Community Plan.

Monitoring the Shire's financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios.

10.2 Ratio Targets

A series of performance indicators, in the form of financial ratios set out in the table below, have been used to assess the financial performance of the Shire.

To maintain comparability across the industry, these ratios and their respective target ranges, have been derived from the Department's Long Term Financial Planning guidelines and *Regulation 50 of Local Government (Financial Management) Regulation 1996*.

The Department's Advisory Standard also provides target levels for each of the ratios.

Ratio	Calculation	Indication	Minimum target
Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets minus current liabilities associated with long term borrowings}}$	A measure of the Shire's immediate liquidity and the capacity to meet short term financial obligations from unrestricted current assets.	1
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$	A measure of the extent to which own source revenues raised cover operational expenses.	1%
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$	A measure of the extent of the Shire's ability to cover costs using only discretionary revenue.	40%
Debt Service Coverage Ratio	$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{principal and interest}}$	A measure of the extent of the Shire's capacity to generate sufficient cash to cover debt payments.	3
Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciation assets}}$	A measure of the aged condition of the Shire's physical assets.	50%
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$	A measure of the extent to which assets managed by the Shire are being replaced as they reach the end of their useful lives.	90%
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$	The Shire's financial capacity to fund asset renewal to support existing service levels. (This ratio is based on the ten years forecast expenditure and as such is only able to be calculated of the first five years of the Plan).	75%

Appendix A1 – Forecast Financial Statements

Financial Statements

The following forecast financial statements have been prepared and are included at the end of the Plan.

These forecast statements have been prepared within a framework which accords with the Australian Accounting Standards.

The statements have been prepared based on a number of forecasts and estimates, and readers should ensure they have read and understood the reliance section under Other Matters at the end of the document.

Statements of Comprehensive Income

Often referred to as the operating statement, it shows the revenues and expenses over the periods classified by Nature or Type to disclose a net result.

Statement of Financial Position

More commonly referred to as the Balance Sheet, this statement discloses the forecast changes in the balance of assets and liability accounts over the periods.

Statement of Changes in Equity

This statement discloses the changes in equity over the forecast period. It shows the impact of operations on net assets and the movement in reserve accounts and revaluation surplus.

Statement of Cashflows

Represents the forecast cash inflows and outflows and discloses the changes to the balance of cash over the period.

Statement of Funding

A statement combining operating and capital revenues and expenses and discloses the opening and closing net current forecast surplus (deficit) funding position for each year.

Statement of Net Current Asset Composition

A statement showing how the closing estimated surplus/deficit has been calculated.

Statement of Fixed Asset Movements

A summary of the impact of the Plan on the value of fixed assets over the period. It discloses the movements in the net value of property, plant, and equipment and infrastructure.

Statement of Fixed Asset Funding

A summary of the capital expenditure by asset class and the source of funding for each class.

Forecast Ratios

The forecast ratios required by the regulations and discussed earlier under monitoring and performance.

Nature or Type

A number of statements in the Plan are disclosed using nature or type descriptors of revenue and expenditure (for example Rates and Employee Costs). This classification is in accordance with Schedule 1 of the *Local Government (Financial Management) Regulation 1996*.

Appendix A1 – Forecast Financial Statements (Continued)

Service Programs

The Shire provides a wide variety of services to the community in order to achieve its vision and objectives. The following service program descriptions as per the *Local Government (Financial Management) Regulations 1996* are used in the Plan to represent these services, however not all services listed may be provided by the Shire of Bruce Rock.

Objectives	Services
Governance	Members of Council Governance – general
General purpose funding	Rates Other general purpose funding
Law, order, public safety	Fire prevention Animal control Other law, order, public safety
Health	Maternal and infant health Preventative services - Immunisation - Meat inspection - Administration and inspection - Pest control - Other Other health
Education and welfare	Pre-school Other education Care of families and children Aged and disabled - Senior citizens centres - Meals on wheels Other welfare
Housing	Staff housing Other housing
Community amenities	Sanitation - Household refuse - Other Sewerage Urban stormwater drainage Protection of environment Town planning and regional development Other community amenities

Objectives	Services
Recreation and culture	Public halls, civic centre Swimming areas Other recreation and sport Television and radio re-broadcasting Libraries Other culture
Transport	Streets, roads, bridges, depots - Construction (not capitalised) - Maintenance Road plant purchase (if not capitalised) Parking facilities Traffic control Aerodromes Water transport facilities
Economic services	Rural services Tourism and area promotion Building control Sale yards and markets Plant nursery Other economic services
Other property and services	Private works Public works overheads Plant operation Salaries and wages Unclassified Town Planning Schemes

Appendix A2 - Forecast Statement of Comprehensive Income by Nature or Type 2023 - 2033

	2019-20	2020-21	2021-22	Base	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues														
Rates	1,503,228	1,559,947	1,634,738	1,712,044	1,797,647	1,887,529	1,981,906	2,081,001	2,185,052	2,294,305	2,409,020	2,529,471	2,655,945	2,788,743
Operating grants, subsidies and contributions	3,164,492	3,090,631	3,977,691	1,313,529	3,420,485	3,540,199	3,664,104	3,792,349	3,925,080	4,062,460	4,204,648	4,351,807	4,504,119	4,661,765
Fees and charges	1,010,847	1,937,575	2,155,306	2,208,985	857,561	887,572	918,634	950,789	984,063	1,018,501	1,054,155	1,091,043	1,129,228	1,168,752
Interest earnings	49,720	20,200	23,131	40,701	42,466	44,153	45,797	51,464	49,622	51,551	59,277	83,424	43,590	79,229
Other revenue	57,426	241,070	40,884	63,000	65,205	67,487	69,849	72,294	74,825	77,444	80,155	82,961	85,865	88,871
	5,785,713	6,849,423	7,831,750	5,338,259	6,183,364	6,426,940	6,680,290	6,947,897	7,218,642	7,504,261	7,807,255	8,138,706	8,418,747	8,787,360
Expenses														
Employee costs	(2,529,998)	(2,608,303)	(2,625,349)	(2,812,257)	(2,711,393)	(2,806,292)	(2,904,504)	(3,006,157)	(3,111,360)	(3,220,260)	(3,332,968)	(3,449,621)	(3,570,360)	(3,695,326)
Materials and contracts	(1,642,809)	(2,481,247)	(2,985,301)	(3,207,053)	(1,551,355)	(1,605,633)	(1,661,796)	(1,719,965)	(1,780,132)	(1,842,436)	(1,906,924)	(1,973,666)	(2,042,746)	(2,114,257)
Utility charges	(229,310)	(269,192)	(283,660)	(271,215)	(280,718)	(290,542)	(300,710)	(311,235)	(322,121)	(333,395)	(345,067)	(357,140)	(369,641)	(382,575)
Depreciation on non-current assets	(4,841,355)	(4,298,757)	(3,433,872)	(3,425,700)	(3,565,237)	(3,880,279)	(4,039,631)	(4,189,690)	(4,343,651)	(4,495,677)	(4,653,026)	(4,865,224)	(5,035,507)	(5,211,751)
Interest expenses	(3,103)	(5,993)	(5,840)	(47,882)	(89,464)	(85,974)	(82,348)	(78,584)	(74,750)	(70,804)	(66,699)	(62,541)	(58,546)	(54,379)
Insurance expenses	(232,936)	(261,498)	(209,671)	(226,665)	(234,605)	(242,815)	(251,313)	(260,109)	(269,209)	(278,634)	(288,385)	(298,477)	(308,923)	(319,734)
Other expenditure	(160,294)	(147,256)	(149,195)	(148,124)	(137,016)	(141,822)	(146,792)	(151,933)	(157,245)	(162,740)	(168,424)	(174,300)	(180,416)	(186,735)
	(9,639,805)	(10,072,246)	(9,692,888)	(10,138,896)	(8,569,788)	(9,053,357)	(9,387,094)	(9,717,673)	(10,058,468)	(10,403,946)	(10,761,493)	(11,180,969)	(11,566,139)	(11,964,757)
	(3,854,092)	(3,222,823)	(1,861,138)	(4,800,637)	(2,386,424)	(2,626,417)	(2,706,804)	(2,769,776)	(2,839,826)	(2,899,685)	(2,954,238)	(3,042,263)	(3,147,392)	(3,177,397)
Non-operating grants, subsidies and contributions	1,143,697	1,149,645	2,660,294	4,301,297	1,008,581	2,708,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581
Loss on revaluation	(127,206)	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit on asset disposals	9,887	1,731	38,105	8,500	0	0	0	0	0	0	0	0	0	0
Loss on asset disposal	(128,835)	(137,064)	(165,190)	(100,500)	0	0	0	0	0	0	0	0	0	0
NET RESULT	(2,956,549)	(2,208,511)	672,071	(591,340)	(1,377,843)	82,164	(1,698,223)	(1,761,195)	(1,831,245)	(1,891,104)	(1,945,657)	(2,033,682)	(2,138,811)	(2,168,816)
Other comprehensive income	(18,747,660)	780,306	0	0	3,300,101	3,360,689	3,467,133	3,536,180	3,594,727	3,648,335	3,675,462	3,792,834	3,803,366	3,860,568
TOTAL COMPREHENSIVE INCOME	(21,704,209)	(1,428,205)	672,071	(591,340)	1,922,258	3,442,853	1,768,910	1,774,985	1,763,482	1,757,231	1,729,805	1,759,152	1,664,555	1,691,752

Refer to Appendix B11 – Forecast Significant Accounting Policies

Appendix A3 – Forecast Statement of Financial Position 2023 - 2033

	2020	2021	2022	Base	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS														
Unrestricted cash and cash equivalents	2,069,240	2,994,992	686,488	94,415	94,415	94,415	94,415	94,415	94,415	94,415	94,415	94,415	94,415	94,415
Restricted cash and cash equivalent	0	0	1,663,785	804,340	871,659	937,532	1,164,160	1,090,452	1,167,588	1,476,661	2,442,549	849,166	2,274,719	2,349,099
Financial assets	1,331,661	1,608,322	3,663,783	0	0	0	0	0	0	0	0	0	0	0
Trade and other receivables	238,338	290,735	496,940	309,539	309,539	309,539	309,539	309,539	309,539	309,539	309,539	309,539	309,539	309,539
Inventories	82,106	83,792	110,382	27,189	27,189	27,189	27,189	27,189	27,189	27,189	27,189	27,189	27,189	27,189
Contract assets	74,205	0	0	0	0	0	0	0	0	0	0	0	0	0
Other assets	8,746	4,726	141,783	141,783	141,783	141,783	141,783	141,783	141,783	141,783	141,783	141,783	141,783	141,783
TOTAL CURRENT ASSETS	3,804,296	4,982,567	6,763,161	1,377,266	1,444,585	1,510,458	1,737,086	1,663,378	1,740,514	2,049,587	3,015,475	1,422,092	2,847,645	2,922,025
NON-CURRENT ASSETS														
Financial assets	71,221	73,807	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804	77,804
Other receivables	12,753	13,877	13,974	13,974	13,974	13,974	13,974	13,974	13,974	13,974	13,974	13,974	13,974	13,974
Property plant and equipment	33,462,106	32,780,574	33,014,119	38,367,433	39,583,865	40,765,988	41,404,819	42,691,795	44,129,468	45,538,281	46,383,622	49,976,325	50,594,124	52,117,331
Infrastructure	56,983,813	55,620,586	55,498,859	55,367,507	55,906,415	57,998,186	58,794,923	59,246,977	59,384,616	59,308,979	59,108,467	58,774,433	58,297,774	58,289,912
TOTAL NON-CURRENT ASSETS	90,529,893	88,488,844	88,604,756	93,826,718	95,582,058	98,855,952	100,291,520	102,030,550	103,605,862	104,939,038	105,583,867	108,842,536	108,983,676	110,499,021
TOTAL ASSETS	94,334,189	93,471,411	95,367,917	95,203,984	97,026,643	100,366,410	102,028,606	103,693,928	105,346,376	106,988,625	108,599,342	110,264,628	111,831,321	113,421,046
CURRENT LIABILITIES														
Trade and other payables	444,584	395,333	930,750	572,926	572,926	572,926	572,926	572,926	572,926	572,926	572,926	572,926	572,926	572,926
Contract liabilities	0	559,967	1,251,597	0	0	0	0	0	0	0	0	0	0	0
Lease liabilities	3,763	3,892	3,014	2,912	3,018	3,130	2,426	0	0	0	0	0	0	0
Current portion of long-term liabilities	25,419	29,378	26,185	96,687	100,068	103,584	107,237	111,034	114,982	119,088	93,866	97,862	102,027	106,370
Provisions	333,327	415,204	431,533	431,533	431,533	431,533	431,533	431,533	431,533	431,533	431,533	431,533	431,533	431,533
TOTAL CURRENT LIABILITIES	807,093	1,403,774	2,643,079	1,104,058	1,107,545	1,111,173	1,114,122	1,115,493	1,119,441	1,123,547	1,098,325	1,102,321	1,106,486	1,110,829
NON-CURRENT LIABILITIES														
Lease liabilities	18,392	14,500	11,486	8,574	5,556	2,426	0	0	0	0	0	0	0	0
Long-term borrowings	246,581	217,203	194,596	2,163,936	2,063,868	1,960,284	1,853,047	1,742,013	1,627,031	1,507,943	1,414,077	1,316,215	1,214,188	1,107,818
Provisions	44,539	46,552	57,303	57,303	57,303	57,303	57,303	57,303	57,303	57,303	57,303	57,303	57,303	57,303
TOTAL NON-CURRENT LIABILITIES	309,512	278,255	263,385	2,229,813	2,126,727	2,020,013	1,910,350	1,799,316	1,684,334	1,565,246	1,471,380	1,373,518	1,271,491	1,165,121
TOTAL LIABILITIES	1,116,605	1,682,029	2,906,464	3,333,871	3,234,272	3,131,186	3,024,472	2,914,809	2,803,775	2,688,793	2,569,705	2,475,839	2,377,977	2,275,950
NET ASSETS	93,217,584	91,789,382	92,461,453	91,870,113	93,792,371	97,235,224	99,004,134	100,779,119	102,542,601	104,299,832	106,029,637	107,788,789	109,453,344	111,145,096
EQUITY														
Retained surplus	28,921,149	26,435,977	27,052,587	27,320,692	25,875,530	25,891,821	23,966,970	22,279,483	20,371,102	18,170,925	15,259,380	14,819,081	11,254,717	9,011,521
Reserves accounts	1,331,661	1,608,324	1,663,785	804,340	871,659	937,532	1,164,160	1,090,452	1,167,588	1,476,661	2,442,549	849,166	2,274,719	2,349,099
Asset revaluation surplus	62,964,774	63,745,081	63,745,081	63,745,081	67,045,182	70,405,871	73,873,004	77,409,184	81,003,911	84,652,246	88,327,708	92,120,542	95,923,908	99,784,476
TOTAL EQUITY	93,217,584	91,789,382	92,461,453	91,870,113	93,792,371	97,235,224	99,004,134	100,779,119	102,542,601	104,299,832	106,029,637	107,788,789	109,453,344	111,145,096

Refer to Appendix B11 – Forecast Significant Accounting Policies

Appendix A4 – Forecast Statement of Changes in Equity 2023 - 2033

	2020	2021	2022	Base	30 June 24	30 June 25	30 June 26	30 June 27	30 June 28	30 June 29	30 June 30	30 June 31	30 June 32	30 June 33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RETAINED SURPLUS														
Opening balance	31,877,698	28,921,151	26,435,977	27,052,587	27,320,692	25,875,530	25,891,821	23,966,970	22,279,483	20,371,102	18,170,925	15,259,380	14,819,081	11,254,717
Net result	(2,956,549)	(2,208,511)	672,071	(591,340)	(1,377,843)	82,164	(1,698,223)	(1,761,195)	(1,831,245)	(1,891,104)	(1,945,657)	(2,033,682)	(2,138,811)	(2,168,816)
Amount transferred (to)/from reserve accounts	(71,533)	(276,663)	(55,461)	859,445	(67,319)	(65,873)	(226,628)	73,708	(77,136)	(309,073)	(965,888)	1,593,383	(1,425,553)	(74,380)
Closing balance	28,921,149	26,435,977	27,052,587	27,320,692	25,875,530	25,891,821	23,966,970	22,279,483	20,371,102	18,170,925	15,259,380	14,819,081	11,254,717	9,011,521
RESERVES ACCOUNTS														
Opening balance	1,260,128	1,331,661	1,608,324	1,663,785	804,340	871,659	937,532	1,164,160	1,090,452	1,167,588	1,476,661	2,442,549	849,166	2,274,719
Amount transferred to/(from) retained surplus	71,533	276,663	55,461	(859,445)	67,319	65,873	226,628	(73,708)	77,136	309,073	965,888	(1,593,383)	1,425,553	74,380
Closing balance	1,331,661	1,608,324	1,663,785	804,340	871,659	937,532	1,164,160	1,090,452	1,167,588	1,476,661	2,442,549	849,166	2,274,719	2,349,099
REVALUATION SURPLUS														
Opening balance	62,964,774	63,745,081	63,745,081	63,745,081	63,745,081	67,045,182	70,405,871	73,873,004	77,409,184	81,003,911	84,652,246	88,327,708	92,120,542	95,923,908
Total other comprehensive income	0	0	0	0	3,300,101	3,360,689	3,467,133	3,536,180	3,594,727	3,648,335	3,675,462	3,792,834	3,803,366	3,860,568
Closing balance	62,964,774	63,745,081	63,745,081	63,745,081	67,045,182	70,405,871	73,873,004	77,409,184	81,003,911	84,652,246	88,327,708	92,120,542	95,923,908	99,784,476
TOTAL EQUITY														
	93,217,584	91,789,382	92,461,453	91,870,113	93,792,371	97,235,224	99,004,134	100,779,119	102,542,601	104,299,832	106,029,637	107,788,789	109,453,344	111,145,096

Appendix A5 – Forecast Statement of Cashflows 2023 - 2033

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash flows from operating activities										
Receipts										
Rates	1,797,647	1,887,529	1,981,906	2,081,001	2,185,052	2,294,305	2,409,020	2,529,471	2,655,945	2,788,743
Operating grants, subsidies and contributions	3,420,485	3,540,199	3,664,104	3,792,349	3,925,080	4,062,460	4,204,648	4,351,807	4,504,119	4,661,765
Fees and charges	857,561	887,572	918,634	950,789	984,063	1,018,501	1,054,155	1,091,043	1,129,228	1,168,752
Interest earnings	42,466	44,153	45,797	51,464	49,622	51,551	59,277	83,424	43,590	79,229
Other revenue	65,205	67,487	69,849	72,294	74,825	77,444	80,155	82,961	85,865	88,871
	6,183,364	6,426,940	6,680,290	6,947,897	7,218,642	7,504,261	7,807,255	8,138,706	8,418,747	8,787,360
Payments										
Employee costs	(2,711,393)	(2,806,292)	(2,904,504)	(3,006,157)	(3,111,360)	(3,220,260)	(3,332,968)	(3,449,621)	(3,570,360)	(3,695,326)
Materials and contracts	(1,551,355)	(1,605,633)	(1,661,796)	(1,719,965)	(1,780,132)	(1,842,436)	(1,906,924)	(1,973,666)	(2,042,746)	(2,114,257)
Utility charges	(280,718)	(290,542)	(300,710)	(311,235)	(322,121)	(333,395)	(345,067)	(357,140)	(369,641)	(382,575)
Interest expenses	(89,464)	(85,974)	(82,348)	(78,584)	(74,750)	(70,804)	(66,699)	(62,541)	(58,546)	(54,379)
Insurance expenses	(234,605)	(242,815)	(251,313)	(260,109)	(269,209)	(278,634)	(288,385)	(298,477)	(308,923)	(319,734)
Other expenditure	(137,016)	(141,822)	(146,792)	(151,933)	(157,245)	(162,740)	(168,424)	(174,300)	(180,416)	(186,735)
	(5,004,551)	(5,173,078)	(5,347,463)	(5,527,983)	(5,714,817)	(5,908,269)	(6,108,467)	(6,315,745)	(6,530,632)	(6,753,006)
Net cash provided by (used in) operating activities	1,178,813	1,253,862	1,332,827	1,419,914	1,503,825	1,595,992	1,698,788	1,822,961	1,888,115	2,034,354
Cash flows from investing activities										
Payments for purchase of property, plant & equipment	(1,084,680)	(1,197,660)	(491,160)	(982,125)	(1,280,545)	(1,150,708)	(856,244)	(3,201,472)	(440,215)	(1,233,207)
Payments for construction of infrastructure	(1,292,871)	(3,092,871)	(1,842,871)	(1,592,871)	(1,392,871)	(1,292,871)	(1,292,871)	(1,292,871)	(1,292,871)	(1,892,871)
Proceeds from non-operating grants, subsidies and contributions	1,008,581	2,708,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581
Proceeds from sale of plant & equipment	357,075	497,047	325,965	182,456	349,180	263,061	526,722	163,284	359,805	259,550
Net cash provided by (used in) investing activities	(1,011,895)	(1,084,903)	(999,485)	(1,383,959)	(1,315,655)	(1,171,937)	(613,812)	(3,322,478)	(364,700)	(1,857,947)
Cash flows from financing activities										
Repayment of debentures	(96,687)	(100,068)	(103,584)	(107,237)	(111,034)	(114,982)	(119,088)	(93,866)	(97,862)	(102,027)
Repayment of leases	(2,912)	(3,018)	(3,130)	(2,426)	0	0	0	0	0	0
Net cash provided by (used in) financing activities										
Net increase (decrease) in cash held	67,319	65,873	226,628	(73,708)	77,136	309,073	965,888	(1,593,383)	1,425,553	74,380
Cash at beginning of year	898,755	966,074	1,031,947	1,258,575	1,184,867	1,262,003	1,571,076	2,536,964	943,581	2,369,134
Cash and cash equivalents at the end of year	966,074	1,031,947	1,258,575	1,184,867	1,262,003	1,571,076	2,536,964	943,581	2,369,134	2,443,514
Reconciliation of net cash provided by operating activities to net result										
Net result	(1,378,031)	252,169	(1,498,628)	(1,545,160)	(1,598,193)	(1,649,896)	(1,696,007)	(1,725,953)	(1,820,311)	(1,839,167)
Depreciation	3,565,425	3,710,274	3,840,036	3,973,655	4,110,599	4,254,469	4,403,376	4,557,495	4,717,007	4,882,102
Grants/contributions for the development of assets	(1,008,581)	(2,708,581)	(1,008,581)	(1,008,581)	(1,008,581)	(1,008,581)	(1,008,581)	(1,008,581)	(1,008,581)	(1,008,581)
Net cash from operating activities	1,178,813	1,253,862	1,332,827	1,419,914	1,503,825	1,595,992	1,698,788	1,822,961	1,888,115	2,034,354

Appendix A6 – Forecast Statement of Funding 2023 - 2033

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
FUNDING FROM OPERATIONAL ACTIVITIES										
Revenues										
Rates	1,797,647	1,887,529	1,981,906	2,081,001	2,185,052	2,294,305	2,409,020	2,529,471	2,655,945	2,788,743
Operating grants, subsidies and contributions	3,420,485	3,540,199	3,664,104	3,792,349	3,925,080	4,062,460	4,204,648	4,351,807	4,504,119	4,661,765
Fees and charges	857,561	887,572	918,634	950,789	984,063	1,018,501	1,054,155	1,091,043	1,129,228	1,168,752
Interest earnings	42,466	44,153	45,797	51,464	49,622	51,551	59,277	83,424	43,590	79,229
Other revenue	65,205	67,487	69,849	72,294	74,825	77,444	80,155	82,961	85,865	88,871
	6,183,364	6,426,940	6,680,290	6,947,897	7,218,642	7,504,261	7,807,255	8,138,706	8,418,747	8,787,360
Expenses										
Employee costs	(2,711,393)	(2,806,292)	(2,904,504)	(3,006,157)	(3,111,360)	(3,220,260)	(3,332,968)	(3,449,621)	(3,570,360)	(3,695,326)
Materials and contracts	(1,551,355)	(1,605,633)	(1,661,796)	(1,719,965)	(1,780,132)	(1,842,436)	(1,906,924)	(1,973,666)	(2,042,746)	(2,114,257)
Utility charges (electricity, gas, water etc.)	(280,718)	(290,542)	(300,710)	(311,235)	(322,121)	(333,395)	(345,067)	(357,140)	(369,641)	(382,575)
Depreciation on non-current assets	(3,565,237)	(3,880,279)	(4,039,631)	(4,189,690)	(4,343,651)	(4,495,677)	(4,653,026)	(4,865,224)	(5,035,507)	(5,211,751)
Interest expense	(89,464)	(85,974)	(82,348)	(78,584)	(74,750)	(70,804)	(66,699)	(62,541)	(58,546)	(54,379)
Insurance expense	(234,605)	(242,815)	(251,313)	(260,109)	(269,209)	(278,634)	(288,385)	(298,477)	(308,923)	(319,734)
Other expenditure	(137,016)	(141,822)	(146,792)	(151,933)	(157,245)	(162,740)	(168,424)	(174,300)	(180,416)	(186,735)
	(8,569,788)	(9,053,357)	(9,387,094)	(9,717,673)	(10,058,468)	(10,403,946)	(10,761,493)	(11,180,969)	(11,566,139)	(11,964,757)
	(2,386,424)	(2,626,417)	(2,706,804)	(2,769,776)	(2,839,826)	(2,899,685)	(2,954,238)	(3,042,263)	(3,147,392)	(3,177,397)
Funding position adjustments										
Depreciation on non-current assets	3,565,237	3,880,279	4,039,631	4,189,690	4,343,651	4,495,677	4,653,026	4,865,224	5,035,507	5,211,751
Net funding from operational activities	1,178,813	1,253,862	1,332,827	1,419,914	1,503,825	1,595,992	1,698,788	1,822,961	1,888,115	2,034,354
FUNDING FROM CAPITAL ACTIVITIES										
Inflows										
Proceeds on disposal	357,075	497,047	325,965	182,456	349,180	263,061	526,722	163,284	359,805	259,550
Non-operating grants, subsidies and contributions	1,008,581	2,708,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581
Outflows										
Purchase of property plant and equipment	(1,084,680)	(1,197,660)	(491,160)	(982,125)	(1,280,545)	(1,150,708)	(856,244)	(3,201,472)	(440,215)	(1,233,207)
Purchase of infrastructure	(1,292,871)	(3,092,871)	(1,842,871)	(1,592,871)	(1,392,871)	(1,292,871)	(1,292,871)	(1,292,871)	(1,292,871)	(1,892,871)
Net funding from capital activities	(1,011,895)	(1,084,903)	(999,485)	(1,383,959)	(1,315,655)	(1,171,937)	(613,812)	(3,322,478)	(364,700)	(1,857,947)
FUNDING FROM FINANCING ACTIVITIES										
Inflows										
Transfer from reserve accounts	0	0	0	200,000	0	0	0	1,700,000	0	0
Outflows										
Transfer to reserve accounts	(67,319)	(65,873)	(226,628)	(126,292)	(77,136)	(309,073)	(965,888)	(106,617)	(1,425,553)	(74,380)
Repayment of past borrowings	(96,687)	(100,068)	(103,584)	(107,237)	(111,034)	(114,982)	(119,088)	(93,866)	(97,862)	(102,027)
Principal elements of finance lease payments	(2,912)	(3,018)	(3,130)	(2,426)	0	0	0	0	0	0
Net funding from financing activities	(166,918)	(168,959)	(333,342)	(35,955)	(188,170)	(424,055)	(1,084,976)	1,499,517	(1,523,415)	(176,407)
Estimated surplus/deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0

Appendix A7 - Forecast Statement of Net Current Asset Composition 2023 - 2033

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Estimated surplus/deficit July 1 B/Fwd	0	0	0	0	0	0	0	0	0	0
CURRENT ASSETS										
Unrestricted cash and equivalents	94,415	94,415	94,415	94,415	94,415	94,415	94,415	94,415	94,415	94,415
Restricted cash and cash equivalent	871,659	937,532	1,164,160	1,090,452	1,167,588	1,476,661	2,442,549	849,166	2,274,719	2,349,099
Trade and other receivables	309,539	309,539	309,539	309,539	309,539	309,539	309,539	309,539	309,539	309,539
Inventories	27,189	27,189	27,189	27,189	27,189	27,189	27,189	27,189	27,189	27,189
Other assets	141,783	141,783	141,783	141,783	141,783	141,783	141,783	141,783	141,783	141,783
CURRENT LIABILITIES										
Trade and other payables	(572,926)	(572,926)	(572,926)	(572,926)	(572,926)	(572,926)	(572,926)	(572,926)	(572,926)	(572,926)
Reserve accounts	(871,659)	(937,532)	(1,164,160)	(1,090,452)	(1,167,588)	(1,476,661)	(2,442,549)	(849,166)	(2,274,719)	(2,349,099)
Estimated surplus/deficit June 30 C/Fwd	0	0	0	0	0	0	0	0	0	0

Appendix A8 – Forecast Statement of Fixed Asset Movements 2023 - 2033

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CAPITAL WORKS - INFRASTRUCTURE										
Infrastructure - roads	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871
Other infrastructure - bridges	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Other infrastructure - other	0	1,800,000	550,000	300,000	100,000	0	0	0	0	600,000
Total capital works - infrastructure	1,292,871	3,092,871	1,842,871	1,592,871	1,392,871	1,292,871	1,292,871	1,292,871	1,292,871	1,892,871
Represented by:										
Additions - assets at no cost	0	0	0	0	0	0	0	0	0	0
Additions - expansion, upgrades and new	0	1,800,000	250,000	100,000	100,000	0	0	0	0	0
Additions - renewal	1,292,871	1,292,871	1,592,871	1,492,871	1,292,871	1,292,871	1,292,871	1,292,871	1,292,871	1,892,871
Total Capital Works - Infrastructure	1,292,871	3,092,871	1,842,871	1,592,871	1,392,871	1,292,871	1,292,871	1,292,871	1,292,871	1,892,871
Asset movement reconciliation										
Total capital works infrastructure	1,292,871	3,092,871	1,842,871	1,592,871	1,392,871	1,292,871	1,292,871	1,292,871	1,292,871	1,892,871
Depreciation infrastructure	(2,737,076)	(3,003,074)	(3,131,821)	(3,250,889)	(3,374,126)	(3,492,220)	(3,614,447)	(3,740,953)	(3,871,887)	(4,007,404)
Net book value of disposed/written off assets	0	0	0	0	0	0	0	0	0	0
Revaluation of infrastructure assets (inflation)	1,983,113	2,001,974	2,085,687	2,110,072	2,118,894	2,123,712	2,121,064	2,114,048	2,102,357	2,106,671
Net movement in infrastructure assets	538,908	2,091,771	796,737	452,054	137,639	(75,637)	(200,512)	(334,034)	(476,659)	(7,862)
CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT										
Buildings - non-specialised	0	150,000	0	600,000	600,000	600,000	0	0	0	700,000
Buildings - specialised	0	0	0	0	0	0	0	3,000,000	0	0
Plant and equipment	1,084,680	1,047,660	491,160	382,125	680,545	550,708	856,244	201,472	440,215	533,207
Total capital works property, plant and equipment	1,084,680	1,197,660	491,160	982,125	1,280,545	1,150,708	856,244	3,201,472	440,215	1,233,207
Represented by:										
Additions - assets at no cost	0	0	0	0	0	0	0	0	0	0
Additions - expansion, upgrades and new	0	0	0	0	0	0	0	0	0	0
Additions - renewal	1,084,680	1,197,660	491,160	982,125	1,280,545	1,150,708	856,244	3,201,472	440,215	1,233,207
Total capital works property, plant and equipment	1,084,680	1,197,660	491,160	982,125	1,280,545	1,150,708	856,244	3,201,472	440,215	1,233,207
Asset movement reconciliation										
Total capital works property, plant and equipment	1,084,680	1,197,660	491,160	982,125	1,280,545	1,150,708	856,244	3,201,472	440,215	1,233,207
Depreciation property, plant and equipment	(825,412)	(874,456)	(905,061)	(936,739)	(969,525)	(1,003,457)	(1,038,579)	(1,124,271)	(1,163,620)	(1,204,347)
Net book value of disposed/written off assets	(357,075)	(497,047)	(325,965)	(182,456)	(349,180)	(263,061)	(526,722)	(163,284)	(359,805)	(259,550)
Revaluation of property, plant and equipment (inflation)	1,316,988	1,358,715	1,381,446	1,426,108	1,475,833	1,524,623	1,554,398	1,678,786	1,701,009	1,753,897
Net movement in property, plant and equipment	1,219,181	1,184,872	641,580	1,289,038	1,437,673	1,408,813	845,341	3,592,703	617,799	1,523,207
CAPITAL WORKS - RIGHT OF USE ASSETS										
Right of use - land	0	0	0	0	0	0	0	0	0	0
Total capital works right of use assets	0	0	0	0	0	0	0	0	0	0
Asset movement reconciliation										
Depreciation right of use assets	(2,749)	(2,749)	(2,749)	(2,062)	0	0	0	0	0	0
Net movement in right of use assets	(2,749)	(2,749)	(2,749)	(2,062)	0	0	0	0	0	0
CAPITAL WORKS - TOTALS										
Capital works										
Total capital works infrastructure	1,292,871	3,092,871	1,842,871	1,592,871	1,392,871	1,292,871	1,292,871	1,292,871	1,292,871	1,892,871
Total capital works property, plant and equipment	1,084,680	1,197,660	491,160	982,125	1,280,545	1,150,708	856,244	3,201,472	440,215	1,233,207
Total capital works right of use assets	0	0	0	0	0	0	0	0	0	0
Total capital works	2,377,551	4,290,531	2,334,031	2,574,996	2,673,416	2,443,579	2,149,115	4,494,343	1,733,086	3,126,078
Fixed asset movement										
Net movement in infrastructure assets	538,908	2,091,771	796,737	452,054	137,639	(75,637)	(200,512)	(334,034)	(476,659)	(7,862)
Net movement in property, plant and equipment	1,219,181	1,184,872	641,580	1,289,038	1,437,673	1,408,813	845,341	3,592,703	617,799	1,523,207
Net movement in right of use assets	(2,749)	(2,749)	(2,749)	(2,062)	0	0	0	0	0	0
Net movement in fixed assets	1,755,340	3,273,894	1,435,568	1,739,030	1,575,312	1,333,176	644,829	3,258,669	141,140	1,515,345

Refer to Appendix B11 – Forecast Significant Accounting Policies

Appendix A9 – Forecast Statement of Capital Funding 2023 - 2033

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital expenditure										
Infrastructure - roads	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871	1,212,871
Other infrastructure - bridges	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Other infrastructure - other	0	1,800,000	550,000	300,000	100,000	0	0	0	0	600,000
Buildings - non-specialised	0	150,000	0	600,000	600,000	600,000	0	0	0	700,000
Buildings - specialised	0	0	0	0	0	0	0	3,000,000	0	0
Plant and equipment	1,084,680	1,047,660	491,160	382,125	680,545	550,708	856,244	201,472	440,215	533,207
Total - Capital expenditure	2,377,551	4,290,531	2,334,031	2,574,996	2,673,416	2,443,579	2,149,115	4,494,343	1,733,086	3,126,078
Funded by:										
Capital grants & contributions										
Infrastructure - roads	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581
Other infrastructure - other	0	1,600,000	0	0	0	0	0	0	0	0
Buildings - non-specialised	0	100,000	0	0	0	0	0	0	0	0
Total - Capital grants & contributions	1,008,581	2,708,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581	1,008,581
Own source funding										
Infrastructure - roads	204,290	204,290	204,290	204,290	204,290	204,290	204,290	204,290	204,290	204,290
Other infrastructure - bridges	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Other infrastructure - other	0	200,000	550,000	300,000	100,000	0	0	0	0	600,000
Buildings - non-specialised	0	50,000	0	600,000	600,000	600,000	0	0	0	700,000
Buildings - specialised	0	0	0	0	0	0	0	3,000,000	0	0
Plant and equipment	727,605	550,613	165,195	199,669	331,365	287,647	329,522	38,188	80,410	273,657
Total - Own source funding	1,011,895	1,084,903	999,485	1,383,959	1,315,655	1,171,937	613,812	3,322,478	364,700	1,857,947
Borrowings										
Total - Borrowings	0	0	0	0	0	0	0	0	0	0
Other (disposals & C/Fwd)										
Plant and equipment	357,075	497,047	325,965	182,456	349,180	263,061	526,722	163,284	359,805	259,550
Total - Other (disposals & C/Fwd)	357,075	497,047	325,965	182,456	349,180	263,061	526,722	163,284	359,805	259,550
Total Capital Funding	2,377,551	4,290,531	2,334,031	2,574,996	2,673,416	2,443,579	2,149,115	4,494,343	1,733,086	3,126,078
Unfunded - capital works										
Total - Unfunded - capital works	0	0	0	0	0	0	0	0	0	0

Appendix A10 - Forecast Ratios 2023 - 2033

	Target Range		Average	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33		
LIQUIDITY RATIOS															
Current ratio	>	1.00	>	1.20	0.59	0.58	0.58	0.58	0.58	0.58	0.60	0.60	0.60	0.60	
OPERATING RATIOS															
Operating surplus ratio	>	1.00%	>	15.00%	(84.51%)	(86.37%)	(90.98%)	(89.74%)	(87.77%)	(86.22%)	(84.25%)	(82.00%)	(80.34%)	(80.40%)	(77.02%)
Own source revenue coverage ratio	>	40.00%	>	60.00%	33.02%	32.24%	31.89%	32.13%	32.47%	32.74%	33.08%	33.48%	33.87%	33.85%	34.48%
BORROWINGS RATIOS															
Debt service cover ratio	>	3	>	5	9.45	6.83	7.21	7.62	8.07	8.50	8.97	9.50	12.06	12.45	13.35
FIXED ASSET RATIOS															
Asset sustainability ratio	>	90.00%	>	110.00%	58.81%	66.69%	64.18%	51.59%	59.07%	59.25%	54.35%	46.19%	92.38%	34.42%	59.98%
Asset consumption ratio	>	50.00%	>	60.00%	79.16%	87.02%	85.32%	83.50%	82.04%	80.46%	78.78%	76.61%	74.70%	72.30%	70.85%
Asset renewal funding ratio	>	75.00%	>	95.00%	Unknown	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Refer to Appendix B11 – Forecast Significant Accounting Policies

Appendix A11 – Forecast Significant Accounting Policies

Basis of Preparation

The Long Term Financial Plan (the Plan) comprises forward looking financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this Plan have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the Plan has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this Plan.

All monies held in the Trust Fund are excluded from the financial statements.

Judgements and estimates

The preparation of a long term financial plan requires management to make judgements, estimates and assumptions that effect the application of policies and forecast amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The balances, transactions and disclosures may be impacted by accounting estimates and assumptions utilised.

The forward looking statements will be, subject to significant uncertainties and contingencies, many, if not all, of which are outside the control of the Shire of Bruce Rock. Actual future events may vary significantly from the Forward Looking Statements.

Base Year Balances

Balances shown in the Plan as Base Year are as forecast at the time of preparation of the Plan and are based on the current budget and prior year annual financial reporting and may be subject to variation.

Rounding Off Figures

All figures shown in the Plan are rounded to the nearest dollar.

Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation.

Appendix A11 – Forecast Significant Accounting Policies (Continued)

Forecast Fair Value Adjustments

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time preparation.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur and have not been estimated within the Plan.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such have been estimated as an inflation adjustment to Other Comprehensive Income, based on the value of the non-current assets forecasted to be held by the Shire.

Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Superannuation

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

Appendix A11 – Forecast Significant Accounting Policies (Continued)

Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

Land purchased for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intention to release for sale.

Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

An effective average depreciation rate for each class of asset has been utilised to estimate the forecast depreciation expense for each year. These are provided in the table below:

Asset Class	Effective average depreciation rate
Buildings - non-specialised	1.59%
Buildings - specialised	1.59%
Furniture and equipment	4.94%
Plant and equipment	4.65%
Infrastructure - roads	4.49%
Other infrastructure - bridges	2.18%
Other infrastructure - footpaths	3.18%
Other infrastructure - drainage	2.31%
Other infrastructure - other	9.46%
Other infrastructure - airstrip	5.00%
Other infrastructure - carparks	2.95%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

Appendix A11 – Forecast Significant Accounting Policies (Continued)

Employee Benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Short-Term Employee Benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other Long-Term Employee Benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Provisions

Provisions are recognised when the Shire has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

Appendix B1 – Glossary

Funding Gap

A funding gap exists whenever an entity has insufficient capacity to fund asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current funding gap means service levels have already or are currently falling. A projected funding gap if not addressed will result in a future diminution of existing service levels.

Infrastructure Assets

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. properties, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally, the components and hence the assets have long lives. They are fixed in place and often have no separate market value.

Key Performance Indicator

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

Level of Service

The defined service quality for a particular activity or service area (ie street lighting) against which service performance can be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environment, acceptability and cost.

Maintenance

All actions necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal. Maintenance occurs on a routine (at least annual) basis.

Planned Maintenance

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Reactive Maintenance

Unplanned repair work that is carried out in response to service requests and management/supervisory directions.

Significant Maintenance

Maintenance work to repair components or replace sub-components that need to be identified as a specific maintenance item in the maintenance budget.

Unplanned Maintenance

Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance Expenditure

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure which was anticipated in determining the asset's useful life.

Appendix B1 - Glossary

(Continued)

Materiality

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

Modern Equivalent Asset

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and improvements and efficiencies in production and installation techniques

Net Present Value (NPV)

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Non-Revenue Generating Investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, for example parks and playgrounds, footpaths, properties and bridges, libraries, etc.

Operations Expenditure

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Pavement Management System

A systematic process for measuring and predicting the condition of property pavements and wearing surfaces over time and recommending corrective actions.

Recoverable Amount

The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent Expenditure

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

Recurrent Funding

Funding to pay for recurrent expenditure.

Remaining Useful Life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

Renewal

Works to upgrade refurbish or replace existing facilities with facilities of equivalent capacity or performance capability.

Residual Value

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue Generating Investments

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Appendix B1 - Glossary

(Continued)

Risk Management

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Section or Segment

A self-contained part or piece of an infrastructure asset.

Service Potential

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Service Potential Remaining

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that are still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

Specific Maintenance

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, replacement of air conditioning equipment, etc. This work generally falls below the capital/maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Sub-Component

Smaller individual parts that make up a component part.

Useful Life

May be expressed as either:

- (a) The period over which a depreciable asset is expected to be used; or
- (b) The number of production or similar units (ie intervals, cycles) that is expected to be obtained from the asset.

Other Matters

Preparation

This Plan was prepared for the Shire of Bruce Rock by Moore Australia (WA) Pty Ltd.

Reliance

This Plan has been prepared for the exclusive use of the Shire of Bruce Rock and for the purposes specified in our letter of engagement and is not to be used for any other purpose or distributed to any other party without Moore Australia WA's prior consent. This Plan is supplied in good faith and reflects the knowledge, expertise and experience of the engagement consultant and is based on the information and representations provided by the Shire of Bruce Rock. We accept no responsibility for any loss occasioned by any person acting or refraining from action as a result of reliance on the report, other than the Shire of Bruce Rock.

This Plan contains quantitative and qualitative statements, including projections, estimates, opinions and forecasts concerning the anticipated future performance of Shire of Bruce Rock and the environment in which it operates ('Forward Looking Statements').

None of these Forward Looking Statements are or will be representations as to future matters. The Forward Looking Statements are, and will be, based on a large number of assumptions and are, and will be, subject to significant uncertainties and contingencies, many, if not all, of which are outside the control of the Shire of Bruce Rock. Actual future events may vary significantly from the Forward Looking Statements. Recipients should make their own investigations and enquiries regarding assumptions, uncertainties and contingencies which may affect the Shire of Bruce Rock and the impact that a variation in future outcomes may have on the Plan and the Shire of Bruce Rock.

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