



Long Term Financial
Plan 2020–30
FY 2020/21 Update

EXECUTIVE SUMMARY

The Inner West Council was formed by the amalgamation of Ashfield, Leichhardt and Marrickville Councils in May 2016. Council is operating from a position of financial stability and has used the Integrated Planning and Reporting (IPR) Framework to drive the long term financial sustainability and ensure Council is fit for the future as an amalgamated entity. This iteration of the Long Term Financial Plan (LTFP) has incorporated the 'Fit For The Future Financial Key Performance Indicators' (KPI's) along with statutory Annual Reporting KPI's. The overall objective of this LTFP is to ensure that Council is financially sustainable whilst achieving the outcomes of Community Strategic Plan (CSP). The integrated planning approach requires that Council provide an understanding of its longer term financial position to best direct its resources to achieve CSP outcomes.

This LTFP sets out two scenarios that each, at the very least, maintain current service levels and establish a balanced budget. In summary:

Scenario 1 – Business as Usual, maintain existing service levels.

Scenario 2 – Addresses the infrastructure asset renewal backlog.

Council will need to manage its available operational funds over the coming years. Council is continually reviewing its efficiency and reinvesting efficiency gains back into the community. It is acknowledged there are challenges that will need to be monitored, particularly in the area of capital works and infrastructure management, but Council is actively working on meeting those challenges and ensuring that service levels are at the very least maintained or, if possible, improved.

A community led engagement process was undertaken by Council to establish *Our Inner West 2036* the Inner West Council's first Community Strategic Plan (CSP). This LTFP was prepared using these assumptions which are clearly outlined in the review document and align to the outcomes outlined in the CSP. However, as with all things, future unforeseen factors can have an impact affecting Council's financial position. Past assumptions will not always prevail. Long term plans such as this LTFP document are useful tool to assist identify financial issues before they eventuate, and enable a strategy or plan to be developed to deal when and if they arise.

1.0 Financial Planning Context

1.0.1 Working Capital

Working Capital broadly represents either monies that Council is required, by law, to hold separately (to Council's general fund) as they can only be spent for specified purposes.

Funds that are legislatively required to be kept separate include:

- Developer Contributions raised under the Environmental Planning and Assessment Act, 1979 which must be spent to fund community infrastructure in accordance with the development contribution plan under which they were collected. Public Domain Contributions which are made by developers are similarly held by Council.
- Domestic Waste Management funds are raised under the Local Government Act 1993 and can only be used to support waste collection, recycling and related activities. These include funds set aside to replace the garbage, recycling or greenwaste bin fleet or truck fleet.
- A Stormwater Management Service Charge is raised annually by Council under the Local Government Act 1993. Funds that are not used in any one year must be held for use on authorised stormwater management and related activities.
- Grant funding provided for a specific purpose by the Commonwealth or State Government must be held by Council for that purpose.
- Special Rates raised by Council under the Local Government Act 1993 are held in restricted working capital until spent for the purpose for which they were raised.

Funds that are set aside for specific purposes by Council include:

- Employee Leave Entitlements: Council sets aside cash to pay out liabilities for accrued employee annual and long service leave. Council's Workforce Management Strategy has identified the need to cash back 100% of total leave liability to mitigate any financial risks surrounding employee leave entitlements.
- Plant, Technology and Vehicle replacement: Council has long term models in place to forecast the timing of heavy plant, motor vehicle and information technology hardware replacement. Funds are allocated to ensure budget is available for replacement.
- Funds held on trust by Council either on behalf of other parties or under a Trust arrangement must be held separately to Council funds and only spent in accordance with the terms of the trust arrangement.
- Loan funds: Council raises loan funds annually to fund its capital program (only if required). Unspent funds are held specifically to ensure those works are completed. Council currently funds these works from unrestricted working capital. See section 1.0.2.

Other unrestricted working capital is held and has been allocated throughout Council's LTFP to fund a number of operational and capital projects.

1.0.2 Loan Borrowings

Council borrowed \$40,047,146 to redevelop Ashfield Aquatic Centre. Borrowing is with NSW Treasury TCorp organisation that provides funding opportunities for local government and other State agencies. These borrowings will be repaid from rate income raised via the Ashfield Special Rate Variation to Council's rate income over a 20 year period.

Council has principal outstanding on its loan borrowings of \$9.1 million as at 30 June 2019. Council's Debt Service Cover ratio, which measures the availability of operating cash to service debt including interest and principal repayments, is forecast at 4.40 to 1 at the end of 2020/21. This is well above the Office of Local Government's benchmark of 2 to 1.

When Council borrows funds, loans have been used to fund major capital projects and are never used to fund operating projects.

1.1 Structure

1.1.1 Overview of Structure

This LTFP is structured around two financial models or 'scenarios'. The first, known as Scenario 1, is a base scenario and captures Council's "Business as Usual" approach. Scenario 2 provides an overview of existing funding gaps around asset management renewal backlog works.

The LTFP details the assumptions used when compiling each scenario, as well as the financial outcomes over a ten year period. It also lists the major opportunities and risks associated with each scenario, to provide an analysis of the sensitivity of the modelling to a variety of changes.

The last section of the document contains some high level measures by which Council's long term financial performance will be measured.

2. GLOBAL VARIABLES AND ASSUMPTIONS

Below is a list of variables and assumptions that are the drivers in predicting Council's revenue and expenditure forecasts over the 10 years for this iteration to the LTFP. These variables apply to each scenario of this LTFP unless explicitly stated in the particular scenario. Any references made to Consumer Price Index (CPI) will have an assumed rate of 0% per annum for expenditure and 2.6% per annum for income, unless stated otherwise.

2.1 Operating Revenue Drivers

The following tables summarise the revenue drivers on which the LTFP has been modelled.

Operating Revenue Area	Assumption
General Rates	Based on a rate cap of 2.6% per annum in 2020/21 onwards.
Special Variations to the General Rate	The former Ashfield LGA is subject to an 8.9% rates increase (including the rate peg). This Special variation is in the last year (commenced in 2015/16) and will apply into perpetuity. The funds will be allocated to infrastructure renewals and to fund the repayments of a loan relating to the upgrade of the Ashfield Aquatics Centre.
Voluntary Pensioner Rebates	<p>Council offers a voluntary pensioner rebates to eligible aged pensioners.</p> <p>This rebate covers the domestic waste and stormwater charges for resident owners of ten years or greater. For pensioners who do not meet the above criteria, grandfathering provisions exists for pensioners in the former Ashfield, Leichhardt and Marrickville LGA's.</p>

Operating Revenue Area	Assumption
Pensioner Rate Subsidy	The Pensioner Rate Subsidy is set by the State Government at a maximum of \$250 per property per annum. This is a flat subsidy and does not increase annually.
Domestic Waste Management Charge (DWMC) and related User Charges	The DWMC is modelled over the life of the Plan to cover the cost of the provision of the service. The Local Government Act prohibits councils from either subsidising or receiving a profit from the DWMC. The methodology of applying corporate overheads to the domestic waste services has been reviewed and applied from 2018/19 onwards. The budget has been prepared on the basis of maintaining Domestic Waste Management Charge flat.
Stormwater Management Service Charge	This is a flat charge used to fund stormwater planning and infrastructure. The charge is set by the Local Government Act and associated Regulations as follows: \$25.00 per residential property per annum. \$12.50 per strata unit per annum. \$25.00 per 350m ² per business property per annum.
Fees	Council generally increases its fees for the services it provides to at least cover general movements in costs each year. Statutory fees have been increased in accordance with advice given by the relevant statutory body whilst discretionary fees have been increased by CPI.
Interest on Investment	The interest which Council receives on its investments has been modelled and is reviewed annually. The model is linked to the projected level of reserves and forecast interest rates. As cash is expected to diminish over time as Council completes its suite of major projects and pursues its property strategy, a modest and sustainable level of interest income currently supports ongoing operations. It is expected that cash rates will increase to offset increased interest rates.
Interest on Overdue Rates	Council charges interest on overdue rates to the maximum allowed by the Minister for Local Government. The 2020/21 rate for the period of 1 July to 31 December 2020 has been set at 0% per annum and from 1 January to 30 June 2021 has been set at 7.0% per annum.
Other Revenues	This includes ex gratia rates payments, income from street furniture and credit card fees. It is assumed that these revenue sources will not increase and are indexed according to commercial agreements.
Rental/Lease Income	It is assumed that rental/lease income will increase at least by CPI, in line with provisions of current leases.

Operating Revenue Area	Assumption
Fines	The dollar value of individual fines is determined by the State Government. The volume of fines is a product of the level of compliance with relevant laws and the level of enforcement activity. It is assumed that the total income received from fines are flat.
Operating Grants – General	It is assumed that total income from grants will increase by CPI dependant on the particular initiatives provided to Council by the State and Federal Government.
Financial Assistance Grants (FAG)	It is assumed that total income from grants will be flat. The FAG is based on the relative growth of the Inner West's LGA in comparison to the growth of Western Sydney. This projection is in line with the methodology used by the NSW Grants Commission who determine the distribution of the FAG grant every year.
Roads and Maritime Services Block Grant	This is a State Government grant with no increase across the 10 years.
Street Lighting Subsidy	This is a State Government subsidy. It is assumed that this will be flat.
Library Subsidy	This subsidy is provided under the Library Regulation and is administered and set by the State Library of NSW. It is assumed that this will increase by CPI.
Disposal of Property	The Base Scenario assumes that no income from property sales will be received during the 10 years of the LTFP. Proceeds from sales including profits are transferred to Council's unrestricted working capital.
Disposal of Plant	The Base Scenario assumes that plant will be sold at its written down cost during the 10 years of the LTFP. Proceeds from sales including profits are transferred to Council's Plant Replacement restricted working capital.

2.2 Operating Revenue Sensitivity Analysis

Operating revenue assumptions will be sensitive to a variety of risks and opportunities, including the following:

- Future rate increases will be based on the Local Government Price Movements agreed to by the Independent Pricing and Regulatory Tribunal (IPART). Historically, rate increases have not kept pace with increasing costs. Recent experience has shown that IPART will not adjust future rates increases where the predicted Local Government Price Movements have proved to be well under actual price movements. If this trend continues, this will cause significant financial difficulties for the Inner West and other councils.
- Rate increases provide only for a continuation of existing service levels. The changing demographics of the Inner West community suggests that there may be demand for new or increased levels of services. These will not be able to be funded by ordinary IPART rate increases which are based on historic movements in costs only.
- The Pensioner Rate Subsidy is set at a maximum of \$250 per property and has not increased since 1993. This creates a greater burden on pensioners.
- The level of individual fines for traffic/parking offences is determined by the State Government.
- The Stormwater Management Charge is fixed and has not risen since its introduction in 2006/07.
- Interest rates have been highly volatile over the past 10 years but have stabilised at record low rates during the past 6 years. It is forecast that interest rates will remain at record lows and increase after 2 years on the basis of a full economic recovery.
- Council's rental income related particularly to land in Tempe which is situated in a current Road Reserve was acquired by the State Government for the WestConnex and M6 motorway in March 2020.
- Hoarding fees and other Development Assessment income is dependent on the level of active development within the Inner West LGA. These will continue to grow based on the release of Council's revised LEP that allows greater building density within the LGA area.
- Ashfield Aquatic Centre redevelopment continues into 2020/21 and has been incorporated into this budget and the LTFP. It is forecast to re-open in late 2020.

2.3 Capital Revenue Drivers

The following tables summarise the capital revenue assumptions on which the Base Scenario has been modelled.

Base Scenario Capital Revenue Area	Assumption
Roads to Recovery Grant	This is a Federal Government grant which is used by Council to fund its roads improvement program. It is assumed that this will be flat.
Developer Contributions	The funding which Council receives from developer contributions is reviewed annually. The funding is linked to the projected level of development. All funds are held in a restricted working capital fund for release to finance projects included in Council's plan as a response to increased population growth in the LGA.

2.4 Capital Revenue Sensitivity Analysis

Capital revenue assumptions will be sensitive to a variety of risks and opportunities, including the following:

- The Federal budget has a focus on infrastructure renewal initiatives that may impact Council. These initiatives have yet to be legislated and hence have not been incorporated into this iteration of the LTFP.
- The Roads to Recovery grants were introduced relatively recently. The grant has a 4 year life cycle and the Federal Government has announced that it will remain intact and has included it in the 2020/21 budget with no view of reducing the funding pool (nationally) at this point in time. This situation could alter.
- Council does receive capital grants other than for Roads to Recovery. However, these grants are tied to specific projects and are non-recurrent. As the receipt of other capital grants is difficult to predict, they are not included in the model.

2.5 Operating Expenditure Drivers

The following table summarises the operating expenditure assumptions on which the Base Scenario has been modelled.

Operational Expenditure Area	Assumptions
Salaries and Wages	The current award was negotiated in 2017 with the following agreed annual increases: 2.8% for 2016/17, 2.35% for 2017/18 and 2.5% for 2018/19 onwards.
Superannuation	<p>It is assumed that superannuation costs will remain at 9.5% of salaries for staff entitled to Superannuation Guarantee Contributions. The proposed increase to 10% scheduled in 2020/21 and increasing progressively to 12.0% in 2025/26 has again been deferred by the federal government. As this deferral continues, increased costs have not been factored into this iteration of the LTFP.</p> <p>It is assumed that superannuation costs for members of the Defined Benefits Schemes will be paid in accordance with the current advice from the Trustees of the Scheme. Council has developed a model to predict its ongoing contributions toward the Defined Benefits Schemes.</p>
Workers Compensation	Council's Workers Compensation premium has been set at \$2.5 million for 2019/20 and it is assumed that this will decrease to \$2.04 million in 2020/21 and then increase annually in accordance with salaries and wages .
Training	It is assumed that expenditure on training will be flat.
Maternity Leave	It is assumed that expenditure on maternity leave will be \$221,333 in 2020/21 and will increase by Award increases.
Long Service Leave	Expenditure on Long Service Leave has been modelled and will increase by Award increases. The model is reviewed annually.

Operational Expenditure Area	Assumptions
Materials and Contracts	Components of materials and contracts expenditure are reviewed individually. The budget includes cost estimates for the actual expected expenditure.
Disposal Costs	The cost of waste disposal has been modelled and is reviewed annually.
Oil and Fuel	It is assumed that oil and fuel costs will increase by CPI per annum over 10 years.
Street Lighting	It is assumed that street lighting costs will increase by CPI. The project to change-over to LED lights continues in the 2020/21 budget to reduce the cost of street lighting.
Electricity	It is assumed that electricity costs will increase by an average 4.0% per annum over 10 years.
Gas	It is assumed that gas costs will increase by an average 4.0% per annum over 10 years.
Water	It is assumed that water costs will increase by an average 4.0% per annum over 10 years.
Telephone and Mobile Phone	It is assumed that fixed and mobile phone and data costs will increase by CPI per annum over 10 years.
Depreciation	Depreciation has been modelled in accordance with Council's Asset Management Plans – refer page 6 of the Asset Management Policy and Strategy.
Other Expenses	This includes Councillor fees, agency expenses, advertising, printing, memberships and donations. It is assumed that these expenses will increase by CPI.
State Government Levies	The State Government charges levies to councils contribute to a range of services. It is assumed that the levies will increase by CPI.
Insurance	It is assumed that insurance costs will increase by CPI over 10 years.

2.6 Operating Expenditure Sensitivity Analysis

Operating expenditure assumptions will be sensitive to a variety of risks and opportunities, including the following:

- The current industrial award was negotiated in 2017 with the following agreed annual increases, 2.8% for 2016/17, 2.35% for 2017/18 and 2.5% 2018/19 onwards.
- The Federal government proposed that Superannuation Guarantee Charge (SGC) will rise to 9.5% and indexation frozen until 2022/23 with the next increase proposed to increase to 10%. The SGC could reach a maximum of 12% in 2025/26. This proposal has not been legislated and not factored into this iteration of Council's LTFP.

- There is a possibility the cost of street lighting may be reduced in the future through the prudent investment in new technology. A project to replace the current street lighting to LED street lighting continues in the 2020/21 budget to mitigate the risk that street lighting costs continue to escalate, as they have in recent years. Council has little control over these costs.
- Natural disasters and other unforeseeable events may impact to increase insurance premium levels.
- Ashfield Aquatic Centre redevelopment has been incorporated in this budget and the LTFP. It is forecast to re-open in late 2020. Staff (excluding casuals) have been maintained in the budget. These staff have been reassigned to one of the other aquatic centres within the Inner West Council while the redevelopment takes place.

2.7 Capital Expenditure Drivers

Capital Expenditure Area	Assumptions
Information and Communication Technology - Hardware/Software Program	<p>Council currently leases the majority of its Information Technology Hardware over a 4 year lease term. Software costs associated with hardware upgrades are forecast and included in the relevant year within the Operating Budget.</p> <p>New infrastructure investments are assessed as part of the evaluation process driven by the ICT Steering Committee. The LTFP provides for the full cost of replacement of existing hardware and software. The budget includes the hardware and software replacement program. This program replaces assets at the end of their useful life and also takes into account the consolidation of three existing data centres into one and the consolidation of maintenance agreements and software licences.</p> <p>Maintenance costs are considered as part of the evaluation process and included in the budget where required for both software and hardware.</p> <p>An action plan has been developed and can be found in the ICT Strategy.</p>
Local Roads and Lanes Program	<p>Council's investment in its Local Roads network has been set at \$5,620,000 in 2020/21 funded by Financial Assistance Grants, SRV, Roads to Recovery and general funds. Funding levels are kept at levels to ensure Council exceeds its Renewal Ratio every year for its infrastructure portfolio throughout the LTFP.</p>
Regional Roads Program	<p>Council owns the Regional Road network. NSW RMS subsidises upkeep through grants. Council matches funding under the Regional Roads program using unrestricted working capital or other available funding sources. A total of \$660,000 is anticipated to be spent on Regional Road capital works throughout the 2020/21 financial year. Funding levels are kept at levels to ensure Council exceeds its Renewal Ratio every year for its infrastructure portfolio throughout the LTFP.</p>

Capital Expenditure Area	Assumptions
Footpath Program	Council's investment in its Footpath Renewal & Upgrade Program has been set at \$2,177,000 in 2020/21 funded by SRV and unrestricted working capital. Funding levels are kept at levels to ensure Council exceeds its Renewal Ratio every year for its infrastructure portfolio throughout the LTFP.
Bike Facilities Program	Unrestricted working capital and developer contributions are allocated to improve bike facilities to match capital grant funding from the NSW or Federal government or to fund direct works.
Traffic Amenities Program	The traffic amenities program is funded from Developer Contributions, SRV, government grant funds or other working capital to improve traffic amenities. The traffic amenities program included in the budget is \$1,005,300. This program may continue to reduce as the developer contributions reduces nexus on traffic amenities from where the majority of these works are funded.
Drainage Program	Council has a program of catchment studies across the various sub-catchments within its boundaries. These are funded from the Stormwater Charge. Drainage capital works are funded from SRV funds and unrestricted working capital. Additional capital works are funded from the Stormwater Charge in accordance with the Stormwater Plan.
Street Lighting Upgrades	After the corporatisation of the electricity network the LGAs are responsible for the maintenance and the cost of electricity. Inner West Council has included a project converting street lights to LED thereby reducing the cost of maintenance and electricity used.
Parks Improvement Program	Park improvements are primarily funded from Developer Contributions, SRV and Federal or State grants. Council's Parks Improvement Program approximately \$16,610,150 in 2020/21.

The Capital Program also incorporates expenditure on Council's 'Major Projects' as follows:

Project	Funding available in 2020/21
Ashfield Aquatic Centre Redevelopment	\$11.8m
Urban Amenity Improvement Program	\$7.0m
Dawn Fraser Pool Upgrade	\$3.4m
Haberfield Library Upgrade	\$3.7m
Henson Park Upgrade	\$2.0m
Marrickville Town Hall Upgrade	\$1.5m

2.8 Capital Expenditure Sensitivity Analysis

Capital expenditure assumptions will be sensitive to a variety of risks and opportunities, including the following:

- Council has prepared Asset Management Plans for each of the four infrastructure asset groups (see accompanying Asset Management Plans). As data is updated on the condition of these assets it is likely that further investment will be required to ensure roads, footpaths, drainage, bike networks, parks facilities, buildings and the like continue to be available for both the current and future generations living in the Inner West. Increasing investments to promote accessibility will also be needed as the Inner West population ages. This will be planned to ensure an accessibility continuum between local roads, streetscapes and footpaths and transport infrastructure managed by State Government including trains, buses and light rail.

2.9 Non Financial Assumptions

The Inner West Council's adopted Community Strategic Plan provides an overview of the major issues impacting upon the local community. The data and analysis used to arrive at those issues also inform the preparation of this LTFP.

3. SCENARIO 1 – BUSINESS AS USUAL

3.1 Scenario 1 Overview

Scenario 1 is predicated on:

- Continuation of existing services at current service levels
- Continuation of existing levels of investment in infrastructure renewal
- Continuation of existing income sources

This scenario also incorporates the following ‘major projects’:

- Redevelopment of Ashfield Aquatic Centre.
- Urban Amenity Improvement Program.
- Upgrade work at the Dawn Fraser Pool.
- Refurbishment of the Haberfield Library.
- Refurbishment of the Marrickville Town Hall.

3.2 Scenario 1 Context

Council was formed by the amalgamation of Ashfield, Leichhardt and Marrickville Councils in May 2016 and until service reviews are complete, service levels will remain as they were in the constituent Councils. Council is currently operating from a position of financial stability and has used the Integrated Planning and Reporting (IPR) Framework to drive the long term financial sustainability and ensure Council is fit for the future as a stand-alone entity.

It is evident that while Council’s immediate and long term financial position is capable of delivering existing services at their current levels given current costs, an uncertain economic environment and the changing nature of the Inner West community will generate new or expanded needs for services and for associated funding.

Council’s major income source, rates, is capped by the State Government and continues to grow at a slower pace than salaries, State Government levies and other costs. In this environment, ongoing financial sustainability can only be achieved by further cost savings or income generation proposals or by shedding or reducing existing programs. Council has committed to an ongoing budget review process aimed at identifying cost savings or income generation options throughout the life of this LTFP.

There is limited scope to fund major capital works in such an environment. Scenario 1 outlines the method of delivering business as usual whilst Scenario 2 outlines a method of dealing with the infrastructure renewal backlog. Both scenarios are illustrative only. As and when the need develops to fund major infrastructure, provide new or expanded services or invest more in infrastructure maintenance, Council will engage with the Inner West community and develop these options further.

3.3 Scenario 1 Financial Projections

The following tables outline the financial impact of the Scenario 1 over the next 10 years by External Reporting Category.

Scenario 1 - Inner West Council - 10 Year Income Statement Projection

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Income from Continuing Operations											
Rates and Annual Charges	162,638	164,103	167,314	170,608	173,989	177,458	181,017	184,669	188,416	192,261	196,206
User Fees and Charges	45,948	40,238	51,662	53,664	55,035	56,467	57,936	59,443	60,990	62,577	64,206
Interest Income	5,277	6,368	6,537	6,603	6,672	6,741	6,813	6,887	6,962	7,039	7,119
Other Income	26,291	18,167	22,055	22,173	22,293	22,417	22,544	22,674	22,807	22,944	23,085
Operating Grants	10,620	8,283	7,235	7,185	7,185	7,185	7,013	7,013	7,013	7,013	7,013
Capital Grants and Contributions	36,819	25,144	24,932	30,205	16,302	15,557	14,727	14,727	14,727	14,727	14,727
Net Gain - Disposal of Assets	(70)	(190)	(972)	(423)	(391)	131	981	1	416	124	1,476
Total Income from Continuing Operations	287,523	262,113	278,762	290,015	281,084	285,955	291,030	295,413	301,331	306,686	313,831
Expenditure from Continuing Operations											
Employee Benefits and Oncosts	121,675	127,231	131,136	134,110	137,444	141,486	145,650	149,938	154,355	158,905	163,591
Interest Expense	1,969	1,104	973	868	758	720	675	635	593	550	507
Materials and Contracts	64,173	53,926	52,408	50,658	55,363	55,108	51,677	50,546	50,796	51,799	50,618
Depreciation	33,080	27,467	28,823	29,950	31,115	32,309	33,489	34,717	35,965	37,032	37,980
Other Expenses	34,200	34,615	35,190	35,471	36,258	36,225	36,633	37,089	37,527	38,378	38,737
Total Expenses from Continuing Operations	255,098	244,343	248,531	251,057	260,938	265,849	268,125	272,925	279,236	286,664	291,432
Net Operating Result from Continuing Operations	32,426	17,770	30,232	38,958	20,146	20,106	22,905	22,488	22,095	20,022	22,399
Net Operating Result before Capital Items	(4,393)	(7,374)	5,300	8,753	3,844	4,549	8,178	7,761	7,368	5,295	7,672

Scenario 1 - Inner West Council - Statement of Financial Position

	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)
ASSETS											
Current assets											
Cash and cash equivalents	34,444	17,308	13,524	12,726	14,256	16,787	19,666	23,700	27,617	30,035	42,230
Investments	225,410	203,586	200,693	203,650	206,869	209,379	214,706	224,341	235,664	246,603	260,103
Receivables	48,054	48,534	49,020	49,510	50,005	50,505	51,010	51,520	52,035	52,556	53,081
Inventories	181	182	183	184	185	185	186	187	188	189	190
Other	1,108	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current assets	309,197	269,610	263,419	266,069	271,314	276,856	285,569	299,749	315,505	329,383	355,604
Non-current assets											
Investments	40,720	26,927	24,774	23,152	22,181	20,601	19,721	19,267	18,858	18,496	18,182
Receivables	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	2,234,434	2,302,411	2,339,761	2,377,460	2,393,911	2,410,509	2,426,889	2,437,350	2,445,805	2,454,028	2,452,246
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	2,275,154	2,329,337	2,364,535	2,400,612	2,416,092	2,431,110	2,446,611	2,456,617	2,464,663	2,472,524	2,470,427
TOTAL ASSETS	2,584,351	2,598,948	2,627,954	2,666,681	2,687,406	2,707,966	2,732,179	2,756,365	2,780,168	2,801,907	2,826,031
LIABILITIES											
Current liabilities											
Payables	36,257	36,620	36,986	37,356	37,729	38,106	38,488	38,872	39,261	39,654	40,050
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Borrowings	5,066	3,762	3,058	2,600	2,447	1,968	1,817	1,858	1,900	1,943	1,986
Provisions	33,244	34,075	34,927	35,800	36,695	37,612	38,553	39,516	40,504	41,517	42,555
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	74,567	74,457	74,971	75,756	76,871	77,686	78,858	80,247	81,665	83,113	84,591
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Borrowings	41,780	36,714	32,952	29,894	27,294	24,847	22,879	21,062	19,204	17,304	15,361
Provisions	2,029	2,049	2,070	2,091	2,111	2,133	2,154	2,175	2,197	2,219	2,241
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	43,809	38,764	35,022	31,984	29,405	26,979	25,033	23,237	21,401	19,523	17,603
TOTAL LIABILITIES	118,376	113,221	109,993	107,740	106,276	104,666	103,891	103,484	103,066	102,636	102,194
Net assets	2,465,975	2,485,727	2,517,961	2,558,942	2,581,130	2,603,300	2,628,288	2,652,881	2,677,101	2,699,270	2,723,838
EQUITY											
Retained earnings	2,267,713	2,285,483	2,315,714	2,354,672	2,374,818	2,394,925	2,417,829	2,440,317	2,462,412	2,482,434	2,504,833
Revaluation reserves	198,262	200,245	202,247	204,270	206,312	208,375	210,459	212,564	214,689	216,836	219,005
Council equity interest	2,465,975	2,485,727	2,517,961	2,558,942	2,581,130	2,603,300	2,628,288	2,652,881	2,677,101	2,699,270	2,723,838
Total equity	2,465,975	2,485,727	2,517,961	2,558,942	2,581,130	2,603,300	2,628,288	2,652,881	2,677,101	2,699,270	2,723,838

Scenario 1 - Inner West Council - Statement of Cashflows

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cashflow from Operating Activities											
Receipts											
Rates & Annual Charges	163,205	164,103	167,314	170,608	173,989	177,458	181,017	184,669	188,416	192,261	196,206
User Charges & Fees	46,410	40,238	51,662	53,664	55,035	56,467	57,936	59,443	60,990	62,577	64,206
Investment & Interest Income	5,277	6,368	6,537	6,603	6,672	6,741	6,813	6,887	6,962	7,039	7,119
Operating Grants	8,445	8,283	7,235	7,185	7,185	7,185	7,013	7,013	7,013	7,013	7,013
Capital Grants and Contributions	38,004	25,144	24,932	30,205	16,302	15,557	14,727	14,727	14,727	14,727	14,727
Other	26,252	18,167	22,055	22,173	22,293	22,417	22,544	22,674	22,807	22,944	23,085
Payments											
Employee Benefits & On-Costs	(121,675)	(127,231)	(131,136)	(134,110)	(137,444)	(141,486)	(145,650)	(149,938)	(154,355)	(158,905)	(163,591)
Materials & Contracts	(64,173)	(53,926)	(52,408)	(50,658)	(55,363)	(55,108)	(51,677)	(50,546)	(50,796)	(51,799)	(50,618)
Borrowing Costs	(1,969)	(1,104)	(973)	(868)	(758)	(720)	(675)	(635)	(593)	(550)	(507)
Other Expenses	(34,200)	(34,615)	(35,190)	(35,471)	(36,258)	(36,225)	(36,633)	(37,089)	(37,527)	(38,378)	(38,737)
Net Cash provided (or used in) Operating Activities	65,576	45,427	60,027	69,331	51,653	52,284	55,413	57,204	57,644	56,930	58,903
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities	271,859	274,577	277,323	280,096	282,897	285,726	288,583	291,469	294,384	297,328	300,301
Sale of Real Estate Assets	80,933										
Sale of Infrastructure, Property Plant & Equipment	3,430	3,310	2,528	3,077	3,109	3,631	4,481	3,501	3,916	3,624	4,976
Payments											
Purchase of Investment Securities	(337,216)	(241,244)	(274,430)	(283,053)	(286,117)	(288,236)	(293,911)	(301,104)	(305,707)	(308,266)	(313,802)
Purchase of Infrastructure, Property, Plant & Equipment	(111,049)	(95,444)	(66,173)	(67,649)	(47,566)	(48,907)	(49,870)	(45,178)	(44,419)	(45,255)	(36,198)
Contributions paid to Joint Ventures & Associates											
Net cash provided (or used in) Investing Activities	(92,043)	(58,800)	(60,753)	(67,529)	(47,676)	(47,786)	(50,717)	(51,312)	(51,827)	(52,569)	(44,722)
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowing & Advances	40,047										
Payments											
Payments of Borrowing & Advances	(5,066)	(3,762)	(3,058)	(2,600)	(2,447)	(1,968)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)
Net Cash Flow provided (or used in) Financing Activities	34,981	(3,762)	(3,058)	(2,600)	(2,447)	(1,968)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)
Net Increase/(Decrease) in Cash & Cash Equivalents	8,514	(17,136)	(3,784)	(798)	1,530	2,531	2,879	4,034	3,917	2,418	12,194
Plus Cash & Cash Equivalents - beginning of year	25,931	34,444	17,308	13,524	12,726	14,256	16,787	19,666	23,700	27,617	30,035
Cash & Cash Equivalents - end of year	34,444	17,308	13,524	12,726	14,256	16,787	19,666	23,700	27,617	30,035	42,230
Plus Investments on hand - end of year	266,130	230,513	225,467	226,802	229,050	229,980	234,428	243,607	254,522	265,098	278,285
Total Cash & Cash Equivalents & Investments	300,574	247,821	238,991	239,528	243,306	246,767	254,094	267,308	282,139	295,134	320,514

4. SCENARIO 2: ASSET MANAGEMENT INFRASTRUCTURE RENEWAL BACKLOG

Scenario 2 is predicated on:

- Continuation of existing services at current service levels.
- An expanded capital renewal program to reduced infrastructure backlog within the time horizon of this LTFP.

Council recognised the need to plan strategically and involve its community in the process of determining service levels and an appetite to fund proposed service levels. Council has been on the front foot in involving its community in developing a Strategic Plan for the Inner West LGA. As part of that process, Council acknowledged the need to plan and prioritise major property projects to ensure the right projects were completed at the right times, that decisions taken today had proper regard for Council's future ability to deliver other projects and to ensure Council could afford to undertake the projects.

Council embarked upon the delivery of a suite of Major Projects, these included

Projects Completed

- Leichhardt Town Hall.
- Leichhardt Park Children's Day Care Centre.
- Steel Park Children's Day Care Centre.

Projects in the Pipeline

- Redevelopment of Ashfield Aquatic Centre.
- Urban Amenity Improvement Program.
- Upgrade work at the Dawn Fraser Pool.
- Refurbishment of the Haberfield Library.
- Refurbishment of the Marrickville Town Hall.
- Annette Kellerman Aquatic Centre upgrade.

In addition to the continuation of existing revenue sources, Scenario 2 aims to demonstrate the effects of securing additional funding to fund Council's entire infrastructure backlog to meet the needs of the community. It aims to be illustrative only, an option Council could pursue with the support of the Inner West LGA (Community). When specific plans are in place for the re-development of any of Council's current properties, Council will engage with the community to better understand the level of community support for this type of funding option if it were to be pursued.

4.1 Scenario 2 Assumptions

The annual budget includes provisions for operations, maintenance, renewal, new and upgrade expenditure on infrastructure. When renewal funding is inadequate, any unfunded renewal demand is deferred, which generates a backlog. The existing backlog is reduced by increasing renewal expenditure.

Council identified an infrastructure renewal backlog in its 2018/19 financial reports, estimated to be approximately \$142m across its asset portfolio. In order to address this backlog additional funds are required to be sourced.

The renewal funding planned in Scenario 2 is insufficient to reduce the backlog of deferred renewal demand, therefore a special rates variation of 6.5% would be required to the rate base. This will be sufficient to fund the emergent renewal demand over the coming decade.

4.2 Scenario 2 Sensitivity Analysis

The assumptions on which Scenario 2 are predicated will be sensitive to a variety of risks and opportunities, including the following:

- Community engagement will provide a critical input to the service levels expected by the community and identify the priorities of the above table.
- It assumes all capital renewal works will be funded directly from any additional funding with no requirements to borrow from a financial institution. If a large enough new capital project is identified as urgent, loan funds may be sourced and the additional funds utilised to service that loan.

4.3 Scenario 2 Financial Projections

The following illustrates the impact on Council's rate revenue for the additional funding in 2020/21. Rate income will increase above the expected IPART rate increase commencing in 2020/21 and will remain into perpetuity.

Scenario 2 - Inner West Council - 10 Year Income Statement Projection

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Income from Continuing Operations											
Rates and Annual Charges	162,638	164,797	176,221	179,729	183,329	187,022	190,812	194,701	198,691	202,784	206,985
User Fees and Charges	45,948	40,321	51,663	53,665	55,036	56,468	57,937	59,445	60,992	62,579	64,207
Interest Income	5,277	6,368	6,537	6,603	6,672	6,741	6,813	6,887	6,962	7,039	7,119
Other Income	26,291	17,361	22,056	22,173	22,294	22,417	22,544	22,674	22,808	22,945	23,085
Operating Grants	10,620	8,283	7,235	7,185	7,185	7,185	7,013	7,013	7,013	7,013	7,013
Capital Grants and Contributions	36,819	25,144	24,932	30,205	16,302	15,557	14,727	14,727	14,727	14,727	14,727
Net Gain - Disposal of Assets	(70)	(190)	(972)	(423)	(391)	131	981	1	416	124	1,476
Total Income from Continuing Operations	287,523	262,084	287,671	299,137	290,425	295,522	300,827	305,447	311,607	317,211	324,612
Expenditure from Continuing Operations											
Employee Benefits and Oncosts	121,675	127,231	131,136	134,110	137,444	141,486	145,650	149,938	154,355	158,905	163,591
Interest Expense	1,969	1,104	973	868	758	720	675	635	593	550	507
Materials and Contracts	64,173	53,926	52,408	50,658	55,363	55,108	51,677	50,546	50,796	51,799	50,618
Depreciation	33,080	27,467	28,823	29,950	31,115	32,309	33,489	34,717	35,965	37,032	37,980
Other Expenses	34,200	34,615	35,190	35,471	36,258	36,225	36,633	37,089	37,527	38,378	38,737
Total Expenses from Continuing Operations	255,098	244,343	248,531	251,057	260,938	265,849	268,125	272,925	279,236	286,664	291,432
Net Operating Result from Continuing Operations	32,426	17,741	39,140	48,080	29,488	29,673	32,702	32,521	32,371	30,547	33,180
Net Operating Result before Capital Items	(4,393)	(7,403)	14,208	17,875	13,186	14,116	17,975	17,794	17,644	15,821	18,453

Scenario 2 - Inner West Council - Statement of Financial Position

	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)
ASSETS												
Current assets												
Cash and cash equivalents	23,798	34,444	16,585	14,668	15,952	13,437	12,148	11,438	12,120	12,928	12,485	9,392
Investments	118,330	225,410	204,281	202,083	205,734	209,649	212,853	218,876	229,205	241,223	252,857	267,052
Receivables	47,578	48,054	48,534	49,020	49,510	50,005	50,505	51,010	51,520	52,035	52,556	53,081
Inventories	180	181	182	183	184	185	185	186	187	188	189	190
Other	3,291	1,108	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	193,177	309,197	269,582	265,954	271,379	273,275	275,692	281,511	293,033	306,375	318,087	329,716
Non-current assets												
Investments	79,683	40,720	26,927	24,774	23,152	22,181	20,601	19,721	19,267	18,858	18,496	18,182
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	2,156,465	2,234,434	2,302,411	2,346,107	2,390,152	2,419,294	2,448,583	2,477,654	2,500,806	2,521,952	2,542,866	2,566,457
Investments accounted for using the equity method	3,637	-	-	-	-	-	-	-	-	-	-	-
Investment property	28,489	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	1,397	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	2,269,671	2,275,154	2,329,337	2,370,881	2,413,304	2,441,475	2,469,184	2,497,376	2,520,073	2,540,810	2,561,362	2,584,638
TOTAL ASSETS	2,462,848	2,584,351	2,598,919	2,636,834	2,684,684	2,714,750	2,744,876	2,778,886	2,813,106	2,847,184	2,879,448	2,914,354
LIABILITIES												
Current liabilities												
Payables	35,898	36,257	36,620	36,986	37,356	37,729	38,106	38,488	38,872	39,261	39,654	40,050
Income received in advance	4,267	-	-	-	-	-	-	-	-	-	-	-
Borrowings	3,683	5,066	3,762	3,058	2,600	2,447	1,968	1,817	1,858	1,900	1,943	1,986
Provisions	32,433	33,244	34,075	34,927	35,800	36,695	37,612	38,553	39,516	40,504	41,517	42,555
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	76,281	74,567	74,457	74,971	75,756	76,871	77,686	78,858	80,247	81,665	83,113	84,591
Non-current liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	5,416	41,780	36,714	32,952	29,894	27,294	24,847	22,879	21,062	19,204	17,304	15,361
Provisions	2,009	2,029	2,049	2,070	2,091	2,111	2,133	2,154	2,175	2,197	2,219	2,241
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	7,425	43,809	38,764	35,022	31,984	29,405	26,979	25,033	23,237	21,401	19,523	17,603
TOTAL LIABILITIES	83,706	118,376	113,221	109,993	107,740	106,276	104,666	103,891	103,484	103,066	102,636	102,194
Net assets	2,379,142	2,465,975	2,485,699	2,526,841	2,576,944	2,608,474	2,640,210	2,674,995	2,709,621	2,744,118	2,776,812	2,812,160
EQUITY												
Retained earnings	2,182,843	2,267,713	2,285,454	2,324,594	2,372,674	2,402,162	2,431,835	2,464,536	2,497,058	2,529,429	2,559,976	2,593,156
Revaluation reserves	196,299	198,262	200,245	202,247	204,270	206,312	208,375	210,459	212,564	214,689	216,836	219,005
Council equity interest	2,379,142	2,465,975	2,485,699	2,526,841	2,576,944	2,608,474	2,640,210	2,674,995	2,709,621	2,744,118	2,776,812	2,812,160
Total equity	2,379,142	2,465,975	2,485,699	2,526,841	2,576,944	2,608,474	2,640,210	2,674,995	2,709,621	2,744,118	2,776,812	2,812,160

Scenario 2 - Inner West Council - Statement of Cashflows

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cashflow from Operating Activities											
Receipts											
Rates & Annual Charges	163,205	164,797	176,221	179,729	183,329	187,022	190,812	194,701	198,691	202,784	206,985
User Charges & Fees	46,410	40,321	51,663	53,665	55,036	56,468	57,937	59,445	60,992	62,579	64,207
Investment & Interest Income	5,277	6,368	6,537	6,603	6,672	6,741	6,813	6,887	6,962	7,039	7,119
Operating Grants	8,445	8,283	7,235	7,185	7,185	7,185	7,013	7,013	7,013	7,013	7,013
Capital Grants and Contributions	38,004	25,144	24,932	30,205	16,302	15,557	14,727	14,727	14,727	14,727	14,727
Other	26,252	17,361	22,056	22,173	22,294	22,417	22,544	22,674	22,808	22,945	23,085
Payments											
Employee Benefits & On-Costs	(121,675)	(127,231)	(131,136)	(134,110)	(137,444)	(141,486)	(145,650)	(149,938)	(154,355)	(158,905)	(163,591)
Materials & Contracts	(64,173)	(53,926)	(52,408)	(50,658)	(55,363)	(55,108)	(51,677)	(50,546)	(50,796)	(51,799)	(50,618)
Borrowing Costs	(1,969)	(1,104)	(973)	(868)	(758)	(720)	(675)	(635)	(593)	(550)	(507)
Other Expenses	(34,200)	(34,615)	(35,190)	(35,471)	(36,258)	(36,225)	(36,633)	(37,089)	(37,527)	(38,378)	(38,737)
Net Cash provided (or used in) Operating Activities	65,576	45,398	68,935	78,453	60,994	61,851	65,210	67,238	67,920	67,455	69,684
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities	271,859	274,577	277,323	280,096	282,897	285,726	288,583	291,469	294,384	297,328	300,301
Sale of Real Estate Assets	80,933										
Sale of Infrastructure, Property Plant & Equipment	(70)	(190)	(972)	(423)	(391)	131	981	1	416	124	1,476
Payments											
Purchase of Investment Securities	(333,716)	(238,439)	(271,625)	(280,248)	(283,312)	(285,431)	(291,106)	(298,299)	(302,902)	(305,461)	(310,997)
Purchase of Infrastructure, Property, Plant & Equipment	(111,049)	(95,444)	(72,519)	(73,995)	(60,257)	(61,598)	(62,561)	(57,869)	(57,110)	(57,946)	(61,571)
Contributions paid to Joint Ventures & Associates											
Net cash provided (or used in) Investing Activities	(92,043)	(59,495)	(67,794)	(74,570)	(61,062)	(61,172)	(64,103)	(64,698)	(65,213)	(65,955)	(70,790)
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowing & Advances	40,047										
Payments											
Payments of Borrowing & Advances	(5,066)	(3,762)	(3,058)	(2,600)	(2,447)	(1,968)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)
Net Cash Flow provided (or used in) Financing Activities	34,981	(3,762)	(3,058)	(2,600)	(2,447)	(1,968)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)
Net Increase/(Decrease) in Cash & Cash Equivalents	8,514	(17,860)	(1,917)	1,283	(2,515)	(1,289)	(710)	682	808	(443)	(3,093)
Plus Cash & Cash Equivalents - beginning of year	25,931	34,444	16,585	14,668	15,952	13,437	12,148	11,438	12,120	12,928	12,485
Cash & Cash Equivalents - end of year	34,444	16,585	14,668	15,952	13,437	12,148	11,438	12,120	12,928	12,485	9,392
Plus Investments on hand - end of year	266,130	231,208	226,856	228,886	231,830	233,454	238,597	248,472	260,081	271,353	285,234
Total Cash & Cash Equivalents & Investments	300,574	247,792	241,525	244,838	245,267	245,603	250,036	260,592	273,009	283,838	294,626

5. PERFORMANCE MONITORING

The Inner West Council will use the following indicators to measure its financial performance. These measures are linked to those used in Council's published financial statements and also to the indicators used by the DLG in its annual publication of comparative information on councils in NSW. This means that the measures, and the Inner West Council's progress against them, are both transparent and comparable. A table of the projected rates is provided at the end of this section.

5.1 Operating Performance Ratio

This ratio measures a Council's achievement of containing operating expenditure within operating revenue. It is important to distinguish that this ratio is focusing on operating performance and hence capital grants and contributions, fair value adjustments and reversal or revaluation decrements are excluded.

5.2 Own Source Operating Revenue

This ratio measures financial flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own sourced revenue.

5.3 Unrestricted Current Ratio

The Unrestricted Current Ratio is specific to local government and is designed to represent a Council's ability to meet short term obligations as they fall due. Restrictions placed on various funding sources (e.g. Developer Contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs.

5.4 Debt Services Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.

5.5 Rates and Annual Charges Outstanding

This ratio assesses the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.

5.6 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

5.7 Building and Infrastructure Ratio

This ratio is to assess the rate at which these assets are being renewed against the rate at which they are depreciating.

5.8 Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

5.9 Asset Maintenance Ratio

This ratio compares actual maintenance costs versus the required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing.

5.10 Capital Expenditure Ratio

This indicates the extent to which a Council is forecasting to expand its asset base with capital expenditure spent on both new assets, and also the replacement and renewal of existing assets.

Inner West Council - Key Performance Indicators

Key Performance Indicators - Scenario 1	Benchmark	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Operating Performance Ratio	>0	(1.72)%	(3.03)%	2.46%	3.53%	1.60%	1.63%	2.61%	2.76%	2.43%	1.77%	2.08%
Own Source Operating Revenue	>60%	83.50%	87.25%	88.46%	87.11%	91.64%	92.05%	92.53%	92.64%	92.79%	92.91%	93.07%
Unrestricted Current Ratio	>1.5x	3.68	3.16	3.06	3.06	3.08	3.12	3.19	3.31	3.44	3.55	3.80
Debt Service Ratio	>2x	4.37	4.40	8.95	11.53	11.27	13.93	16.59	17.29	17.45	17.15	17.92
Rates and Annual Charges Outstanding Ratio	<5%	3.30%	3.27%	3.24%	3.21%	3.17%	3.14%	3.11%	3.08%	3.05%	3.02%	2.99%
Cash Expense Cover Ratio	>3 Months	13.73	12.01	11.54	11.61	11.42	11.52	11.89	12.40	12.89	13.20	14.20
Infrastructure Renewal Ratio	>100%	123%	164%	128%	115%	95%	95%	88%	82%	81%	85%	51%
Infrastructure Backlog Ratio	<2%	8.61%	7.39%	6.84%	6.49%	6.53%	6.57%	6.72%	7.02%	7.35%	7.61%	8.57%
Asset Maintenance Ratio	>1	0.92	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.72

Key Performance Indicators - Scenario 2	Benchmark	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Operating Performance Ratio	>0	(1.72)%	(3.04)%	5.76%	6.79%	4.95%	5.00%	5.96%	6.12%	5.81%	5.19%	5.50%
Own Source Operating Revenue	>60%	83.50%	87.25%	88.82%	87.50%	91.91%	92.30%	92.77%	92.88%	93.02%	93.15%	93.30%
Unrestricted Current Ratio	>1.5x	3.68	3.16	3.09	3.13	3.11	3.11	3.14	3.23	3.33	3.42	3.49
Debt Service Ratio	>2x	4.37	4.39	11.16	14.16	14.18	17.49	20.52	21.32	21.58	21.37	22.25
Rates and Annual Charges Outstanding Ratio	<5%	3.30%	3.27%	3.24%	3.21%	3.17%	3.14%	3.11%	3.08%	3.05%	3.02%	2.99%
Cash Expense Cover Ratio	>3 Months	13.73	12.01	11.68	11.89	11.53	11.46	11.69	12.06	12.44	12.66	12.99
Infrastructure Renewal Ratio	>100%	123%	164%	153%	139%	140%	139%	131%	123%	121%	123%	127%
Infrastructure Backlog Ratio	<2%	8.61%	7.39%	6.44%	5.70%	4.98%	4.27%	3.70%	3.27%	2.87%	2.43%	1.91%
Asset Maintenance Ratio	>1	0.93	0.62	0.63	0.63	0.64	0.65	0.65	0.66	0.67	0.68	0.69

5.11 Review of Long Term Financial Plan

A final, qualitative performance measure will be the regular review of this Long Term Financial Plan. The Inner West Council is taking a continuous improvement approach to the LTFP. It is expected that the document will be progressively refined, as Council's knowledge regarding the various assumptions increases and as Council and the community begin to consider and discuss the various scenarios.

It is anticipated that Council will review the LTFP, including each of the scenarios, at least annually.

Translation Service

If you have questions on this document and need an interpreter, please call TIS National on 131 450 and ask them to call Inner West Council on 9392 5000

Υπηρεσία Διερμηνείας

Εάν έχετε ερωτήσεις αναφορικά με το παρόν έγγραφο και χρειάζεστε διερμηνέα, παρακαλούμε καλέστε την TIS National στο 131 450 και ζητήστε τους να καλέσουν το Inner West Council στο 9392 5000

Servizio traduzioni

Se avete domande su questo documento e necessitate di un interprete chiamate TIS National al numero 131 450 e chiedetegli di chiamarvi Inner West Council al numero 9392 5000

翻译服务

如果您对本文件有任何疑问，需要传译员帮助，请拨打TIS National的电话131 450，然后要求接通Inner West Council的电话9392 5000

Dịch vụ Thông Phiên dịch

Nếu quý vị có thắc mắc gì về tài liệu này và cần có thông dịch viên xin gọi cho TIS National qua số 131 450 và nhờ họ gọi cho Inner West Council qua số 9392 5000

تم جرتلا قمدخ

يروف مچرتم ىل اجاتحتو دنتسمل اذه لوح كل ىسأ لكيدل تناك اذا TIS National فتاهل ىل ع قمدخب لصتاف

450 مقر ب لاصتالا مهنم بلطاو 131 Inner West Council 5000 مقرلا ىل ع 9392