Resourcing Strategy

Long Term Financial Plan 2026-2036

Adopted June 2026

INNER WEST

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Fish Traps by Edwards Clarke, on the Bay Run

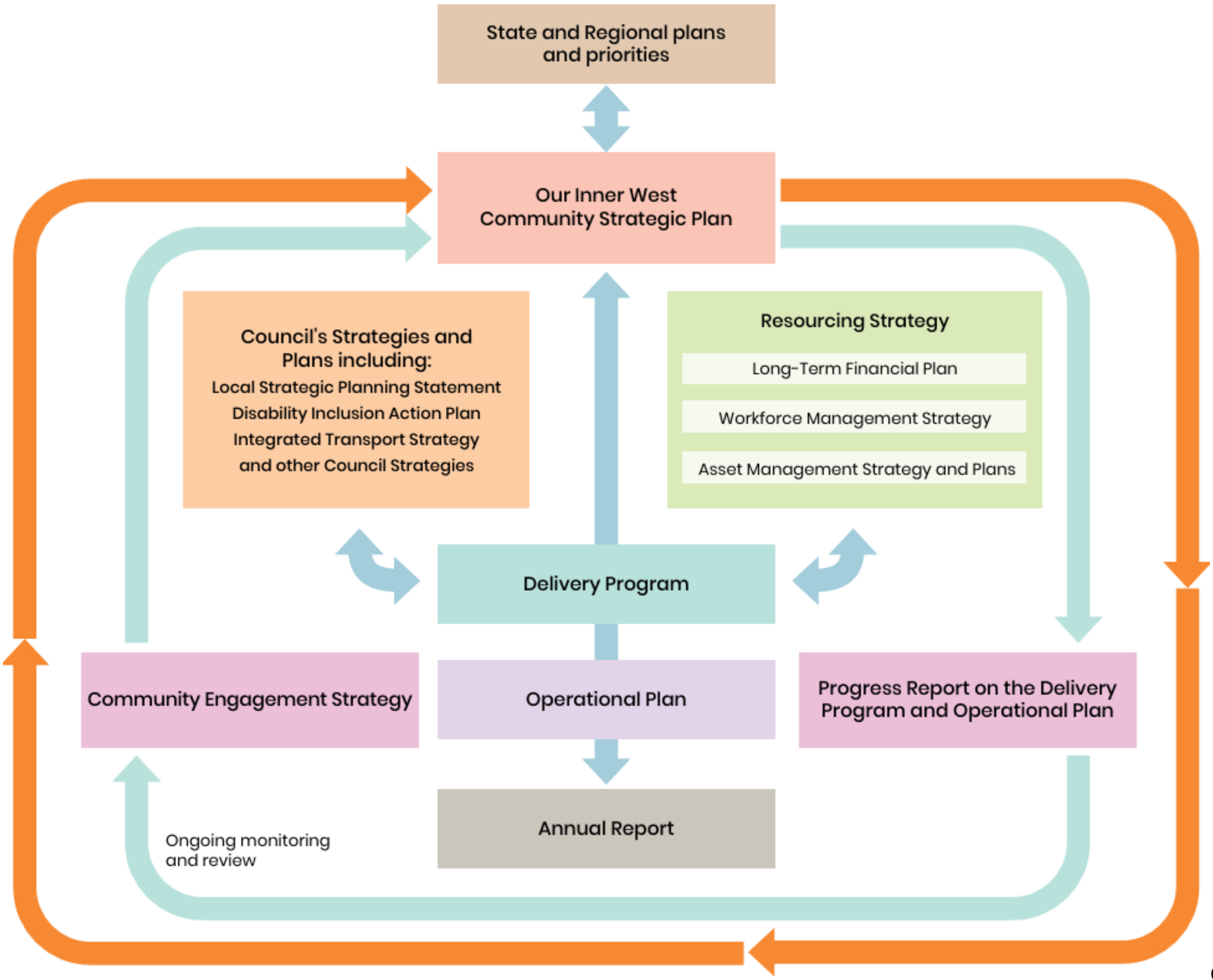
Aboriginal and Torres Strait Islander Statement

We the residents of the Inner West acknowledge Aboriginal and Torres Strait Islander peoples as the First peoples of this land.

We greet the living members of the oldest living continuous culture on earth and celebrate their wisdom and special connections to the lands, sky, and waterways.

We acknowledge all Aboriginal and Torres Strait Islander peoples of Australia, especially the Gadigal and Wangal peoples of the Sydney Basin who are the Traditional Custodians of the lands in which the Inner West Council is situated.

Integrated Planning and Reporting Framework



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Under the NSW Local Government Act 1993, councils are required to develop a hierarchy of plans known as the Integrated Planning and Reporting (IP&R) 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 CSP has five strategic directions:

1. An ecologically sustainable Inner West
2. Liveable connected neighbourhoods and transport
3. Creative communities and a strong economy
4. Healthy, resilient and caring communities
5. Progressive, responsive and effective civic leadership

The **Delivery Program** 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** sits within the Delivery Program and contains detailed actions.

These plans are supported by the Resourcing Strategy which consists of three key components:

- Long Term Financial Plan
- Asset Management Strategy and Plans
- Workforce Management Strategy

Executive Summary

Council operates from a position of financial stability, using the IP&R Framework to drive long-term financial sustainability and ensure Council remains fit for the future.

The Long Term Financial Plan (LTFP) is a ten-year rolling plan that informs Council's decision-making and shows how the Community Strategic Plan (CSP), and commitments in the Delivery Program and Operational Plan (DPOP) 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, existing assets renewed or upgraded, and changes to service levels accommodated.

The overall objective of this plan is to ensure that Council remains 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 uses a range of performance indicators to measure Council's financial performance.

This LTFP sets out two scenarios, each of these maintain current service levels and deliver modest budget surpluses. 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 $26.9m from the 2024/25 financial statements during this LTFP. The planned infrastructure spend spread over the 10-year timeframe to address this backlog would require using most of Council's working funds, leaving us with insufficient financial capacity, and as such is not recommended.

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.

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 - raised under *the Environmental Planning and Assessment Act 1979*. These fund 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 - 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.
- Stormwater Management funds - raised under *the Local Government Act 1993*. Any funds not used in the 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.

Other Funds that Council restricts 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 identifies 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: 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 all 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 2025, Council had principal outstanding on its loan borrowings of $30.7m. Council's Debt Service Cover ratio, which measures the availability of operating cash to service debt including interest and principal repayments, is forecast at 24.15 to 1 at the end of 2026/27. This is well above the recommended benchmark of 2 to 1.

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

Structure of this document

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 3.6% 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: • 4.4% 2026/27 • 4.5% 2027/28 • 4.0% 2028/29 & 2029/30 • 3.5% 2030/31 • 3.0% 2031/32 • 2.5% 2032/33 and onwards
Voluntary pensioner rebates	Council offers voluntary pensioner rebates to eligible aged pensioners. This rebate covers the domestic waste and stormwater charges for resident owners of ten years or greater.
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: • $25.00 per residential property per annum • $12.50 per strata unit per annum • $25.00 per 350m^2 per business property per annum

Operating revenue area	Assumptions
Fees	Council generally increases the fees for the services it provides to at least cover annual general movements in costs. Statutory fees have been increased consistent with the advice from statutory bodies. Discretionary fees have been increased by the CPI. The LTFP assumes the following CPI increases: • 3.6% 2026/27 • 3.5% 2027/28 to 2029/30 • 3.0% 2030/31 • 2.5% 2031/32 and onwards
Interest on investment	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.
Interest on overdue rates	In accordance with section 566(3) of the Act, it has been determined that the maximum rate of interest payable on overdue rates and charges for the period 1 July 2026 to 30 June 2027 (inclusive) is 9.5% per annum as advised by the Office of Local Government.
Other revenues	This includes ex gratia rates payments, income from street furniture and credit card fees (until 30 September 2026, when they are no longer allowed to be charged). 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 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.

Operating revenue area	Assumptions
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 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.
- The plan takes into account 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 increase. It is forecast that interest rates will increase for two years before reducing over the next few years to be flat 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 uses 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	Salary and wages increase has been projected based on the estimated State Award. The award is currently being renegotiated for the coming 3 years. Estimated increases are: • 4.0% from 2026/27 to 2028/29 • 3.5% in 2029/30 • 3.0% in 2030/31 • 2.5% from 2031/32 and onwards
Superannuation	This LTFP includes Superannuation at 12.0% in line with the Superannuation Guarantee Contributions. This remains flat for the 10 year projections. 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.
Workers Compensation	Council's Workers Compensation premium was set at $6.8m for 2025/26 and it is assumed it will increase to $7.5m in 2026/27. The future years increase is as follows: • 5% 2027/28 • 3.0% 2028/29 and onwards
Training	It is assumed that expenditure on training will be flat.
Maternity leave	It is assumed that expenditure on parental leave will be $437,000 in 2026/27 and will increase by Award increases.
Long Service Leave	Expenditure on Long Service Leave has been modelled and will increase by Award increases. The model is reviewed annually.

Operational expenditure area	Assumptions
Materials and 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 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 *Asset Management Policy and Strategy.*
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 based on the Council contribution assessment notice received from Revenue NSW. On 30 April 2026 the notice for 2026/27 included an increase of 8.3% over the previous year. 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.

Operational expenditure area	Assumptions
Insurance	It is assumed that insurance costs will increase as follows: • 3.5% 2025/26 to 2029/30 • 3.0% 2030/31 • 2.5% 2031/32 and onwards

Operating expenditure sensitivity analysis

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

- The current industrial award is currently being negotiated for the next 3 years, and will be agreed prior to 1 July 2026. In 2026/27 the award is estimated to be 4.0%.
- The Federal government legislated for an increase to the Superannuation Guarantee Charge (SGC) to 12.0% in 2025/26 and the assumption is this remains flat for the next 10 years. 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	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. 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. Maintenance costs are considered as part of the evaluation process and included in the operational budget where required for both software and hardware.
Local Roads and Lanes Program	Council's investment in its Local Roads network has been set at \$8.6M in 2026/27. These are funded by FAGs, historical 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.
Regional Roads Program	Council owns the Regional Road network. TfNSW subsidises upkeep through grants. Council matches funding under the Regional Roads program using unrestricted working capital or other available funding sources. A total of \$1.4m is anticipated to be spent on Regional Road capital works throughout the 2026/27 financial year. Council maintains funding levels to consistently exceed its Renewal Ratio each year for its infrastructure portfolio throughout the LTFP.

Capital expenditure area	Assumptions
Footpath Program	Council's investment in its Footpath Renewal and Upgrade Program has been set at $3.5m in 2026/27 funded by historical SRV and unrestricted working capital. Council maintains funding levels to consistently exceed its Renewal Ratio each 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 governments or to fund direct works.
Traffic Amenities Program	The traffic amenities program is funded from Developer Contributions, historical SRV, government grant funds or other working capital to improve traffic amenities. The traffic amenities program included in the budget is $4.1m (this includes $1.5m 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	Council has a program of catchment studies across the various sub-catchments within its boundaries. These are funded from the Stormwater Charge. Drainage capital works are funded from historical SRV funds and unrestricted working capital. Additional capital works are funded from the Stormwater Charge as detailed in the Stormwater Plan. The total budget is $3.6m.
Parks Improvement Program	Park improvements are primarily funded from Developer Contributions, historical SRV and Federal or State Government grants. Council's Parks Improvement Program is approximately $28.8m in 2026/27.

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

Project	Funding available in 2026/27
Leichhardt Park Aquatic Centre Major Project	$32.0 million
Leichhardt Oval	$30.0 million
Callan Park All Weather Sporting Field	$7.9 million
Inclusive Playgrounds	$2.9 million
Marrickville Town Hall	$2.3 million
Aboriginal Community Hub Camperdown	$1.8 million
Camperdown Park Sporting Ground	$1.8 million
Cooks River Lighting	$1.5 million
Mort Bay Park & Playground Stage 2	$1.5 million
Steel Park Amenities	$1.4 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. 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

Context

It is evident that while Council's immediate and long-term financial position enables the delivery of existing services at their current levels, given current costs, an uncertain economic environment and the changing nature of the Inner West community, Council should anticipate new or expanded demands for services and for associated funding.

The State Government caps Council's major income source (rates) and they have grown at a slower pace than salaries, State Government levies and other costs. As a result, Council has undertaken the Financially Sustainable Service Delivery program that identified savings that could be realised without impacting delivery of key services. Council has committed to a continuous improvement program to maintain financial sustainability 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 further develop these options.

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
- Delivery of major projects as set out in the 2026/27 budget

Financial projections

The following tables outline the financial impact of Scenario 1: Business as usual over the next 10 years (using external reporting categories).

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

	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)	2035/36 ($'000)
Income from Continuing Operations											
Rates and Annual Charges	191,918	202,146	213,240	221,214	229,209	236,060	242,226	248,543	255,053	261,722	268,551
User Fees and Charges	66,144	68,839	71,255	73,809	75,598	77,766	79,757	81,659	83,748	85,889	88,014
Interest Income	9,818	8,543	7,309	6,773	6,538	6,346	6,196	6,098	6,050	6,004	5,959
Other Income	19,891	20,683	20,939	21,695	22,186	22,677	23,172	23,678	24,195	24,723	25,262
Rental Income	11,321	11,390	11,167	10,224	10,374	10,506	10,620	10,737	10,857	10,979	11,105
Operating Grants & Contributions	11,866	12,004	11,880	11,764	11,764	11,260	11,260	11,260	11,260	11,260	11,260
Capital Grants & Contributions	31,555	64,043	19,107	19,357	20,451	18,851	18,851	18,851	18,851	18,851	18,851
Gain/Loss on Disposal of Assets	(920)	(920)	(1,287)	(920)	(920)	(957)	(920)	(920)	(920)	(920)	(724)
Total Income from Continuing Operations	**341,592**	**386,728**	**353,610**	**363,917**	**375,202**	**382,510**	**391,163**	**399,906**	**409,093**	**418,508**	**428,277**
Expenditure from Continuing Operations											
Employee Benefits and Oncosts	156,351	163,761	170,728	175,717	181,678	186,512	191,152	195,897	200,760	205,744	210,834
Borrowing Costs	678	638	596	553	510	465	420	373	326	277	227
Materials and Services	100,387	105,251	105,028	108,672	108,635	109,608	112,122	114,375	114,896	116,861	117,617
Depreciation	38,936	40,715	43,508	45,246	47,956	50,829	53,874	56,027	57,705	59,434	61,215
Other Expenses	13,614	8,792	8,956	9,124	9,286	9,451	9,620	9,794	9,972	10,155	10,155
Total Expenses from Continuing Operations	**309,967**	**319,156**	**328,815**	**339,312**	**348,065**	**356,865**	**367,188**	**376,465**	**383,658**	**392,472**	**400,048**
Net Operating Result from Continuing Operations	**31,625**	**67,572**	**24,795**	**24,605**	**27,137**	**25,644**	**23,974**	**23,441**	**25,435**	**26,036**	**28,229**
Net Operating Result before Capital Items	**70**	**3,529**	**5,688**	**5,248**	**6,686**	**6,793**	**5,123**	**4,589**	**6,584**	**7,184**	**9,378**

Scenario 1 - Inner West Council - Statement of Financial Position

	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)	2035/36 ($'000)
ASSETS											
Current assets											
Cash and cash equivalents	70,865	69,413	61,227	70,381	81,497	90,443	103,225	113,499	126,692	141,749	159,740
Investments	97,609	65,711	47,618	42,760	43,750	52,589	55,848	59,364	62,823	65,374	68,398
Receivables	53,441	50,502	47,725	45,100	42,619	40,275	38,060	35,967	33,989	32,119	30,353
Inventories	299	301	302	304	306	307	309	310	312	313	315
Other	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current assets	**222,215**	**185,927**	**156,872**	**158,545**	**168,171**	**183,615**	**197,441**	**209,140**	**223,815**	**239,555**	**258,805**
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	3,080,394	3,204,925	3,259,176	3,282,715	3,299,898	3,310,876	3,319,386	3,332,874	3,344,119	3,354,990	3,362,829
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Investment property	81,370	84,625	87,164	89,779	92,472	94,321	96,207	98,131	100,094	102,096	104,138
Intangible assets	5,288	5,493	5,493	5,493	5,553	5,553	5,553	5,553	5,613	5,613	5,613
Right of use assets	171	178	183	189	194	198	202	206	210	215	219
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	**3,226,173**	**3,354,171**	**3,410,966**	**3,437,125**	**3,457,067**	**3,469,898**	**3,480,298**	**3,495,714**	**3,508,987**	**3,521,864**	**3,531,749**
TOTAL ASSETS	**3,448,389**	**3,540,098**	**3,567,838**	**3,595,670**	**3,625,238**	**3,653,513**	**3,677,739**	**3,704,854**	**3,732,802**	**3,761,419**	**3,790,554**
LIABILITIES											
Current liabilities											
Payables	83,362	50,017	30,010	22,508	24,758	27,234	28,596	30,026	31,527	33,103	34,759
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	12,712	11,441	10,297	9,267	9,082	7,719	9,649	11,097	10,819	11,901	12,496
Lease Liabilities	130	135	139	143	147	150	153	157	160	163	166
Borrowings	2,047	1,817	1,858	1,900	1,943	1,986	2,031	2,076	2,123	2,170	2,219
Provisions	28,758	23,007	18,405	14,724	11,779	9,424	7,539	6,031	4,825	3,860	3,088
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	**127,009**	**86,417**	**60,710**	**48,542**	**47,710**	**46,514**	**47,968**	**49,386**	**49,454**	**51,198**	**52,728**
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-
Lease Liabilities	48	50	52	53	55	56	57	58	60	61	62
Borrowings	26,876	25,059	23,200	21,300	19,358	17,372	15,341	13,265	11,142	8,972	6,753
Provisions	2,899	2,319	1,855	1,484	1,188	950	760	608	486	389	311
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	**29,824**	**27,428**	**25,108**	**22,838**	**20,600**	**18,378**	**16,158**	**13,931**	**11,688**	**9,422**	**7,126**
TOTAL LIABILITIES	**156,832**	**113,845**	**85,817**	**71,380**	**68,310**	**64,892**	**64,127**	**63,318**	**61,142**	**60,619**	**59,854**
Net assets	**3,291,556**	**3,426,253**	**3,482,021**	**3,524,290**	**3,556,928**	**3,588,621**	**3,613,612**	**3,641,536**	**3,671,660**	**3,700,800**	**3,730,700**
EQUITY											
Retained earnings	2,503,278	2,570,850	2,595,645	2,620,250	2,647,387	2,673,031	2,697,005	2,720,446	2,745,881	2,771,917	2,800,146
Revaluation reserves	788,278	855,403	886,376	904,040	909,542	915,590	916,607	921,090	925,779	928,883	930,554
Council equity interest	**3,291,556**	**3,426,253**	**3,482,021**	**3,524,290**	**3,556,928**	**3,588,621**	**3,613,612**	**3,641,536**	**3,671,660**	**3,700,800**	**3,730,700**
Total equity	**3,291,556**	**3,426,253**	**3,482,021**	**3,524,290**	**3,556,928**	**3,588,621**	**3,613,612**	**3,641,536**	**3,671,660**	**3,700,800**	**3,730,700**

Scenario 1 - Inner West Council - Statement of Cashflows

	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)	2035/36 ($'000)
Cashflow from Operating Activities											
Receipts											
Rates & Annual Charges	191,918	202,146	213,240	221,214	229,209	236,060	242,226	248,543	255,053	261,722	268,551
User Charges & Fees	66,144	68,839	71,255	73,809	75,598	77,766	79,757	81,659	83,748	85,889	88,014
Investment & Interest Income	9,818	8,543	7,309	6,773	6,538	6,346	6,196	6,098	6,050	6,004	5,959
Rental Income	11,321	11,390	11,167	10,224	10,374	10,506	10,620	10,737	10,857	10,979	11,105
Operating Grants & Contributions	11,866	12,004	11,880	11,764	11,764	11,260	11,260	11,260	11,260	11,260	11,260
Capital Grants & Contributions	31,555	64,043	19,107	19,357	20,451	18,851	18,851	18,851	18,851	18,851	18,851
Other	19,891	20,683	20,939	21,695	22,186	22,677	23,172	23,678	24,195	24,723	25,262
Payments											
Employee Benefits & On-Costs	(156,351)	(163,761)	(170,728)	(175,717)	(181,678)	(186,512)	(191,152)	(195,897)	(200,760)	(205,744)	(210,834)
Materials & Contracts	(100,387)	(105,251)	(105,028)	(108,672)	(108,635)	(109,608)	(112,122)	(114,375)	(114,896)	(116,861)	(117,617)
Borrowing Costs	(678)	(638)	(596)	(553)	(510)	(465)	(420)	(373)	(326)	(277)	(227)
Other Expenses	(13,614)	(8,792)	(8,956)	(9,124)	(9,286)	(9,451)	(9,620)	(9,794)	(9,972)	(10,155)	(10,155)
Net Cash provided (or used in) Operating Activities	**71,481**	**109,207**	**69,590**	**70,770**	**76,013**	**77,430**	**78,769**	**80,387**	**84,060**	**86,390**	**90,168**
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities	170,712	172,419	174,144	175,885	177,644	179,420	181,214	183,027	184,857	186,705	188,572
Sale of Real Estate Assets											
Sale of Infrastructure, Property Plant & Equipment	1,565	2,021	1,423	2,606	2,782	2,086	1,679	3,179	2,419	2,652	2,652
Payments											
Purchase of Investment Securities	(87,267)	(117,791)	(154,066)	(169,380)	(178,199)	(186,152)	(184,361)	(184,681)	(187,022)	(188,166)	(192,018)
Purchase of Infrastructure, Property, Plant & Equipment-	(119,244)	(165,451)	(97,376)	(68,784)	(65,139)	(61,807)	(62,444)	(69,515)	(68,951)	(70,305)	(69,114)
Purchase of Investment Property											
Purchase of Intangible Assets											
Net cash provided (or used in) Investing Activities	**(34,234)**	**(108,801)**	**(75,876)**	**(59,674)**	**(62,911)**	**(66,453)**	**(63,912)**	**(67,990)**	**(68,697)**	**(69,114)**	**(69,908)**
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowing & Advances											
Payments											
Payments of Borrowing & Advances	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)	(2,123)	(2,170)	(2,219)	(2,269)
Lease Liabilities											
Net Cash Flow provided (or used in) Financing Activities	**(1,817)**	**(1,858)**	**(1,900)**	**(1,943)**	**(1,986)**	**(2,031)**	**(2,076)**	**(2,123)**	**(2,170)**	**(2,219)**	**(2,269)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**35,429**	**(1,452)**	**(8,186)**	**9,154**	**11,115**	**8,947**	**12,781**	**10,274**	**13,193**	**15,057**	**17,991**
Plus Cash & Cash Equivalents - beginning of year	35,436	70,865	69,413	61,227	70,381	81,497	90,443	103,225	113,499	126,692	141,749
Cash & Cash Equivalents - end of year	**70,865**	**69,413**	**61,227**	**70,381**	**81,497**	**90,443**	**103,225**	**113,499**	**126,692**	**141,749**	**159,740**
Plus Investments on hand - end of year	156,559	124,661	106,568	101,710	102,700	111,539	114,798	118,314	121,773	124,324	127,348
Total Cash & Cash Equivalents &	**227,424**	**194,074**	**167,795**	**172,091**	**184,197**	**201,983**	**218,023**	**231,813**	**248,465**	**266,073**	**287,087**

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:

- Assumptions as per Scenario 1, but with
- 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 2024/25 financial reports. The renewal backlog was estimated at approximately $26.9m across its asset portfolio. To address this backlog would require using most of Council's working funds, leaving us with insufficient financial capacity, and as such is not recommended.

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

	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)	2035/36 ($'000)
Income from Continuing Operations											
Rates and Annual Charges	191,918	202,146	213,240	221,214	229,209	236,060	242,226	248,543	255,053	261,722	268,551
User Fees and Charges	66,144	68,839	71,255	73,809	75,598	77,766	79,757	81,659	83,748	85,889	88,014
Interest Income	9,818	8,543	7,309	6,773	6,538	6,346	6,196	6,098	6,050	6,004	5,959
Other Income	19,891	20,683	20,939	21,695	22,186	22,677	23,172	23,678	24,195	24,723	25,262
Rental Income	11,321	11,390	11,167	10,224	10,374	10,506	10,620	10,737	10,857	10,979	11,105
Operating Grants & Contributions	11,866	12,004	11,880	11,764	11,764	11,260	11,260	11,260	11,260	11,260	11,260
Capital Grants & Contributions	31,555	64,043	19,107	19,357	20,451	18,851	18,851	18,851	18,851	18,851	18,851
Gain/Loss on Disposal of Assets	(920)	(920)	(1,287)	(920)	(920)	(957)	(920)	(920)	(920)	(920)	(724)
Total Income from Continuing Operations	**341,592**	**386,728**	**353,610**	**363,917**	**375,202**	**382,510**	**391,163**	**399,906**	**409,093**	**418,508**	**428,277**
Expenditure from Continuing Operations											
Employee Benefits and Oncosts	156,351	163,761	170,728	175,717	181,678	186,512	191,152	195,897	200,760	205,744	210,834
Borrowing Costs	678	638	596	553	510	465	420	373	326	277	227
Materials and Services	100,387	105,251	105,028	108,672	108,635	109,608	112,122	114,375	114,896	116,861	117,617
Depreciation	38,936	40,715	43,508	45,246	47,956	50,829	53,874	56,027	57,705	59,434	61,215
Other Expenses	13,614	8,792	8,956	9,124	9,286	9,451	9,620	9,794	9,972	10,155	10,155
Total Expenses from Continuing Operations	**309,967**	**319,156**	**328,815**	**339,312**	**348,065**	**356,865**	**367,188**	**376,465**	**383,658**	**392,472**	**400,048**
Net Operating Result from Continuing Operations	**31,625**	**67,572**	**24,795**	**24,605**	**27,137**	**25,644**	**23,974**	**23,441**	**25,435**	**26,036**	**28,229**
Net Operating Result before Capital Items	**70**	**3,529**	**5,688**	**5,248**	**6,686**	**6,793**	**5,123**	**4,589**	**6,584**	**7,184**	**9,378**

Scenario 2 - Inner West Council - Statement of Financial Position

	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)	2035/36 ($'000)
ASSETS											
Current assets											
Cash and cash equivalents	70,865	49,411	40,175	44,579	51,145	57,171	66,532	73,386	83,160	94,796	108,868
Investments	97,609	65,711	47,618	42,760	43,750	52,589	55,848	59,364	62,823	65,374	68,398
Receivables	53,441	50,502	47,725	45,100	42,619	40,275	38,060	35,967	33,989	32,119	30,353
Inventories	299	301	302	304	306	307	309	310	312	313	315
Total current assets	**222,215**	**165,925**	**135,820**	**132,743**	**137,819**	**150,343**	**160,749**	**169,028**	**180,283**	**192,603**	**207,933**
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
Infrastructure, property, plant and equipment	3,080,394	3,204,925	3,260,226	3,288,515	3,310,248	3,324,086	3,336,076	3,352,984	3,367,649	3,381,880	3,393,699
Investment property	81,370	84,625	87,164	89,779	92,472	94,321	96,207	98,131	100,094	102,096	104,138
Intangible assets	5,288	5,493	5,493	5,493	5,553	5,553	5,553	5,553	5,613	5,613	5,613
Right of use assets	171	178	183	189	194	198	202	206	210	215	219
Total non-current assets	**3,226,173**	**3,354,171**	**3,412,016**	**3,442,925**	**3,467,417**	**3,483,108**	**3,496,988**	**3,515,824**	**3,532,517**	**3,548,754**	**3,562,619**
TOTAL ASSETS	**3,448,389**	**3,520,096**	**3,547,836**	**3,575,668**	**3,605,236**	**3,633,451**	**3,657,737**	**3,684,852**	**3,712,800**	**3,741,357**	**3,770,552**
LIABILITIES											
Current liabilities											
Payables	83,362	50,017	30,010	22,508	24,758	27,234	28,596	30,026	31,527	33,103	34,759
Contract liabilities	12,712	11,441	10,297	9,267	9,082	7,719	9,649	11,097	10,819	11,901	12,496
Lease Liabilities	130	135	139	143	147	150	153	157	160	163	166
Borrowings	2,047	1,817	1,858	1,900	1,943	1,986	2,031	2,076	2,123	2,170	2,219
Provisions	28,758	23,007	18,405	14,724	11,779	9,424	7,539	6,031	4,825	3,860	3,088
Total current liabilities	**127,009**	**86,417**	**60,710**	**48,542**	**47,710**	**46,514**	**47,968**	**49,386**	**49,454**	**51,198**	**52,728**
Non-current liabilities											
Lease Liabilities	48	50	52	53	55	56	57	58	60	61	62
Borrowings	26,876	25,059	23,200	21,300	19,358	17,372	15,341	13,265	11,142	8,972	6,753
Provisions	2,899	2,319	1,855	1,484	1,188	950	760	608	486	389	311
Total non-current liabilities	**29,824**	**27,428**	**25,108**	**22,838**	**20,600**	**18,378**	**16,158**	**13,931**	**11,688**	**9,422**	**7,126**
TOTAL LIABILITIES	**156,832**	**113,845**	**85,817**	**71,380**	**68,310**	**64,892**	**64,127**	**63,318**	**61,142**	**60,619**	**59,854**
Net assets	**3,291,556**	**3,406,251**	**3,462,019**	**3,504,288**	**3,536,926**	**3,568,559**	**3,593,610**	**3,621,534**	**3,651,658**	**3,680,738**	**3,710,698**
EQUITY											
Retained earnings	2,503,278	2,570,850	2,595,645	2,620,250	2,647,387	2,673,031	2,697,005	2,720,446	2,745,881	2,771,917	2,800,146
Revaluation reserves	788,278	835,401	866,374	884,038	889,540	895,528	896,605	901,088	905,777	908,821	910,552
Council equity interest	**3,291,556**	**3,406,251**	**3,462,019**	**3,504,288**	**3,536,926**	**3,568,559**	**3,593,610**	**3,621,534**	**3,651,658**	**3,680,738**	**3,710,698**
Total equity	**3,291,556**	**3,406,251**	**3,462,019**	**3,504,288**	**3,536,926**	**3,568,559**	**3,593,610**	**3,621,534**	**3,651,658**	**3,680,738**	**3,710,698**

Scenario 2 - Inner West Council - Statement of Cashflows

	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)	2035/36 ($'000)
Cashflow from Operating Activities											
Receipts											
Rates & Annual Charges	191,918	202,146	213,240	221,214	229,209	236,060	242,226	248,543	255,053	261,722	268,551
User Charges & Fees	66,144	68,839	71,255	73,809	75,598	77,766	79,757	81,659	83,748	85,889	88,014
Investment & Interest Income	9,818	8,543	7,309	6,773	6,538	6,346	6,196	6,098	6,050	6,004	5,959
Rental Income	11,321	11,390	11,167	10,224	10,374	10,506	10,620	10,737	10,857	10,979	11,105
Operating Grants & Contributions	11,866	12,004	11,880	11,764	11,764	11,260	11,260	11,260	11,260	11,260	11,260
Capital Grants & Contributions	31,555	64,043	19,107	19,357	20,451	18,851	18,851	18,851	18,851	18,851	18,851
Other	19,891	20,683	20,939	21,695	22,186	22,677	23,172	23,678	24,195	24,723	25,262
Payments											
Employee Benefits & On-Costs	(156,351)	(163,761)	(170,728)	(175,717)	(181,678)	(186,512)	(191,152)	(195,897)	(200,760)	(205,744)	(210,834)
Materials & Contracts	(100,387)	(105,251)	(105,028)	(108,672)	(108,635)	(109,608)	(112,122)	(114,375)	(114,896)	(116,861)	(117,617)
Borrowing Costs	(678)	(638)	(596)	(553)	(510)	(465)	(420)	(373)	(326)	(277)	(227)
Other Expenses	(13,614)	(8,792)	(8,956)	(9,124)	(9,286)	(9,451)	(9,620)	(9,794)	(9,972)	(10,155)	(10,155)
Net Cash provided (or used in) Operating Activities	**71,481**	**109,207**	**69,590**	**70,770**	**76,013**	**77,430**	**78,769**	**80,387**	**84,060**	**86,390**	**90,168**
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities	170,712	172,419	174,144	175,885	177,644	179,420	181,214	183,027	184,857	186,705	188,572
Sale of Real Estate Assets											
Sale of Infrastructure, Property Plant & Equipment	1,565	2,021	1,423	2,606	2,782	2,086	1,679	3,179	2,419	2,652	2,652
Payments											
Purchase of Investment Securities	(87,267)	(137,793)	(154,066)	(169,380)	(178,199)	(186,152)	(184,361)	(184,681)	(187,022)	(188,166)	(192,018)
Purchase of Infrastructure, Property, Plant & Equipment-	(119,244)	(165,451)	(98,426)	(73,534)	(69,689)	(64,727)	(65,864)	(72,935)	(72,371)	(73,725)	(73,034)
Purchase of Investment Property											
Purchase of Intangible Assets											
Net cash provided (or used in) Investing Activities	**(34,234)**	**(128,803)**	**(76,926)**	**(64,424)**	**(67,461)**	**(69,373)**	**(67,332)**	**(71,410)**	**(72,117)**	**(72,534)**	**(73,828)**
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowing & Advances											
Payments											
Payments of Borrowing & Advances	(1,817)	(1,858)	(1,900)	(1,943)	(1,986)	(2,031)	(2,076)	(2,123)	(2,170)	(2,219)	(2,269)
Net Cash Flow provided (or used in) Financing Activities	**(1,817)**	**(1,858)**	**(1,900)**	**(1,943)**	**(1,986)**	**(2,031)**	**(2,076)**	**(2,123)**	**(2,170)**	**(2,219)**	**(2,269)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**35,429**	**(21,454)**	**(9,236)**	**4,404**	**6,565**	**6,027**	**9,361**	**6,854**	**9,773**	**11,637**	**14,071**
Plus Cash & Cash Equivalents - beginning of year	35,436	70,865	49,411	40,175	44,579	51,145	57,171	66,532	73,386	83,160	94,796
Cash & Cash Equivalents - end of year	**70,865**	**49,411**	**40,175**	**44,579**	**51,145**	**57,171**	**66,532**	**73,386**	**83,160**	**94,796**	**108,868**
Plus Investments on hand - end of year	156,559	124,661	106,568	101,710	102,700	111,539	114,798	118,314	121,773	124,324	127,348
Total Cash & Cash Equivalents & Investments	**227,424**	**174,072**	**146,743**	**146,289**	**153,844**	**168,710**	**181,331**	**191,701**	**204,933**	**219,121**	**236,215**

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 previously 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. The higher the level of its own sourced revenue, the greater the financial flexibility.

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.

Key Performance Measures for each Scenario

Inner West Council - Key Performance Indicators

Key Performance Indicators - Scenario 1	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Performance Ratio	>0	0.02%	1.09%	1.70%	1.52%	1.88%	1.87%	1.38%	1.20%	1.69%	1.80%	2.29%
Own Source Operating Revenue	>60%	87.29%	80.34%	91.24%	91.45%	91.41%	92.13%	92.30%	92.47%	92.64%	92.81%	92.97%
Unrestricted Current Ratio	>1.5x	1.6	1.9	2.3	2.9	3.2	3.6	3.8	3.9	4.2	4.3	4.6
Debt Service Ratio	>2x	21.83	24.15	26.21	26.28	27.77	28.61	28.62	28.73	29.77	30.15	31.22
Rates and Annual Charges Outstanding Ratio	<5%	4.91%	4.20%	4.15%	4.11%	4.07%	4.03%	3.99%	3.95%	3.91%	3.87%	3.83%
Cash Expense Cover Ratio	>3 Months	7.4	5.8	4.5	4.6	5.0	5.6	6.1	6.4	6.9	7.4	8.0
Infrastructure Renewal Ratio	>100%	153%	279%	185%	112%	102%	101%	102%	101%	103%	101%	101%
Infrastructure Backlog Ratio	<2%	0.32%	0.35%	0.35%	0.39%	0.43%	0.51%	0.57%	0.65%	0.73%	0.81%	0.90%
Asset Maintenance Ratio	>1	1.15	1.10	1.10	1.13	1.14	1.16	1.18	1.19	1.22	1.24	1.25

Key Performance Indicators - Scenario 2	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Performance Ratio	>0	0.02%	1.09%	1.70%	1.52%	1.88%	1.87%	1.38%	1.20%	1.69%	1.80%	2.29%
Own Source Operating Revenue	>60%	87.29%	80.34%	91.24%	91.45%	91.41%	92.13%	92.30%	92.47%	92.64%	92.81%	92.97%
Unrestricted Current Ratio	>1.5x	1.61	1.72	1.95	2.37	2.52	2.85	2.99	3.07	3.29	3.42	3.61
Debt Service Ratio	>2x	21.83	24.15	26.21	26.28	27.77	28.61	28.62	28.73	29.77	30.15	31.22
Rates and Annual Charges Outstanding Ratio	<5%	4.91%	4.20%	4.15%	4.11%	4.07%	4.03%	3.99%	3.95%	3.91%	3.87%	3.83%
Cash Expense Cover Ratio	>3 Months	7.41	4.93	3.67	3.54	3.77	4.28	4.66	4.94	5.34	5.73	6.24
Infrastructure Renewal Ratio	>100%	133%	279%	202%	124%	113%	107%	109%	108%	109%	108%	109%
Infrastructure Backlog Ratio	<2%	0.32%	0.35%	0.31%	0.18%	0.06%	0.05%	0.01%	0.00%	0.00%	0.00%	0.00%
Asset Maintenance Ratio	>1	1.08	1.12	1.12	1.12	1.14	1.15	1.17	1.19	1.20	1.22	1.24

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 2026-2036**		
Custodian	Chief Financial Officer	**Version #**	Version 3
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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.

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