



Appendix eight – OLG’s performance indicators from the unaudited special schedule 7 - Descriptions

Unaudited performance indicator	Formula	Description
Buildings and infrastructure renewals ratio	$\frac{\text{Asset renewals}}{\text{Depreciation, amortisation and impairment}}$	<p>The ‘building and infrastructure renewals ratio’ assesses the rate at which assets are being renewed against the rate at which they are depreciating.</p> <p>The benchmark set by OLG for the ratio is greater than 100 per cent.</p>
Infrastructure backlog ratio	$\frac{\text{Estimated cost to bring assets to a satisfactory condition}}{\text{Carrying value of infrastructure, building, other structures and depreciable land improvement assets}}$	<p>The ‘infrastructure backlog ratio’ represents the proportion of infrastructure backlog to the total net book value of a council’s infrastructure assets.</p> <p>The benchmark set by OLG for the ratio is less than two per cent.</p>
Asset maintenance ratio	$\frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$	<p>The ‘asset maintenance ratio’ compares actual versus required annual asset maintenance.</p> <p>The benchmark set by OLG for the ratio is greater than 100 per cent.</p>
Cost to bring assets to agreed service level	$\frac{\text{Estimated cost to bring assets to an agreed level of service set by council}}{\text{Gross replacement cost}}$	<p>The ‘cost to bring assets to agreed service level’ reflects the actual value of identified renewal works to be delivered in the future, compared to the total replacement cost of assets.</p> <p>OLG has not prescribed a benchmark for this performance indicator.</p>

Source: Local Government Code of Accounting Practice and Financial Reporting.