



Resourcing Strategy Long Term Financial Plan 2022–2032

Draft for public exhibition – April 2022



EXECUTIVE SUMMARY

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 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 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 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.

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 44% 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. 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 \$40.9 million as at 30 June 2021. Council's Debt Service Cover ratio, which measures the availability of operating cash to service debt including interest and principal repayments, is forecast at 10.86 to 1 at the end of FY2022/23. 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.

They are -

- Scenario 1 base scenario and captures Council's "Business as Usual" approach.
- 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 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 2.0% 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">• 2.0% 2022/23• 1.5% 2023/24• 1.7% 2024/25• 1.9% 2025/26• 2.0% 2026/27 and onwards
Voluntary Pensioner Rebates	Council offers a 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.
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.

Operating Revenue Area	Assumption
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 over several years and transition to a full cost recovery charge.
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 with the exception of early learning of which has increase by 3%.
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.
Interest on Overdue Rates	Council charges interest on overdue rates to the maximum allowed by the Minister for Local Government. The 2022/23 rate has been set at 6.0% 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.
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 Revenue Area	Assumption
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 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 7 years. It is forecast that interest rates will remain at record lows in the near term and the market is expected to increase in the near future on the basis of a full economic recovery.

- 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.

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 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 Base Scenario has been modelled.

Operational Expenditure Area	Assumptions
Salaries and Wages	The current award was negotiated in 2020 with the following agreed annual increases: 1.5% for 2020/21, 2.0% for 2021/22 and 2.0% for 2022/23 onwards.

Operational Expenditure Area	Assumptions
Superannuation	<p>This LTFP includes the increase of Superannuation to 10.5% in 2022/23 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	Council's Workers Compensation premium has been set at \$2.4 million for 2021/22 and it is assumed it will increase to \$2.8 million in 2022/23 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 \$390,000 in 2022/23 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.
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 street lighting costs will increase by 2.0% per annum over 10 years.
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 2.5% 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.

Operational Expenditure Area	Assumptions
Other Expenses	This includes contributions to organisations and doubtful debts. 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 2.0% 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 2020 with the following agreed annual increases, 1.5% for 2020/21, 2.0% for 2021/22 and 2.0% 2022/23 onwards.
- The Federal government legislated that Superannuation Guarantee Charge (SGC) will rise to 10.5% in 2022/23. 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>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>

Capital Expenditure Area	Assumptions
Local Roads and Lanes Program	Council's investment in its Local Roads network has been set at \$7.5 million in 2022/23 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.
Regional Roads Program	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 \$0.7 million is anticipated to be spent on Regional Road capital works throughout the 2022/23 financial year. Funding levels are kept at levels to ensure Council exceeds its Renewal Ratio every year for its infrastructure portfolio throughout the LTFP.
Footpath Program	Council's investment in its Footpath Renewal & Upgrade Program has been set at \$4.5m in 2022/23 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 \$4.1 million (this includes \$2 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.
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 \$3.0 million.</p>
Parks Improvement Program	Park improvements are primarily funded from Developer Contributions, SRV and Federal or State grants. Council's Parks Improvement Program approximately \$18.1 million in 2022/23.

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

Project	Funding available in 2022/23
Greenway	\$11.4 million.
Town Centres Renewals	\$8.0 million
Leichhardt Park Aquatic Centre Major Project	\$4.3 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 is undertaking a condition rating and audit of all its transport assets (roads, footpaths, kerb & gutter) in 2022, which will inform the Asset Management Plans and future capital works programs. 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’:

- Greenway Program.
- Town Centres Renewal.
- Leichhardt Park Aquatic Centre Major Project.
- Livingstone Rd Bike Route.
- Lilyfield Cycleway.
- Longport Street to Elizabeth Street cycleway.
- Urban Amenity Improvement Program.

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. 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 financial 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 Scenarios 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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Income from Continuing Operations											
Rates and Annual Charges	161,162	165,444	168,305	171,529	175,055	178,752	183,040	186,635	190,277	193,988	197,826
User Fees and Charges	45,071	52,007	53,044	54,102	55,181	56,282	57,405	58,550	59,718	60,910	62,125
Interest Income	4,205	3,450	3,486	3,522	3,560	3,600	3,640	3,680	3,722	3,765	3,808
Other Income	17,557	18,330	18,355	18,381	18,407	18,434	18,461	18,489	18,518	18,547	18,576
Rental Income	4,785	5,809	8,092	7,814	7,226	7,370	7,518	7,668	7,821	7,978	8,137
Operating Grants & Contributions	10,006	9,310	9,310	10,275	9,260	9,260	9,260	10,225	9,260	9,260	9,260
Capital Grants & Contributions	25,054	28,928	44,198	14,993	13,393	13,143	13,143	13,036	13,143	13,143	13,143
Gain/Loss on Disposal of Assets	(1,606)	(1,582)	(1,638)	(1,912)	(728)	(368)	(874)	(1,488)	(1,321)	(796)	207
Total Income from Continuing Operations	266,233	281,696	303,152	278,706	281,355	286,474	291,593	296,797	301,139	306,795	313,084
Expenditure from Continuing Operations											
Employee Benefits and Oncosts	120,930	127,200	130,176	132,853	136,195	139,565	143,021	146,565	150,200	153,927	157,750
Borrowing Costs	979	860	792	724	680	639	597	555	511	466	421
Materials and Services	78,383	79,360	79,092	81,065	80,412	80,928	81,454	83,300	82,653	83,287	84,007
Depreciation	31,983	33,104	33,650	34,360	35,021	35,487	36,180	36,809	37,340	37,751	38,029
Other Expenses	13,300	12,988	13,063	13,138	13,214	13,292	13,371	13,451	13,532	13,614	13,698
Net losses from the disposal of assets											
Total Expenses from Continuing Operations	245,574	253,513	256,771	262,140	265,522	269,912	274,623	280,680	284,236	289,045	293,904
Net Operating Result from Continuing Operations	20,659	28,183	46,380	16,565	15,833	16,563	16,970	16,117	16,903	17,750	19,180
Net Operating Result before Capital Items	(4,395)	(744)	2,182	1,572	2,440	3,419	3,826	3,081	3,760	4,607	6,036

Scenario 1 - Inner West Council - Statement of Financial Position

	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)	2030/31 (\$'000)	2031/32 (\$'000)
ASSETS											
Current assets											
Cash and cash equivalents	170,258	80,330	65,251	62,169	61,026	61,824	60,818	59,328	60,253	61,286	63,559
Investments	75,886	57,547	47,805	47,812	48,470	48,279	53,088	57,716	63,750	67,772	70,807
Receivables	30,443	28,768	27,186	25,691	24,278	22,942	21,681	20,488	19,361	18,296	17,290
Inventories	225	226	227	229	230	231	232	233	234	235	237
Other	980	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current assets	277,791	166,871	140,469	135,901	134,003	133,275	135,818	137,765	143,599	147,590	151,893
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	2,288,457	2,344,833	2,416,921	2,438,667	2,457,321	2,475,405	2,490,818	2,506,139	2,518,358	2,533,254	2,549,335
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	80,907	80,907	80,907	80,907	80,907	80,907	80,907	80,907	80,907	80,907
Intangible assets	9,747	10,900	12,152	12,585	13,018	13,618	14,058	14,358	14,683	15,038	15,338
Right of use assets	498	503	508	513	518	523	529	534	539	545	550
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	2,357,651	2,496,092	2,569,438	2,591,622	2,610,714	2,629,403	2,645,261	2,660,888	2,673,437	2,688,693	2,705,080
TOTAL ASSETS	2,635,443	2,662,964	2,709,907	2,727,522	2,744,717	2,762,679	2,781,079	2,798,654	2,817,036	2,836,283	2,856,973
LIABILITIES											
Current liabilities											
Payables	38,836	58,254	55,341	49,807	42,336	47,416	49,313	41,916	50,299	51,808	49,218
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	1,243	1,243	1,243	1,243	-	-	-	-	-	-	-
Lease Liabilities	162	163	165	166	168	170	172	173	175	177	179
Borrowings	3,058	2,600	2,447	2,047	1,817	1,858	1,900	1,943	1,986	2,031	2,076
Provisions	31,806	32,124	32,445	32,770	33,097	33,428	33,763	34,100	34,441	34,786	35,134
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	75,105	94,384	91,641	86,033	77,419	82,873	85,147	78,132	86,902	88,801	86,606
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	3,024	1,877	635	-	-	-	-	-	-	-	-
Lease Liabilities	342	346	349	353	356	360	363	367	371	374	378
Borrowings	34,776	32,176	29,729	27,682	25,864	24,006	22,106	20,163	18,177	16,147	14,071
Provisions	1,697	1,714	1,731	1,748	1,766	1,783	1,801	1,819	1,837	1,856	1,874
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	39,839	36,112	32,444	29,783	27,986	26,149	24,271	22,350	20,386	18,377	16,323
TOTAL LIABILITIES	114,944	130,496	124,084	115,816	105,405	109,022	109,418	100,482	107,287	107,178	102,929
Net assets	2,520,499	2,532,467	2,585,823	2,611,706	2,639,312	2,653,657	2,671,661	2,698,172	2,709,749	2,729,105	2,754,044
EQUITY											
Retained earnings	2,313,300	2,341,483	2,387,864	2,404,429	2,420,263	2,436,825	2,453,795	2,469,912	2,486,815	2,504,565	2,523,745
Revaluation reserves	207,199	190,984	197,959	207,277	219,050	216,832	217,866	228,260	222,934	224,540	230,299
Council equity interest	2,520,499	2,532,467	2,585,823	2,611,706	2,639,312	2,653,657	2,671,661	2,698,172	2,709,749	2,729,105	2,754,044
Total equity	2,520,499	2,532,467	2,585,823	2,611,706	2,639,312	2,653,657	2,671,661	2,698,172	2,709,749	2,729,105	2,754,044

Scenario 1 - Inner West Council - Statement of Cashflows

	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)	2030/31 (\$'000)	2031/32 (\$'000)
Cashflow from Operating Activities											
Receipts											
Rates & Annual Charges	161,162	165,444	168,305	171,529	175,055	178,752	183,040	186,635	190,277	193,988	197,826
User Charges & Fees	45,071	52,007	53,044	54,102	55,181	56,282	57,405	58,550	59,718	60,910	62,125
Investment & Interest Income	4,205	3,450	3,486	3,522	3,560	3,600	3,640	3,680	3,722	3,765	3,808
Rental Income	4,785	5,809	8,092	7,814	7,226	7,370	7,518	7,668	7,821	7,978	8,137
Operating Grants & Contributions	10,006	9,310	9,310	10,275	9,260	9,260	9,260	10,225	9,260	9,260	9,260
Capital Grants & Contributions	25,054	28,928	44,198	14,993	13,393	13,143	13,143	13,036	13,143	13,143	13,143
Other	17,557	18,330	18,355	18,381	18,407	18,434	18,461	18,489	18,518	18,547	18,576
Payments											
Employee Benefits & On-Costs	(120,930)	(127,200)	(130,176)	(132,853)	(136,195)	(139,565)	(143,021)	(146,565)	(150,200)	(153,927)	(157,750)
Materials & Contracts	(78,383)	(79,360)	(79,092)	(81,065)	(80,412)	(80,928)	(81,454)	(83,300)	(82,653)	(83,287)	(84,007)
Borrowing Costs	(979)	(860)	(792)	(724)	(680)	(639)	(597)	(555)	(511)	(466)	(421)
Other Expenses	(13,300)	(12,988)	(13,063)	(13,138)	(13,214)	(13,292)	(13,371)	(13,451)	(13,532)	(13,614)	(13,698)
Net Cash provided (or used in) Operating Activities	54,248	62,869	81,668	52,837	51,582	52,418	54,024	54,414	55,565	56,297	57,001
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities	253,469	256,003	258,563	261,149	263,760	266,398	269,062	271,753	274,470	277,215	279,987
Sale of Real Estate Assets											
Sale of Infrastructure, Property Plant & Equipment	2,980	2,763	2,948	2,674	3,116	2,904	3,447	3,098	3,265	2,974	3,348
Payments											
Purchase of Investment Securities	(105,662)	(237,423)	(248,821)	(261,156)	(263,676)	(264,893)	(273,606)	(276,381)	(280,504)	(280,420)	(281,577)
Purchase of Infrastructure, Property, Plant & Equipment-	(91,664)	(90,633)	(106,990)	(56,539)	(54,108)	(54,172)	(52,033)	(52,431)	(49,884)	(53,002)	(54,410)
Purchase of Investment Property		(80,907)									
Contributions paid to Joint Ventures & Associates											
Net cash provided (or used in) Investing Activities	59,122	(150,197)	(94,300)	(53,872)	(50,908)	(49,762)	(53,130)	(53,961)	(52,653)	(53,234)	(52,652)
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowing & Advances											
Payments											
Payments of Borrowing & Advances	(3,058)	(2,600)	(2,447)	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)
Lease Liabilities											
Net Cash Flow provided (or used in) Financing Activities	(3,058)	(2,600)	(2,447)	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)
Net Increase/(Decrease) in Cash & Cash Equivalents	110,311	(89,928)	(15,079)	(3,082)	(1,143)	797	(1,006)	(1,490)	926	1,033	2,273
Plus Cash & Cash Equivalents - beginning of year	59,946	170,258	80,330	65,251	62,169	61,026	61,824	60,818	59,328	60,253	61,286
Cash & Cash Equivalents - end of year	170,258	80,330	65,251	62,169	61,026	61,824	60,818	59,328	60,253	61,286	63,559
Plus Investments on hand - end of year	134,836	116,497	106,755	106,762	107,420	107,229	112,038	116,666	122,700	126,722	129,757
Total Cash & Cash Equivalents & Investments	305,094	196,827	172,006	168,931	168,446	169,052	172,855	175,994	182,954	188,008	193,316

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 2020/21 financial reports, estimated to be approximately \$36.8m across its asset portfolio. In order to address this backlog, reserves will be utilised.

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

	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)	2030/31 (\$'000)	2031/32 (\$'000)
Income from Continuing Operations											
Rates and Annual Charges	161,162	165,444	168,305	171,529	175,055	178,752	183,040	186,635	190,277	193,988	197,826
User Fees and Charges	45,071	52,007	53,044	54,102	55,181	56,282	57,405	58,550	59,718	60,910	62,125
Interest Income	4,205	3,450	3,486	3,522	3,560	3,600	3,640	3,680	3,722	3,765	3,808
Other Income	17,557	18,330	18,355	18,381	18,407	18,434	18,461	18,489	18,518	18,547	18,576
Rental Income	4,785	5,809	8,092	7,814	7,226	7,370	7,518	7,668	7,821	7,978	8,137
Operating Grants & Contributions	10,006	9,310	9,310	10,275	9,260	9,260	9,260	10,225	9,260	9,260	9,260
Capital Grants & Contributions	25,054	28,928	44,198	14,993	13,393	13,143	13,143	13,036	13,143	13,143	13,143
Gain/Loss on Disposal of Assets	(1,606)	(1,582)	(1,638)	(1,912)	(728)	(368)	(874)	(1,488)	(1,321)	(796)	207
Total Income from Continuing Operations	266,233	281,696	303,152	278,706	281,355	286,474	291,593	296,797	301,139	306,795	313,084
Expenditure from Continuing Operations											
Employee Benefits and Oncosts	120,930	127,200	130,176	132,853	136,195	139,565	143,021	146,565	150,200	153,927	157,750
Borrowing Costs	979	860	792	724	680	639	597	555	511	466	421
Materials and Services	78,383	79,360	79,092	81,065	80,412	80,928	81,454	83,300	82,653	83,287	84,007
Depreciation	31,983	33,104	33,650	34,360	35,021	35,487	36,180	36,809	37,340	37,751	38,029
Other Expenses	13,300	12,988	13,063	13,138	13,214	13,292	13,371	13,451	13,532	13,614	13,698
Net losses from the disposal of assets											
Total Expenses from Continuing Operations	245,574	253,513	256,771	262,140	265,522	269,912	274,623	280,680	284,236	289,045	293,904
Net Operating Result from Continuing Operations	20,659	28,183	46,380	16,565	15,833	16,563	16,970	16,117	16,903	17,750	19,180
Net Operating Result before Capital Items	(4,395)	(744)	2,182	1,572	2,440	3,419	3,826	3,081	3,760	4,607	6,036

Scenario 2 - Inner West Council - Statement of Financial Position

	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)	2030/31 (\$'000)	2031/32 (\$'000)
ASSETS											
Current assets											
Cash and cash equivalents	170,258	63,294	48,215	45,133	43,990	44,788	43,782	42,292	43,217	44,250	46,523
Investments	75,886	57,547	47,805	47,812	48,470	48,279	53,088	57,716	63,750	67,772	70,807
Receivables	30,443	28,768	27,186	25,691	24,278	22,942	21,681	20,488	19,361	18,296	17,839
Inventories	225	226	227	229	230	231	232	233	234	235	237
Other	980	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current assets	277,792	149,835	123,433	118,865	116,967	116,239	118,782	120,729	126,563	130,554	135,406
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	2,288,457	2,361,869	2,436,307	2,458,486	2,476,321	2,494,572	2,509,991	2,525,013	2,537,117	2,552,068	2,568,124
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	80,907	80,907	80,907	80,907	80,907	80,907	80,907	80,907	80,907	80,907
Intangible assets	9,747	10,900	12,152	12,585	13,018	13,618	14,058	14,358	14,683	15,038	15,338
Right of use assets	498	503	508	513	518	523	529	534	539	545	550
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	2,357,651	2,513,128	2,588,824	2,611,440	2,629,714	2,648,570	2,664,435	2,679,762	2,692,196	2,707,507	2,723,869
TOTAL ASSETS	2,635,443	2,662,964	2,712,257	2,730,305	2,746,681	2,764,810	2,783,217	2,800,491	2,818,759	2,838,061	2,859,275
LIABILITIES											
Current liabilities											
Payables	38,836	58,254	57,691	52,590	44,300	49,548	51,450	43,754	52,022	53,586	51,520
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	1,243	1,243	1,243	1,243	-	-	-	-	-	-	-
Lease Liabilities	162	163	165	166	168	170	172	173	175	177	179
Borrowings	3,058	2,600	2,447	2,047	1,817	1,858	1,900	1,943	1,986	2,031	2,076
Provisions	31,806	32,124	32,445	32,770	33,097	33,428	33,763	34,100	34,441	34,786	35,134
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	75,105	94,384	93,991	88,816	79,383	85,004	87,284	79,970	88,624	90,579	88,908
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	3,024	1,877	635	-	-	-	-	-	-	-	-
Lease Liabilities	342	346	349	353	356	360	363	367	371	374	378
Borrowings	34,776	32,176	29,729	27,682	25,864	24,006	22,106	20,163	18,177	16,147	14,071
Provisions	1,697	1,714	1,731	1,748	1,766	1,783	1,801	1,819	1,837	1,856	1,874
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	39,839	36,112	32,444	29,783	27,986	26,149	24,271	22,350	20,386	18,377	16,323
TOTAL LIABILITIES	114,944	130,496	126,434	118,599	107,369	111,153	111,555	102,320	109,009	108,956	105,231
Net assets	2,520,499	2,532,467	2,585,823	2,611,706	2,639,313	2,653,657	2,671,662	2,698,172	2,709,750	2,729,105	2,754,044
EQUITY											
Retained earnings	2,313,300	2,341,483	2,387,864	2,404,429	2,420,263	2,436,825	2,453,795	2,469,912	2,486,815	2,504,565	2,523,745
Revaluation reserves	207,199	190,984	197,959	207,277	219,050	216,832	217,866	228,260	222,934	224,540	230,299
Council equity interest	2,520,499	2,532,467	2,585,823	2,611,706	2,639,312	2,653,657	2,671,661	2,698,172	2,709,749	2,729,105	2,754,044
Total equity	2,520,499	2,532,467	2,585,823	2,611,706	2,639,312	2,653,657	2,671,661	2,698,172	2,709,749	2,729,105	2,754,044

Scenario 2 - Inner West Council - Statement of Cashflows

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2030/31
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cashflow from Operating Activities											
Receipts											
Rates & Annual Charges	161,162	165,444	168,305	171,529	175,055	178,752	183,040	186,635	190,277	193,988	197,826
User Charges & Fees	45,071	52,007	53,044	54,102	55,181	56,282	57,405	58,550	59,718	60,910	62,125
Investment & Interest Income	4,205	3,450	3,486	3,522	3,560	3,600	3,640	3,680	3,722	3,765	3,808
Rental Income	4,785	5,809	8,092	7,814	7,226	7,370	7,518	7,668	7,821	7,978	8,137
Operating Grants & Contributions	10,006	9,310	9,310	10,275	9,260	9,260	9,260	10,225	9,260	9,260	9,260
Capital Grants & Contributions	25,054	28,928	44,198	14,993	13,393	13,143	13,143	13,036	13,143	13,143	13,143
Other	17,557	18,330	18,355	18,381	18,407	18,434	18,461	18,489	18,518	18,547	18,576
Payments											
Employee Benefits & On-Costs	(120,930)	(127,200)	(130,176)	(132,853)	(136,195)	(139,565)	(143,021)	(146,565)	(150,200)	(153,927)	(157,750)
Materials & Contracts	(78,383)	(79,360)	(79,092)	(81,065)	(80,412)	(80,928)	(81,454)	(83,300)	(82,653)	(83,287)	(84,007)
Borrowing Costs	(979)	(860)	(792)	(724)	(680)	(639)	(597)	(555)	(511)	(466)	(421)
Other Expenses	(13,300)	(12,988)	(13,063)	(13,138)	(13,214)	(13,292)	(13,371)	(13,451)	(13,532)	(13,614)	(13,698)
Net Cash provided (or used in) Operating Activities	54,248	62,869	81,668	52,837	51,582	52,418	54,024	54,414	55,565	56,297	57,001
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities	253,469	256,003	258,563	261,149	263,760	266,398	269,062	271,753	274,470	277,215	279,987
Sale of Real Estate Assets											
Sale of Infrastructure, Property Plant & Equipment	2,980	2,763	2,948	2,674	3,116	2,904	3,447	3,098	3,265	2,974	3,348
Payments											
Purchase of Investment Securities	(105,662)	(237,423)	(248,821)	(261,156)	(263,676)	(264,893)	(273,606)	(276,381)	(280,504)	(280,420)	(281,577)
Purchase of Infrastructure, Property, Plant & Equipment-	(91,664)	(107,669)	(106,990)	(56,539)	(54,108)	(54,172)	(52,033)	(52,431)	(49,884)	(53,002)	(54,410)
Purchase of Investment Property		(80,907)									
Contributions paid to Joint Ventures & Associates											
Net cash provided (or used in) Investing Activities	59,122	(167,233)	(94,300)	(53,872)	(50,908)	(49,762)	(53,130)	(53,961)	(52,653)	(53,234)	(52,652)
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowing & Advances											
Payments											
Payments of Borrowing & Advances	(3,058)	(2,600)	(2,447)	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)
Lease Liabilities											
Net Cash Flow provided (or used in) Financing Activities	(3,058)	(2,600)	(2,447)	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)
Net Increase/(Decrease) in Cash & Cash Equivalents	110,311	(106,964)	(15,079)	(3,082)	(1,143)	797	(1,006)	(1,490)	926	1,033	2,273
Plus Cash & Cash Equivalents - beginning of year	59,946	170,258	63,294	48,215	45,133	43,990	44,788	43,782	42,292	43,217	44,250
Cash & Cash Equivalents - end of year	170,258	63,294	48,215	45,133	43,990	44,788	43,782	42,292	43,217	44,250	46,523
Plus Investments on hand - end of year	134,836	116,497	106,755	106,762	107,420	107,229	112,038	116,666	122,700	126,722	129,757
Total Cash & Cash Equivalents & Investments	305,094	179,791	154,970	151,895	151,410	152,016	155,819	158,958	165,918	170,972	176,280

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	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	>0	(1.82)%	(0.29)%	0.84%	0.60%	0.91%	1.25%	1.37%	1.09%	1.31%	1.57%	2.01%
Own Source Operating Revenue	>60%	86.83%	86.43%	82.35%	90.93%	91.95%	92.18%	92.32%	92.16%	92.56%	92.70%	92.84%
Unrestricted Current Ratio	>1.5x	3.70	1.61	1.53	1.58	1.54	1.61	1.60	1.57	1.65	1.66	1.58
Debt Service Ratio	>2x	7.59	10.86	14.09	14.98	18.63	21.76	21.85	21.29	21.42	21.56	21.91
Rates and Annual Charges Outstanding Ratio	<5%	3.33%	3.30%	3.27%	3.24%	3.20%	3.17%	3.14%	3.11%	3.08%	3.05%	3.02%
Cash Expense Cover Ratio	>3 Months	13.63	7.42	6.01	5.74	5.66	5.59	5.69	5.71	5.98	6.11	6.25
Infrastructure Renewal Ratio	>100%	124%	148%	148%	106%	97%	102%	105%	108%	100%	99%	96%
Infrastructure Backlog Ratio	<2%	1.94%	0.99%	0.04%	(0.07)%	(0.01)%	(0.04)%	(0.14)%	(0.31)%	(0.31)%	(0.29)%	(0.21)%
Asset Maintenance Ratio	>1	0.64	0.61	0.59	0.60	0.61	0.61	0.62	0.63	0.64	0.64	0.65

Key Performance Indicators - Scenario 2	Benchmark	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	>0	(1.82)%	(0.29)%	0.84%	0.60%	0.91%	1.25%	1.37%	1.09%	1.31%	1.57%	2.01%
Own Source Operating Revenue	>60%	86.83%	86.43%	82.35%	90.93%	91.95%	92.18%	92.32%	92.16%	92.56%	92.70%	92.84%
Unrestricted Current Ratio	>1.5x	3.70	1.43	1.31	1.34	1.29	1.37	1.36	1.32	1.43	1.44	1.36
Debt Service Ratio	>2x	7.59	10.86	14.09	14.98	18.63	21.76	21.85	21.29	21.42	21.56	21.91
Rates and Annual Charges Outstanding Ratio	<5%	3.33%	3.30%	3.27%	3.24%	3.20%	3.17%	3.14%	3.11%	3.08%	3.05%	3.02%
Cash Expense Cover Ratio	>3 Months	13.63	6.50	5.11	4.85	4.78	4.73	4.84	4.88	5.16	5.31	5.46
Infrastructure Renewal Ratio	>100%	124%	205%	148%	106%	97%	102%	105%	108%	100%	99%	96%
Infrastructure Backlog Ratio	<2%	1.94%	(0.10)%	(1.00)%	(1.10)%	(1.04)%	(1.06)%	(1.15)%	(1.31)%	(1.31)%	(1.28)%	(1.20)%
Asset Maintenance Ratio	>1	0.64	0.60	0.59	0.59	0.60	0.61	0.62	0.62	0.63	0.64	0.64

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.