



# Resourcing Strategy Long Term Financial Plan 2025-2035

Adopted June 2025



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# Introduction

## Aboriginal and Torres Strait Islander Statement



## Integrated Planning and Reporting

Under the *NSW Local Government Act 1993*, councils are required to develop a hierarchy of plans known as the Integrated Planning and Reporting (IPR) Framework.

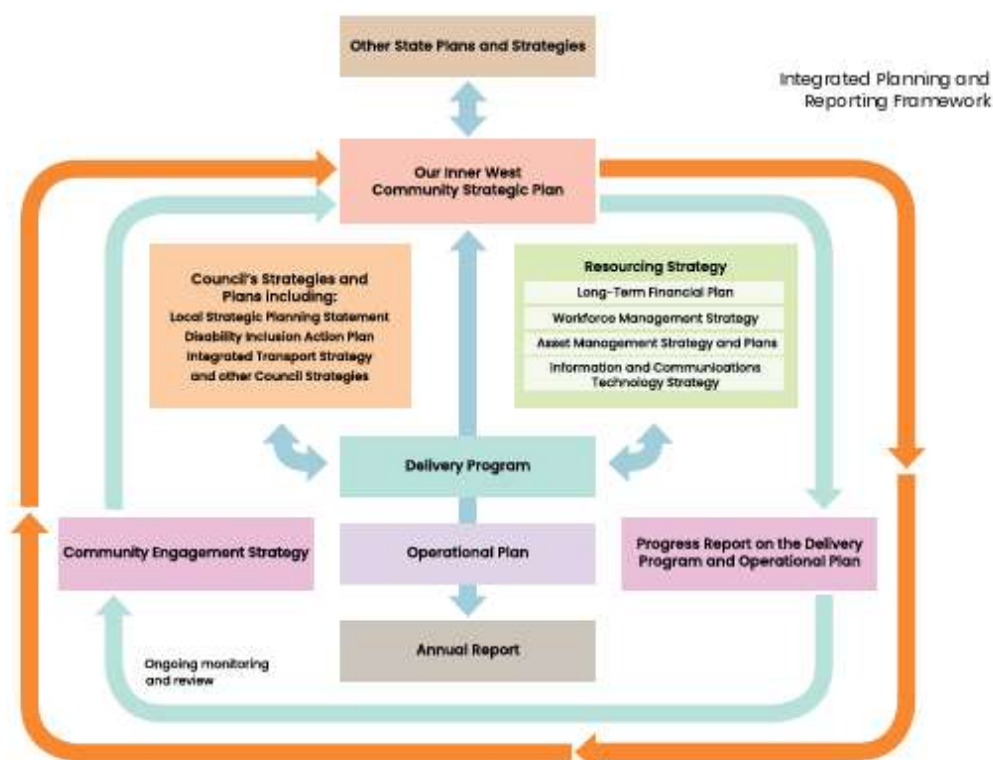
This framework assists councils in delivering their community's vision through long, medium, and short term plans.

The Inner West Community Strategic Plan (CSP), *Our Inner West 2041*, identifies the community's vision for the future, long term outcomes, and strategies to get there and how Council will measure progress.

The Delivery Program (DP) is a four-year plan which outlines Council's commitment to achieving the outcomes and strategies of the CSP. It sets out the initiatives that Council will undertake during its term of office. The one-year Operational Plan (OP) sits within the Delivery Program and contains detailed actions.

These plans are supported by the Resourcing Strategy which consists of key components including the Long-Term Financial Plan (LTFP), the Workforce Management Strategy (WMS), and the Asset Management Strategy and Plans (AMS&P).

The LTFP is a ten-year rolling plan that informs Council's decision-making and shows how the CSP, and commitments in the DP and OP will be resourced and funded. The LTFP also provides the financial implications of Council's asset management and workforce planning by identifying how additional assets will be funded, or existing assets renewed or upgraded, and changes to service levels.



# Executive Summary

The Inner West Council was formed after the amalgamation of Ashfield, Leichhardt and Marrickville Councils in 2016. Council operates from a position of financial stability and is using the IPR Framework to drive long-term financial sustainability and ensure Council remains fit for the future. The LTFP has incorporated 'Fit for the Future' Financial Key Performance Indicators (KPIs) along with statutory Annual Reporting KPIs.

The overall objective of this plan is to ensure that Council is financially sustainable, while achieving the outcomes of its CSP. The integrated planning approach requires that Council understands its long-term financial position and best directs its resources to achieving these outcomes.

The LTFP sets out two scenarios and each of these maintain current service levels and establish a balanced budget. In summary:

**Scenario 1** – Business as usual, maintain existing service levels.

- Council continues to operate and deliver its existing service levels to the community. The capital works program is maintained to ensure infrastructure is renewed or upgraded over the next 10 years. This scenario also ensures that Council is financially sustainable and 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 an additional process to reduce the infrastructure backlog of \$29.3m from the 2023/24 financial statements during this LTFP. With the planned infrastructure spend spread over the 10-year timeframe, the model shows Council being in a general fund deficit by the 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 capital works and asset management, and Council is working to meet these challenges and ensure that asset condition levels are improved.

Council has undertaken a community led engagement process to establish the *Our Inner West 2041* – the Inner West Community Strategic Plan. This LTFP is aligned to the outcomes outlined in the CSP. However, future unforeseen factors can substantially impact Council's financial position, and this plan provides a useful way to identify possible future or unexpected financial issues.

# Financial Planning Context

## Working Capital

Working Capital represents money that Council is required by law to hold separately from Council's General Fund and can only be spent for specified purposes.

Funds separated in Working Capital include:

- Developer contributions are raised under *the Environmental Planning and Assessment Act 1979*. These fund the community infrastructure consistent with the contributions plan that they were collected to fund. Council also holds Public Domain Contributions that developers contribute towards.
- Domestic Waste Management funds are raised under *the Local Government Act 1993*. These support waste collection, recycling and related activities. Funds are also used to replace garbage, recycling and green waste bin or truck fleets.
- Council annually raises a Stormwater Management Service Charge under *the Local Government Act 1993*. Any funds not used in any year must be held and used on authorised stormwater management and related activities.
- Specific purpose grant funding from either the Commonwealth or State Governments must be held and only used for the purpose that they were granted.

Funds that Council provides for specific purposes include:

- Employee Leave Entitlements: Council sets aside cash to meet accrued employee annual and long service leave liabilities. Council's Workforce Management Strategy 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 there is budget available for replacement.
- Funds that Council holds in trust either on behalf of other parties or under a Trust arrangement are held separate to Council funds and are only spent in accordance with the terms of the trust arrangements.
- Loan funds: When required, Council raises loans to fund its capital program. Unspent funds are held to ensure these works are completed. Council currently funds these works from its unrestricted working capital. See next section: Loan borrowing.

Other unrestricted working capital is held and allocated throughout Council's LTFP to fund other operational and capital projects.

## Loan borrowings

Council borrowed \$40.0m to redevelop the Ashfield Aquatic Centre. This loan is held with NSW Treasury TCorp, an organisation that provides funding opportunities for Local Government and other State agencies. These borrowings are repaid from rate income raised over a 20-year period.

As at 30 June 2024, Council had principal outstanding on its loan borrowings of \$34.3m. Council's Debt Service Cover ratio, which measures the availability of operating cash to service debt including interest and principal repayments, is forecast at 22.31 to 1 at the end of 2025/26. This is well above the Office of Local Government's benchmark of 2 to 1.

When Council borrows funds for major capital projects, the funding is never used to fund operating projects.

## Structure

### Overview of structure

The LTFP is structured around two financial models. This is consistent with the IPR framework. These are:

- Scenario 1 is the base scenario that captures Council's 'Business as Usual' approach and maintains existing service levels.
- Scenario 2 models the elimination of the Asset Renewal Backlog.

The LTFP sets out the assumptions for the compilation of each scenario and the financial outcomes over the next ten years. It also lists the major opportunities and risks associated with each scenario providing an analysis of the sensitivity of the modelling to a variety of changes.

The last section of the document contains high-level measures that Council's long term financial performance will be measured against.

## Global Variables and Assumptions

Below is the list of variables and assumptions identified as drivers to predict Council's revenue and expenditure forecasts over the 10 years of this plan. These variables apply to each of the LTFP scenarios unless it is explicitly stated otherwise. All Consumer Price Index (CPI) references have an assumed rate of 0% per annum for expenditure and 3.8% per annum for income, unless stated otherwise.



## Operating revenue drivers

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

Operating revenue area	Assumptions
General rates	Based on the following rate cap in future years: <ul style="list-style-type: none"> <li>• 3.7% 2025/26</li> <li>• 2.5% 2026/27 and onwards</li> </ul>
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 this criteria, grandfathering provisions exists for pensioners in the former Ashfield, Leichhardt and Marrickville Local Government Area's (LGA).
Pensioner Rate Subsidy	The State Government sets the Pensioner Rate Subsidy 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 service provision costs. Councils are prohibited under the Local Government Act from subsidising or receiving a profit from the Domestic Waste Management charge. Since 2018/19 Council has reviewed and applied the methodology of applying corporate overheads to the domestic waste services. The budget has been prepared on the basis of maintaining the Domestic Waste Management Charge in future years to allow capacity to cover any reactive cost increases.
Stormwater Management Service Charge	This is a flat charge used to fund stormwater planning and infrastructure. The charge as set under the Local Government Act and associated Regulations are: <ul style="list-style-type: none"> <li>• \$25.00 per residential property per annum</li> <li>• \$12.50 per strata unit per annum</li> <li>• \$25.00 per 350m<sup>2</sup> per business property per annum</li> </ul>

Operating revenue area	Assumptions
Fees	<p>Council generally increases the fees for the services it provided to at least cover annual general movements in costs. .</p> <p>Statutory fees have been increased consistent with the advice from statutory bodies. Discretionary fees have been increased by the CPI. The LTFP assumes that the following CPI increases, sets out as:</p> <ul style="list-style-type: none"> <li>• 3.8% 2025/26</li> <li>• 2.5% 2026/27 and onwards</li> </ul>
Interest on investment	<p>The interest 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, a modest and sustainable level of interest income currently supports ongoing operations.</p>
Interest on overdue rates	<p>Council charges interest on overdue rates to the maximum that the Minister for Local Government allows. The 2025/26 determination from the Minister for Local Government for interest on overdue rates is 10.5% per annum.</p>
Other revenues	<p>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.</p>
Rental/lease income	<p>It is assumed that rental/lease income will increase at least by CPI, in line with provisions of current leases.</p>
Fines	<p>The State Government determines the dollar value of individual fines. The volume of fines is a product of the compliance levels and the level of enforcement activity. It is assumed that total income received from fines are flat.</p>
Operating grants – general	<p>It is assumed that total income from grants will be flat over the 10-year program and dependant on the initiatives that State and Federal Government provides.</p>

Operating revenue area	Assumptions
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 LGA in comparison to the growth of Western Sydney. This projection is consistent with the methodology NSW Grants Commission uses to determine the annual Financial Assistance Grant distribution.
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 and it is assumed it will be flat.
Library subsidy	The State Library of NSW sets and administers this subsidy under the Library Regulation. It is assumed that this will be flat.
Disposal of property	The scenarios assumes that Council will not receive any income from property sales during the 10-year lifetime of the LTFP. Any 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.

## Operating revenue sensitivity analysis

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

- Future rate increases are based on the Local Government Price Movements that the Independent Pricing and Regulatory Tribunal (IPART) allows. Historically, rate increases have not kept pace with increasing costs. From 2024/25, IPART simplified their 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 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 factor which is lagged by one year that reflects the annual change in each council's Emergency Service Levy contribution.
  - A population factor to measure the change in a Council's residential population.
- Rate increases only provide for the continuation of existing service levels. The Inner West community's changing demographics suggests there may be demand for new or increased levels of services. These are not funded with ordinary IPART rate increases, which are based on movements in costs only.
  - Council has also considered rate increases due to increases in the number of dwellings as part of the State Government housing reforms that will be introduced over the next five financial years.
  - 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 State Government determines the level for individual traffic/parking offence fines.
  - 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 are starting to decrease and this will continue in future financial years. It is forecast that interest rates will fall and be flat for the remaining 2024/25 financial year and decline as inflation reduces over the next financial year.
  - 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, the expectations are that this will grow if greater building density occurs in the LGA through the proposed State Government housing reforms.

## Capital revenue drivers

The following tables summarise the capital revenue assumptions on which the base scenario has been modelled.



Base scenario capital revenue area	Assumptions
Roads to Recovery grant	This is a Federal Government grant, that Council used to fund its roads improvement program. It is assumed this will be flat.
Developer contributions	Council reviews the developer contributions funding each year. 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.

## Capital revenue sensitivity analysis

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

- The Roads to Recovery grant program was introduced in 2013/14 and in 2019/20 it was extended until 2025/26. In May 2024, this grant was extended again until June 2029 with an increased level of funding for the next five years. 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.

## Operational 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>Salary and wages increased based on the State Award that began on 1 July 2023. These increases are:</p> <ul style="list-style-type: none"> <li>• 3.0% + lump sum 0.5% or \$1,000 (whichever is higher) in 2025/26</li> <li>• 2.5% from 2026/27 and onwards</li> </ul>
Superannuation	<p>This LTFP includes a Superannuation increase to 12.0% from 2025/26 in line with the Superannuation Guarantee Contributions.</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 \$5.9m for 2024/25 and it is assumed it will increase to \$6.8m in 2024/25. The future years increase is as follows:</p> <ul style="list-style-type: none"> <li>• 10% 2026/27</li> <li>• 5% 2027/28</li> <li>• 2.5% 2028/29 and onwards</li> </ul>
Training	It is assumed that expenditure on training will be flat.
Maternity leave	It is assumed that expenditure on parental leave will be \$426,000 in 2025/26 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.

Operational expenditure area	Assumptions
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 have a CPI increase annually 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 there will be a 4.0 % per annum increase in electricity costs in future years.
Gas	It is assumed that there will be a 4.0% per annum increase in gas costs in future years.
Water	It is assumed that there will be a 4.0% per annum increase for water costs in future years.
Telephone and mobile phone	It is assumed that fixed and mobile phone and data costs will have a CPI increase per annum over 10 years.
Depreciation	Depreciation has been modelled in accordance with Council's Asset Management Plans. Refer to Page 6 of the <i>Asset Management Policy and Strategy</i> .
Other expenses	This includes contributions to organisations and doubtful debts. It is assumed that these expenses will have CPI increases.
State Government Levies	Council's annual contribution to the Emergency Services Levy (ESL) is estimated based off the 2024/25 costs and a 4.2% increase applied. The contribution amount will be provided to Council in May 2025. The remaining State Government charges levied to councils contribute to a range of services and it is assumed that there will be a CPI increase to these levies.
Insurance	It is assumed that insurance costs will increase as follows: <ul style="list-style-type: none"> <li>• 3.0% 2025/26</li> <li>• 2.75% 2026/27 and 2027/28</li> <li>• 2.5% 2028/29 and onwards</li> </ul>

## 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. In 2025/26 the award will be 3.0% + lump sum 0.5% or \$1,000 (whichever is higher).
- The Federal government legislated for an increase to the Superannuation Guarantee Charge (SGC) to 12.0% in 2025/26. Natural disasters and other unforeseeable events may impact increases to insurance premium levels.

## Capital expenditure drivers

The following table summarises the operating expenditure assumptions on which the scenarios have been modelled.

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 in the Operating Budget of the relevant year.</p> <p>The LTFP provides for the full cost of replacement of existing hardware and software. The budget includes both the hardware and software replacement program. This program replaces assets at the end of their useful life. It 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 \$10.0m in 2025/26. These are funded by FAGs, Special Rate Variation (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>



Capital expenditure area	Assumptions
Regional Roads Program	<p>Council owns the Regional Road network. The TfNSW subsidises upkeep through grants. Council matches funding under the Regional Roads program using unrestricted working capital or other available funding sources.</p> <p>A total of \$1.7m is anticipated to be spent on Regional Road capital works throughout the 2025/26 financial year.</p> <p>Council maintains funding levels to consistently exceed its Renewal Ratio each year for its infrastructure portfolio throughout the LTFP.</p>
Footpath Program	<p>Council's investment in its Footpath Renewal and Upgrade Program has been set at \$3.3m in 2025/26 funded by SRV and unrestricted working capital. Council maintains funding levels to consistently exceed its Renewal Ratio each 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 governments or to fund direct works.</p>
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 \$6.1m (this includes \$2.3m 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 as detailed in the Stormwater Plan.</p> <p>The total budget is \$4.1m.</p>

Capital expenditure area	Assumptions
Parks Improvement Program	Park improvements are primarily funded from Developer Contributions, SRV and Federal or State Government grants. Council's Parks Improvement Program was approximately \$18.0m in 2025/26.

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

Project	Funding available in 2025/26
Leichhardt Park Aquatic Centre Major Project	\$10.0 million
GreenWay	\$7.3 million
Henson Park Grandstand Stage 2	\$6.2 million
Main Street Revitalisation	\$5.8 million
Leichhardt Oval	\$3.0 million
Inclusive Playgrounds	\$2.2 million
Mort Bay Park	\$1.6 million
Callan Park All Weather Sporting Field	\$0.3 million

## Capital expenditure sensitivity analysis

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

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

## **Non-financial assumptions**

The Inner West Council's CSP 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.

# Scenarios

## Scenario 1: business as usual

### 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':

- Leichhardt Oval
- Leichhardt Park Aquatic Centre Major Project
- GreenWay Program
- Callan Park All Weather Sporting Field
- Henson Park Grandstand Stage 2
- Main Street Revitalisation
- Inclusive Playgrounds
- Mort Bay Park

### 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 former Councils. Council is currently operating from a position of financial stability and has used the 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.



The State Government caps Council's major income source (rates) and they have 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 plan.

Scenario 1 outlines the method of delivering business as usual and Scenario 2 outlines the method for 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.

### **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**

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Income from Continuing Operations</b>											
Rates and Annual Charges	181,952	191,918	198,655	205,230	211,771	217,760	223,380	229,172	235,107	241,225	247,490
User Fees and Charges	60,913	66,144	67,686	69,407	71,031	72,035	73,744	75,637	77,437	79,422	81,456
Interest Income	9,328	9,818	7,864	6,661	6,446	6,233	6,170	5,859	5,792	5,725	5,760
Other Income	19,766	19,891	19,931	19,971	20,013	20,055	20,099	20,144	20,190	20,237	20,285
Rental Income	10,393	11,321	11,402	11,122	10,119	10,206	10,295	10,386	10,479	10,575	10,673
Operating Grants & Contributions	10,353	11,866	10,664	10,253	10,251	10,251	10,193	10,193	10,193	10,193	10,193
Capital Grants & Contributions	40,576	31,555	62,049	20,189	20,507	18,708	18,708	18,708	18,708	18,708	18,708
Gain/Loss on Disposal of Assets	(1,109)	(920)	614	100	160	(402)	(1,747)	(130)	(920)	(920)	(920)
<b>Total Income from Continuing Operations</b>	<b>332,171</b>	<b>341,592</b>	<b>378,865</b>	<b>342,933</b>	<b>350,297</b>	<b>354,846</b>	<b>360,843</b>	<b>369,969</b>	<b>376,986</b>	<b>385,165</b>	<b>393,646</b>
<b>Expenditure from Continuing Operations</b>											
Employee Benefits and Oncosts	149,127	156,351	159,451	163,600	167,668	171,837	176,111	180,483	184,953	189,534	194,230
Borrowing Costs	723	678	638	596	553	510	465	420	373	326	277
Materials and Services	95,584	100,387	101,263	102,005	105,208	104,964	106,387	108,878	111,108	112,600	114,783
Depreciation	34,204	38,936	39,713	40,506	41,315	42,139	42,981	43,839	44,715	45,607	46,518
Other Expenses	13,672	13,614	13,963	14,290	14,626	14,960	15,303	15,656	16,018	16,391	16,774
<b>Total Expenses from Continuing Operations</b>	<b>293,311</b>	<b>309,967</b>	<b>315,028</b>	<b>320,997</b>	<b>329,370</b>	<b>334,411</b>	<b>341,247</b>	<b>349,276</b>	<b>357,166</b>	<b>364,458</b>	<b>372,583</b>
<b>Net Operating Result from Continuing Operations</b>	<b>38,860</b>	<b>31,625</b>	<b>63,838</b>	<b>21,936</b>	<b>20,927</b>	<b>20,435</b>	<b>19,596</b>	<b>20,693</b>	<b>19,820</b>	<b>20,707</b>	<b>21,063</b>
<b>Net Operating Result before Capital Items</b>	<b>(1,716)</b>	<b>70</b>	<b>1,789</b>	<b>1,747</b>	<b>421</b>	<b>1,727</b>	<b>888</b>	<b>1,985</b>	<b>1,111</b>	<b>1,999</b>	<b>2,355</b>

**Scenario 1 - Inner West Council - Statement of Financial Position**

	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)	2034/35 (\$'000)
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents	104,358	76,517	64,999	55,626	58,755	58,445	61,456	65,265	69,963	76,289	77,644
Investments	83,189	63,014	33,834	29,876	26,052	33,642	40,256	47,057	50,231	54,380	57,937
Receivables	49,244	46,536	43,976	41,557	39,272	37,112	35,071	33,142	31,319	29,596	27,969
Inventories	207	208	209	210	211	212	213	214	215	217	218
Other	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>236,998</b>	<b>186,275</b>	<b>143,018</b>	<b>127,270</b>	<b>124,291</b>	<b>129,411</b>	<b>136,996</b>	<b>145,678</b>	<b>151,729</b>	<b>160,482</b>	<b>163,767</b>
<b>Non-current assets</b>											
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	3,030,867	3,110,588	3,214,395	3,248,924	3,271,017	3,285,829	3,298,656	3,309,261	3,325,061	3,337,844	3,351,132
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment property	73,430	75,266	77,148	78,691	80,265	81,870	83,507	85,177	86,881	88,619	90,391
Intangible assets	5,593	6,181	6,386	6,386	6,386	6,446	6,446	6,446	6,446	6,506	6,506
Right of use assets	286	293	301	307	313	319	326	332	339	346	352
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>3,169,127</b>	<b>3,251,278</b>	<b>3,357,179</b>	<b>3,393,258</b>	<b>3,416,931</b>	<b>3,433,415</b>	<b>3,447,885</b>	<b>3,460,166</b>	<b>3,477,677</b>	<b>3,492,265</b>	<b>3,507,331</b>
<b>TOTAL ASSETS</b>	<b>3,406,125</b>	<b>3,437,553</b>	<b>3,500,198</b>	<b>3,520,528</b>	<b>3,541,222</b>	<b>3,562,826</b>	<b>3,584,880</b>	<b>3,605,844</b>	<b>3,629,406</b>	<b>3,652,747</b>	<b>3,671,099</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Payables	77,991	58,493	43,870	32,903	36,193	39,812	41,803	43,893	46,087	48,392	50,811
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	25,299	22,769	20,492	18,443	18,074	15,363	19,204	22,084	21,532	23,686	24,870
Lease Liabilities	119	122	126	128	131	133	136	139	141	144	147
Borrowings	2,047	1,817	1,858	1,900	1,943	1,986	2,031	2,076	2,123	2,170	2,219
Provisions	26,895	21,516	17,213	13,770	11,016	8,813	7,050	5,640	4,512	3,610	2,888
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>132,352</b>	<b>104,719</b>	<b>83,559</b>	<b>67,144</b>	<b>67,356</b>	<b>66,107</b>	<b>70,223</b>	<b>73,832</b>	<b>74,396</b>	<b>78,002</b>	<b>80,935</b>
<b>Non-current liabilities</b>											
Payables	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-
Lease Liabilities	169	173	177	181	185	188	192	196	200	204	208
Borrowings	28,693	26,875	25,017	23,117	21,175	19,188	17,158	15,082	12,959	10,789	8,570
Provisions	2,494	1,995	1,596	1,277	1,021	817	654	523	418	335	268
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>31,355</b>	<b>29,043</b>	<b>26,790</b>	<b>24,575</b>	<b>22,381</b>	<b>20,194</b>	<b>18,004</b>	<b>15,801</b>	<b>13,577</b>	<b>11,327</b>	<b>9,045</b>
<b>TOTAL LIABILITIES</b>	<b>163,708</b>	<b>133,762</b>	<b>110,349</b>	<b>91,719</b>	<b>89,737</b>	<b>86,301</b>	<b>88,227</b>	<b>89,633</b>	<b>87,973</b>	<b>89,329</b>	<b>89,981</b>
<b>Net assets</b>	<b>3,242,417</b>	<b>3,303,791</b>	<b>3,389,848</b>	<b>3,428,809</b>	<b>3,451,485</b>	<b>3,476,524</b>	<b>3,496,653</b>	<b>3,516,211</b>	<b>3,541,433</b>	<b>3,563,418</b>	<b>3,581,118</b>
<b>EQUITY</b>											
Retained earnings	2,467,710	2,499,335	2,563,173	2,585,109	2,606,036	2,626,471	2,646,067	2,666,760	2,686,579	2,707,287	2,728,350
Revaluation reserves	774,707	804,456	826,676	843,700	845,449	850,053	850,586	849,451	854,853	856,132	852,768
<b>Council equity interest</b>	<b>3,242,417</b>	<b>3,303,791</b>	<b>3,389,848</b>	<b>3,428,809</b>	<b>3,451,485</b>	<b>3,476,524</b>	<b>3,496,653</b>	<b>3,516,211</b>	<b>3,541,433</b>	<b>3,563,418</b>	<b>3,581,118</b>
<b>Total equity</b>	<b>3,242,417</b>	<b>3,303,791</b>	<b>3,389,848</b>	<b>3,428,809</b>	<b>3,451,485</b>	<b>3,476,524</b>	<b>3,496,653</b>	<b>3,516,211</b>	<b>3,541,433</b>	<b>3,563,418</b>	<b>3,581,118</b>

**Scenario 1 - Inner West Council - Statement of Cashflows**

	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)	2034/35 (\$'000)
<b>Cashflow from Operating Activities</b>											
<b>Receipts</b>											
Rates & Annual Charges	181,952	191,918	198,655	205,230	211,771	217,760	223,380	229,172	235,107	241,225	247,490
User Charges & Fees	60,913	66,144	67,686	69,407	71,031	72,035	73,744	75,637	77,437	79,422	81,456
Investment & Interest Income	9,328	9,818	7,864	6,661	6,446	6,233	6,170	5,859	5,792	5,725	5,760
Rental Income	10,393	11,321	11,402	11,122	10,119	10,206	10,295	10,386	10,479	10,575	10,673
Operating Grants & Contributions	10,353	11,866	10,664	10,253	10,251	10,251	10,193	10,193	10,193	10,193	10,193
Capital Grants & Contributions	40,576	31,555	62,049	20,189	20,507	18,708	18,708	18,708	18,708	18,708	18,708
Other	19,766	19,891	19,931	19,971	20,013	20,055	20,099	20,144	20,190	20,237	20,285
<b>Payments</b>											
Employee Benefits & On-Costs	(149,127)	(156,351)	(159,451)	(163,600)	(167,668)	(171,837)	(176,111)	(180,483)	(184,953)	(189,534)	(194,230)
Materials & Contracts	(95,584)	(100,387)	(101,263)	(102,005)	(105,208)	(104,964)	(106,387)	(108,878)	(111,108)	(112,600)	(114,783)
Borrowing Costs	(723)	(678)	(638)	(596)	(553)	(510)	(465)	(420)	(373)	(326)	(277)
Other Expenses	(13,672)	(13,614)	(13,963)	(14,290)	(14,626)	(14,960)	(15,303)	(15,656)	(16,018)	(16,391)	(16,774)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>74,173</b>	<b>71,481</b>	<b>102,936</b>	<b>62,342</b>	<b>62,082</b>	<b>62,977</b>	<b>64,324</b>	<b>64,662</b>	<b>65,454</b>	<b>67,235</b>	<b>68,501</b>
<b>Cashflow from Investing Activities</b>											
<b>Receipts</b>											
Sale of Investment Securities	162,651	164,278	165,921	167,580	169,256	170,948	172,658	174,384	176,128	177,889	179,668
Sale of Real Estate Assets											
Sale of Infrastructure, Property Plant & Equipment	749	518	518	518	518	518	518	518	518	518	518
<b>Payments</b>											
Purchase of Investment Securities	(33,051)	(143,056)	(135,310)	(162,877)	(163,376)	(175,756)	(176,650)	(179,235)	(174,764)	(178,695)	(185,308)
Purchase of Infrastructure, Property, Plant & Equipment-	(125,626)	(119,244)	(143,725)	(75,035)	(63,408)	(57,012)	(55,807)	(54,444)	(60,515)	(58,451)	(59,805)
Purchase of Investment Property											
Contributions paid to Joint Ventures & Associates											
<b>Net cash provided (or used in) Investing Activities</b>	<b>4,723</b>	<b>(97,504)</b>	<b>(112,596)</b>	<b>(69,815)</b>	<b>(57,010)</b>	<b>(61,302)</b>	<b>(59,282)</b>	<b>(58,776)</b>	<b>(58,633)</b>	<b>(58,739)</b>	<b>(64,927)</b>
<b>Cashflow from Financing Activities</b>											
<b>Receipts</b>											
Proceeds from Borrowing & Advances											
<b>Payments</b>											
Payments of Borrowing & Advances	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)	(2,123)	(2,170)	(2,219)
Lease Liabilities											
<b>Net Cash Flow provided (or used in) Financing Activities</b>	<b>(2,047)</b>	<b>(1,817)</b>	<b>(1,858)</b>	<b>(1,900)</b>	<b>(1,943)</b>	<b>(1,986)</b>	<b>(2,031)</b>	<b>(2,076)</b>	<b>(2,123)</b>	<b>(2,170)</b>	<b>(2,219)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>76,848</b>	<b>(27,841)</b>	<b>(11,518)</b>	<b>(9,373)</b>	<b>3,129</b>	<b>(311)</b>	<b>3,011</b>	<b>3,809</b>	<b>4,698</b>	<b>6,326</b>	<b>1,355</b>
Plus Cash & Cash Equivalents - beginning of year	27,510	104,358	76,517	64,999	55,626	58,755	58,445	61,456	65,265	69,963	76,289
<b>Cash &amp; Cash Equivalents - end of year</b>	<b>104,358</b>	<b>76,517</b>	<b>64,999</b>	<b>55,626</b>	<b>58,755</b>	<b>58,445</b>	<b>61,456</b>	<b>65,265</b>	<b>69,963</b>	<b>76,289</b>	<b>77,644</b>
Plus Investments on hand - end of year	142,139	121,964	92,784	88,826	85,002	92,592	99,206	106,007	109,181	113,330	116,887
<b>Total Cash &amp; Cash Equivalents &amp; Investments</b>	<b>246,497</b>	<b>198,481</b>	<b>157,783</b>	<b>144,452</b>	<b>143,758</b>	<b>151,037</b>	<b>160,662</b>	<b>171,272</b>	<b>179,144</b>	<b>189,619</b>	<b>194,531</b>



## Scenario 2: Asset management infrastructure renewal backlog

### Overview

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

### 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 Management 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 the 2023/24 financial reports. The renewal backlog was estimated at approximately \$29.3m across its asset portfolio. To address this backlog, additional funds are required. The renewal funding planned in Scenario 2 is insufficient to reduce the backlog of deferred renewal demand, therefore a loan of \$23.0m would be required in 2026/27.

### 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 that the community expects.
- The additional renewal works will be based on the condition ratings of the assets.

### 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**

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Income from Continuing Operations</b>											
Rates and Annual Charges	181,952	191,918	198,655	205,230	211,771	217,760	223,380	229,172	235,107	241,225	247,490
User Fees and Charges	60,913	66,144	67,686	69,407	71,031	72,035	73,744	75,637	77,437	79,422	81,456
Interest Income	9,328	9,818	7,864	6,661	6,446	6,233	6,170	5,859	5,792	5,725	5,760
Other Income	19,766	19,891	19,931	19,971	20,013	20,055	20,099	20,144	20,190	20,237	20,285
Rental Income	10,393	11,321	11,402	11,122	10,119	10,206	10,295	10,386	10,479	10,575	10,673
Operating Grants & Contributions	10,353	11,866	10,664	10,253	10,251	10,251	10,193	10,193	10,193	10,193	10,193
Capital Grants & Contributions	40,576	31,555	62,049	20,189	20,507	18,708	18,708	18,708	18,708	18,708	18,708
Gain/Loss on Disposal of Assets	(1,109)	(920)	614	100	160	(402)	(1,747)	(130)	(920)	(920)	(920)
<b>Total Income from Continuing Operations</b>	<b>332,171</b>	<b>341,592</b>	<b>378,865</b>	<b>342,933</b>	<b>350,297</b>	<b>354,846</b>	<b>360,843</b>	<b>369,969</b>	<b>376,986</b>	<b>385,165</b>	<b>393,646</b>
<b>Expenditure from Continuing Operations</b>											
Employee Benefits and Oncosts	149,127	156,351	159,451	163,600	167,668	171,837	176,111	180,483	184,953	189,534	194,230
Borrowing Costs	723	678	638	596	553	510	465	420	373	326	277
Materials and Services	95,584	100,387	101,263	102,005	105,208	104,964	106,387	108,878	111,108	112,600	114,783
Depreciation	34,204	38,936	39,713	40,506	41,315	42,139	42,981	43,839	44,715	45,607	46,518
Other Expenses	13,672	13,614	13,963	14,290	14,626	14,960	15,303	15,656	16,018	16,391	16,774
<b>Total Expenses from Continuing Operations</b>	<b>293,311</b>	<b>309,967</b>	<b>315,028</b>	<b>320,997</b>	<b>329,370</b>	<b>334,411</b>	<b>341,247</b>	<b>349,276</b>	<b>357,166</b>	<b>364,458</b>	<b>372,583</b>
<b>Net Operating Result from Continuing Operations</b>	<b>38,860</b>	<b>31,625</b>	<b>63,838</b>	<b>21,936</b>	<b>20,927</b>	<b>20,435</b>	<b>19,596</b>	<b>20,693</b>	<b>19,820</b>	<b>20,707</b>	<b>21,063</b>
<b>Net Operating Result before Capital Items</b>	<b>(1,716)</b>	<b>70</b>	<b>1,789</b>	<b>1,747</b>	<b>421</b>	<b>1,727</b>	<b>888</b>	<b>1,985</b>	<b>1,111</b>	<b>1,999</b>	<b>2,355</b>

**Scenario 2 - Inner West Council - Statement of Financial Position**

	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)	2034/35 (\$'000)
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents	104,358	67,262	46,489	27,861	30,990	30,680	33,691	37,025	41,248	47,099	47,929
Investments	83,189	63,014	33,834	29,876	26,052	33,642	40,256	47,057	50,231	54,380	57,937
Receivables	49,244	46,536	43,976	41,557	39,272	37,112	35,071	33,142	31,319	29,596	27,969
Inventories	207	208	209	210	211	212	213	214	215	217	218
Other	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>236,998</b>	<b>177,020</b>	<b>124,508</b>	<b>99,505</b>	<b>96,526</b>	<b>101,646</b>	<b>109,231</b>	<b>117,438</b>	<b>123,014</b>	<b>131,292</b>	<b>134,052</b>
<b>Non-current assets</b>											
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	3,030,867	3,119,843	3,232,905	3,276,689	3,298,782	3,313,594	3,326,421	3,337,501	3,353,776	3,367,034	3,380,847
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment property	73,430	75,266	77,148	78,691	80,265	81,870	83,507	85,177	86,881	88,619	90,391
Intangible assets	5,593	6,181	6,386	6,386	6,386	6,446	6,446	6,446	6,446	6,506	6,506
Right of use assets	286	293	301	307	313	319	326	332	339	346	352
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>3,169,127</b>	<b>3,260,533</b>	<b>3,375,689</b>	<b>3,421,023</b>	<b>3,444,696</b>	<b>3,461,180</b>	<b>3,475,650</b>	<b>3,488,406</b>	<b>3,506,392</b>	<b>3,521,455</b>	<b>3,537,046</b>
<b>TOTAL ASSETS</b>	<b>3,406,125</b>	<b>3,437,553</b>	<b>3,500,198</b>	<b>3,520,528</b>	<b>3,541,222</b>	<b>3,562,826</b>	<b>3,584,880</b>	<b>3,605,844</b>	<b>3,629,406</b>	<b>3,652,747</b>	<b>3,671,099</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Payables	77,991	58,493	43,870	32,903	36,193	39,812	41,803	43,893	46,087	48,392	50,811
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	25,299	22,769	20,492	18,443	18,074	15,363	19,204	22,084	21,532	23,686	24,870
Lease Liabilities	119	122	126	128	131	133	136	139	141	144	147
Borrowings	2,047	1,817	1,858	1,900	1,943	1,986	2,031	2,076	2,123	2,170	2,219
Provisions	26,895	21,516	17,213	13,770	11,016	8,813	7,050	5,640	4,512	3,610	2,888
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>132,352</b>	<b>104,719</b>	<b>83,559</b>	<b>67,144</b>	<b>67,356</b>	<b>66,107</b>	<b>70,223</b>	<b>73,832</b>	<b>74,396</b>	<b>78,002</b>	<b>80,935</b>
<b>Non-current liabilities</b>											
Payables	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-
Lease Liabilities	169	173	177	181	185	188	192	196	200	204	208
Borrowings	28,693	26,875	25,017	23,117	21,175	19,188	17,158	15,082	12,959	10,789	8,570
Provisions	2,494	1,995	1,596	1,277	1,021	817	654	523	418	335	268
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>31,355</b>	<b>29,043</b>	<b>26,790</b>	<b>24,575</b>	<b>22,381</b>	<b>20,194</b>	<b>18,004</b>	<b>15,801</b>	<b>13,577</b>	<b>11,327</b>	<b>9,045</b>
<b>TOTAL LIABILITIES</b>	<b>163,708</b>	<b>133,762</b>	<b>110,349</b>	<b>91,719</b>	<b>89,737</b>	<b>86,301</b>	<b>88,227</b>	<b>89,633</b>	<b>87,973</b>	<b>89,329</b>	<b>89,981</b>
<b>Net assets</b>	<b>3,242,417</b>	<b>3,303,791</b>	<b>3,389,848</b>	<b>3,428,809</b>	<b>3,451,485</b>	<b>3,476,524</b>	<b>3,496,653</b>	<b>3,516,211</b>	<b>3,541,433</b>	<b>3,563,418</b>	<b>3,581,118</b>
<b>EQUITY</b>											
Retained earnings	2,467,710	2,499,335	2,563,173	2,585,109	2,606,036	2,626,471	2,646,067	2,666,760	2,686,579	2,707,287	2,728,350
Revaluation reserves	774,707	804,456	826,676	843,700	845,449	850,053	850,586	849,451	854,853	856,132	852,768
<b>Council equity interest</b>	<b>3,242,417</b>	<b>3,303,791</b>	<b>3,389,848</b>	<b>3,428,809</b>	<b>3,451,485</b>	<b>3,476,524</b>	<b>3,496,653</b>	<b>3,516,211</b>	<b>3,541,433</b>	<b>3,563,418</b>	<b>3,581,118</b>
<b>Total equity</b>	<b>3,242,417</b>	<b>3,303,791</b>	<b>3,389,848</b>	<b>3,428,809</b>	<b>3,451,485</b>	<b>3,476,524</b>	<b>3,496,653</b>	<b>3,516,211</b>	<b>3,541,433</b>	<b>3,563,418</b>	<b>3,581,118</b>

**Scenario 2 - Inner West Council - Statement of Cashflows**

	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)	2034/35 (\$'000)
<b>Cashflow from Operating Activities</b>											
<b>Receipts</b>											
Rates & Annual Charges	181,952	191,918	198,655	205,230	211,771	217,760	223,380	229,172	235,107	241,225	247,490
User Charges & Fees	60,913	66,144	67,686	69,407	71,031	72,035	73,744	75,637	77,437	79,422	81,456
Investment & Interest Income	9,328	9,818	7,864	6,661	6,446	6,233	6,170	5,859	5,792	5,725	5,760
Rental Income	10,393	11,321	11,402	11,122	10,119	10,206	10,295	10,386	10,479	10,575	10,673
Operating Grants & Contributions	10,353	11,866	10,664	10,253	10,251	10,251	10,193	10,193	10,193	10,193	10,193
Capital Grants & Contributions	40,576	31,555	62,049	20,189	20,507	18,708	18,708	18,708	18,708	18,708	18,708
Other	19,766	19,891	19,931	19,971	20,013	20,055	20,099	20,144	20,190	20,237	20,285
<b>Payments</b>											
Employee Benefits & On-Costs	(149,127)	(156,351)	(159,451)	(163,600)	(167,668)	(171,837)	(176,111)	(180,483)	(184,953)	(189,534)	(194,230)
Materials & Contracts	(95,584)	(100,387)	(101,113)	(101,855)	(105,058)	(104,814)	(106,237)	(108,728)	(110,958)	(112,450)	(114,633)
Borrowing Costs	(723)	(678)	(638)	(596)	(553)	(510)	(465)	(420)	(373)	(326)	(277)
Other Expenses	(13,672)	(13,614)	(13,963)	(14,290)	(14,626)	(14,960)	(15,303)	(15,656)	(16,018)	(16,391)	(16,774)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>74,173</b>	<b>71,481</b>	<b>103,086</b>	<b>62,492</b>	<b>62,232</b>	<b>63,127</b>	<b>64,474</b>	<b>64,812</b>	<b>65,604</b>	<b>67,385</b>	<b>68,651</b>
<b>Cashflow from Investing Activities</b>											
<b>Receipts</b>											
Sale of Investment Securities	162,651	164,278	165,921	167,580	169,256	170,948	172,658	174,384	176,128	177,889	179,668
Sale of Real Estate Assets											
Sale of Infrastructure, Property Plant & Equipment	749	518	518	518	518	518	518	518	518	518	518
<b>Payments</b>											
Purchase of Investment Securities	(33,051)	(143,056)	(135,460)	(163,027)	(163,526)	(175,906)	(176,800)	(179,385)	(174,914)	(178,845)	(185,458)
Purchase of Infrastructure, Property, Plant & Equipment-	(125,626)	(128,499)	(152,980)	(84,290)	(63,408)	(57,012)	(55,807)	(54,919)	(60,990)	(58,926)	(60,330)
Purchase of Investment Property											
Contributions paid to Joint Ventures & Associates											
<b>Net cash provided (or used in) Investing Activities</b>	<b>4,723</b>	<b>(106,759)</b>	<b>(122,001)</b>	<b>(79,220)</b>	<b>(57,160)</b>	<b>(61,452)</b>	<b>(59,432)</b>	<b>(59,401)</b>	<b>(59,258)</b>	<b>(59,364)</b>	<b>(65,602)</b>
<b>Cashflow from Financing Activities</b>											
<b>Receipts</b>											
Proceeds from Borrowing & Advances											
<b>Payments</b>											
Payments of Borrowing & Advances	(2,047)	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)	(2,123)	(2,170)	(2,219)
Lease Liabilities											
<b>Net Cash Flow provided (or used in) Financing Activities</b>	<b>(2,047)</b>	<b>(1,817)</b>	<b>(1,858)</b>	<b>(1,900)</b>	<b>(1,943)</b>	<b>(1,986)</b>	<b>(2,031)</b>	<b>(2,076)</b>	<b>(2,123)</b>	<b>(2,170)</b>	<b>(2,219)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>76,848</b>	<b>(37,096)</b>	<b>(20,773)</b>	<b>(18,628)</b>	<b>3,129</b>	<b>(311)</b>	<b>3,011</b>	<b>3,334</b>	<b>4,223</b>	<b>5,851</b>	<b>830</b>
Plus Cash & Cash Equivalents - beginning of year	27,510	104,358	67,262	46,489	27,861	30,990	30,680	33,691	37,025	41,248	47,099
<b>Cash &amp; Cash Equivalents - end of year</b>	<b>104,358</b>	<b>67,262</b>	<b>46,489</b>	<b>27,861</b>	<b>30,990</b>	<b>30,680</b>	<b>33,691</b>	<b>37,025</b>	<b>41,248</b>	<b>47,099</b>	<b>47,929</b>
Plus Investments on hand - end of year	142,139	121,964	92,784	88,826	85,002	92,592	99,206	106,007	109,181	113,330	116,887
<b>Total Cash &amp; Cash Equivalents &amp; Investments</b>	<b>246,497</b>	<b>189,226</b>	<b>139,273</b>	<b>116,687</b>	<b>115,993</b>	<b>123,272</b>	<b>132,897</b>	<b>143,032</b>	<b>150,429</b>	<b>160,429</b>	<b>164,816</b>

# Performance Monitoring

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

## Operating performance ratio

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

## Own source operating revenue

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

## 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. This is because cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs.

## Debt services cover ratio

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

## **Rates and annual charges outstanding**

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

## **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.

## **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.

## **Infrastructure backlog ratio**

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

## **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.

## **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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Operating Performance Ratio	>0	(0.59)%	0.02%	0.56%	0.54%	0.13%	0.51%	0.26%	0.56%	0.31%	0.55%	0.63%
Own Source Operating Revenue	>60%	84.67%	87.29%	80.81%	91.12%	91.22%	91.84%	91.99%	92.19%	92.33%	92.50%	92.66%
Unrestricted Current Ratio	>1.5x	1.67	1.78	1.71	1.66	1.85	1.96	1.73	1.97	2.04	1.86	2.02
Debt Service Ratio	>2x	16.22	21.83	22.68	22.55	21.77	22.34	21.83	22.27	21.76	22.09	22.15
Rates and Annual Charges Outstanding Ratio	<5%	4.31%	3.06%	3.03%	3.00%	2.97%	2.94%	2.91%	2.89%	2.86%	2.83%	2.80%
Cash Expense Cover Ratio	>3 Months	8.62	6.14	4.28	3.63	3.51	3.76	4.06	4.38	4.59	4.88	4.96
Infrastructure Renewal Ratio	>100%	129%	193%	271%	139%	111%	100%	101%	101%	100%	100%	100%
Infrastructure Backlog Ratio	<2%	0.33%	0.38%	0.40%	0.46%	0.53%	0.60%	0.68%	0.77%	0.85%	0.94%	1.04%
Asset Maintenance Ratio	>1	1.08	1.13	1.11	1.11	1.13	1.14	1.15	1.18	1.19	1.21	1.23

Key Performance Indicators - Scenario 2	Benchmark	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Operating Performance Ratio	>0	(0.59)%	0.02%	0.56%	0.54%	0.13%	0.51%	0.26%	0.56%	0.31%	0.55%	0.63%
Own Source Operating Revenue	>60%	84.67%	87.29%	80.81%	91.12%	91.22%	91.84%	91.99%	92.19%	92.33%	92.50%	92.66%
Unrestricted Current Ratio	>1.5x	1.67	1.69	1.49	1.25	1.43	1.54	1.33	1.59	1.65	1.48	1.66
Debt Service Ratio	>2x	16.22	21.83	22.68	22.55	21.77	22.34	21.83	22.27	21.76	22.09	22.15
Rates and Annual Charges Outstanding Ratio	<5%	4.31%	3.06%	3.03%	3.00%	2.97%	2.94%	2.91%	2.89%	2.86%	2.83%	2.80%
Cash Expense Cover Ratio	>3 Months	8.62	5.73	3.48	2.45	2.36	2.62	2.96	3.28	3.49	3.80	3.87
Infrastructure Renewal Ratio	>100%	129%	220%	297%	164%	111%	100%	101%	102%	101%	101%	101%
Infrastructure Backlog Ratio	<2%	0.33%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Maintenance Ratio	>1	1.08	1.13	1.10	1.10	1.12	1.13	1.15	1.17	1.18	1.20	1.22



## Review of Long-Term Financial Plan

A final, qualitative performance measure is the regular review of this plan. Inner West Council takes a continuous improvement approach to this plan. It is expected that the document is progressively refined, as Council's knowledge regarding the various assumptions increases and as Council and the community considers and discusses the various scenarios.

Council undertakes annual reviews of this plan including each of the scenarios.

Document	Resourcing Strategy - Long Term Financial Plan 2025-2035		
Custodian		Version #	
Adopted By		ECM Document #	
Next Review Date			

## Community Languages

Talk free with an interpreter call 131 450

Chinese Simplified	我们说普通话。如需免费传译服务，请致电131 450，然后请传译员致电02 9392 5000 接通 Inner West市政府。
Traditional Chinese	我們能說您的語言。如需免費傳譯服務，請致電131 450，然後請傳譯員致電02 9392 5000 接通 Inner West市政府。
Greek	Μιλάμε τη γλώσσα σας. Για να μιλήσετε δωρεάν σε διερμηνέα καλέστε το 131 450. Ζητήστε τους να καλέσουν το Δήμο Inner West Council στο 02 9392 5000.
Italian	Parliamo la vostra lingua. Per parlare gratuitamente con un interprete chiamate il numero 131 450. Chiedetegli di chiamare il Comune di Inner West al numero 02 9392 5000.
Vietnamese	Chúng tôi nói ngôn ngữ của quý vị. Muốn nói chuyện có thông dịch viên miễn phí, hãy gọi số 131 450. Yêu cầu họ gọi cho Hội đồng Thành phố Inner West qua số 02 9392 5000.