

What are we monitoring?

The ratio monitors the Council's infrastructure backlog as a proportion of the total value of the Council's infrastructure assets. It is a measure of the extent to which asset renewal is required on the Council's over \$1 Billion portfolio of assets to be able to maintain or improve service delivery in a sustainable way. The ratio measures how the Council is managing its infrastructure which is so critical to effective community sustainability.

It should be noted that Sustainable Blue Mountains 2025 referenced the 'Asset Renewal Funding Ratio' as a progress measure under Civic Leadership Objective 6.1, however this measure was replaced by the Infrastructure Backlog Ratio by the NSW Office of Local Government and this is the new progress measure now monitored by the Council.

The calculation of the Infrastructure Backlog Ratio is the Estimated Cost to bring Infrastructure Assets to a Satisfactory Condition divided by Total Written Down Value of infrastructure, buildings, other structures and depreciable land improvement assets.

To meet the NSW Office of Local Government's benchmark the Council must ensure it achieves a less than 2% Infrastructure Backlog Ratio.

The Council has set Infrastructure Backlog Ratio targets through its Fit for the Future Improvement Plan so that by 2019–2020 the Council achieves and maintains the targets set in the plan. The graph and table below show the Council's progress through the actual results compared to the predicted results set in the Council's Fit for the Future Plan. The prediction for 2012–2013 and 2013–2014 are not available due to the change in the measure (explained above) and the predicted results thereafter were informed by the Council's Fit for the Future Improvement Plan. The 2015–2016 Actual Results will be available after they are externally audited and adopted by the Council in November 2016.

What is the trend?

The Council is committed to clearing its infrastructure backlog over the next 10 years to meet the Fit for the Future benchmark.

The trend data shows that the infrastructure backlog is forecast to increase above 2% in 2015-16. Blue Mountains City Council's infrastructure backlog presents a manageable financial risk and the Council has set a FFTF infrastructure backlog improvement target that is achievable in five years with the current funding and service levels. However, fully addressing the backlog will require the implementation of a 10 year service and asset management funding program, targeting high risk asset renewal and including ongoing engagement with community on affordable and required levels of service.

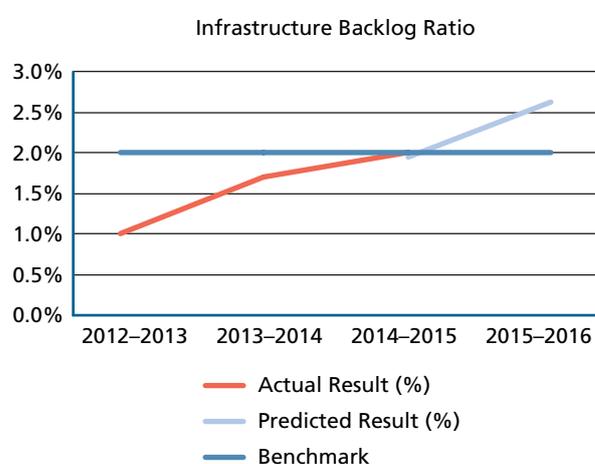
The latest data being 2014–2015, shows the Council's Infrastructure Backlog is \$11.7 M (with the Infrastructure backlog defined as "unfunded high residual risk associated with assets essential to achieving the Council's Community Strategic Plan"). The increase in the backlog from 2012–2013 to 2014–2015 reflects the Council having insufficient funding to clear the backlog over this period. The reduction in the backlog will occur progressively over the next 10 years as a result of increased income from the Council's staged 2015 special variation being available for asset renewal.

Key strategies to address the infrastructure backlog include:

- Targeting special variation expenditure to addressing renewal of assets with high residual risk; and
- Continuing to engage community on required and affordable levels of service.

The key outcome from implementing these strategies will be improving the Infrastructure Backlog by 2019–2020 and eliminating it by 2025.

It is acknowledged that the maturity of the Council's infrastructure data is mixed and is improving, as with most NSW Councils. The Council has committed to an Asset Management Improvement Plan and as asset management data and practices improve, it is anticipated that the reliability and quality of infrastructure reporting will also continue to improve.



Blue Mountains City Council Infrastructure Backlog Ratio

Year	2012–2013	2013–2014	2014–2015	2015–2016
Actual Result	1.0%	1.7%	2.0%	N/A
Calculated by: Est. cost to bring assets to satisfactory condition (\$'000) divided by:	5,719	9,977	11,725	N/A
Total value of infrastructure, building, other structures and depreciable land improvement assets (\$'000)	592,059	601,767	590,958	N/A
Predicted Result	N/A	N/A	2.0%	2.6%
Calculated by: Est. cost to bring assets to satisfactory condition (\$'000) divided by:	N/A	N/A	11,725	15,647
Total value of infrastructure, building, other structures and depreciable land improvement assets (\$'000)	N/A	N/A	601,784	593,983
Benchmark ≤ 2%	2%	2%	2%	2%

Source: BMCC Fit for the Future Improvement Plan for Predicted Results, BMCC Annual Reports 2012–13, 2013–14 and 2014–15 for Actual Results, noting that the 2015–16 Actual Results will be available in November 2016 after they are audited and adopted by the Council