



New South Wales
Treasury Corporation

12 March 2013

Jay Kirkman
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Updated Benchmarking Section for the LIRS Assessment Report Dated 4 October 2012

Dear Jay,

Following our Financial and Assessment and Benchmarking Report dated 4 October 2012 which was prepared as a part of the Local Infrastructure Renewal Scheme (LIRS), TCorp has progressed to review all the 152 councils within NSW and have now collected additional data from peers within your Division of Local Government (DLG) Group.

Please find enclosed an updated version of 'Section 5: Benchmarking and Comparisons with Other Councils' including data from the financial year ended 30 June 2012 for all the NSW councils in Group 5.

We hope you find this information useful. Please contact us if you have any questions about this matter.

Yours sincerely,

Jasmine Green

Updated Section 5 Benchmarking and Comparisons with Other Councils

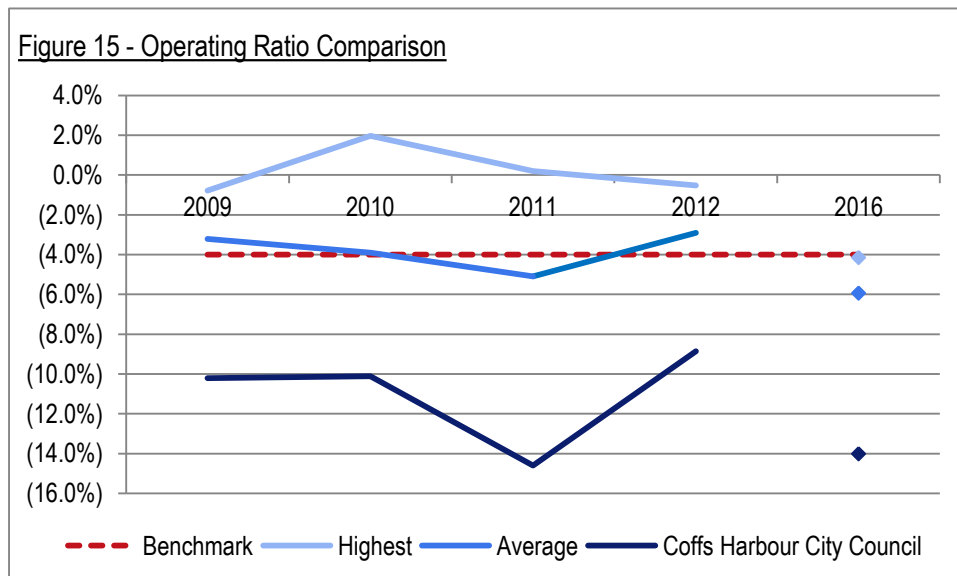
Each council's performance has been assessed against ten key benchmark ratios. This section of the report compares the Council's performance with its peers in the same DLG Group. The Council is in DLG Group 5. There are 7 councils in this group and at the time of preparing this report, we have data for all of these councils.

In Figure 15 to Figure 24, the graphs compare the historical performance of Council with the benchmark for that ratio, with the average for the Group, with the highest performance (or lowest performance in the case of the Infrastructure Backlog Ratio where a low ratio is an indicator of strong performance), and with the forecast position of the Council as at 2016 (as per Council's LTFP). Figures 22 to 24 do not include the 2016 forecast position as those numbers are not available.

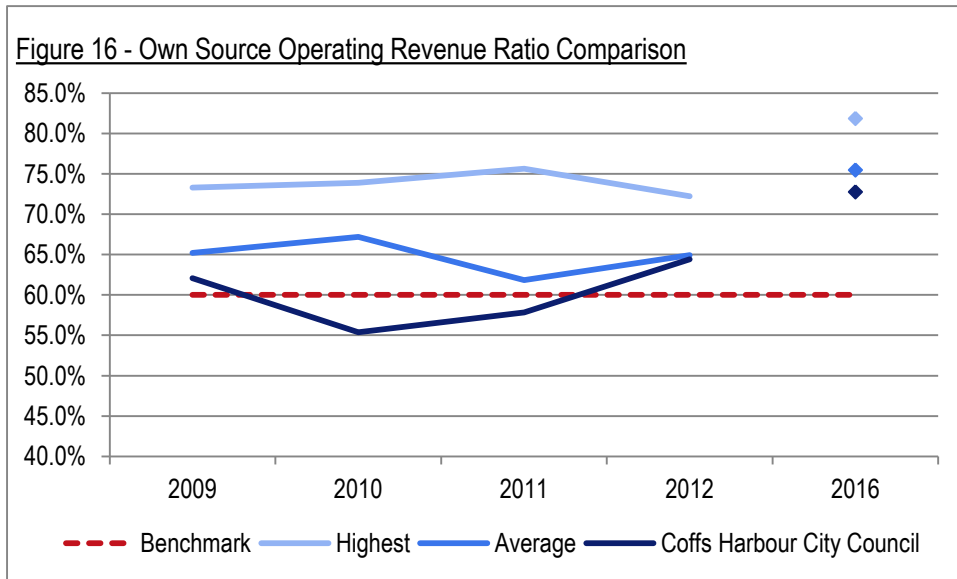
Where no highest line is shown on the graph, this means that Council is the best performer in its group for that ratio. For the Interest Cover Ratio and Debt Service Cover Ratio, we have excluded from the calculations, councils with very high ratios which are a result of low debt levels that skew the ratios.

Please note that this section of the report has been prepared separately to the LIRS financial assessment and includes the latest information at the time of preparation which includes data from the 2012 financial year.

Financial Flexibility



Council's Operating Ratio was below average over the past four years. Consistent with other councils in the group, it experienced a decline in operating results in 2011 due to increased depreciation expense and an increase in 2012 due to the prepaid Financial Assistance Grant. The results are forecast to decline in the medium term and remain below the group's average and benchmark.



Council's Own Source Operating Revenue Ratio was below the group average and the benchmark until 2012. The Council's ratio is forecast to improve in the medium term to be above the benchmark and close to the group average.

Liquidity

Figure 17 - Cash Expense Ratio Comparison

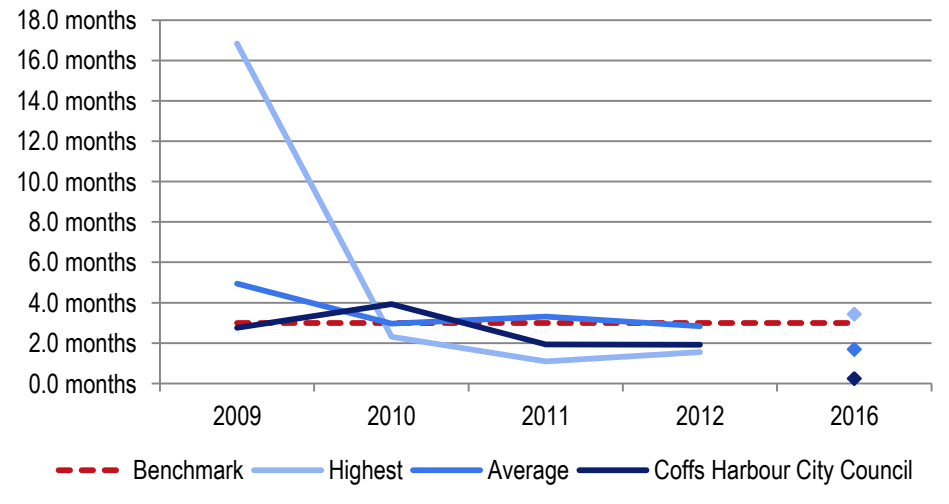
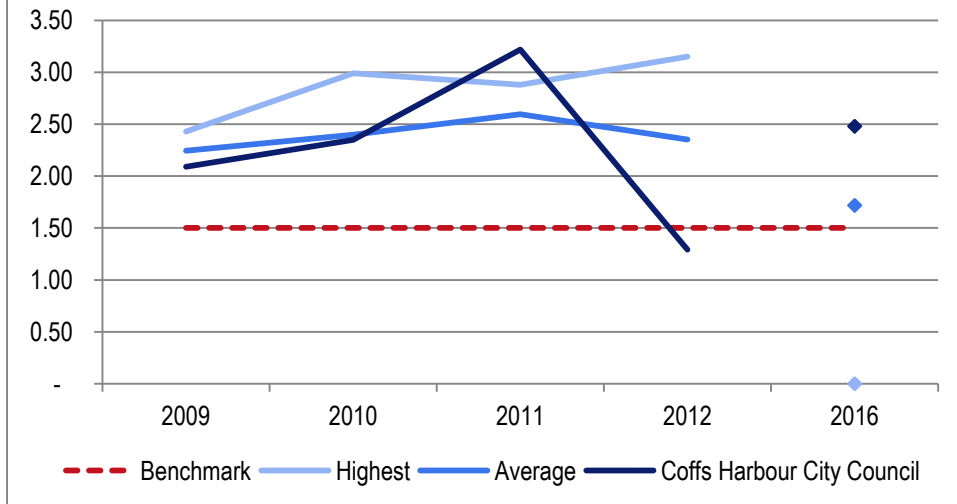


Figure 18 - Unrestricted Current Ratio Comparison



On average over the past four years, the Council's liquidity position has been sufficient except for 2012 when the Unrestricted Current Ratio dropped significantly due to a 54.2% fall in Unrestricted Current Assets. Liquidity levels are forecast to improve in the medium term.

Debt Servicing

Figure 19 - Debt Service Cover Ratio Comparison

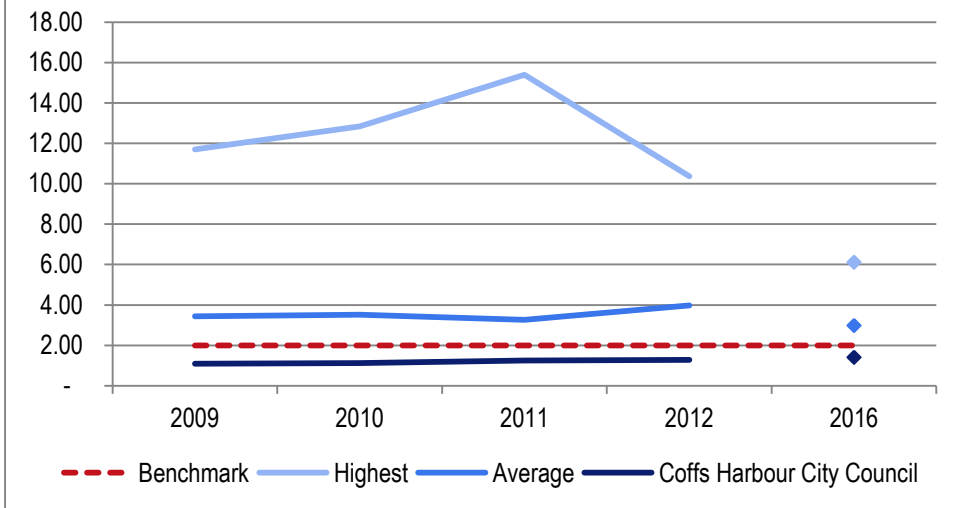
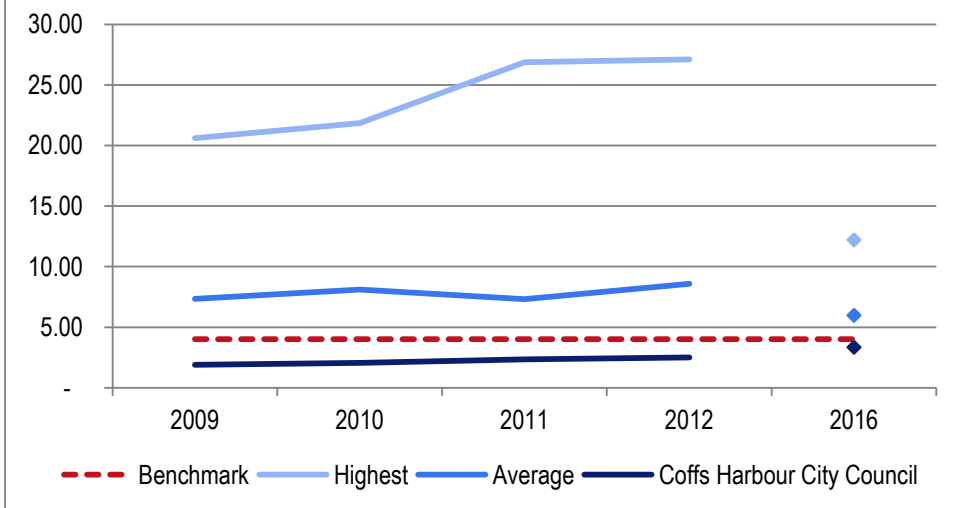


Figure 20 - Interest Cover Ratio Comparison



Council has had below benchmark DSCR and Interest Cover Ratio in recent years that is also below the group average. These ratios are forecast to marginally improve in the medium term though they remain below the benchmark and group average.

Asset Renewal and Capital Works

Figure 21 - Capital Expenditure Ratio Comparison

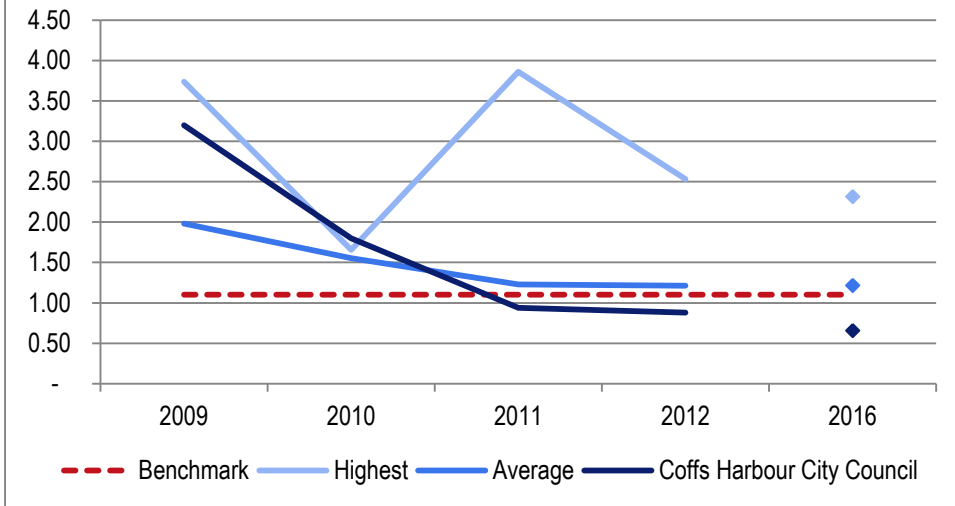


Figure 22 - Asset Maintenance Ratio Comparison

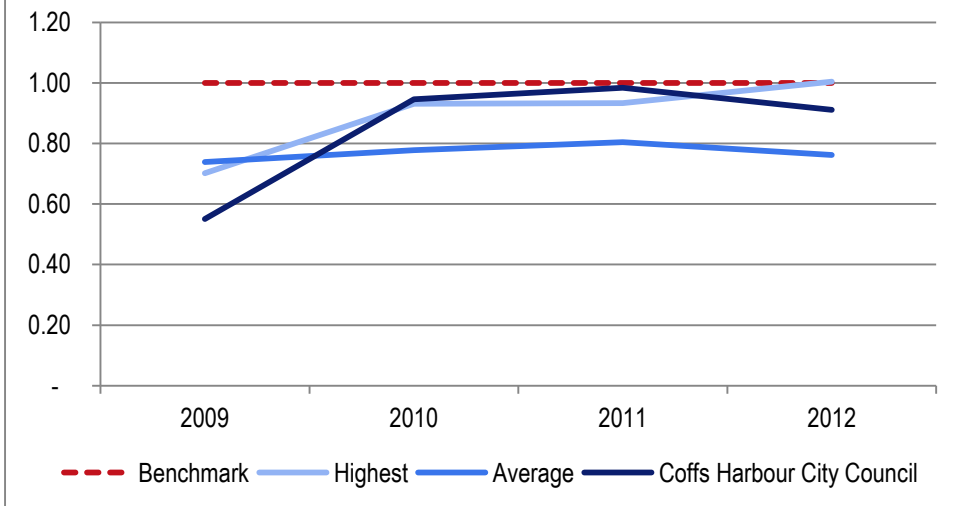


Figure 23- Infrastructure Backlog Ratio Comparison

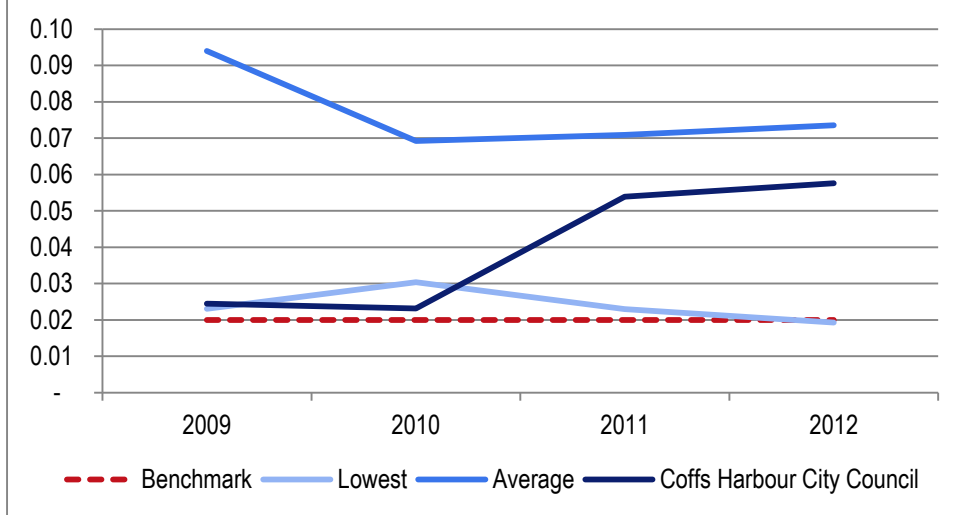
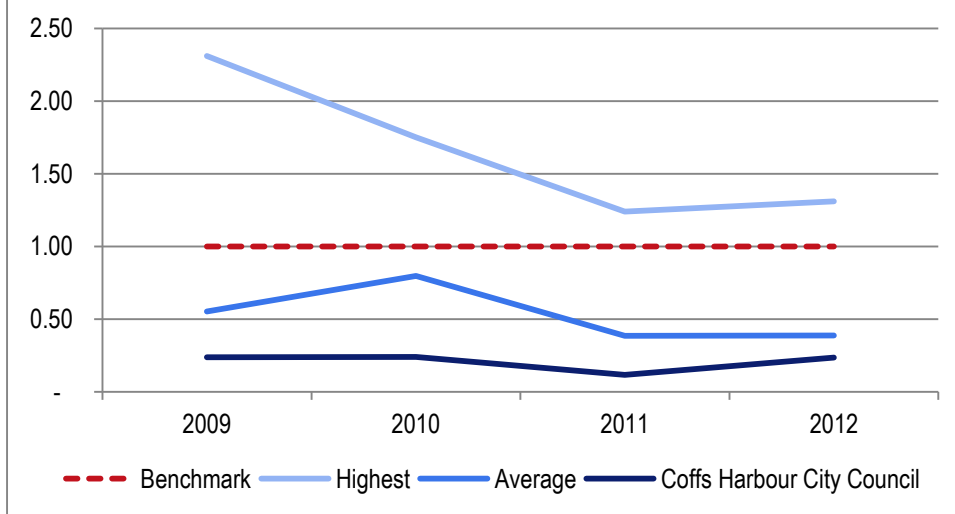


Figure 24 - Building and Infrastructure Asset Renewal Ratio



Overall, the Council has a lower Infrastructure Backlog Ratio than other councils in the group though it increased significantly in 2011. Council has improved its spending on asset maintenance to be above the group average but still below the benchmark. The Council's Capital Expenditure Ratio and Building and Infrastructure Asset Renewal Ratio have declined against benchmark and the group average over the review period.