



Resourcing Strategy Long Term Financial Plan 2024-2034

Draft April 2024



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 long term financial sustainability and ensure Council remains 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.

- Council continues to operate at the existing service levels to the community and maintaining the capital works program to ensure infrastructure is renewed or upgraded over the 10 years. This scenario also ensures that Council is financial sustainable by ensuring there are funds available to deliver infrastructure and services to the community.

Scenario 2 – Addresses the Infrastructure Asset Renewal Backlog.

- Council continues to provide its services to the community as per scenario 1 with the inclusion of a process to reduce the infrastructure backlog of \$25.3m from the 2022/23 financial statements over the course of the LTFP. With the planned infrastructure spend spread over the 10 year LTFP the model shows Council being in a general funds deficit by 2026/27 financial year.

Council is continually reviewing its efficiency and effectiveness 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 asset management, but Council is actively working on meeting those challenges and ensuring that condition levels are 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 the 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 tools to assist to identify financial issues before they eventuate and enable a strategy or plan to be developed to deal with any issues if and when they arise.

1.0 Financial Planning Context

1.0.1 Working Capital

Working Capital broadly represents 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 green waste 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.

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 49% 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 in 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 \$40.0 million to redevelop Ashfield Aquatic Centre. This loan 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 over a 20 year period.

Council has principal outstanding on its loan borrowings of \$35.2 million as at 30 June 2023. Council's Debt Service Cover ratio, which measures the availability of operating cash to service debt including interest and principal repayments, is forecast at 16.37 to 1 at the end of 2024/25. 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, in accordance with the Integrated Planning and Reporting framework. They are:

- Scenario 1 base scenario which captures Council's "Business as Usual" approach maintaining existing service levels.
- Scenario 2 models the Elimination of the Asset Renewal Backlog.

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 of 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 4.1% 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 the following rate cap in future years: <ul style="list-style-type: none">• 4.9% 2024/25• 3.0% 2025/26• 2.5% 2026/27 and onwards
Voluntary Pensioner Rebates	Council offers voluntary pensioner rebates to eligible aged pensioners. 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.

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 to drawdown from the Domestic Waste Management Reserve and maintain a reserve for future years to allow capacity to cover increase of costs that are reactive.
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. The CPI in the LTFP for future years is: <ul style="list-style-type: none"> • 4.1% 2024/25 • 3.0% 2025/26 • 2.5% 2026/27 and onwards
Interest on Investment	The interest Council receives on its investments has been modelled and 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, a modest and sustainable level of interest income currently supports ongoing operations.
Interest on Overdue Rates	Council charges interest on overdue rates to the maximum allowed by the Minister for Local Government. Council is awaiting the Office of Local Government determination of the 2024/25 rate and is applying the 2023/24 rate of 9.0% per annum in the interim.

Operating Revenue Area	Assumption
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.
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 be flat over the 10 year program and dependant on the initiatives provided by 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.
Transport for NSW 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 be flat.
Disposal of Property	The scenarios assumes that no income from property sales will be received during the 10 years of the LTFP. Proceeds from sales including profits would be transferred to Council's unrestricted working capital.
Disposal of Plant	The scenarios 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. For 2024/25 IPART have simplified the modelling by measuring the annual change in NSW councils' base costs for three groups of councils which are metropolitan, regional and rural councils. The new model considers:

- Employee costs measured by the Local Government Award.
 - Asset costs measured by the Reserve Bank of Australia (RBA) forecast change in the Consumer Price Index (CPI), adjusted to reflect the average difference between changes in the Producer Price Index and changes in the CPI.
 - All other operating costs measured by the RBA's forecast change in the CPI.
 - Included is a separate Emergency Services Levy (ESL) factor which is lagged by one year that reflects the annual change in each council's ESL contribution.
 - Population factor to measure the change in councils residential populations.
- Rate increases provide only for a continuation of existing service levels. The changing demographics of the Inner West community suggest 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 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 12 months and have increased rapidly. It is forecast that interest rates will remain flat for the remaining 2023/24 financial year and decline as inflation reduces over the next two financial years.
 - Hoarding fees and other Development Assessment income is dependent on the level of development activity in the Inner West LGA. Although stabilised in the past 12 months, expectation is this will grow should greater building density be made available in the LGA through the proposed State Government housing reforms.

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 Roads to Recovery grants was introduced from 2013/14 and in 2019/20 it was announced that the program will be extended for Councils to 2025/26. The assumption is that the grant will continue throughout the 10 years of this LTFP.
- 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 scenarios have been modelled.

Operational Expenditure Area	Assumptions
Salaries and Wages	<p>Increase of salaries and wages in accordance with the State Award commenced 1 July 2023. The salary and wages increase is as follows:</p> <ul style="list-style-type: none">• 3.5% + Lump Sum 0.5% or \$1,000 (whichever is higher) for 2024/25• 3.0% + Lump Sum 0.5% or \$1,000 (whichever is higher) for 2025/26• 2.5% for 2026/27 and onwards
Superannuation	<p>This LTFP includes the increase of Superannuation to 11.5% in 2024/25 in line with the Superannuation Guarantee Contributions which will progressively increase to 12.0% in 2025/26.</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	<p>Council's Workers Compensation premium was set at \$5.2 million for 2023/24 and it is assumed it will increase to \$5.9 million in 2024/25. The future years increase is as follows:</p> <ul style="list-style-type: none">• 15% 2025/26• 10% 2026/27• 5% 2027/28• 2.5% 2028/29 and onwards
Training	<p>It is assumed that expenditure on training will be flat.</p>
Maternity Leave	<p>It is assumed that expenditure on parental leave will be \$414,000 in 2024/25 and will increase by Award increases.</p>
Long Service Leave	<p>Expenditure on Long Service Leave has been modelled and will increase by Award increases. The model is reviewed annually.</p>

Operational Expenditure Area	Assumptions
Materials and Services	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 electricity costs will increase 4.0% per annum for future years.
Electricity	It is assumed that electricity costs will increase by 4.0% per annum for future years.
Gas	It is assumed that gas costs will increase by 4.0% per annum for future years.
Water	It is assumed that water costs will increase by 4.0% per annum for future 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 contributions to organisations and doubtful debts. It is assumed that these expenses will increase by CPI.
State Government Levies	Council's annual contribution to the Emergency Services Levy (ESL) is estimated to increase by 4.0% for 2024/25 financial year. The remaining State Government charges levied to councils contribute to a range of services and it is assumed that the levies will increase by CPI.
Insurance	It is assumed that insurance costs will increase as follows: <ul style="list-style-type: none"> • 3.5% 2024/25 • 3.0% 2025/26 • 2.75% 2026/27 • 2.5% 2027/28 and onwards

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 and applies from 1 July 2023. For 2024/25 the award will be 3.5% + Lump Sum 0.5% or \$1,000 (whichever is higher).
- The Federal government legislated that Superannuation Guarantee Charge (SGC) will rise to 11.5% in 2024/25. The SGC could reach a maximum of 12.0% in 2025/26.
- Natural disasters and other unforeseeable events may impact to increase insurance premium levels.

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>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 operational budget where required for both software and hardware.</p>
Local Roads and Lanes Program	<p>Council's investment in its Local Roads network has been set at \$8.6 million in 2024/25 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 TfNSW subsidises upkeep through grants. Council matches funding under the Regional Roads program using unrestricted working capital or other available funding sources. A total of \$1.1 million is anticipated to be spent on Regional Road capital works throughout the 2024/25 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>
Footpath Program	<p>Council's investment in its Footpath Renewal & Upgrade Program has been set at \$3.5m in 2024/25 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.</p>
Bike Facilities Program	<p>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.</p>

Capital Expenditure Area	Assumptions
Traffic Amenities Program	<p>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 \$5.5 million (this includes \$2.0 million of PAMP). This program may continue to reduce as the developer contributions reduces nexus on traffic amenities from where the majority of these works are funded.</p>
Stormwater upgrade and renewal Program	<p>Council has a program of catchment studies across the various sub-catchments within its boundaries. These are funded from the Stormwater Charge.</p> <p>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.</p> <p>The total budget is \$3.4 million.</p>
Parks Improvement Program	<p>Park improvements are primarily funded from Developer Contributions, SRV and Federal or State grants. Council's Parks Improvement Program approximately \$15.0 million in 2024/25.</p>

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

Project	Funding available in 2024/25
Greenway	\$24.8 million
Leichhardt Park Aquatic Centre Major Project	\$6.8 million
Main Street Revitalisation	\$7.0 million
Camdenville Park Remediation and Staged Upgrade	\$4.8 million
Inclusive Playgrounds	\$3.9 million

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.
- Council completed a condition rating and audit of all Council bridges, stormwater and park assets in 2024, and this will inform the Asset Management Plans and future capital works programs. Increasing investments to promote accessibility will also be required 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':

- Greenway Program
- Leichhardt Park Aquatic Centre Major Project
- Main Street Revitalisation
- Inclusive Playgrounds
- Camdensville Park Remediation and Staged Upgrade
- Balmain Town Hall Renewal
- King George Park Amenities Upgrade
- Tempe Reserve Amenities Building Upgrade

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 has historically grown at a slower pace than salaries, State Government levies and other costs. As a result, Council has reviewed its expenditure and income generated and prioritised programs to ensure a high level of service is provided to the community while remaining financially responsible. Council has committed to a continuous improvement program throughout the life of this LTFP.

Scenario 1 outlines the method of delivering business as usual whilst Scenario 2 outlines the method of dealing with the infrastructure renewal backlog. These 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 Scenario 1 – Business As Usual over the next 10 years by external reporting category.

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

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Income from Continuing Operations											
Rates and Annual Charges	172,988	181,952	188,347	194,276	200,425	206,803	213,166	219,223	224,911	230,749	236,743
User Fees and Charges	55,344	60,913	62,751	64,202	65,828	66,556	68,261	69,870	71,658	73,351	75,226
Interest Income	5,500	9,371	9,025	8,072	7,370	7,407	7,445	7,483	7,273	7,307	7,342
Other Income	17,722	19,766	19,812	19,852	19,892	19,934	19,976	20,020	20,065	20,110	20,157
Rental Income	9,594	10,393	9,751	9,826	9,904	9,983	10,064	10,148	10,233	10,321	10,410
Operating Grants & Contributions	9,844	10,353	10,003	10,003	9,903	9,903	9,903	9,845	9,845	9,845	9,845
Capital Grants & Contributions	37,822	39,918	17,043	12,743	13,143	13,036	13,143	13,143	13,143	13,143	13,143
Gain/Loss on Disposal of Assets	(920)	(1,109)	(920)	(920)	(920)	(920)	(920)	(920)	(920)	(920)	(920)
Total Income from Continuing Operations	307,894	331,556	315,813	318,055	325,546	332,702	341,040	348,811	356,208	363,907	371,947
Expenditure from Continuing Operations											
Employee Benefits and Oncosts	138,351	149,127	153,970	156,846	160,859	164,787	168,814	172,941	177,163	181,479	185,902
Borrowing Costs	792	723	678	638	596	553	510	465	420	373	326
Materials and Services	85,940	95,327	94,173	95,577	95,941	97,878	98,427	99,819	102,013	104,013	106,958
Depreciation	33,839	34,204	34,898	35,364	36,057	36,686	37,217	37,628	37,905	38,186	38,186
Other Expenses	13,341	13,672	14,115	14,499	14,832	15,176	15,518	15,868	16,227	16,595	16,974
Net losses from the disposal of assets											
Total Expenses from Continuing Operations	272,263	293,054	297,834	302,923	308,284	315,080	320,486	326,720	333,728	340,645	348,346
Net Operating Result from Continuing Operations	35,631	38,502	17,979	15,132	17,262	17,622	20,554	22,091	22,480	23,262	23,601
Net Operating Result before Capital Items	(2,191)	(1,416)	936	2,388	4,118	4,586	7,410	8,948	9,337	10,118	10,458

Scenario 1 - Inner West Council - Statement of Financial Position

	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)	2032/33 (\$'000)	2033/34 (\$'000)
ASSETS											
Current assets											
Cash and cash equivalents	111,074	89,128	69,093	59,350	62,971	61,697	65,836	68,695	75,779	83,765	91,377
Investments	76,276	53,436	19,749	11,370	8,247	7,411	8,082	15,704	19,285	19,572	22,009
Receivables	44,277	41,842	39,540	37,366	35,311	33,368	31,533	29,799	28,160	26,611	25,148
Inventories	217	218	219	220	221	223	224	225	226	227	228
Other	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current assets	231,845	184,624	128,601	108,307	106,750	102,700	105,675	114,423	123,450	130,175	138,762
Non-current assets											
Investments	58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950
Receivables	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	2,857,379	2,941,134	3,012,735	3,048,343	3,066,850	3,088,099	3,106,806	3,119,362	3,132,573	3,150,154	3,165,318
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment property	73,921	73,921	73,921	73,921	73,921	73,921	73,921	73,921	73,921	73,921	73,921
Intangible assets	6,802	6,802	7,390	7,595	7,595	7,595	7,655	7,655	7,655	7,655	7,715
Right of use assets	247	264	275	287	295	303	310	318	326	334	343
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	2,997,299	3,081,071	3,153,271	3,189,096	3,207,612	3,228,868	3,247,643	3,260,206	3,273,425	3,291,015	3,306,246
TOTAL ASSETS	3,229,143	3,265,695	3,281,873	3,297,403	3,314,362	3,331,568	3,353,318	3,374,629	3,396,875	3,421,190	3,445,008
LIABILITIES											
Current liabilities											
Payables	69,992	48,994	19,598	9,799	12,738	13,375	8,694	13,041	17,605	17,165	19,740
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	36,128	32,515	29,263	16,095	19,314	18,928	16,088	20,111	23,127	22,549	24,804
Lease Liabilities	88	95	99	103	106	108	111	114	117	120	123
Borrowings	2,447	2,047	1,817	1,858	1,900	1,943	1,986	2,031	2,076	2,123	2,170
Provisions	32,210	32,532	32,857	33,186	33,518	33,853	34,191	34,533	34,879	35,228	35,580
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	140,864	116,183	83,634	61,041	67,576	68,207	61,071	69,829	77,804	77,184	82,417
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	1,877	635	-	-	-	-	-	-	-	-	-
Lease Liabilities	171	183	191	199	205	210	215	221	226	232	238
Borrowings	30,341	28,294	26,477	24,618	22,718	20,776	18,790	16,759	14,683	12,560	10,390
Provisions	1,457	1,472	1,487	1,502	1,517	1,532	1,547	1,563	1,578	1,594	1,610
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	33,848	30,584	28,154	26,319	24,440	22,518	20,552	18,543	16,488	14,386	12,238
TOTAL LIABILITIES	174,712	146,767	111,789	87,360	92,016	90,725	81,624	88,372	94,292	91,570	94,654
Net assets	3,054,431	3,118,928	3,170,084	3,210,043	3,222,346	3,240,843	3,271,694	3,286,257	3,302,583	3,329,619	3,350,354
EQUITY											
Retained earnings	2,440,966	2,479,468	2,497,447	2,512,578	2,529,840	2,547,462	2,568,016	2,590,107	2,612,587	2,635,848	2,659,449
Revaluation reserves	613,466	639,461	672,637	697,465	692,506	693,381	703,678	696,150	689,996	693,771	690,905
Council equity interest	3,054,431	3,118,928	3,170,084	3,210,043	3,222,346	3,240,843	3,271,694	3,286,257	3,302,583	3,329,619	3,350,354
Total equity	3,054,431	3,118,928	3,170,084	3,210,043	3,222,346	3,240,843	3,271,694	3,286,257	3,302,583	3,329,619	3,350,354

Scenario 1 - Inner West Council - Statement of Cashflows

	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)	2032/33 (\$'000)	2033/34 (\$'000)
Cashflow from Operating Activities											
Receipts											
Rates & Annual Charges	172,988	181,952	188,347	194,276	200,425	206,803	213,166	219,223	224,911	230,749	236,743
User Charges & Fees	55,344	60,913	62,751	64,202	65,828	66,556	68,261	69,870	71,658	73,351	75,226
Investment & Interest Income	5,500	9,371	9,025	8,072	7,370	7,407	7,445	7,483	7,273	7,307	7,342
Rental Income	9,594	10,393	9,751	9,826	9,904	9,983	10,064	10,148	10,233	10,321	10,410
Operating Grants & Contributions	9,844	10,353	10,003	10,003	9,903	9,903	9,903	9,845	9,845	9,845	9,845
Capital Grants & Contributions	37,822	39,918	17,043	12,743	13,143	13,036	13,143	13,143	13,143	13,143	13,143
Other	17,722	19,766	19,812	19,852	19,892	19,934	19,976	20,020	20,065	20,110	20,157
Payments											
Employee Benefits & On-Costs	(138,351)	(149,127)	(153,970)	(156,846)	(160,859)	(164,787)	(168,814)	(172,941)	(177,163)	(181,479)	(185,902)
Materials & Contracts	(85,940)	(95,327)	(94,173)	(95,577)	(95,941)	(97,878)	(98,427)	(99,819)	(102,013)	(104,013)	(106,958)
Borrowing Costs	(792)	(723)	(678)	(638)	(596)	(553)	(510)	(465)	(420)	(373)	(326)
Other Expenses	(13,341)	(13,672)	(14,115)	(14,499)	(14,832)	(15,176)	(15,518)	(15,868)	(16,227)	(16,595)	(16,974)
Net Cash provided (or used in) Operating Activities	70,390	73,815	53,797	51,416	54,239	55,228	58,691	60,639	61,305	62,367	62,707
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities	295,627	298,583	301,569	304,585	307,631	310,707	313,814	316,952	320,122	323,323	326,556
Sale of Real Estate Assets											
Sale of Infrastructure, Property Plant & Equipment	1,645	1,405	1,385	2,716	2,340	2,038	3,029	2,057	2,552	2,888	2,476
Payments											
Purchase of Investment Securities	(157,959)	(275,744)	(267,882)	(295,423)	(304,125)	(309,369)	(313,425)	(324,575)	(323,702)	(322,702)	(328,547)
Purchase of Infrastructure, Property, Plant & Equipment-	(111,163)	(117,959)	(107,087)	(71,177)	(54,564)	(57,935)	(55,984)	(50,183)	(51,116)	(55,767)	(53,409)
Purchase of Investment Property											
Contributions paid to Joint Ventures & Associates											
Net cash provided (or used in) Investing Activities	28,150	(93,714)	(72,014)	(59,300)	(48,718)	(54,559)	(52,566)	(55,749)	(52,145)	(52,259)	(52,924)
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowing & Advances											
Payments											
Payments of Borrowing & Advances	(2,447)	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)	(2,123)	(2,170)
Lease Liabilities											
Net Cash Flow provided (or used in) Financing Activities	(2,447)	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)	(2,123)	(2,170)
Net Increase/(Decrease) in Cash & Cash Equivalents	96,094	(21,947)	(20,035)	(9,742)	3,620	(1,273)	4,139	2,859	7,084	7,986	7,612
Plus Cash & Cash Equivalents - beginning of year	14,981	111,074	89,128	69,093	59,350	62,971	61,697	65,836	68,695	75,779	83,765
Cash & Cash Equivalents - end of year	111,074	89,128	69,093	59,350	62,971	61,697	65,836	68,695	75,779	83,765	91,377
Plus Investments on hand - end of year	135,226	112,386	78,699	70,320	67,197	66,361	67,032	74,654	78,235	78,522	80,959
Total Cash & Cash Equivalents & Investments	246,300	201,514	147,792	129,671	130,168	128,058	132,868	143,350	154,014	162,287	172,336

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.

Scenario 2 aims to demonstrate the effects of funding the infrastructure backlog to meet the needs of the community.

4.1 Scenario 2 Assumptions

The annual budget includes provisions for operations, maintenance, renewal and new expenditure on infrastructure. When renewal funding is inadequate, any unfunded renewal demand is deferred, which generates a backlog. Council's Asset Strategy states that the asset renewal funding ratio is to be a minimum of 110% until the renewal backlog has been addressed.

Council identified an infrastructure renewal backlog in its 2022/23 financial reports, estimated to be approximately \$25.3m across its asset portfolio. In order to address this backlog, additional funds would be required. The renewal funding planned in scenario 2 is insufficient to reduce the backlog of deferred renewal demand, therefore a loan of \$4.0m would be required in 2026/27.

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.
- The additional renewal works will be based on the condition ratings of the assets.

4.3 Scenario 2 Financial Projections

The following tables outline the financial impact of the Scenario 2 – Reduce the Infrastructure Backlog over the next 10 years by external reporting category.

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

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Income from Continuing Operations											
Rates and Annual Charges	172,988	181,952	188,347	194,276	200,425	206,803	213,166	219,223	224,911	230,749	236,743
User Fees and Charges	55,344	60,913	62,751	64,202	65,828	66,556	68,261	69,870	71,658	73,351	75,226
Interest Income	5,500	9,371	9,025	8,072	7,370	7,407	7,445	7,483	7,273	7,307	7,342
Other Income	17,722	19,766	19,812	19,852	19,892	19,934	19,976	20,020	20,065	20,110	20,157
Rental Income	9,594	10,393	9,751	9,826	9,904	9,983	10,064	10,148	10,233	10,321	10,410
Operating Grants & Contributions	9,844	10,353	10,003	10,003	9,903	9,903	9,903	9,845	9,845	9,845	9,845
Capital Grants & Contributions	37,822	39,918	17,043	12,743	13,143	13,036	13,143	13,143	13,143	13,143	13,143
Gain/Loss on Disposal of Assets	(920)	(1,109)	(920)	(920)	(920)	(920)	(920)	(920)	(920)	(920)	(920)
Total Income from Continuing Operations	307,894	331,556	315,813	318,055	325,546	332,702	341,040	348,811	356,208	363,907	371,947
Expenditure from Continuing Operations											
Employee Benefits and Oncosts	138,351	149,127	153,970	156,846	160,859	164,787	168,814	172,941	177,163	181,479	185,902
Borrowing Costs	792	723	678	638	596	553	510	465	420	373	326
Materials and Services	85,940	95,327	94,173	95,577	95,941	97,878	98,427	99,819	102,013	104,013	106,958
Depreciation	33,839	34,204	34,898	35,364	36,057	36,686	37,217	37,628	37,905	38,186	38,186
Other Expenses	13,341	13,672	14,115	14,499	14,832	15,176	15,518	15,868	16,227	16,595	16,974
Net losses from the disposal of assets											
Total Expenses from Continuing Operations	272,263	293,054	297,834	302,923	308,284	315,080	320,486	326,720	333,728	340,645	348,346
Net Operating Result from Continuing Operations	35,631	38,502	17,979	15,132	17,262	17,622	20,554	22,091	22,480	23,262	23,601
Net Operating Result before Capital Items	(2,191)	(1,416)	936	2,388	4,118	4,586	7,410	8,948	9,337	10,118	10,458

Scenario 2 - Inner West Council - Statement of Financial Position

	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)	2032/33 (\$'000)	2033/34 (\$'000)
ASSETS											
Current assets											
Cash and cash equivalents	111,074	89,128	69,093	56,782	57,543	53,509	54,888	55,987	61,311	67,537	73,004
Investments	76,276	53,436	19,749	11,370	8,247	7,411	8,082	15,704	19,285	19,572	22,009
Receivables	44,277	41,842	39,540	37,366	35,311	33,368	31,533	29,799	28,160	26,611	25,148
Inventories	217	218	219	220	221	223	224	225	226	227	228
Other	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current assets	231,845	184,624	128,601	105,739	101,322	94,512	94,727	101,715	108,982	113,947	120,389
Non-current assets											
Investments	58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950	58,950
Receivables	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	2,857,379	2,941,134	3,012,735	3,050,911	3,072,278	3,096,287	3,117,754	3,132,070	3,147,041	3,166,382	3,183,691
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment property	73,921	73,921	73,921	73,921	73,921	73,921	73,921	73,921	73,921	73,921	73,921
Intangible assets	6,802	6,802	7,390	7,595	7,595	7,595	7,655	7,655	7,655	7,655	7,715
Right of use assets	247	264	275	287	295	303	310	318	326	334	343
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	2,997,299	3,081,071	3,153,271	3,191,664	3,213,040	3,237,056	3,258,591	3,272,914	3,287,893	3,307,243	3,324,619
TOTAL ASSETS	3,229,143	3,265,695	3,281,873	3,297,403	3,314,362	3,331,568	3,353,318	3,374,629	3,396,875	3,421,190	3,445,008
LIABILITIES											
Current liabilities											
Payables	69,992	48,994	19,598	9,799	12,738	13,375	8,694	13,041	17,605	17,165	19,740
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	36,128	32,515	29,263	16,095	19,314	18,928	16,088	20,111	23,127	22,549	24,804
Lease Liabilities	88	95	99	103	106	108	111	114	117	120	123
Borrowings	2,447	2,047	1,817	1,858	1,900	1,943	1,986	2,031	2,076	2,123	2,170
Provisions	32,210	32,532	32,857	33,186	33,518	33,853	34,191	34,533	34,879	35,228	35,580
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	140,864	116,183	83,634	61,041	67,576	68,207	61,071	69,829	77,804	77,184	82,417
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	1,877	635	-	-	-	-	-	-	-	-	-
Lease Liabilities	171	183	191	199	205	210	215	221	226	232	238
Borrowings	30,341	28,294	26,477	24,618	22,718	20,776	18,790	16,759	14,683	12,560	10,390
Provisions	1,457	1,472	1,487	1,502	1,517	1,532	1,547	1,563	1,578	1,594	1,610
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	33,848	30,584	28,154	26,319	24,440	22,518	20,552	18,543	16,488	14,386	12,238
TOTAL LIABILITIES	174,712	146,767	111,789	87,360	92,016	90,725	81,624	88,372	94,292	91,570	94,654
Net assets	3,054,431	3,118,928	3,170,084	3,210,043	3,222,346	3,240,843	3,271,694	3,286,257	3,302,583	3,329,619	3,350,354
EQUITY											
Retained earnings	2,440,966	2,479,468	2,497,447	2,512,578	2,529,840	2,547,462	2,568,016	2,590,107	2,612,587	2,635,848	2,659,449
Revaluation reserves	613,466	639,461	672,637	697,465	692,506	693,381	703,678	696,150	689,996	693,771	690,905
Council equity interest	3,054,431	3,118,928	3,170,084	3,210,043	3,222,346	3,240,843	3,271,694	3,286,257	3,302,583	3,329,619	3,350,354
Total equity	3,054,431	3,118,928	3,170,084	3,210,043	3,222,346	3,240,843	3,271,694	3,286,257	3,302,583	3,329,619	3,350,354

Scenario 2 - Inner West Council - Statement of Cashflows

	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 (\$'000)	2029/30 (\$'000)	2030/31 (\$'000)	2031/32 (\$'000)	2032/33 (\$'000)	2033/34 (\$'000)
Cashflow from Operating Activities											
Receipts											
Rates & Annual Charges	172,988	181,952	188,347	194,276	200,425	206,803	213,166	219,223	224,911	230,749	236,743
User Charges & Fees	55,344	60,913	62,751	64,202	65,828	66,556	68,261	69,870	71,658	73,351	75,226
Investment & Interest Income	5,500	9,371	9,025	8,072	7,370	7,407	7,445	7,483	7,273	7,307	7,342
Rental Income	9,594	10,393	9,751	9,826	9,904	9,983	10,064	10,148	10,233	10,321	10,410
Operating Grants & Contributions	9,844	10,353	10,003	10,003	9,903	9,903	9,903	9,845	9,845	9,845	9,845
Capital Grants & Contributions	37,822	39,918	17,043	12,743	13,143	13,036	13,143	13,143	13,143	13,143	13,143
Other	17,722	19,766	19,812	19,852	19,892	19,934	19,976	20,020	20,065	20,110	20,157
Payments											
Employee Benefits & On-Costs	(138,351)	(149,127)	(153,970)	(156,846)	(160,859)	(164,787)	(168,814)	(172,941)	(177,163)	(181,479)	(185,902)
Materials & Contracts	(85,940)	(94,877)	(94,173)	(95,577)	(95,941)	(97,878)	(98,427)	(99,819)	(102,013)	(104,013)	(106,958)
Borrowing Costs	(792)	(723)	(678)	(638)	(596)	(553)	(510)	(465)	(420)	(373)	(326)
Other Expenses	(13,341)	(13,672)	(14,115)	(14,499)	(14,832)	(15,176)	(15,518)	(15,868)	(16,227)	(16,595)	(16,974)
Net Cash provided (or used in) Operating Activities	70,390	74,265	53,797	51,416	54,239	55,228	58,691	60,639	61,305	62,367	62,707
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities	295,627	298,583	301,569	304,585	307,631	310,707	313,814	316,952	320,122	323,323	326,556
Sale of Real Estate Assets											
Sale of Infrastructure, Property Plant & Equipment	1,645	1,405	1,385	2,716	2,340	2,038	3,029	2,057	2,552	2,888	2,476
Payments											
Purchase of Investment Securities	(157,959)	(276,194)	(267,882)	(295,423)	(304,125)	(309,369)	(313,425)	(324,575)	(323,702)	(322,702)	(328,547)
Purchase of Infrastructure, Property, Plant & Equipment-	(111,163)	(117,959)	(107,087)	(73,745)	(57,424)	(60,695)	(58,744)	(51,943)	(52,876)	(57,527)	(55,554)
Purchase of Investment Property											
Contributions paid to Joint Ventures & Associates											
Net cash provided (or used in) Investing Activities	28,150	(94,164)	(72,014)	(61,868)	(51,578)	(57,319)	(55,326)	(57,509)	(53,905)	(54,019)	(55,069)
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowing & Advances											
Payments											
Payments of Borrowing & Advances	(2,447)	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)	(2,123)	(2,170)
Lease Liabilities											
Net Cash Flow provided (or used in) Financing Activities	(2,447)	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)	(2,123)	(2,170)
Net Increase/(Decrease) in Cash & Cash Equivalents	96,094	(21,947)	(20,035)	(12,310)	760	(4,033)	1,379	1,099	5,324	6,226	5,467
Plus Cash & Cash Equivalents - beginning of year	14,981	111,074	89,128	69,093	56,782	57,543	53,509	54,888	55,987	61,311	67,537
Cash & Cash Equivalents - end of year	111,074	89,128	69,093	56,782	57,543	53,509	54,888	55,987	61,311	67,537	73,004
Plus Investments on hand - end of year	135,226	112,386	78,699	70,320	67,197	66,361	67,032	74,654	78,235	78,522	80,959
Total Cash & Cash Equivalents & Investments	246,300	201,514	147,792	127,103	124,740	119,870	121,920	130,642	139,546	146,059	153,963

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, TfNSW 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	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating Performance Ratio	>0	(0.81)%	(0.49)%	0.31%	0.78%	1.32%	1.43%	2.26%	2.67%	2.72%	2.88%	2.91%
Own Source Operating Revenue	>60%	84.52%	84.84%	91.44%	92.85%	92.92%	93.11%	93.24%	93.41%	93.55%	93.68%	93.82%
Unrestricted Current Ratio	>1.5x	1.54	1.59	1.54	1.54	1.58	1.51	1.50	1.64	1.59	1.50	1.68
Debt Service Ratio	>2x	13.26	16.37	20.09	20.66	21.46	21.53	22.73	23.17	22.96	22.93	22.56
Rates and Annual Charges Outstanding Ratio	<5%	4.94%	3.52%	3.49%	3.45%	3.42%	3.38%	3.35%	3.31%	3.28%	3.25%	3.22%
Cash Expense Cover Ratio	>3 Months	9.33	6.56	4.03	3.15	3.12	2.96	3.11	3.48	3.83	4.07	4.36
Infrastructure Renewal Ratio	>100%	162%	172%	228%	134%	109%	117%	100%	100%	101%	102%	101%
Infrastructure Backlog Ratio	<2%	0.16%	0.18%	0.20%	0.25%	0.31%	0.37%	0.42%	0.48%	0.55%	0.62%	0.69%
Asset Maintenance Ratio	>1	1.01	1.05	1.06	1.06	1.07	1.08	1.10	1.10	1.13	1.13	1.15

Key Performance Indicators - Scenario 2	Benchmark	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Operating Performance Ratio	>0	(0.81)%	(0.49)%	0.31%	0.78%	1.32%	1.43%	2.26%	2.67%	2.72%	2.88%	2.91%
Own Source Operating Revenue	>60%	84.52%	84.84%	91.44%	92.85%	92.92%	93.11%	93.24%	93.41%	93.55%	93.68%	93.82%
Unrestricted Current Ratio	>1.5x	1.54	1.59	1.54	1.50	1.50	1.39	1.32	1.46	1.40	1.29	1.46
Debt Service Ratio	>2x	13.26	16.37	20.09	20.66	21.46	21.53	22.73	23.17	22.96	22.93	22.56
Rates and Annual Charges Outstanding Ratio	<5%	4.94%	3.52%	3.49%	3.45%	3.42%	3.38%	3.35%	3.31%	3.28%	3.25%	3.22%
Cash Expense Cover Ratio	>3 Months	9.33	6.57	4.03	3.04	2.88	2.61	2.65	2.96	3.25	3.43	3.65
Infrastructure Renewal Ratio	>100%	162%	172%	228%	139%	116%	124%	106%	103%	104%	105%	105%
Infrastructure Backlog Ratio	<2%	0.16%	0.18%	0.20%	0.15%	0.10%	0.05%	(0.00)%	0.00%	0.01%	0.02%	0.01%
Asset Maintenance Ratio	>1	1.01	1.05	1.06	1.06	1.07	1.08	1.10	1.09	1.12	1.13	1.15

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.