



MINUTES OF ORDINARY MEETING

Held on Thursday 20 October 2022

Commencing at 9:00 am

in the Warialda Office Council Chambers

Present

Councillors: Cr John Coulton (Mayor), Cr Catherine Egan (Deputy Mayor), Cr Jim Moore, Cr David Coulton, Cr M Dixon OAM and Cr Tiffany Galvin

Staff: Max Eastcott (General Manager), Leeah Daley (Deputy General Manager), Helen Thomas (Manager Finance), Alex Eddy (Manager, Engineering Services) and Ben Perry (IT Trainee)

Public:

Visitors:

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<https://www.gwydir.nsw.gov.au/Home>

ACKNOWLEDGMENT OF COUNTRY

The Gwydir Shire Council acknowledges that this meeting is being held on Aboriginal land and recognise the strength, resilience and capacity of Gomeroi people in this land.

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1 OFFICIAL OPENING AND WELCOME - MAYOR

The Mayor welcomed all present to the meeting.

2 APOLOGIES

An apology was received from Cr Matthews, Cr Mulligan and Cr Smith.

COUNCIL RESOLUTION:

THAT the apologies received from Cr Matthews, Cr Mulligan and Cr Smith are accepted.

Moved Cr Egan, Seconded Cr Galvin

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

3 CONFIRMATION OF THE MINUTES

COUNCIL RESOLUTION:

THAT the Minutes of the Ordinary and Confidential Meeting held on Thursday 29th September 2022 as circulated be taken as read and **CONFIRMED**.

(Moved Cr D Coulton, Seconded Cr Moore)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

4 PRESENTATION

Nil presentations

5 CALL FOR THE DECLARATIONS OF INTERESTS, GIFTS RECEIVED AND CONFLICTS OF INTEREST

Nil

6 ADDITIONAL/LATE ITEMS

THAT Item 7.5 Property Sale 10-12 Olive Pyrke Terrace Warialda (Confidential) is accepted onto the Business Paper for discussion as a late item.

COUNCIL RESOLUTION:

THAT the following Items, namely:

- **7.5 Property Sale 10-12 Olive Pyrke Terrace Warialda**
- **7.6 Broons E-combi Roller Purchase**

is accepted as late Items to this Agenda for discussion.

(Moved Cr Egan, Seconded Cr Moore)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

7 OFFICERS' REPORTS

7.1 BROOC Minutes

File Reference: NA

Delivery Program

Goal: 4. Proactive regional and local leadership

Outcome: 4.2 We work together to achieve our goals

Strategy: 4.2.2 Work in partnership to plan for the future

Author: General Manager

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

This report recommends the notation of the BROC Minutes, attached, from its Meeting held on 12th August 2022.

TABLED ITEMS Nil

OFFICER RECOMMENDATION

THAT the 12th August 2022 meeting Minutes of BROC be received and noted.

ATTACHMENTS

1. BROC Minutes [7.1.1 - 24 pages]

COUNCIL RESOLUTION:

THAT the 12th August 2022 meeting Minutes of BROC be received and noted.

(Moved Cr D Coulton, Seconded Cr Galvin)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

Correspondence to: PO Box 138, Inverell Shire Council NSW 2360
Email: broc@inverell.nsw.gov.au

BROC

Border Regional Organisation of Councils



MINUTES

12 August 2022 – Thargomindah

(Bulloo Shire Council)

Venue:	Kullilli Room Echidna Place 37 Dowling Street Thargomindah QLD 4492	Date:	12 August, 2022
Chair:	Cr Kate Dight, - Inverell Shire Council	Time:	9am
Invitees:			
Attendees:	In person:		
	Cr Samantha O’Toole Matthew Magin	Balonne Shire Council	
	Cr Kate Dight Sharon Stafford	Inverell Shire Council	
	Cr Rob Mackenzie	Goondiwindi Regional Council	
	Cr John Coulton Alex Eddy	Gwydir Shire Council	
	Cr Lisa Orchin Nick Tobin	Moree Plains Shire Council	
	Cr John Ferguson Amer Tawfik Donna Hobbs	Bulloo Shire Council	
	Cr Suzette Beresford	Paroo Shire Council	
	Via Teams:		
	Cr Bronwyn Petrie Darryl Buckingham	Tenterfield Shire Council	
	Cr Andrew Gale	Southern Downs Regional Council	
	Also in Attendance:		
	James McTavish (Teams) Kellie Urquardt Amy Mouafi	NSW Cross Border Commissioner	
	A/SSgt Chris Mitchell	Qld Police Service	
	Jenny Rix (Teams) Trudi Bartlett	RDA Darling Downs & South West	
	Bill Lansbury (Teams)	Department Transport & Main Roads QLD	
	Katie Williams (Teams)	Premier & Cabinet QLD	
	Angela Doering (Teams)	Inland Rail (Dept Infrastructure)	
	Jo Tait (Teams)	ARTC	
	Nikki Seymour (Teams)	Dept Ag & Fisheries QLD	
	Danika Green (Teams)	Department Infrastructure	

	Bernadette Plummer (Teams)	Dept Local Govt Racing & Multicultural Affairs
File Ref:		

1.	Meeting Open	
2.	Welcome to Country	
	Cassie acknowledged the Traditional Custodians of this land and paid respect to the Elders past, present and emerging.	
	Welcome to Bulloo Shire – Cr John (Tractor) Ferguson, Mayor, Bulloo Shire Council	
	Cr Ferguson welcomed delegates to Bulloo Shire Council.	
3.	Apologies	
	Cr Mark Johnson	Moree Plains Shire Council
	Cr Jane Keir	Walgett Shire Council
	Michael Urquardt	Walgett Shire Council
	Cr Chris Matthews	Gwydir Shire Council
	Max Eastcott	Gwydir Shire Council
	Cassie White	Paroo Shire Council
	Anne Leahy MP	Member for Warrego
	Janelle Saffin MP	Member for Lismore
	Russell Stewart	RDA Northern Inland
	Sally Dickinson	Commonwealth Environmental Water
	Cr Barry Hollman (observer)	Bourke Shire Council
	<p>Moved: Goondiwindi Seconded: Gwydir</p> <p>That the apologies be accepted.</p>	
4.	Minutes of Meeting – 6 May 2022	
4.1	<p>Moved: Moree Seconded: Gwydir</p> <p>That the Minutes be accepted.</p>	
	<p>Matters Arising from the Minutes</p> <p>Nil.</p>	
5.	Correspondence	
5.1	<p>Inwards:</p> <ul style="list-style-type: none"> Bank Statements, Correspondence and Fixed Term Certificates - National Australia Bank & Credit Union Response from from QLD Dept State Development, Infrastructure, Local Government & Planning re: Cross Border Commissioner Responses from RDA Darling Downs & South West re: Cross Border Water Forum Note: Further item of correspondence received from the QLD Department Premier & Cabinet re: Cross Border Commissioner – copy to be circulated with minutes. 	

	<p>Moved: Balonne Seconded: Goondiwindi</p> <p>That the correspondence be received and noted.</p>																																
5.2	<p>Outwards:</p> <ul style="list-style-type: none"> Letter to QLD Police re: Cross Border Disaster Management Workshop Letter to Shadow Minister Communications re: Neutral Hosting of Communication Infrastructure Letter to Visitor Information Centres C/- Inverell Shire Council re: Investigate Merits of Establishing Tourism Trail Letter to QLD Dept State Development, infrastructure, Local Government & Planning re: Cross Border Commissioner Letter to Transport for NSW re: Transfer of Bruxner Way to the State Letter to RDA Darling Downs & South West re: Cross Border Water Forum 																																
	<p>Moved: Paroo Seconded: Goondiwindi</p> <p>That the correspondence be received and noted.</p>																																
5.3	<p>Matters arising from Correspondence</p> <p>Nil</p>																																
6.	Financial Report as at 25 July 2022																																
6.1	<p>Transactions:</p> <p><u>National Australia Bank – 69-022-2187</u></p> <table border="1"> <tr> <td>Opening Balance as at 12 April 2022</td><td>\$16,280.50</td></tr> <tr> <td>Interest</td><td>\$0.46</td></tr> <tr> <td>Membership - Goondiwindi</td><td>\$500.00</td></tr> <tr> <td>Membership – Gwydir</td><td>\$500.00</td></tr> <tr> <td>Membership – Bulloo</td><td>\$500.00</td></tr> <tr> <td>Membership – Balonne</td><td>\$500.00</td></tr> <tr> <td>Membership - Walgett</td><td>\$500.00</td></tr> <tr> <td>Membership – Southern Downs</td><td>\$500.00</td></tr> <tr> <td>Membership - Tenterfield</td><td>\$500.00</td></tr> <tr> <td>Balance as at 30 June 2022</td><td>\$19,780.96</td></tr> </table> <p><u>National Australia Bank – Term Deposit 42-388-8697</u></p> <table border="1"> <tr> <td>Lodged 27 December 2021 for 12 months @ 0.45%</td><td>\$10,536.57</td></tr> <tr> <td>Maturity Date – 27 December 2022</td><td></td></tr> </table> <p><u>Warwick Credit Union – Fixed Term Deposit 100005924</u></p> <table border="1"> <tr> <td>Opening Balance as at 31 May 2022</td><td>\$ 11,423.85</td></tr> <tr> <td>Interest Paid 0.4%</td><td>\$ 11.39</td></tr> <tr> <td>Reinvested 22 July 2022 @ 0.85%</td><td>\$ 11,435.24</td></tr> <tr> <td>Maturity Date – 22 October 2022</td><td></td></tr> </table>	Opening Balance as at 12 April 2022	\$16,280.50	Interest	\$0.46	Membership - Goondiwindi	\$500.00	Membership – Gwydir	\$500.00	Membership – Bulloo	\$500.00	Membership – Balonne	\$500.00	Membership - Walgett	\$500.00	Membership – Southern Downs	\$500.00	Membership - Tenterfield	\$500.00	Balance as at 30 June 2022	\$19,780.96	Lodged 27 December 2021 for 12 months @ 0.45%	\$10,536.57	Maturity Date – 27 December 2022		Opening Balance as at 31 May 2022	\$ 11,423.85	Interest Paid 0.4%	\$ 11.39	Reinvested 22 July 2022 @ 0.85%	\$ 11,435.24	Maturity Date – 22 October 2022	
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	<p>Moved: Paroo Seconded: Goondiwindi</p> <p>That the Financial Report be accepted.</p>
6.2	<p>Matters arising from Financial Report</p> <p>It was noted that reminder invoices have been forwarded to Paroo and Moree Plains Councils for their membership.</p>
7.	<p>Updates</p>
	<p>James McTavish, NSW Cross Border Commissioner (CBC)</p> <ul style="list-style-type: none"> As previously mentioned, the NSW government has committed \$13.4m to the Cross Border Commission for 2022/23 and as such, the employees are growing from 5 to 18 and the Commission is expanding significantly. With this, very importantly, the Commission are willing to support not only NSW Councils but also neighboring border councils in adjoining states. There are 3 Memorandums of Understanding in play with defined cross border regions. The first round of the infrastructure fund is complete and there is another round to be announced in September 2022 for \$10M to support substantial investment in border regions. Commissioner areas of interest continue to centre around health, policing and disaster & emergency management. There has been great recent work done with Goondiwindi Regional Council to tackle the recent crime wave. There has been an extensive round of community surveys completed to assess the Covid response in the border regions and there are 5 major recommendations that have come out of this which are detailed in the document attached. Significantly, there is substantial support to improve the response going forward and already the response to the threat of a Foot & Mouth Outbreak has been much better. BROC will continue to be prioritised as a major partner in communication for the Commission.
	<p>ARTC – Angela Doering & Jo Tait</p> <ul style="list-style-type: none"> The Inland Rail project from Narrabri to North star is nearing its final stages of completion with demobilisation expected for November 2022 ARTA are running a number of capability workshops for the community and are producing a fact sheet to explain who to refer to in the case of incident. It is a targeted community education plan. There is a huge amount of activity with the Moree SAP project and extensive training and upskilling is in motion. Planning for this season's harvest and getting freight on rail is the current priority. The speed and logistics movements for the new network is being negotiated and there is opportunity to investigate flexibility within the new system and individuals/private industry are invited to engage with ARTC for inter-modal terminals and /or sidings for connectivity. There is still development opportunity for strategic roads that feed into the Inland Rail and watch this space for further funding for these investments. For the rail section north of North Star, the EIS has been submitted but is not finalized and is currently with the Qld govt. The Inland Rail Toowoomba Office is best placed to update and

	comment on this section.
	<p>Bill Lansbury – Qld Department of Transport and Main Roads</p> <ul style="list-style-type: none"> The Department of Transport and Main Roads in Qld is overwhelmed with \$62m worth of flood damage. There have been 40 declared events since November 2021 which the Department are working through to rehabilitate and reconstruct main roads throughout Southern Qld.
	<p>Katie Williams – QLD Department of Premier & Cabinet</p> <ul style="list-style-type: none"> BROC has undertaken considerable advocacy to instate a Qld Cross Border Commissioner and while the Department has stated that this is not something that will be implemented in the near future, it is working with a new model for regional coordination that they hope to be more effective. It will always be about raising the profile of rural and regional communities and the Department still promotes the importance of the relevant agencies and acknowledged them as an important point for issues raised by BROC. Katie informed us that she is leaving her role at the end of August which gave BROC the opportunity to thank her for her efforts with the group over many years and to wish her well in her future endeavours.
	<p>Jenny Rix – Director Darling Downs SW RDA</p> <ul style="list-style-type: none"> Sustainability with water is the critical issue and the Cross Border Water Forum initiated by BROC is really important for the future management of water in the border regions. The Qld Regional Water project is in its final stages and of the 121 recommendations, cross border collaboration was in the top 3 recommendations. The NSW Regional Water Strategy Plans are also in motion and are further progressed with their consultation period already closed. As such collaboration between NSW & Qld is out of sync but it will be prioritised in early 2023. In the meantime the Cross Border Commissioner confirmed for the group that it sits on the NSW Regional Water Strategy Board and represents on water infrastructure and flood mitigation. If BROC has items of advocacy he invited the collaboration.
8.	Guest Speaker
	<p>Donna Hobbs – Bulloo Shire Council, Rural Services Department</p> <ul style="list-style-type: none"> Rural services at the Bulloo Shire Council support a wide cross section of activities; from rural counsellor services, biosecurity services, specialist services (ie fish scientist and field days), agforce support, LLS services and other expertise opportunities that are appropriate to their rural landholders. They accept that they are the major service provider for the community and as such aim to provide that which is needed. <p>Tammy – Bulloo Shire Council, Tourism & Economic Services</p> <ul style="list-style-type: none"> With 8 staff and a quickly expanding tourism operation in Thargomindah, this area of the Council is busy. They run 2 festivals per year, the Shearers Shindig attracting the traditional Thargomindah community who have been a part of this primary industry for generations and the Channel Country Music Muster which attracts a slightly more diverse audience from near and far. 207 caravans attended last year's event and they also managed to get shopper

	<p>dockets to be a part of the design of the day and as such \$80k was put back into the local community from the Music Muster.</p> <ul style="list-style-type: none"> Thargomindah is increasingly popular for travelling tourists and the last few years of Covid have been fantastic for the town and its tourist activity. They work constantly to maintain this popularity.
9.	Items Listed
9.1	<p>Disaster Management</p> <p>A/Senior Sergeant Chris Mitchell</p> <ul style="list-style-type: none"> Following the last meeting where Sgt Mitchell suggested the Disaster Management Forum, the date has now been reset for 23 & 24 November at Goondiwindi Regional Council and all BROCC members are invited to attend. The first day will be speakers identifying local pinch points for disaster management and Day 2 will be for practitioners, brainstorming exercises to identify gaps in the system and sharing resources. The subject of financial support for the day was raised and BROCC agreed and moved to do this in the order of \$5K because the forum directly meets the BROCC's criteria and is relevant for all member councils. Cross border crime issues are significant and there is a new assistant commissioner for Police for Cross Border Crime at Boggabilla and Toomelah. The Goondiwindi Police Station has been upgraded with additional staff and the Boggabilla Station is well supported. Preventative policing is working with crime trends going down in the Cross Border region. The new cross border policing justice model is succeeding to a degree.
	<p>Moved: Gwydir Seconded: Balonne</p> <p>That BROCC contribute \$5K towards the Cross Border Disaster Management Conference being held in Goondiwindi in November 2022.</p>
9.2	<p>List of Priorities from Individual Councils</p> <p>AREAS of PRIORITY – Member Councils</p> <p>Member council have been asked to contribute their 5 most important areas of interest so that subjects of commonality can be established for the future direction of BROCC. Bulloo and Inverell stated their priorities already and the Western Qld Alliance of Council supplied their Projects, Policies and Program Priorities document for discussion.</p> <p>Gwydir</p> <ul style="list-style-type: none"> Health care & GPS Transport infrastructure funding & resourcing Disaster recovery – flooding events and betterment Housing Childcare Attracting population & industry <p>Moree Plains</p> <ul style="list-style-type: none"> Infrastructure & roads Workforce resources. Housing Health services

	<ul style="list-style-type: none"> • State Memorandum of Understanding • Childcare <p>Balonne</p> <ul style="list-style-type: none"> • Health • Education & Childcare • Transport and Infrastructure • Disaster Management <p>Paroo</p> <ul style="list-style-type: none"> • Housing • Digital Communications • Federal Grants, FAGs • Roads <p>Tenterfield</p> <ul style="list-style-type: none"> • Handing back the Bruxner Way to NSW State • Disaster Management Systems • Healthcare <p>Goondiwindi Regional</p> <ul style="list-style-type: none"> • Cross Border Crime • Disaster Management <p>Southern Downs</p> <ul style="list-style-type: none"> • All as above <p>Summary & Areas of Commonality</p> <p>All these items were discussed and the following areas of interest and priority were AGREED on as relevant to all Councils. As such it was moved that these priorities were to be listed as a part of #Item 4 in Part 1 of the Constitution. This will be tabled at the meeting in November for discussion and if agreed, will formulate the basis of strategic direction for the group into the future.</p> <ul style="list-style-type: none"> • Attracting Population and industry • Transport networks • Disaster Recovery, Management & Betterment • Health Services • Housing • Education & Childcare
9.3	<p>BROC Constitution / Terms of Reference</p> <p>Moved: Goondiwindi Regional Seconded: Balonne</p> <p>That notice of the following change to the Constitution be tabled for consideration at the November 2022 BROC meeting:</p> <p>‘Objectives</p> <p>2. The objectives of the Organisation are to:</p> <p> i. Provide a forum for member councils to consider and discuss matters affecting the</p>

	<p>region</p> <ul style="list-style-type: none"> ii. Advocate for the best outcomes for the region at a state and federal government level iii. Ensure the sustainability, and where possible, the growth of the region through contributing to the effectiveness of all member councils iv. Undertake projects that have a material benefit to some or all member councils of the Organisation to promote regional cooperation and the efficiencies of individual councils. Areas of regional strategic importance include: <ul style="list-style-type: none"> o Attracting Population and industry o Transport networks o Disaster Recovery, Management & Betterment o Health Services o Housing o Education & Childcare
9.4	<p>Carbon Farming (socio economic impacts)</p> <p>Paroo Carbon Credit – Mayor Suzette Beresford</p> <ul style="list-style-type: none"> • Carbon Credit take up has had an overwhelming impact on the Paroo Shire with 33% of Qld carbon credits taken up with land holdings in Paroo. As such the population decline since 2012 has been significant as landholders have taken the opportunity to retire and exit the industry with financial remuneration. Huge tracts of mulga lands have been locked away for credits which has led to a lack of landuse management and significant problems for both flora & fauna. In conjunction, the mulga land valuation have increased having a huge impact on rates and other ensuing roll on effects. With carbon credit agreements ranging from 20-30 years, the Shire has witnessed generational change never seen before and the Council has worked exceptionally hard since then to arrest the decline in population. <p>Copy of Carbon Farming presentation made to SWQ CEO's titled 'Darling Downs Land Restoration Fund' kindly provided by Balonne Shire Council and will be circulated with the minutes.</p>
9.5	<p>Queensland Funding for Preschools and / or Kindergartens</p> <p>Goondiwindi Regional Council to investigate matter further. Matter to be held over to next meeting.</p>
9.6	<p>Flood Gauges, Access to state Asset Flood Cameras, Standardising Gauges and Reporting</p> <p>Goondiwindi Regional Council to investigate matter further. Matter to be held over to next meeting.</p>
9.7	<p>Exclusion Fencing</p> <p>Noted that update on this matter has been provided previously.</p>
10.	<p>Action Log</p>
	<p>Item to be held over to next meeting.</p>
11.	<p>Next Meeting</p>

	24 November, 2022 at Goondiwindi (Goondiwindi Regional Council) commencing at 2pm.
12.	General Business
	Nil.
13.	Meeting Closed
	There being no further business, the meeting was declared closed at 12.10pm.

THE LAND RESTORATION FUND

Investing in carbon farming in Queensland to improve the health of wetlands and coastal ecosystems, provide habitat for threatened species, and deliver social and economic sustainability to the regions.

Agenda

1. Why carbon farming?
2. Carbon farming in Australia
3. The Land Restoration Fund
4. Difference between LRF & ERF
5. Co-benefits
6. LRF Investments

Why is carbon farming good for Queensland?

Opportunities

Large supply of Natural Capital

Increasing demand for carbon and other environmental offsets from traditional industry (rising prices)

Wealth of first nations knowledge aligned to carbon farming

Emerging environmental markets providing opportunities for new income for land holders

Carbon farming can be very beneficial to the environment – not just because of carbon

Impact

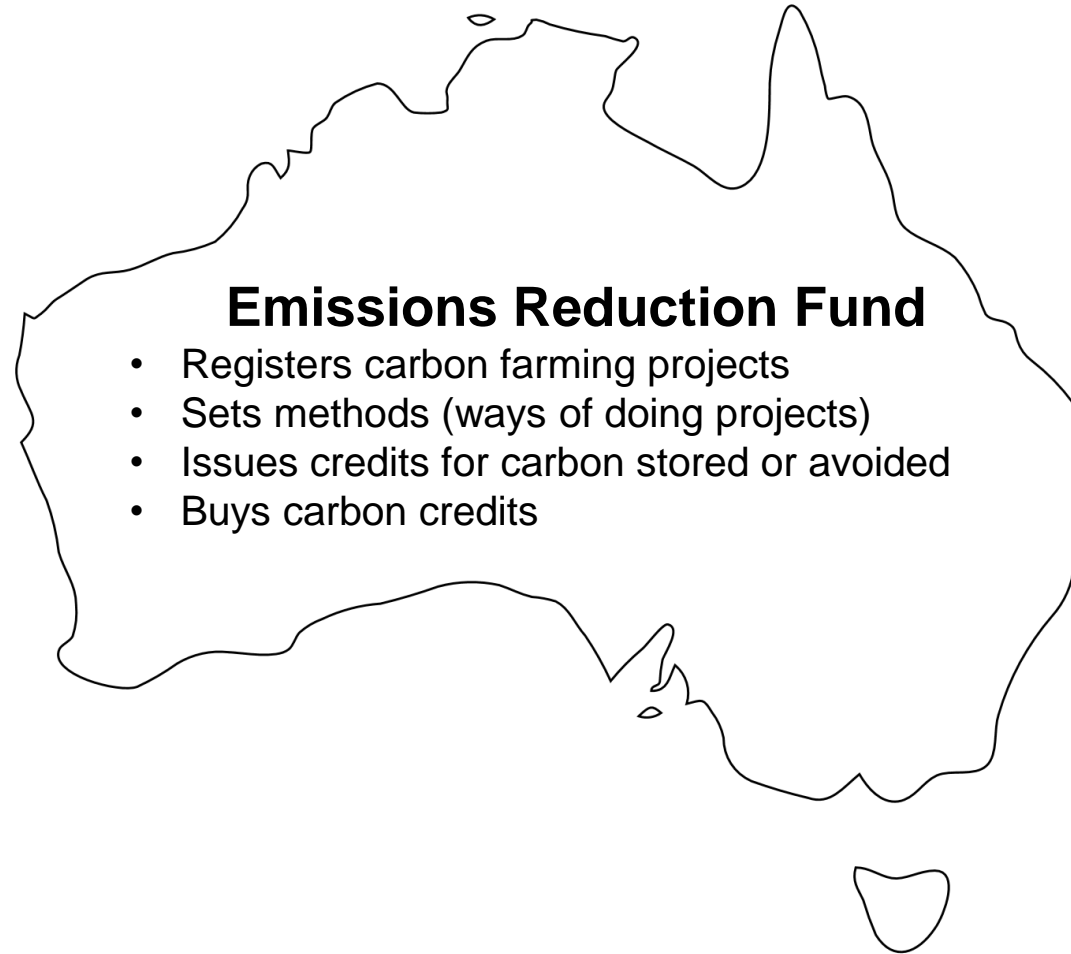
Growing international **demand** for carbon and other environmental offsets leading to a potential source of **new wealth** for Queensland

Traditional owners **connection to country** can be strengthened and they can earn income

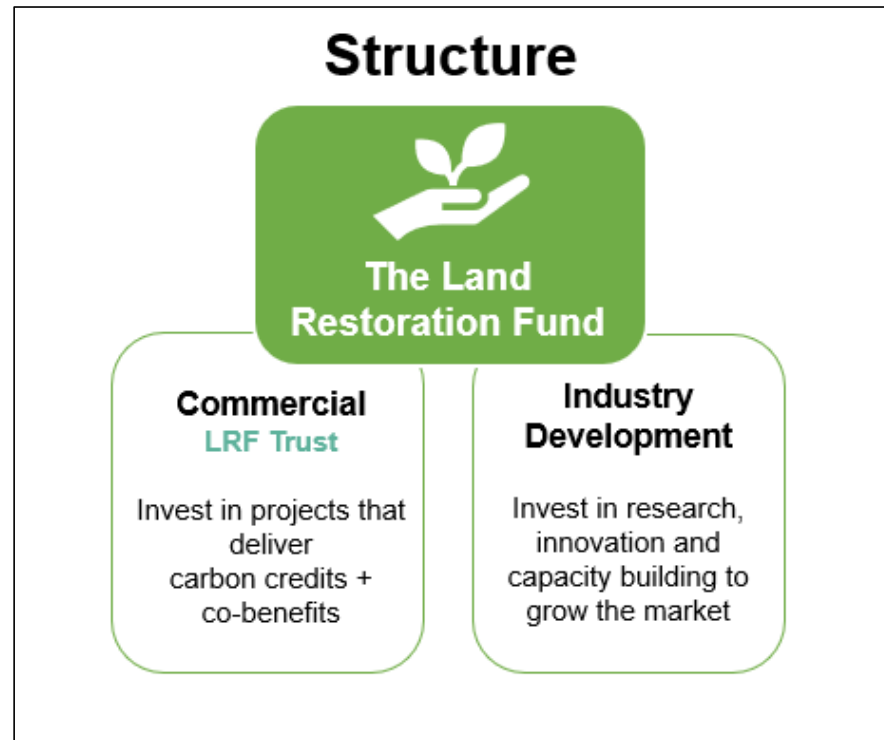
Land holders who are being impacted by change in climate, laws and markets have new opportunities to **diversify their income or offset their own emissions**

Carbon farming has additional benefits (often public goods) in environment, social and economic outcomes (**co-benefits**)

Carbon Farming in Australia



The Land Restoration Fund



- **Grow** a pipeline of qualifying carbon offset projects in QLD
- **Buy** environmental and economic co-benefits
- **Support** research and development into new carbon abatement methods where Queensland landholders may have a comparative advantage

LRF vs. ERF

	Land Restoration Fund (State)	Other Voluntary buyers (private)	Emissions Reduction Fund (Federal)
Purchases ACCUs	YES	YES	YES
Pays for co-benefits in addition to carbon	YES	Sometimes (although not aligned with a standard)	NO
Projects must register with the ERF	YES	YES	YES
Purchasing method	Contracting for ACCUs and co-benefits through dedicated investment rounds	Range of methods: <ul style="list-style-type: none"> • Forward contracts • Direct offtakes • Flexible shared value contracts • Fixed price contracts 	Contract for lowest-cost ACCUs through reverse auctions

What are co-benefits?



Co-benefits are the additional positive environmental, socio-economic and First Nations outcomes delivered by carbon farming projects.

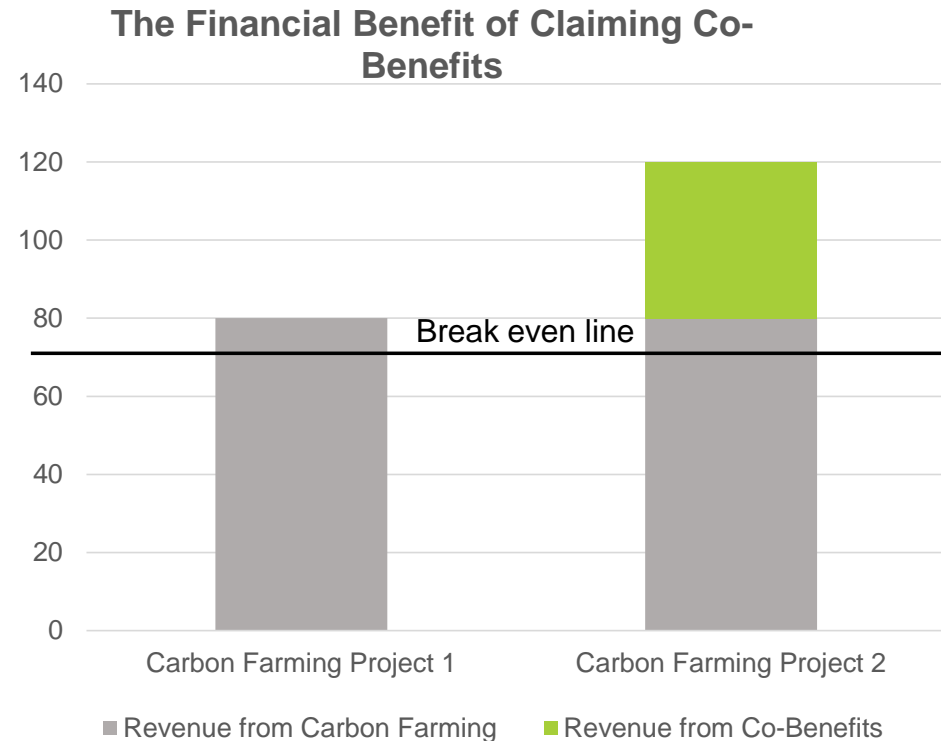
The Land Restoration Fund (LRF) invests in Queensland carbon farming projects that:

- a) generate Australian Carbon Credit Units (ACCUs), and
- b) generate environmental, socio-economic or First Nations co-benefits as defined in the LRF Co-benefits Standard.

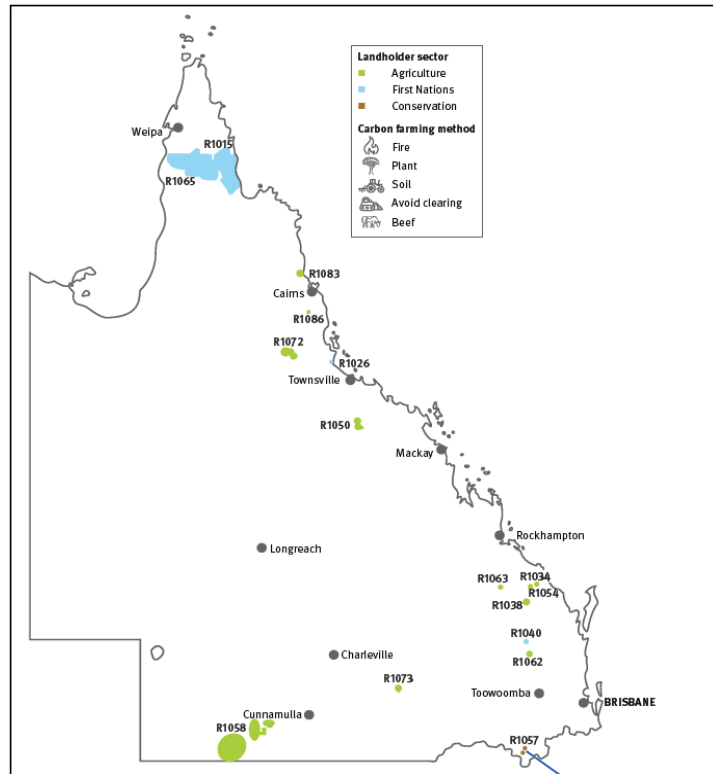
The Financial Value of Co-Benefits



Claiming co-benefits adds an extra revenue stream to carbon farming projects, making possible projects that may otherwise not be financially feasible



LRF Projects



[Silver Spur Goondiwindi Project](#)

Investment Round 1 (2020/21)

- 16 projects contracted
- \$87m committed
- 1.7m carbon credits delivered over 15 years
- 1.7m tons of carbon dioxide sequestered or avoided
- 350,000 hectares of land regenerated with natural forest
- 7,000ha of Category X land set aside for carbon farming

Investment Round 2 (2021/2022)

- 5 projects contracted to date
- \$11.5m committed
- 120,000 carbon credits delivered over 15 years
- 6,000 hectares of land protected
- 51 jobs created, including 10 for First Nations people

Regional impacts & opportunities



Wet Tropics: Green Infrastructure for Flood Resilience

<https://www.qra.qld.gov.au/qrrrf>

Wet Tropics: New Environmental Rainforest Credits

<https://terrain.org.au/cassowary-credits/>



Fraser Coast Council: Waste Water Treatment & Carbon Farming

<https://www.frasercoast.qld.gov.au/news/article/1063/recycled-water-to-help-grow-another-30-000-trees>



Burnett Mary Region: Natural Capital Accounting

<https://bmrq.org.au/portfolio-items/natural-capital-environmental-accounting-project/>



South West Queensland: Regional Impact

<https://www.queenslandcountrylife.com.au/story/7594644/carbon-farming-study-plans/>



Blue Heart Sunshine Coast: Blue Carbon for Coastal Transition

<https://www.sunshinecoast.qld.gov.au/blueheart>

Case Study: Goondicum Station



Rob and Nadia Campbell, owner managers of Goondicum Station.

Investment: \$2.1 million

Location: Goondicum Station, Central Queensland

Duration: 10 years

Method: Avoided clearing, Human-induced regeneration

Co-benefits:

- Great Barrier Reef
- Threatened ecosystems
- Threatened wildlife
- Native vegetation
- Diversity and human rights
- Employment and skills
- Resilience and connectivity

First steps to carbon farming



Check eligibility to register with the Emissions Reduction Fund



Assess your land for potential to store carbon and generate co-benefits

www.qld.gov.au/landrestorationfund

Resources

Check your eligibility to register a carbon farming project:

<http://www.cleanenergyregulator.gov.au/ERF/About-the-Emissions-Reduction-Fund/eligibility-to-participate-in-the-emissions-reduction-fund>

Assess your land: LOOC-C tool: <https://looc-c.farm/>

Find a carbon farming adviser: <https://www.qrida.qld.gov.au/program/carbon-farming-advice-rebate-program>

Learn about identifying and verifying co-benefits with the LRF: LRF Co-benefits Standard (*definition of 'Indigenous Land' on pg. 18*)

https://www.qld.gov.au/_data/assets/pdf_file/0025/116548/lrf-co-benefits-standard.pdf

Explore methods available for carbon farming: <https://www.industry.gov.au/regulations-and-standards/methods-for-the-emissions-reduction-fund>

Land Restoration Fund projects: <https://www.qld.gov.au/environment/climate/climate-change/land-restoration-fund/funded-projects/projects-2020>

Subscribe to the LRF mailing list: <https://environment.des.qld.gov.au/community/land-restoration-fund-info-request>



For reply please quote: IGR/JD – TF/22/12352 – DOC/22/137654

Department of the
Premier and Cabinet

Councillor Kate Dight
Chairperson
Border Regional Organisation of Councils
kate.dight@inverell.nsw.gov.au

Dear Councillor Dight

The Office of the Director-General, Department of State Development, Infrastructure, Local Government and Planning, has referred your letter of 24 June 2022 regarding the establishment of a Cross Border Commissioner in the Queensland Government to me to respond.

Your views and those of the Border Regional Organisation of Councils on the role of the New South Wales (NSW) Cross Border Commissioner and suggestion for a similar role in Queensland are acknowledged.

In Queensland, the Department of the Premier and Cabinet coordinates and maintains the cross-border relationship with NSW through the Office of the NSW Cross-Border Commissioner, the NSW Department of the Premier and Cabinet, and local governments in the border communities. This model ensures Queensland is well represented in discussions and Queensland Government agencies have authority to work directly with cross-border communities and respond to the needs of residents without the need for a specific role to oversee this function.

Should you require any further information, please contact Ms Michelle Parker, Executive Director, Intergovernmental Relations, Department of the Premier and Cabinet by email at michelle.parker@premiers.qld.gov.au or on telephone (07) 3003 9365.

Thank you for taking the time to write on this matter.

Yours sincerely

Rachel Hunter
Director-General

5 / 8 / 22

1 William Street Brisbane
PO Box 15185 City East
Queensland 4002 Australia
Website www.premiers.qld.gov.au
ABN 65 959 415 158

7.2 September Organisation & Community Services Report

File Reference:	NA
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Delivery Program

Goal: 5. Organisational management
Outcome: 5.1 Corporate management
Strategy: 5.1.5 Provision of responsible internal governance
Author: Leeah Daley, OCD Director

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

This report is for notation

TABLED ITEMS Nil

COMMENT

NAROO FRAIL AGED HOSTEL

Resident News & Outings

This month has seen 4 residents celebrate birthdays, with Ray, Elsie, Julie and Noelle all doing another lap around the sun. Noelle hitting another massive milestone turning 101.



Our residents enjoyed an Outing to the new Gravesend Shop, they enjoyed a beautiful lunch. We hosted a Dementia morning tea for residents and Family members.



We had a Father's Day raffle which was won by Keith Moore.



Our world experience day this month was Sweden.



They also enjoyed some pampering with some foot spas.



BINGARA CHSP - September

Advisory Committee Meeting

No meetings were held in September.

Volunteers

Bingara CHSP was supported by 10 volunteers with 511.5 hours of services during September by way of Out-of-Town Transport, Centre Based Day Care, and local transport.

The hours that volunteers work, are determined by the time spent with clients by way of transportation, group social support and individual social support.

Transport and Trips

Out of Town Transport had significantly more trips in September with 166 trips for the month servicing 43 clients.

The Access Bus made two trips to Inverell in September, servicing 8 clients. The Bus was also used for some out-of-town trips to medical appointments when both other vehicles were fully booked.

Volunteers carry out regular maintenance checks on the vehicles when they are not in use as well as the routine cleaning after every trip.

The Local Transport service has again been busy during September.

Social Support

Group Social Support Group held in the Linger longer room on Tuesdays has maintained good numbers attending regular morning tea/lunches in September, four being held this month. The monthly Group Social Support outing didn't happen in September, but two outings are planned for October.

Food Service

Meals on Wheels numbers in September was reduced to 12 clients.

Meals on Wheels is coordinated by the Bingara CHSP Staff and the Meals provided by the Bingara MPS.

BINGARA CHSP MONTHLY REPORT	September 2022
Day Centre	
Total active clients	12
Clients receiving service	11
Total meals	36
Hours clients receive in centre	0
Social Support	
Number of clients	55
Individual Hours	321.5
Group Hours	190
Total Hours received	511.5
Food Service (Meals on Wheels)	
Clients	12
Meals	237
Transport	
Number of clients	43
Number of trips	166
Transport (Youth)	
Number of clients	0
Number of trips	0
Access Bus - Inverell	
Number of Clients	8
Number of Trips (per month)	2
Volunteers	
Number of volunteers	10
Number of hours	511.5

WARIALDA AND DELUNGRA CHSP – SEPTEMBER

Volunteers

Currently Commonwealth Home Support Program have thirty-five volunteers listed.

Would be great to have a few more drivers and Meals on Wheels Volunteers come forward.

Transport And Trips

Transport been a little average this Month, bus to Inverell has three trips this Month.

Social Support

Social support always given when attending Day Centres, outing, Meals on Wheels

Day Centres

Numbers not as good as they should be with clients being unwell.

Warialda Monday's bingo enjoyed by all who attend.

Delungra Wednesday's bingo also enjoyed.

Food Service

Meals on Wheels numbers are going up currently have fourteen due to Home cooked meals supplied from Naroo Hostel, I have incredibly positive feedback by clients.

Monday Day Centre clients enjoy the day with morning tea, Bingo, and a cooked meal.

WARIALDA / DELUNGRA CHSP MONTHLY REPORT - SEPTEMBER 2022		
Day Centre	Delungra	Warialda
Total active clients	21	95
Clients receiving service	11	60
Total Meals in Centre	39	164
Hours Clients Receive in Centre	105	457
Social Support		
No of Clients	11	60
Individual Hrs	27	98
Group Hours	78	359
Total Hours Received	105	457
Food Service (Meals On Wheels)		
Clients	0	15
Meals	0	213
Transport		
Number of Clients	24	9
Number of Trips (return trips)	8	105
Access Bus - Inverell		
Number of Clients	1	7
Number of Trips per month	6	6
Volunteers		
Number of Volunteers for the Month	1	29
Monthly Volunteer Hours	16	546

TOURISM – VISITOR INFORMATION CENTRE – AUGUST 2022

Bingara Visitor Information Centre (VIC)

June 2022	July 2022	August 2022
Opening Hours = 173	Opening Hours = 164	Opening Hours =179.50

Volunteer Hours = 27	Volunteer Hours = 27.5	Volunteer Hours = 30
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Income – Bingara VIC	\$ June	\$ July	\$ August
Products on Consignment	Nil	Nil	Nil
Merchandise	1262.77	792.66	1200
Subtotal	1262.77	792.66	1200
Less payments to consignees	Nil	Nil	Nil
Total Merchandise sales	1262.77	792.66	1200
VIC Commission received on Event bookings undertaking on behalf of Community Groups – sub total			
Total Monthly Income Bingara VIC	1262.77	792.66	1200
Roxy Tour Income	356.81	276.37	500
Visitors at Bingara VIC	453	371	482

Tourism - Tourist figures are up slightly at 482 which is suspected to be due to the colder weather and another wave of Covid.

Roxy Tours increased with approximately 41 people participated in day tours. Added to this were 3 specialty groups totaling 50 participants bringing the tour total for August to 91.

Not shown in the Tourism income section of the table are the following amounts which the VIC undertook in collecting, processing on behalf other Council Business Units or Community Groups (such as Roxy Management productions, NWTC productions, The Living Classroom etc. (accommodation hire and Classroom hire).

Campaign Monitor Email Blast send out - Was designed and undertaken by Bingara VIC Staff for NWTC productions of Melodrama and Passion @ the Roxy and Roxy Management production of Jason Owen sings John Denver a with a send out to over 500 email subscribers.

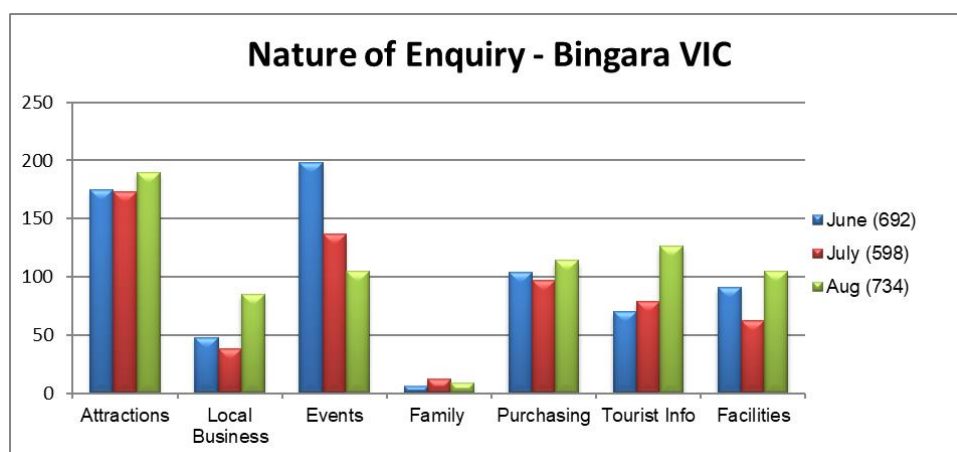
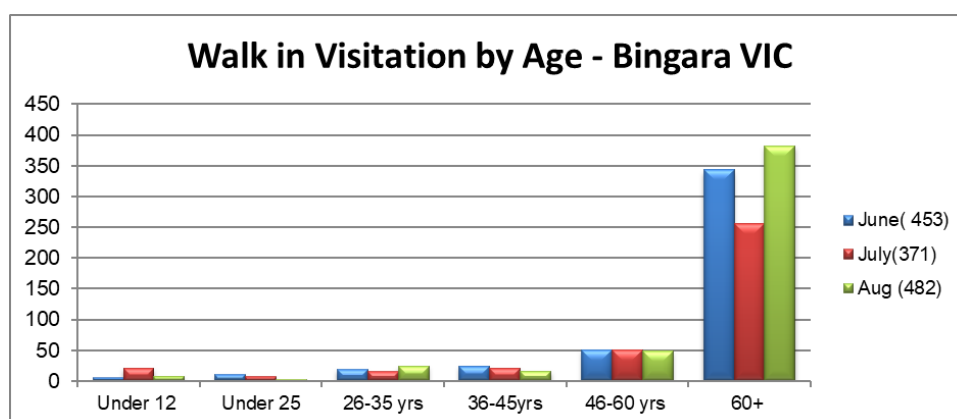
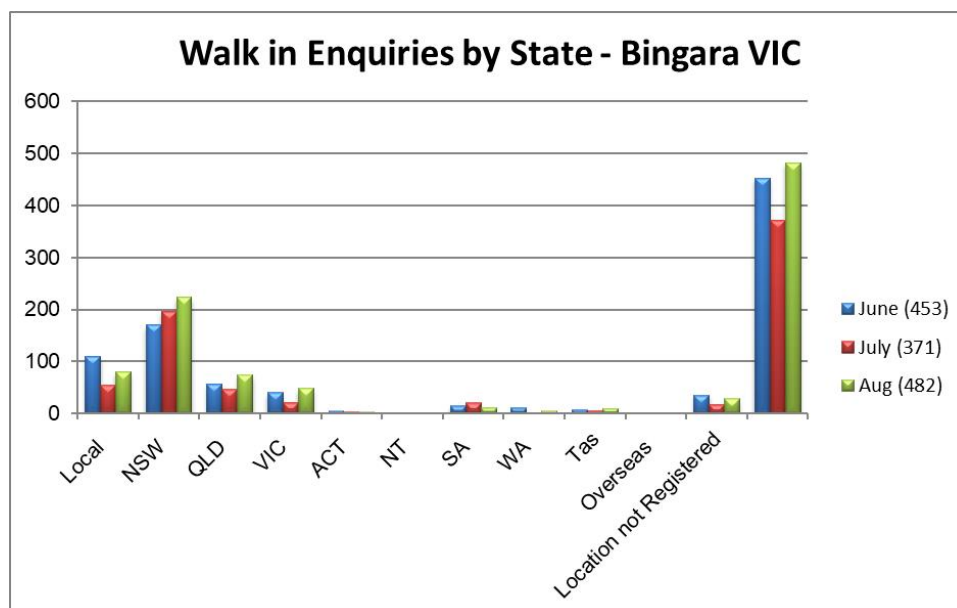
Roxy Web Site ticketing/booking design - This was designed and undertaken by Bingara VIC Staff for NWTC productions of Melodrama and Passion @ the Roxy and Roxy Management production of Jason Owen sings John Denver.

Community Groups – Assistance \$0

Roxy Conference Room fees generated \$0

Camping Donations \$0

TLC and Bunkhouse fee processing and invoicing generated through the VIC totaled \$265.00

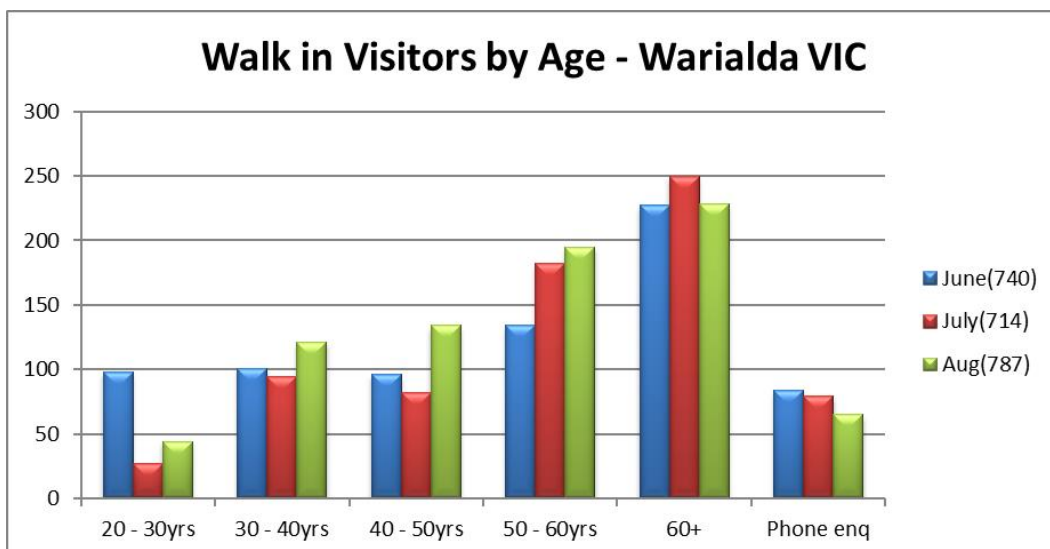
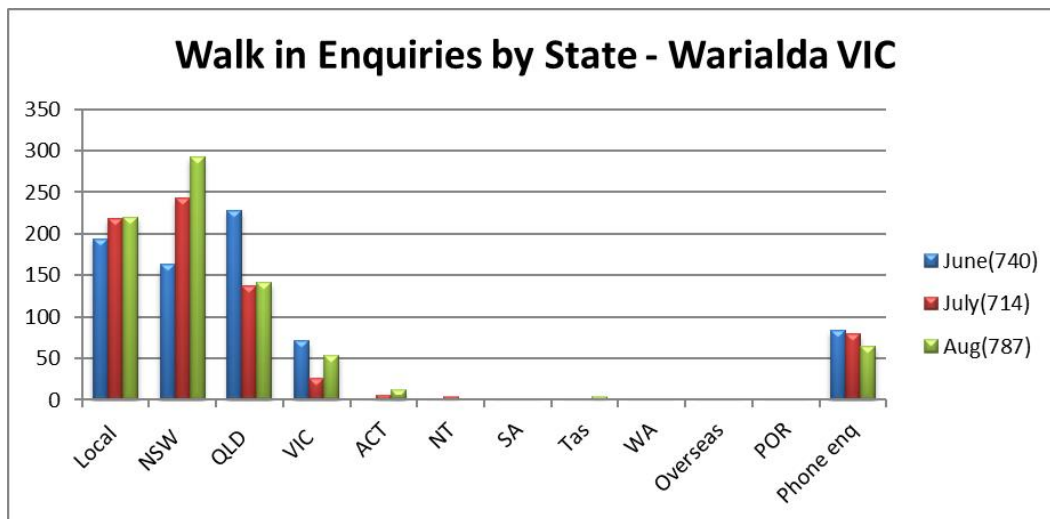


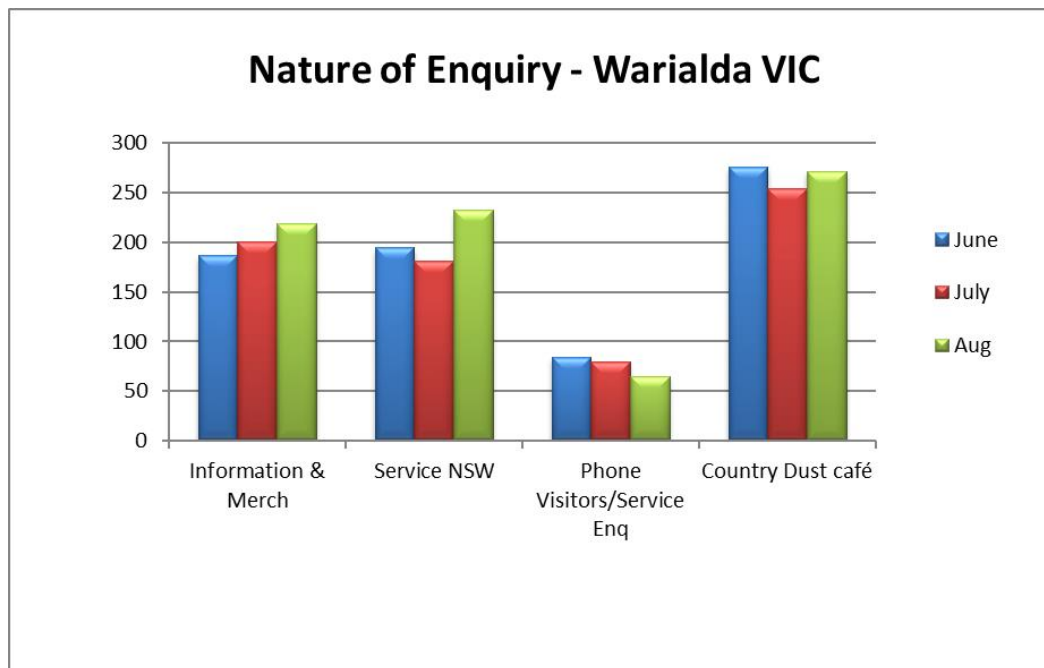
Warialda Visitor Information Centre (VIC)

JUNE 2022	JULY 2022	AUGUST 2022
Opening Hours = 154	Opening Hours = 147	Opening Hours = 161
Volunteering Hours = 16	Volunteering Hours = 18	Volunteering Hours = 15.5

INCOME	\$JUNE	\$JULY	\$AUG
Merchandise sales GST Exclusive	1619.58	845.85	995.21
Subtotal	1619.58	845.85	995.21
Total Monthly Income	1619.85	845.85	995.21

Visitors at Warialda VIC	JUNE	JULY	AUG
Visitors	186	200	219
RMS	194	181	232
Cafe	276	254	271
Phone Visitor /Service NSW enquires	84	79	65
Total	740	714	787





OFFICER RECOMMENDATION

THAT the report is received and noted.

ATTACHMENTS

1. CRM Report to Council October 2022 [7.2.1 - 1 page]

COUNCIL RESOLUTION:

THAT the report is received and noted.

(Moved Cr Egan, Seconded Cr D Coulton)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

CUSTOMER SERVICE REQUESTS (CRMs)

CRMs carried forward from:

Department	Outstanding as at 1 September 2022	Completed since 1 September 2022	Outstanding as at 1 October 2022
Technical Services	21	12	9
Environment and Sustainability	29	17	12
Town Utilities Parks and Gardens	7	3	4
Building Services	6	2	4
Total Outstanding	63	34	29

CRM's - 1 September 2022 to 1 October 2022:

Department	Received during September 2022	Completed during September 2022	Outstanding as at 1 October 2022
Technical Services	51	20	31
Environment and Sustainability	14	3	11
Town Utilities Parks and Gardens	27	18	9
Building Services	15	9	6
Executive	0	0	0
Organisation and Community Services	2	2	0
Totals	109	52	57

CRMs received since 1 September 2022 and still outstanding as at 1 October 2022:

Department	Open
Technical Services	40
Environment and Sustainability	23
Town Utilities Parks and Gardens	13
Building Services	10
Executive	0
Organisation and Community Services	0
Total	86

7.3 September Executive Services Report

File Reference:	NA
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Delivery Program

Goal:	5. Organisational management
Outcome:	5.1 Corporate management
Strategy:	5.1.5 Provision of responsible internal governance
Author:	Max Eastcott, General Manager

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

This report is for notation.

TABLED ITEMS Nil

COMMENT

COMMUNITY ASSETS – AUGUST/SEPTEMBER 2022

Caravan Parks

One of the permanent caravan sites was sold during the reporting period.

Pools

Both swimming pools have been prepared by the Licensees during September to open in October.

The interior of the Warialda 50 metre pool and wading pool were painted in September. The contractor was called back to repaint sections of both pools and this delayed the opening of the season. It is hoped the complex will open on or before Saturday 22 October 2022.

Cranky Rock

Month	Powered sites	Unpowered sites	Total
July 2022	80	18	98
August 2022	164	60	224

Myall Creek

The following table shows the number of people who entered comments into the onsite visitor platforms.

Month	Total
July 2022	260
August 2022	246
September 2022	313

Comments included: "I really liked how in depth the audio was and it was very respectful." Lucy from Sydney.

“Great reflection on myself as a foreigner in this country, beautiful yet heavy reminder, what can I do?” Iriea from the Cook Islands.

“A walk of significance at a memorial that is magnificently done.” Soroven from Brisbane.

Visitors to Myall Creek include people from USA, WA, Victoria, Canberra, Wagga Wagga, Gold Coast, Toowoomba, Sydney, Newcastle and regional NSW.

Updated plaques have been installed on the Myall Creek memorial pathway.

Gwydir Libraries

Bingara and Warialda staff attended the Regional Library training day in Tamworth on 1 September. Staff had the opportunity to share information and successes about their library and the services they offer, and in turn learn about the other libraries' services.

Statistics	Bingara August	Warialda August	Gwydir August	Bingara Sept	Warialda Sept	Gwydir Sept
Door Count	1322	672		994	622	
Loans	1277	413		1021	422	
New Members	15	8		9	4	
E-resource Users	18	23	41			49
Downloads	83	112	195	83	112	222
PC usage	119	75		100	84	
WIFI usage	460	288		580	320	
Programs	49	28		35	19	
Adult Program attendees	124	26		105	40	
Children Program attendees	221	55		143	109	
Home Delivery	8	6		6	5	
Institution Delivery	7	4		5	3	
Seniors Be Connected sessions	7	6		5	3	
Community Support Hub	99	27		85	27	

Bingara Library

- Kool School program children attended the library after school program throughout August due to Toy Library staff absence.
- The library received a new printer/copier and an update on the public computers.
- The older library children planned a movie night in Bingara and Warialda in the school holidays. Next term, Library and Social Services staff will meet to discuss a space and particular programs for the older children as they need a youth space.

- After school programs continue to be very popular, with new enrolments and a waiting list. This month the program children have participated in being librarian for the afternoon, homework help, project assistance and research, craft, Lego challenges, board games, STEM activities, learning how to look at the library catalogue and reserve books.
- Home delivery to individuals, housebound members, Touriandi and the hospital residents continues.
- Touriandi Lodge residents visited on 9 September for a cuppa and biscuits. During their visit they looked through some local history books and reminisced about photos of Bingara and families and connections. The residents then took some time to browse the library and return and borrow more books and audiobooks. Staff also reserved some more resources for residents.
- The library has been very popular with tourists using the space. Lengthy visitors can sign up for a visitor's membership to the library, allowing them to borrow resources for the duration of their stay.
- The library is involved in the CMCA Rally in October, hosting an information session for the visitors to discuss the library and resources available.
- The library has a large collection of books to distribute to depositary stations, with donated books being put aside to be used for this.
- School holiday program – as there was no vacation care during the school holidays, library staff planned a program hosting a few sessions over the holiday period for children. On Monday 26 September, there was a robotics session held by Tamworth Library. Wednesday 28 September saw 20 children attend the Lego challenge.



School Holiday Program



The Bingara Library



Monday 26th September:

Roving Robots. Ages 9 + Bookings Essential 11am-12pm



Wednesday 28th September:

Lego Challenge. Ages 6 + Bookings Essential . 2pm-4pm



Tuesday 4th October:

Make an Upcycled bag

Bring a shirt you no longer need, so we can upcycle it. Ages 6 +.
Bookings Essential . 2pm-4pm

Call 67242064 for bookings and enquiries

Thursday 6th October:

Craft afternoon

Ages 6 +. Bookings Essential . 2pm-4pm

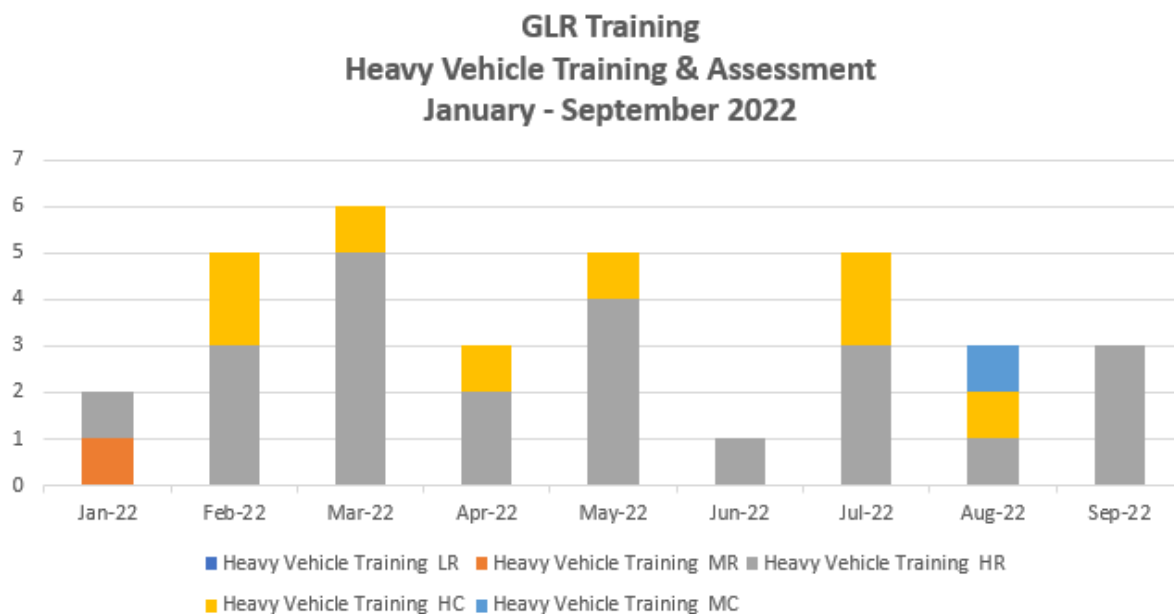


Warialda Library

- After school programs continue to be popular.
- Library and community members use computer and printing services and receive technology assistance when requested.
- The library received a new printer/copier and an update on the public computers.
- Deliveries to individuals at home, Naroo residents and the hospital continue.
- Senior programs such as Meet and Greet, Golden Oldie craft and Be Connected 'Tech Savvy' continue to be successful.
- Storytime sessions with the Toy Library children.
- Pen pals with Naroo and Whiddon.
- Honey Festival celebrations - craft, decorating.
- School holiday program 28 September - Halloween craft and activities.
- Craft at Naroo on 13 September - library staff made bird feeders with residents. Monthly visits will continue.

Gwydir Learning Region Training

Heavy Vehicle Training and Assessment



The graph above illustrates heavy vehicle training provided for the 2022 calendar year.

Throughout August, three clients have successfully completed heavy vehicle training and assessment, one Heavy Rigid (HR), one Heavy Combination (HC) and one Multi Combination (MC). All three clients have been issued with their Certificate of Completion allowing them to attend a Service NSW centre to obtain their upgraded licence.

The 2022/23 Training Services NSW smart and skilled activity period is open and five new enquiries have been received. Three applications for training subsidies have been submitted to Training Services NSW for approval.

Audit

GLR Training engaged the services of a forensic auditor to conduct a full audit on the training and assessment procedures of the heavy vehicle registered training organisation. The auditor was onsite at the GLR Training Office and Automotive Trade Training Centre on 7 and 8 September 2022.

The following rectification actions were recommended to ensure GLR Training is compliant with the 2015 RTO Standards and the NVR Act:

- Development of a Continuous Improvement Register
- Development of a Completion System
- Development of a Self-assurance System
- Update Complaints and Appeals Policy and Procedure
- Development of an Audit Plan
- Development of an Industry Consultation Strategy
- Development of a Trainer and Assessor Credentials System
- Development of a Validator Credentials System
- Review/update of Training and Assessment Strategies for Unit of Competency:
 - TLILIC2014 Licence to Drive Light Rigid Vehicle
 - TLILIC2015 Licence to Drive Medium Rigid Vehicle
 - TLILIC2016 Licence to Drive Heavy Rigid Vehicle
 - TLILIC3017 Licence to Drive Heavy Combination Vehicle
 - TLILIC3018 Licence to Drive Multi Combination Vehicle.

All recommendations have either been completed or will be actioned before the end of November 2022.

Learner Driver Tuition

When time permits, Council's driving instructor, provides learner driver tuition. The graph below indicates tuition provided from January to September 2022.



Gwydir Career Start

Now is the time to start identifying prospective positions that will be available for recruitment to the 2023 Career Start Program.

Council's current school based/mainstream Traineeships and Apprenticeships that are due to complete include:

Position	Based	Due to Complete
School Based Trainee Gardener	Bingara (TLC)	31/12/2022
School Based Apprentice Plumber	Bingara	School component to complete 31/12/2022 and convert to full time apprentice 31/12/2022
School Based Trainee Mechanic	Warialda	31/12/2022
School Based Trainee Carpenter	Bingara	Early competency-based completion. Commenced full time apprenticeship 26 September 2022.

2023 Career Start positions to be advertised in October, with the intention to commence successful applicants early 2023, are:

- School Based Trainee Carpenter
- School Based Trainee Parks and Gardens (Warialda)
- School Based Trainee Parks and Gardens (Bingara)
- School Based Trainee Mechanic (Warialda)
- School Based Trainee Community Assets (Warialda/Bingara)
- Apprentice Gardener/Horticulture (Bingara)
- Apprentice Mechanic (Warialda)
- Trainee Early Childhood Educator (Bingara Preschool)



Caleb Withers is mixing learning in the classroom with work placement in Council's Warialda Workshop to jump start his career as a Diesel Mechanic.

Certificate III Early Childhood Education and Care

Eight community members have enrolled and commenced Certificate III Early Childhood Education and Care provided by Peak Training. To date, Peak Training have conducted an induction and two learning session held via Zoom. All candidates are progressing well and have started to organise their work placement activities with either Bingara Preschool, Tharawonga Mobile Preschool or Warialda Preschool.

Country Education Foundation – Gwydir Learning Region

The Gwydir branch of the Country Education Foundation are required to submit a financial report to CEFA in September for the previous financial year.

The statement of income and expenditure for the period 1 July 2021 to 30 June 2022 is below.

CEF Local Committee account template		
Gwydir		
Statement of Income and Expenses		
CASH BASIS		
For the year ended 30 June 2022		
		\$
INCOME		
Donations Received		
Donations (net) - Tax Deductible (minus: 10% retained by CEF)		4,500
LESS: DGR donations actually received post 30/6/2020		
PLUS: DGR donations actually received post 30 June 2019 relating to previous year		
Donations - Non Tax Deductible (donations not sent to CEF, deposited directly in your account)		3,460
TOTAL Donations		7,960
Fundraising (events, auction, raffles, etc)		
CEF Education Partner Co-funding		7,320
LESS University co-funding returned to national office		see below expenses line
VET sector cofunding		2,000
CEF Seed Funding (first three years of establishment)		
Matched giving campaign		4,500
Other Funds Raised by CEF and Contributed to Local Foundation		9,250
Bank Account Interest Received		
Other Income		
TOTAL INCOME Rounded to Nearest \$		31,030
EXPENSES		
Local Grants & co-funding Reimbursed to date		21,118
External Scholarships Reimbursed to date		
University Co-funding returned to CEF		
Fundraising Expenses		
Other Expenses		
Advertising/Postage/Stationery		
Bank Charges		
Filing Fees (e.g. Office of Fair Trading or equivalent)		
Audit/Accounting Fees		
10% of non-deductible donations received previous year paid this year as admin contribution to CEF national		
Sundries		
TOTAL EXPENSES Rounded to Nearest \$		21,118
NET PROFIT/(LOSS) Rounded to Nearest \$		9,912
Total funds on hand as of 1 July 2021	\$	21,891.31
Total funds on hand as of 30 June 2022	\$	31,803.64

Department of Education/Training Services Job Readiness Workshop – Bingara Central School Monday 19 September 2022

Council's GLR Training and Communications Team Leader attended the employer networking session of the Job Readiness workshop hosted by Bingara Central School on Monday 19 September 2022. The workshops were an initiative of Department of Education and Training Services NSW and were presented as part of the Education Pathways Program.

The workshops taking place within high schools throughout the New England Region are a platform to address the gaps between student perceptions and employer expectations.

Students were addressed by employer representatives from GSC, Bindaree Meats and The Army Reserves.

This was a great opportunity to promote Council's Gwydir Career Start Program to prospective school-based trainees going into Years 10 and 11 next year, as well as the full-time traineeships and apprenticeships for school leavers.

Snow White and The Seven Cool Dudes

An audience of 140 were entertained by the cast from Jally Entertainment when they performed Snow White and the Seven Cool Dudes at the Warialda Memorial Hall on Wednesday 21 September. A timely piece of live theatre for children about making better food choices, while keeping themselves fit and healthy.

During the interactive production, children from the audience enjoyed the opportunity to role-play as they were invited on to the stage to become a variety of characters, including The Cool Dudes. The off-stage interaction was just as entertaining with the rest of the audience singing and dancing.

The cast were very impressed with the attentiveness and enthusiasm of the Warialda audience.

Feedback from an audience member, "It was Awesome!"





Gwydir Media and Communications (GMC)

The Gwydir News

Sally Robertson has now commenced as the editor of the Gwydir News. Sally joined Council at the beginning of August and has hit the ground running.

Sally has a diverse work background with experience in advertising, customer service, teaching and mining and is excited to join the Media and Communications team.

Sally is looking forward to telling the stories of the Gwydir community and delivering a high standard publication each month.

Events

Honey Festival

After battling wet weather and COVID-19, staff members were finally able to successfully host the Warialda Honey Festival at the Warialda Recreation Ground on Saturday 17 September 2022.

Event goers enjoyed an array of activities which the team had planned. Some of the festival favourites included the amazing line up of the 28 market stalls (including food stalls), children's rides, live music and the gumboot throwing competition.

This year the team introduced a scavenger hunt of the Busy Bees for school aged children, a concept similar to Elf on the Shelf. Children were granted special permission to find the Busy Bees in return for some cool prizes. Prior to the festival to create hype around the event, the Busy Bees were placed in kindergarten classrooms at the Warialda Public School.

Performances by the preschoolers and school students drew large crowds to the entertainment area. Once the local entertainment and official proceedings had

concluded, the Wize Guyz took over and provided great festival music for event goers.

Warialda High School developed the Bee Creative project with works from various schools on display. The sculptures required a lot of hard work and many hours were invested into the scheme. Since the festival, the sculptures have been placed around Warialda to create reasons for travellers to stop. This is a great initiative which boosts local tourism.

Marilyn Stubbins was awarded the 2021 Fay Honour Busy Bee Award and Carinda House volunteers were the recipients of the 2022 Fay Honour Busy Bee Award. As of 2023, this award will be known as the Fay Honour and Debbie Ford Busy Bee Award, to honour the wonderful mother and daughter duo.

Unfortunately, Varroa mite prevented the organising committee having enclosed beehives on display at the festival. It is hoped that this will be a feature in 2023.

The Honey Festival started 15 years ago and has stood the test of time and still proves to be popular with both locals and visitors.

The team continues to learn and grow from each festival and continuously strive to make the event bigger and better each year.







CMCA Rally

The GMC have been working with CMCA Rally Coordinator, Jo Tremain to finalise details for the rally and to coordinate the activities for the CMCA Street Carnival Day on Saturday 22 October. The Street Carnival will mark the culmination of the rally and be an opportunity to showcase Bingara and its businesses.



Flood Affected Communities Initiative

The 'Helping Flood Affected Families' initiative was a joint venture between Gwydir Shire Council, the Warialda Chapter of Inverell RSL Sub-Branch and the Northern NSW Harley Owners Group (NNSWHOG) Chapter.

The initiative grew from Warialda's relationship with the NNSWHOG Chapter, who visited Warialda for the 2022 ANZAC Day ceremony.

The social riding chapter covers an area from Tweed Heads to Grafton and had many members who were victims of the devastating floods that affected the Northern Rivers region earlier in the year.

Ali Payne, Director of NNSWHOG, was approached by members of the Gwydir community asking what they could do to help. It took no time at all for the word to get around, with people from neighbouring towns putting up their hand to donate items.

Council's GMC team coordinated the initiative by collecting donations of blankets, plates, cutlery, cups, toasters, electric jugs, chairs, tables, cooking utensils, televisions, and fridges for delivery to families in Coraki, Woodburn and Wardell.

The GMC team also secured publicity for the initiative with a story on Prime7 News which aired on 18 August 2022.

Thanks to the generosity of the wider community, a truck departed Warialda with an almost full load, with additional items collected along the way. The support received was incredible and thanks goes to those who contributed to this wonderful cause.





Regional Lifestyle Magazine Launch

In partnership with the Bingara Business Group, Council recently secured a feature in the Spring issue of the Regional Lifestyle Magazine showcasing the attractions, events, people and spirit of Gwydir Shire. The GMC team worked closely with the editor of the magazine on story ideas, content creation and photographic contributions.

Originally a 40-page arrangement, the feature ended up being 100 pages.

Since its launch, the publication has been extremely well received.

Inverell Shire was featured earlier this year and the editor had been delighted with sales of close to 500 copies in Inverell. This equates to one copy for every 33 people in the Inverell Shire. The Gwydir feature has well exceeded this with 387 copies sold in just two weeks. This equates to one copy sold for every 13 people in the Shire.

This initiative has been an exciting opportunity for the Shire, and an excellent example of Council working with community groups to achieve a positive outcome for the whole community.



Disability Inclusion Access Plan

The GMC team have been working with Council's Aged Care Services Manager to develop a survey and community consultation strategy for the next Disability Inclusion Action Plan. It is envisaged that the consultation process will take place at the end of September. The findings of the consultation will inform the actions and strategies outlined in the plan.

Social Media

Over the last financial year, the GMC team worked hard to grow Council's Facebook pages as a way of disseminating information, promoting our towns and keeping residents informed. This hard work has paid off with excellent visitation and engagement.

A few key terms which are important to understand when interpreting Facebook data are page views, reach and likes.

Page views, or visits, are the number of times a page's profile has been viewed by people.

Reach is the number of people who saw any content from a page or about a page.

When someone likes a page, they're showing support for the page and that they want to see content from it.

Bingara Facebook Page

Reach – 292,445 unique users viewed a post or the page (up 455.5% on 2020/2021)

Page visits – 7402 people visited the page during the year, equating to 20 visits a day. (up 70.5% on 2020/2021)

Council grew the page following by 186.3% with 982 new likes.

Gwydir Shire Council Facebook Page

Reach – 164,533 unique users viewed a post or the page (up 53.7% on 2020/2021)

Page visits – 36,689 people visited the page during the year, equating to 100 visits a day. (up 136.5% on 2020/2021)

Council grew the page following by 14.3% with 553 new likes.

Gwydir News Facebook Page

Reach – 186,363 unique users viewed a post or the page (up 154.5% on 2020/2021)

Page visits – 6,497 people visited the page during the year (up 27.3% on 2020/2021)

Council grew the page following by 50.8% with 534 new likes.

Warialda Facebook Page

Reach – 41,495 unique users viewed a post or the page.

Page visits – 1,774 people visited the page during the year.

Council grew the page following by 235 new likes.

Stall Holder Processes

The GMC team have streamlined the event stall holder application process which had become rather cumbersome in recent years. Following consultation with Council's Food Safety and Risk department and the Office of the Children's Guardian, the team have determined exactly what information Council and Section 355 Committees of Council are required to obtain from stall holders and have modified the stall holder application process accordingly.

Working with Children's (WWCC) checks are not required for any of the vendors. The Office of the Children's Guardian who administer the WWCC check have confirmed that under the Child Protection (Working with Children) Regulation 2013 Part 4, item 20 (b) a worker who works for a period of not more than a total of 5 working days in a calendar year, if the work involves minimal direct contact with children or is supervised when children are present, are exempt from needing to present a WWCC check.

Food Safety requirements is often a cause for confusion. All food vendors are now required to notify Council of their activities via the stall holder form. In addition, any mobile food vendor such as vans or food trucks will need to provide a copy of their most recent Council inspection form from their Council of residence and those vendors including stalls who process, prepare, sell and service food that is ready to eat, potentially hazardous (i.e. needs temperature control) or not sold and serviced in the supplier's original package, will need to supply a copy of their Food Safety Supervisor Certificate).

Definitions of 'Potentially Hazardous' and 'Ready-to-Eat' are detailed below.

There are some exemptions for fundraising and not for profit groups which are also outlined below.

This information will be communicated to Section 355 Committees wishing to hold an event and any other community groups who would like assistance in this area.

Potentially hazardous food means food that must be kept at certain temperatures to minimise the growth of any pathogenic microorganisms that may be present in the food or to prevent the formation of toxins in the food.

‘Ready-to-eat food’ means food that is ordinarily consumed in the same state as that in which it is sold and does not include nuts in the shell and whole, raw fruits and vegetables that are intended for hulling, peeling or washing by the consumer.

‘Ready-to-eat food’ is food that can be eaten without having anything further done to it; for example, cooked meats and seafood (including cooked crustaceans in their shells), processed dairy products, and other processed foods. It includes raw foods prepared for consumption such as cut fruit and salads. It also includes food products made with raw egg, meat and fish that are intended to be eaten without cooking, for example aioli, steak tartare, and sushi. Foods that might be just heated before serving are still considered ready-to-eat, for example cold quiche and frozen cooked meals. ‘Ready-to-eat food’ does not include whole raw fruits and vegetables as these are intended to be washed, hulled or peeled before they are consumed. Council has contacted the local government food authority, and advised said cake stands are exempt unless there are potential hazards such as cream filled cakes and things that need to be temperature controlled.

3(2) Subclause (1) does not apply to a food business in relation to persons undertaking food handling operations for fundraising events at which only food that is not potentially hazardous or is to be consumed immediately after thorough cooking is sold.

This exemption has been included because food businesses raising money for community or charitable causes are often run by volunteers. Volunteers might only help out in one or two events, so it is not practical to require them to obtain skills and knowledge in food hygiene and safety matters. However, the exemption only applies to events selling food that is not potentially hazardous or food that is to be consumed immediately after thorough cooking because there is a lower risk of causing foodborne illness.

- Examples of foods that are not potentially hazardous and are likely to be sold at fundraising events include cakes (not containing fresh cream or fresh custard), biscuits, packaged chips and confectionery. These foods are low risk because they do not support the growth of pathogenic microorganisms or toxin formation.*

- Examples of foods that are likely to be consumed immediately after thorough cooking at fundraising events include sausages, burgers and hot dogs. These foods present a low risk because the cooking process should kill any vegetative cells present and there is no opportunity for pathogen growth.*

Bingara Community Practice

The GMC team have been working with a Director of the newly formed Bingara Community Practice to develop a brand suite including logo, website and Facebook page. This has included writing all copy, sourcing imagery, website design and search engine optimisation.

The Facebook page can be accessed by visiting <https://www.facebook.com/profile.php?id=100086504341788> or by searching ‘Bingara Community Practice’.

The website will be launched early in October once the administrators have signed off on the design and content.



Design Work

Children's Services Children's Week poster

Youth Services movie night poster

GLR Training Statement of Attainment Certificate design

Bingara Pool Opening Social Media Tile

Warialda Rail Christmas Carnival Social Media Tile

Warialda Christmas Carnival Poster and Stallholder Social Media Tile

Warialda Honey Festival Activities Promotion via Social Media

Continued use of Council templates for Positions Vacant, Office closures etc

The Living Classroom (TLC)

The Living Classroom continues to develop and change. Council staff met with representatives of the universities of Sydney and Cambodia with a view to create course content which will be delivered by the universities onsite and virtually. One example is an App currently used on the Sydney campus which identifies plants and provides information about them. This platform may be replicated at TLC by university students as part of their learning to identify and name plant species.

TLC continues as a popular place for celebrations, meetings and workshops with the following groups using the facility over the reporting period, Tamworth Regional Landcare Association Meeting, Delungra Public School, a private birthday party, Council's Management Meeting, Armidale Film Club dinner, Careflight's Trauma Care Workshop, several Landcare workshops, Regional Australia Bank presentation, Catholic School's Office Staff Retreat Day for St Joseph's of Warialda, Quilters 4 day Retreat, and Bingara U3A armchair travel night.

The feedback from users has been very positive with repeat visitors expressing how well presented and clean the facilities are. This is a big turnaround and is a big credit to the current TLC staff.

On the first weekend of September the Pulse of the Earth Festival was held at The Roxy and TLC. This was a very wet and yet successful event with over 200 people enjoying the Friday night family concert, and 150 people attending sessions Saturday and Sunday. This event is likely to continue to grow over the coming years and is an event Council will probably continue to support.

Council staff and volunteers have undertaken mass plantings in the north-western corner of the site. More than 600 native trees and shrubs from TLC's nursery have been planted to create additional habitat. This initiative is in response to feedback Council received from user groups requesting the creation of more habitat for small animals, reptiles, and insects.

The council's current school-based trainee has completed his Certificate II in Horticulture at The Living Classroom. Council thanks the student for his positive

contribution to The Living Classroom this year and wishes him the very best with his next endeavour.

Carbon Farm

The lease on the Carbon Farm which is located adjacent to TLC has not been renewed and this area will now be included in the draft business plan that is being developed. The business plan will not be finalised until the the current construction and proposed constructions are completed on the site. Attached to this report is the latest correspondence regarding the Carbon Farm lease.

Council staff will be meeting with Adam Blakester on Friday 14 October 2022 to discuss the matter. Adam represents Starfish Initiatives, the lessee for the site.

The Roxy Theatre

A puppet show, *The Owl's Apprentice*, which was hosted by the North West Theatre Company was held at the Roxy Theatre for school groups on Wednesday 3 August. The show was extremely well received by students and school staff. It is hoped that a similar show will be presented at the theatre in 2023 and will be part of a package school day experience shared with learnings at TLC.

The Bingara Jockey Club hosted a very successful Ball fundraiser at The Roxy Complex on Saturday 6 August. The Trade Training Kitchen was also used.



The Roxy Complex hosted the Barwon and Namoi Principals' Network Day on Thursday 18 August. Council took this opportunity to set up a display table at the regional conference, featuring Gwydir Shire's local attractions. Council staff also made a presentation to the Principals about The Living Classroom and the learning opportunities which can be experienced during day trips or camps.

The Girls Glow Youth Program continued at the Roxy during August and September, as did the North West Theatre Company's (NWTC) Film Club afternoon.

NWTC held rehearsals throughout August for *Melodrama and Passion*, which opened on Saturday 10 September 2022. The production celebrated the growing interest in acting with eleven debutants 'treading the boards'. The three, one act plays were entertaining and worked well with the meal and show combination. The trading training kitchen was again used.



Jason Owen performed at the Roxy on 23 September to an audience of 111 people. Instead of buying in this show, Council staff booked the venue out to Jason Owen's management and they took the proceeds from the door and paid a hire fee. This was a successful trial, and a formula which staff hope to use more as the performer bears the risk and not Council.

Roxy tours have been popular and well supported during the reporting period. Several caravan clubs, coach tour groups and the Armidale Film Club have enjoyed the informative tour.

Trade Training Kitchen

In addition to the kitchen being used for the Ball and performances, it is now used weekly by Ulrika Korselt as she prepares food to be sold at her Bingara roadside café.

Bingara Medical Centre Transition

Council staff have liaised with Primary Health Network, Rural Doctors' Network, doctors and practice staff to ensure that the Gwydir community enjoys continuity of medical services. Negotiations have been ongoing with Rural and Remote Medical Services between their and Council's legal representatives. An agreement has been drafted to the effect that all patient records are to be returned to Council, together with all medical and administration equipment and items, at no cost. This agreement will be effective as of 31 October 2022.

Council has also assisted with the creation and set up of the new entity, Bingara Community Practice.

The Council has finalised the overdraft for the new operators to meet the startup expenses of the new venture.

Bingara SES Presentation

The Mayor and General Manager together with Cr Egan attended a function on Sunday 9 October 2022 to recognise the exceptional service of Mr Geoff Leech. Geoff has been an SES volunteer since 2009. He always made himself available for out of area volunteering during times of emergency right across the State.

Geoff's award was presented by The Hon. Adam Marshall, the member for the Northern Tablelands accompanied by Deputy Zone Commander Mitchell Parker.



OFFICER RECOMMENDATION

THAT the report be received and noted.

ATTACHMENTS

1. Carbon Farm Correspondence [7.3.1 - 8 pages]

COUNCIL RESOLUTION:

THAT the report be received and noted.

FURTHER the Council congratulates the staff and other volunteers who worked to make the Warialda Honey Festival such a success.

FURTHER that the Bingara Parks and Gardens' staff are congratulated on the presentation of the whole town for the CMCA Rally.

(Moved Cr Galvin, Seconded Cr Egan)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

Max Eastcott

From: Max Eastcott
Sent: Thursday, 22 September 2022 10:34 AM
To: 'Garry McDouall'
Cc: Cr Catherine Egan; Cr Chris Matthews; Cr David Coulton; Cr Geoff Smith; Cr Jim Moore; Cr John Coulton; Cr Lyndon Mulligan; Cr Marilyn Dixon; Cr Tiffany Galvin
Subject: RE: The Carbon Farm and The Living Classroom

Dear Garry

I'm surprised that you found my earlier email upsetting and de-motivating as it simply outlined the Council's position.

It has always been very clear that the Council and most Councillors see a definite demarcation between the TCF and the TLC.

As I pointed out in my previous correspondence some Councillors were concerned that this demarcation was not being observed and that the management and maintenance of the site was less than desirable. Hence the change in management.

Are you aware that the Carbon Farm lease expired last Sunday?

As I'm sure you know the lease was with Starfish Initiative and to exercise the option to renew for another 5-year term a written request had to be lodged at least 30 days prior to 18th September 2022. No such request was received.

Any new lease will now need to be considered by the Council again and I know that the Councillors are keen for a business plan to be developed for the overall site, which should now include the land previously covered by the Carbon Farm lease.

You will certainly be involved in these discussions, when held, along with the other interested stakeholders.

Regards

Max Eastcott
 General Manager
 Gwydir Shire Council
 0427 240 112

-----Original Message-----

From: Garry McDouall <mcdouallg@bigpond.com>
 Sent: Thursday, 15 September 2022 3:50 PM
 To: Max Eastcott <meastcott@gwydir.nsw.gov.au>
 Subject: The Carbon Farm and The Living Classroom

Hi Max,

The last time we communicated on this subject was your response to a letter I wrote to John Coulton prior to going overseas in May. I found this response quite upsetting and very de-motivating.

Although we should be progressing a number of things we are required to do under TCF Smart Farms Grant, I felt that we needed to clear the air before spending any more time or money. Also, our immediate priority both under the grant and for Vision 2020 was to conduct the Pulse of the Earth Festival, and our relationship with Council was paramount to that success. In respect to Pulse, I think we can all be proud of the achievement given the weather

(again). We are in the process of producing a post event report and will give you a copy when complete, and perhaps we can share ideas of what went well and what could have been better.

I now need to call a Board meeting for TCF but, as you know our Board composition is currently far from desirable or effective. I can't do anything about that whilst uncertainty hangs over the future of the project.

Perhaps this is the time for you and I to share another bottle of wine (my shout) and see if we can find a way forward. I am about tomorrow (Friday), away in Brisbane all next week then not too bad for a few weeks thereafter.

Kind regards
Garry

Max Eastcott

From: Garry McDouall <mcdouallg@bigpond.com>
Sent: Sunday, 9 October 2022 2:21 PM
To: Max Eastcott
Cc: Cr Catherine Egan; Cr Chris Matthews; Cr David Coulton; Cr Geoff Smith; Cr Jim Moore; Cr John Coulton; Cr Lyndon Mulligan; Cr Marilyn Dixon; Cr Tiffany Galvin
Subject: ATTENTION: GWYDIR SHIRE COUNCILLORS RE: THE LIVING CLASSROOM
Importance: High



Dear Councillors and Max,

Thank you for the opportunity to respond to your emails dated 13th June and 22nd September and to address my response to all Councillors.

In seeking a way forward, it is important to bear in mind that the legal documents which contain the arrangements between the Council, The Living Classroom (TLC), and The Carbon Farm (TCF) (the Lease and the Memorandum of Understanding) are only as good as the relationships and practices which underpin them.

I wrote to John Coulton in May after the termination of the previous management of TLC and in the light of a vacuum of information about the future direction of TLC. I suggested that as a S355 Committee (modelled off the Showground) was a possible way forward for TCF, it would make sense to extend an S355 to the combined TLC/TCF and develop a genuine local government/community approach to the project. I reiterated that the only rationale of The Carbon Farm is to provide educational content to TLC and that all and any work done on TCF is to support this educational base.

It is pleasing to see that Council is now seeking to manage the two projects together and to engage with the community to determine its future direction, a welcomed initiative.

TCF is about substantially more than managing the area of land allocated. It is about the network of farmers who are part of it, the links to commercial partners and Landcare, and, increasingly, the links to educational institutions such as Southern Cross University (SCU) and the University of Sydney. It is the whole offering and the Vision that continues to attract them.

TCF is the recipient of a \$75000 grant from the Federal Government Smart Farms program. Together with commitments from GSC (\$20000) and Linda & I (\$10000), this is a \$100,000 cash project involving many hundreds of

volunteer hours. The project aimed to create educational content for TLC. It is important to note that we still have contractual obligations under this Grant to fulfill.

So -far we have run or committed to run five out of six educational programs (in partnership with Northern Slopes Landcare). We have slashed some 14 ha of TCF Land (twice), sprayed it with a microbial stimulant, and planted a multi-species winter crop to a pattern designed in conjunction with Southern Cross University. We appointed Geoff Bassett of Farm Mojo Consulting to manage the on-farm part of the project. We have a program of further works designed for the remaining 12-18 months of the project, which include fencing & water, protecting the grassy box woodland, developing signage, and significant promotion and communication designed to enhance TCF/TLC projects.

I have produced the first draft of a performance review of the Smart Farms Project, which I believe reads quite well. However, Council's new approach appears to create a fundamental change in the project's parameters. I have consulted with Adam Blakester of Starfish Initiatives. While we will do what we can, there is a real risk that the project will not continue and that we will be required to refund the unspent money.

It has always been the community's belief (and is part of the original Vision) that TLC/TCF should be a multi-purpose venue. The original Vision spanned agriculture, tourism, education, and conferencing. I applaud the suggestion that Council will now seek to engage with the community to refresh the Vision to incorporate further stakeholder interest and engagement.

TLC and TCF are jewels in the Bingara & Gwydir crown and, along with the Roxy complex, are assets that stand us apart. The rationale for TLC is now much clearer than it was in the past, and the opportunities are staring us in the face.

As a way forward, the TCF Board would welcome the opportunity to discuss the facility's future with Councillors.

I believe that SCU is also interested in investing in the future of the facilities, Bingara, and the wider Gwydir community and would support a whole community consultation process; this may be a way forward for all stakeholders.

On behalf of the Board, I look forward to your response.

Kind Regards
Garry McDouall
Chair The Carbon Farm



On 22 Sep 2022, at 10:33 am, Max Eastcott <meastcott@gwydir.nsw.gov.au> wrote:

Dear Garry

I'm surprised that you found my earlier email upsetting and de-motivating as it simply outlined the Council's position.

It has always been very clear that the Council and most Councillors see a definite demarcation between the TCF and the TLC.

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Are you aware that the Carbon Farm lease expired last Sunday?

As I'm sure you know the lease was with Starfish Initiative and to exercise the option to renew for another 5-year term a written request had to be lodged at least 30 days prior to 18th September 2022. No such request was received.

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You will certainly be involved in these discussions, when held, along with the other interested stakeholders.

Regards

Max Eastcott
General Manager
Gwydir Shire Council
0427 240 112

-----Original Message-----

From: Garry McDouall <mcdouallg@bigpond.com>
Sent: Thursday, 15 September 2022 3:50 PM

To: Max Eastcott <meastcott@gwydir.nsw.gov.au>
Subject: The Carbon Farm and The Living Classroom

Hi Max,

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Perhaps this is the time for you and I to share another bottle of wine (my shout) and see if we can find a way forward. I am about tomorrow (Friday), away in Brisbane all next week then not too bad for a few weeks thereafter.

Kind regards
Garry

Max Eastcott

From: Adam Blakester <adam@starfish-initiatives.org>
Sent: Friday, 7 October 2022 1:07 PM
To: Max Eastcott
Cc: Carmen Southwell
Subject: Re: The Carbon Farm

Thank you Max, Carmen. I sincerely appreciate it. All the best for a good weekend, Adam



Adam F Blakester

Director | Sustainability Facilitator
 m +61 (0)419 808 900 | skype: adam.f.blakester
<http://starfish-initiatives.org> | <http://www.facebook.com/starfishinitiatives>

On 7/10/2022 12:21 pm, Max Eastcott wrote:

Dear Adam

Thank you for your email.

Carmen and I will be available next Friday. I'll sent out a meeting invite early next week.

Regards

Max Eastcott
 General Manager
 Gwydir Shire Council
 0427 240 112

From: Adam Blakester <adam@starfish-initiatives.org>
Sent: Friday, 7 October 2022 11:05 AM
To: Max Eastcott <meastcott@gwydir.nsw.gov.au>
Subject: The Carbon Farm

Dear Max

Garry has relayed to me your email regarding the expiry of Starfish's lease of The Carbon Farm. It's not ideal that it has expired, which I take full responsibility for. The expiry of the lease has implications for the Australian Government funding, Starfish's insurance and more.

As I have previously raised, there is no way Starfish can in good faith renew the lease for 5 years given that it is being wound up. A renewal for a shorter period of time, such as to the end of the federal funding agreement, could be feasible, though I recognise that this is a decision for Gwydir Shire Council rather than Starfish.

However, at the same time, it seems to me that there are more substantive issues for The Carbon Farm: namely the working relationships with GSC and TLC. While I only have a small insight to these issues - from the few emails that are circulated and my occasional

conversations with Garry - it seems clear that the relationships are not working well enough. The almost non-performance of The Carbon Farm 'Board' is a key case in point. My sense is that this view is shared from a GSC and TLC point of view too, i.e. with respect to The Carbon Farm's key personnel.

Given all of this, I wondered whether it might be possible to organise a phone meeting with you to discuss the situation and possible solutions.

My availability is quite restricted these days, since I have had to seek work elsewhere and have a full-time contract with the NSW Government.

Would it be possible for you to meet on Friday 14OCT22, ideally sometime between 12midday and 2pm (so that I can arrange it with my lunch break)?

Kind regards, Adam

--



Adam F Blakester

Director | Sustainability Facilitator

m +61 (0)419 808 900 | skype: adam.f.blakester

<http://starfish-initiatives.org> | <http://www.facebook.com/starfishinitiatives>

7.4 September Technical Services Report

File Reference: NA

Delivery Program

Goal: 2. Building the business base

Outcome: 2.1 Our economy is growing and supported

Strategy: 2.1.1 Plan for and develop the right assets and infrastructure

Author: Alex Eddy, Engineering Services Manager

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

This report is for notation.

TABLED ITEMS Nil

COMMENT

Town Utilities Monthly Report – September 2022

A Boiled Water Alert was issued for Gravesend on 20 September 2022. The alert was issued as an Advisory caution as a result of the above recommended levels of turbidity caused by large volumes of water being released from Copeton Dam.

Water and Sewerage operators carried out routine operational tasks and in addition attended to service line repairs, repairs to water mains, repaired 1 sewer main and 8 sewer blockages, 1 main break, installed 2 new service lines, installed one new sewer connection and 1 new water connection and undertook meter reading in Warialda, Bingara, Gravesend and North Star during September 2022.

Meter Readings were undertaken using tablets which sync with the Council's administration system thus making the data handling more efficient.

Regular weekly tasks carried out by Water and Sewerage staff include ground maintenance at the Warialda truck wash and truck wash ponds, both sewerage treatment plants, sewer pump stations, water treatment plants and reservoirs. Other work was undertaken at the Gwydir River, Bingara Hatchery, Bingara Showground, Bingara Caravan Park, The Living Classroom, Gwydir Oval, Whitfeld Place, The Roxy, The Living Classroom and Warialda and Bingara Cemeteries.

The copious rainfall combined with regular large releases from Copeton Dam during September have resulted in the flooding of waterways and Gwydir River. Not only has the flooding in Gwydir River impacted water quality resulting in a Boil Water Alert (Advisory) for Gravesend, the debris washed down in floodwaters caused the pontoon on the river in Bingara to be damaged and subsequently washed away.

While the pontoon has remained in place for previous flood events, the extraordinary releases from Copeton Dam has seen the river peak at above 5 metres during September and the constant force of the floodwaters, along with a log caught between the walkways has proven too great by shearing the aluminum from the anchor points of the pontoon.

The pontoon was used extensively and was a great attraction to both visitors and locals alike and Council will endeavour to retrieve the pontoon and reinstate it at the same location.



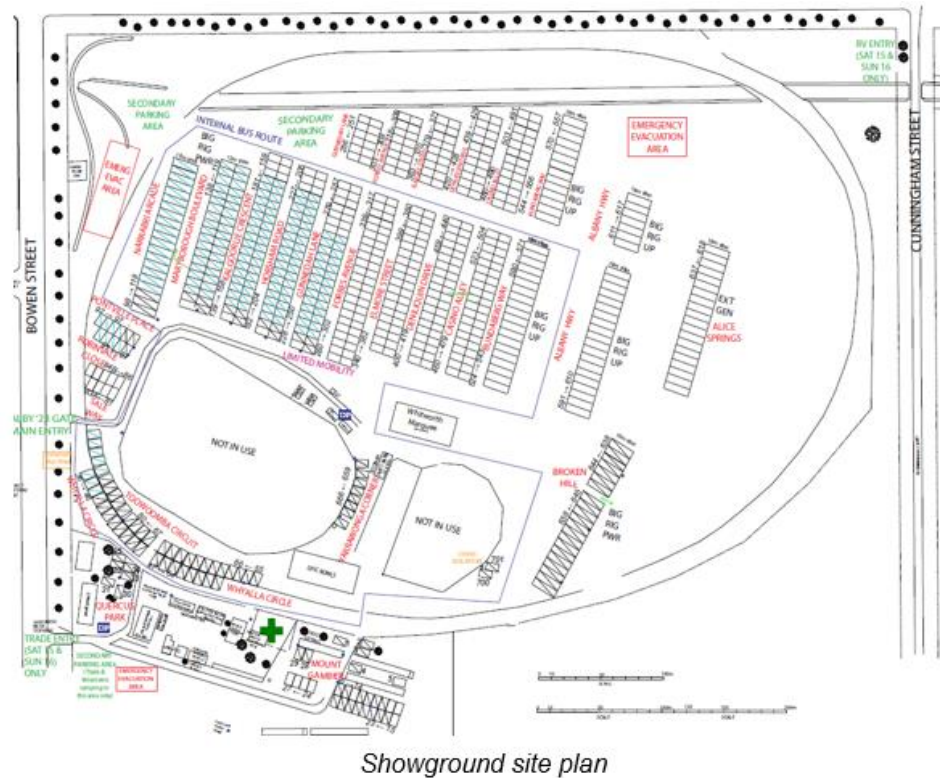
Pontoon on Gwydir River at 5m ~ 23 September 2022

Warialda Truckwash

The truckwash facility was used by 147 trucks during September, with an average wash down time of 59 minutes and total water used was 992kL. The estimated income for September is \$9,497 less monitoring fees and expenses.

Bingara Showground

Bingara Pony Club's annual pony camp was held during September. Following the conclusion of the pony camp, ground preparations commenced for the CMCA motor home rally which is expected to have 600-800 motorhomes attending, plus up to 100 volunteers in the weeks leading up to the rally.



Grant Projects

Federal Drought Program

Upper Horton water supply – Complete

All Abilities Park – landscaping of the western end of the park including terracing and sandstone retaining wall has been delayed due to the availability of the contractor.

Cunningham Park – project completed.

Covid Stimulus Funding

Batterham's Lookout – the guardrail installation has been delayed due to resourcing issues.

Bingara Showground

Phase 2 Showground Stimulus Funding - The refurbishment of the Bingara Showground Grandstand has been completed.

Phase 2b Showground Stimulus Funding – Led Lighting upgrade – complete

New amenities block – complete.

Regional Sports Facility Program:

Construction commenced on the covered netball court at Gwydir Oval in September 2022. Pier holes were excavated and concreted, a strip footing has been installed incorporating the pier cages and post bolts.

Asphalt has been ordered and cracking sealing is scheduled to be undertaken in October 2022. The asphalt will finish flush with the strip footings. The aluminum seating has been delivered and will be assembled at completion of the project.



Gwydir oval netball court – strip footing incorporating piers

Open Spaces Program:

Long Run Skate Park Engineering designs have been received by Council. A Tender or Request for Quotations will be issued for construction.



Cunningham Park skate park design

Local Roads and Community Infrastructure:

Gravesend recreation ground irrigation system has been installed underground; a Rhino tank and pump set will be installed when delivered to complete the project.



Gravesend recreation ground irrigation

Parks and Gardens

Council has recently purchased a billy goat to clean up the leaves and rubbish in town streets.



Council's billy goat

All parks and gardens continue to be maintained. Council undertakes weekly inspections of playgrounds and cleaning of handrails and touch areas. Mowing, weed control, irrigation, hedging, and trimming were routinely undertaken during May. Council continues to mark and maintain the fields for the community groups using Council's ovals. Myall Creek and the Glacial area are inspected on a weekly basis.

Staff have commenced installation of an automatic watering system on Number 2 field at Gwydir Oval during September.



Gwydir Oval field 2 irrigation

50 Kings Park Callistemon (special bottle brush trees) have been planted along the fence line at the Warialda truck wash ponds during September.



Warialda truck wash ponds tree planting

Workshops and Depots – September 2022

Workshop Services and Jobs	Jul	Aug	Sep
Total number of services in Workshops	22	19	32
Total number of repairs in Workshops	100	110	192

Major Repairs and maintenance undertaken in the workshops during September included:

- P1473 – Grid roller - repairs to major cracks on hitch
- P1634 – Driver Trainer Truck – repairs to clutch and door handles
- P1690 – Grader – fit new belt and hose at IB Bore Rd
- P1838 – Utility – major repairs
- P1863 – Roller – fit new cab mounts
- P1950 – Kubota skid steer– repair hydraulic motor mount
- P1475 – Roller – replace engine mount
- P1721 – Grader – fit new blade and 8 tyres
- P1655 – Ute - fit new timing belt
- P2038 – Prime mover – fit front engine mounts

Council now has the ability to cart gravel with a road train; the equipment below is Council-owned and will be used in the North Star area in this combination.



P2038 – road train set up for work at North Star

Plant replacement



P2052 – Triton ute for North Star

OFFICER RECOMMENDATION

THAT the report is received and noted.

ATTACHMENTS

Nil

COUNCIL RESOLUTION:

THAT the report is received and noted.

(Moved Cr D Coulton, Seconded Cr Galvin)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

7.5 2024 September Local Government Elections

File Reference:	NA
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Delivery Program

Goal: 4. Proactive regional and local leadership
Outcome: 4.2 We work together to achieve our goals
Strategy: 4.2.2 Work in partnership to plan for the future
Author: General Manager

STAFF DISCLOSURE OF INTEREST Nil**IN BRIEF/SUMMARY RECOMMENDATION**

This report recommends nominating the NSW Electoral Commission to undertake the 2024 September Local Government Election on Council's behalf.

TABLED ITEMS Nil**BACKGROUND**

The council must pass the appropriate resolution no later than 18 months before the next ordinary elections, should they require the NSW Electoral Commission to conduct its elections.

That means that the resolution for the September 2024 elections must be passed by early March 2023.

The Council has in past elections nominated the NSW Electoral Commission to conduct its elections.

If the Council agrees with this report's recommendation, Gwydir Shire will be linked with both Inverell and Moree Plains Shires for the conduct of the election with the appointment of one Returning Officer (RO) for those three Council areas.

The RO would operate from an Inverell Office.

The NSW Electoral Commission intends to provide councils with their service cost estimates by mid-January 2023.

OFFICER RECOMMENDATION

THAT the NSW Electoral Commission to undertake the 2024 September Local Government Election on Council's behalf.

ATTACHMENTS

Nil

COUNCIL RESOLUTION:

THAT the NSW Electoral Commission to undertake the 2024 September Local Government Election on Council's behalf.

(Moved Cr Egan, Seconded Cr Dixon OAM)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

7.6 New England Joint Organisation Meeting Minutes

File Reference: NA

Delivery Program

Goal: 4. Proactive regional and local leadership

Outcome: 4.2 We work together to achieve our goals

Strategy: 4.2.2 Work in partnership to plan for the future

Author: General Manager

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

This report recommends the notation of the attached New England Joint Organisation Meeting Minutes from its meeting held on 29th August 2022.

TABLED ITEMS Nil

COMMENT

Of note is the group's decision in item 8.7 to 'mothball' NEJO for the foreseeable future.

OFFICER RECOMMENDATION

THAT New England Joint Organisation Meeting Minutes from its meeting held on 29th August 2022 are noted.

ATTACHMENTS

1. NEJO 20220829 MIN 3414 [7.6.1 - 5 pages]

COUNCIL RESOLUTION:

THAT New England Joint Organisation Meeting Minutes from its meeting held on 29th August 2022 are noted.

(Moved Cr Egan, Seconded Cr D Coulton)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

**MINUTES OF INVERELL SHIRE COUNCIL
NEW ENGLAND JOINT ORGANISATION OF COUNCILS (NEJO) MEETING
HELD AT THE MOREE PLAINS SHIRE COUNCIL, 30 HEBER STREET, MOREE
ON MONDAY, 29 AUGUST 2022 AT 10.05AM**

PRESENT: Cr Paul Harmon (Inverell Shire Council), Cr Rob Banham (Glen Innes Severn Council), Cr Mark Johnson (Moree Plains Shire Council), Cr John Coulton (Gwydir Shire Council) and via Zoom Cr Robert Bell (Uralla Shire Council).

IN ATTENDANCE: Messrs Henry, McIntyre, Tobin, Williams, Mrs Daley and via Zoom Mr Buckingham.

1 WELCOME

2 ACKNOWLEDGEMENT OF COUNTRY

3 APOLOGIES

COMMITTEE RESOLUTION

Moved: Cr Mark Johnson (Moree Plains Shire Council)

Seconded: Cr John Coulton (Gwydir Shire Council)

That the apologies received from Cr Ronald Campbell (Narrabri Shire Council), Cr Bronwyn Petrie (Tenterfield Shire Council) and Mr Roncon (Armidale Regional Council) be accepted.

CARRIED

4 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr John Coulton (Gwydir Shire Council)

Seconded: Cr Rob Banham (Glen Innes Severn Council)

That the Minutes of the New England Joint Organisation of Councils (NEJO) Meeting held on 20 June, 2022, as circulated to members, be confirmed as a true and correct record of that meeting.

CARRIED

5 DISCLOSURE OF CONFLICT OF INTERESTS/PECUNIARY AND NON-PECUNIARY INTERESTS

Nil

6 CHAIRPERSONS REPORT

Nil

7 ADOPTION OF THE ANNUAL PERFORMANCE STATEMENT

Nil

8 DESTINATION REPORTS

8.1 RESIGNATION OF EXECUTIVE OFFICER NEJO.1/04

COMMITTEE RESOLUTION

Moved: Cr Mark Johnson (Moree Plains Shire Council)

Seconded: Cr Rob Banham (Glen Innes Severn Council)

That the information be noted.

CARRIED

8.2 PROJECT STATUS REPORT NEJO.1/04

COMMITTEE RESOLUTION

A) That the following actions be undertaken with respect to the current projects:

a) Business Cases (Roads)

Moved: Cr Rob Banham (Glen Innes Severn Shire Council)

Seconded: Cr John Coulton (Gwydir Shire Council)

i. That RDANI be requested to prepare a business case for the upgrade of the Gravesend Bridge – cost \$10K

ii. That Cardino be requested to prepare an addendum report for the NEJO Transport Study to include an examination of the Heavy Vehicle transport issues for Gwydir Shire – funding available \$25K.

b) Health Pilot

Moved: Cr Mark Johnson (Moree Plains Shire Council)

Seconded: Cr Rob Banham (Glen Innes Severn Shire Council)

That Dr Cosgrove be requested to conduct an evaluation of the Glen Innes program.

c) Regional Connectivity

Moved: Cr John Coulton (Gwydir Shire Council)

Seconded: Cr Mark Johnson (Moree Plains Shire Council)

That an appropriately skilled local consultant be engaged to 'map' telecommunication blackspots in the NEJO area and recommend the most suitable locations for the installation of towers to address 'blackspots'.

d) Transition to EV/Hydrogen Vehicles

Moved: Cr John Coulton (Gwydir Shire Council)

Seconded: Cr Rob Banham (Glen Innes Severn Shire Council)

i. That RDANI be requested to undertake a review of public and private funding programs to support the provision of alternative fuel recharging sites in the region.

ii. RDANI work with member Councils to identify appropriate sites for recharging sites in the NEJO area, and

ii. That RDANI prepare for the Board's consideration on EV/Hydrogen Vehicle Strategy for the region.

e) BCRRF – Economic Development Strategy

Moved: Cr John Coulton (Gwydir Shire Council)

Seconded: Cr Rob Banham (Glen Innes Severn Shire Council)

- i. *That RDANI be requested to update the economic data project to include data for Gwydir Shire – cost \$7.5K; and*
- ii. *That Moree Plains Shire Council prepare a brief for a communications strategy and process for implementing stage 2 of the project.*

f) Advocacy

Moved: Cr John Coulton (Gwydir Shire Council)

Seconded: Cr Mark Johnson (Moree Plains Shire Council)

That a 'Rural Health Strategy' be developed for this region. Further, that a consultant be engaged to assist with the preparation of the position paper.

g) Strategic Planning

Moved: Cr John Coulton (Gwydir Shire Council)

Seconded: (Moree Plains Shire Council)

That RDANI be engaged to complete the development of the NEJO's Statement of Regional Priorities (SRP), including:

- a) *A review of member Councils CSPs to ensure alignment with NEJO SRP, and*
- b) *A face to face planning session with the Mayors and General Managers.*

h) Resilience through Roads

Moved: Cr John Coulton (Gwydir Shire Council)

Seconded: Cr Rob Banham (Glen Innes Severn Shire Council)

That NEJO proceed with the development of a database/tool that can be utilised by Councils to prepare business cases for road upgrades.

B) That the costs of Inverell Shire Council providing program support services be reimbursed from the appropriate funding program.

Moved: Cr John Coulton (Gwydir Shire Council)

Seconded: Cr Rob Banham (Glen Innes Severn Shire Council)

CARRIED

8.3 FINANCIAL REPORT NEJO.1/04

COMMITTEE RESOLUTION

Moved: Cr Rob Banham (Glen Innes Severn Council)

Seconded: Cr Mark Johnson (Moree Plains Shire Council)

That the information be noted.

CARRIED

8.4 STATUS OF JOINT ORGANISATIONS NEJO.1/04

COMMITTEE RESOLUTION

Moved: Cr John Coulton (Gwydir Shire Council)
Seconded: Cr Rob Banham (Glen Innes Severn Council)

That the information be noted.

CARRIED

8.5 ADOPTIONS OF 2022/2023 OPERATIONAL PLAN AND BUDGET NEJO.1/03

COMMITTEE RESOLUTION

Moved: Cr John Coulton (Gwydir Shire Council)
Seconded: Cr Rob Banham (Glen Innes Severn Shire Council)

That in accordance with Section 405 of the Local Government Act 1993, the 2022/2023 Operational Plan and Budget be adopted.

CARRIED

8.6 GENERAL PURPOSE FINANCIAL REPORTS 2021/2022 NEJO.1/03

COMMITTEE RESOLUTION

Moved: Cr Mark Johnson (Moree Plains Shire Council)
Seconded: Cr John Coulton (Gwydir Shire Council)

That:

- i) *NEJO adopt the General Purpose Financial Statements for the period ending 30 June 2022 and refer them for audit;*
- ii) *NEJO sign the Statements as prescribed by Section 413(2) of the Local Government Act 1993 for the General Purpose Financial Statements;*
- iii) *NEJO authorise the Acting Executive Officer and Paul Pay (acting accountant) to sign the Management Representation Letter.*
- iv) *NEJO authorise the Acting Executive Officer to forward the Financial Statements to the Office of Local Government upon receipt of the Audit Reports from the NSW Audit Office;*
- v) *NEJO present the signed audited Financial Statements to the public at the ordinary NEJO meeting to be held on 28 November, 2022 in accordance with Section 419 (1) of the Local Government Act 1993; and*
- vi) *NEJO place the audited Financial Statements on public exhibition and provide notice in accordance with Section 418 (3) of the Local Government Act 1993, that Council will consider the Reports of its Auditors for the period ending 30 June, 2022 at its Ordinary Meeting to be held on Monday 28 November, 2022.*

CARRIED

8.7 OPTIONS FOR REGIONAL CO-OPERATION NEJO.1/04

COMMITTEE RESOLUTION

Moved: Cr Rob Banham (Glen Innes Severn Council)

Seconded: Cr John Coulton (Gwydir Shire Council)

That:

- i. The necessary steps be undertaken during the 2022/23 Financial year to "mothball" NEJO;*
- ii. The 2022/23 contributions from members not be levied;*
- iii. That after the 'mothball' process is complete that uncommitted funds be reimbursed to member councils on a 'pro-rata' basis; and*
- iv. Member Councils re-establish NEROC and meet twice each year to discuss matters of mutual interest.*

CARRIED

9 FINANCIAL REPORT

9.1 QUARTERLY FINANCIAL REPORT NEJO.1/03

COMMITTEE RESOLUTION

Moved: Cr Rob Banham (Glen Innes Severn Council)

Seconded: Cr Mark Johnson (Moree Plains Shire Council)

That the Income and Expenditure Statement be received and noted.

CARRIED

10 INFORMATION REPORTS

Nil

11 GENERAL BUSINESS

Nil

12 NEXT MEETING

The Meeting closed at 1.05pm.

The minutes of this meeting were confirmed at the New England Joint Organisation of Councils (NEJO) held on .

.....
CHAIRPERSON

7.7 RFS Red Fleet Update

File Reference: NA

Delivery Program

Goal: 5. Organisational management

Outcome: 5.1 Corporate management

Strategy: 5.1.1 Financial Management and accountability systems

Author: General Manager

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

<insert text here>

TABLED ITEMS Nil

BACKGROUND

A long-standing dispute over the accounting treatment of the Red Fleet has come to a head with the Auditor-General's 2021 Report on Local Government on 22 June 2022. The Audit Report reemphasises the State Government determination that RFS assets are the "property" of councils and must be recorded in Council's financial statements with Council required to therefore absorb all depreciation costs.

The *Audit Office Local Government Report* has reinforced the notion that RFS mobile and other fire-fighting assets can somehow be deemed to be council assets and applies more pressure on councils and the Office of Local Government (OLG) to conform with this determination, even though councils do not have effective management or control of these assets.

Councils across the State and Local Government NSW (LGNSW) refute this determination. Councils do not have any say in the acquisition, deployment or disposal of these assets.

Comparable assets held by Fire & Rescue NSW (FRNSW) and the State Emergency Service (SES) are not vested anywhere other than with the organisations that purchase, use, maintain and dispose of them.

Councils and LGNSW have also raised concerns that the requirement breaches the Australian Accounting Standards. The State Government's own *Local Government Accounting Code of Accounting Practice and Financial Reporting* provides for councils to determine whether to record RFS assets on their books as council assets. This position has been confirmed by the Secretary of the Department of Planning and Environment in his letter to the Auditor-General dated 7 June 2022, presented in Appendix1 on page 47 of the [2021 Local Government Audit Report](#).

Council notes advice from LGNSW that many councils are refusing to comply with the Auditor General's instructions. Many councils remained firm in 2021, resisting

pressure to record RFS assets with the majority (68), choosing not to record the RFS mobile assets in accordance with the *Local Government Accounting Code*. This was the same number of councils as in 2020. Gwydir Shire was one of these Council due to a dispute about two appliances that had been accounted to the Council but not received.

LGNSW is encouraging councils to continue resisting pressure from the Audit Office and make their own determinations notwithstanding overtures that ongoing non-compliance with the Auditor General's instructions may result in future qualified financial reports.

The latest Audit Report has made further impositions on (Council) by:

- recommending Council undertakes a stocktake of RFS assets and records the value in Council's financial statements;
-
- warning that if Council does not recognise the assets it will be found non-compliant and will have a high risk finding reported; and
-
- calling on the NSW Department of Planning and Environment (OLG) to intervene where councils do not recognise rural firefighting equipment.
-

The Government's blanket determination is not only nonsensical, it is also inconsistent with the treatment of the comparable assets of other emergency service agencies such as Fire & Rescue NSW (FRNSW) and the State Emergency Service (SES). There is no rational reason for maintaining this anomaly.

LGNSW has been advocating this position on councils' behalf to the NSW Treasurer the Hon. Matt Kean MP, Minister for Emergency Services, the Hon. Steph Cooke MP, Minister for Local Government the Hon. Wendy Tuckerman MP and the Auditor-General, Ms Margaet Crawford to express the local government sector's strong objection to the NSW Government's determination, applied by the Auditor-General, that RFS assets are the property of councils for accounting purposes and amend the *Rural Fires Act 1997*.

During September the following update was received from Cr Darriea Turley AM, President of LGNSW:

Last week, accompanied by Ken Keith, Mayor Parkes Shire Council & President of Country Mayors and Scott Phillips, CE LGNSW, I attended a meeting to discuss the sector's call for the NSW Government to end the crippling financial implications of Rural Fire Service assets being imposed on councils' financial statements and to finally recognise the 'red fleet' as State controlled assets.

*Sitting across the table was **The Hon Matt Kean NSW Treasurer**, the Secretary of NSW Treasury, the Chief Financial Officer of NSW Treasury and several NSW Treasury bureaucrats; **The Hon Steph Cook, Minister for Emergency Services**, the Minister's Chief of Staff and other Ministerial staff; **The Hon Wendy Tuckerman, Minister for Local Government**, the Minister's Chief of Staff, other Ministerial staff, the Deputy Secretary of the Office of Local Government, the Executive Director of the Office of Local Government and other Departmental staff; **Margaret Crawford, NSW Auditor General** and the Assistant Auditor General. Suffice to say, it was a*

formidable audience and I thanked Minister Tuckerman for bringing together the important decision makers in Government to try and resolve this longstanding problem.

Our delegation set out the long history of the burden of the red fleet on councils' finances, explained that in practice councils don't 'actually' control RFS assets and demonstrated that the current legislation is inconsistent with the Australian Accounting Standards. We tabled the many resolutions from rural, regional and metropolitan Councils as well as independent Audit, Risk & Improvement Committees calling on the Government to end the nonsensical notion that red fleet assets are controlled by and should be vested in councils. We implored the Auditor General to review independent auditing advice demonstrating the inconsistency of the current legislation with the Accounting Standards and we asked the Government to release its own advice. We questioned the accuracy of the Government's schedule of RFS assets and asked why the only information that has ever been provided is not identified as a Government document, is undated and has no author.

We did not receive answers to any of these questions. Instead, it was clear that those across the table were only there to speak and not to listen. We were advised by Treasury and Auditor General officials that there is categorically no financial impact on councils of recording red fleet assets on councils' statements. We were told to be thankful for the support Government provides councils with a suggestion the Government might conduct a comprehensive review of all the help they provide (with an inference that councils currently receive more than their share of support from the Government). We were scolded for the condition of about 80% of SES buildings across the State and told we should be upgrading them as a matter of urgency. And we were warned there would be "dire consequences" for councils that do not record red fleet assets on financial statements.

In my experience, when a person doesn't have a sound argument, they bring large numbers with them. That is precisely what happened at this meeting, and it is abundantly clear that the current Government has no interest in working with councils on this issue.

Which brings us to 'what's next'?

We don't know how much longer this Government has and a State election around the corner brings a number of opportunities. We have already started speaking to the Opposition, minor parties, and independents seeking their support for legislative changes to the Rural Fires Act in this term. We have included the 'red fleet' in our election advocacy. And we will continue to bring both community and media attention to the plight of councils at every opportunity.

We are encouraged by the many councils who continue to recognise the injustice of denying local communities much needed services and infrastructure by depreciating State Government assets and remain undeterred by overtures of qualified audits. Equally, we are encouraged by the growing number of councils who have resolved to terminate existing 'Rural Fire District Service Agreements' with the Commissioner of the RFS and negotiate new agreements which do not vest RFS assets in or under the control of the council. I would like to thank Mayor Keith and the Councillors at Parkes Shire Council, who have led this initiative and I would encourage all councils to consider if similar action is appropriate in your circumstances.

This fight is not over and LGNSW will not rest until we extinguish this unjustifiable cost shifting burden placed on councils by this Government. Thank you and we look forward to updating members with our progress shortly.

LGNSW has advised it will continue its advocacy efforts on councils' behalf.

COMMENT

Although Gwydir Shire was included in the recalcitrant list for the 2020/21 Financial Year the Council has taken a less assertive path with these Financial Statements and the Council has included the following statement:

Under Section 119 of the Rural Fire Services Act 1997 (NSW), "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed". Rural Fire Service assets.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to recognise rural fire service assets including land, buildings, some of the plant and vehicles. Starting 1 July 2021 council also recognised RFS vehicles (see Note G4-1)

Attached is further information relating to this ongoing saga.

OFFICER RECOMMENDATION

THAT LGNSW and the Country Mayors Association are thanked for their continuing efforts on behalf of the NSW local government authorities impacted by the intransigence of some areas of the NSW Bureaucracy regarding the issue of RFS Asset ownership and seeking an equitable outcome.

ATTACHMENTS

1. Correspondence From LG Minister to LGNSW [7.7.1 - 5 pages]
2. RFS Other Information [7.7.2 - 16 pages]
3. CMA Correspondence . [7.7.3 - 47 pages]

COUNCIL RESOLUTION:

THAT LGNSW and the Country Mayors Association are thanked for their continuing efforts on behalf of the NSW local government authorities impacted by the intransigence of some areas of the NSW Bureaucracy regarding the issue of RFS Asset ownership and seeking an equitable outcome.

(Moved Cr Egan, Seconded Cr Galvin)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil



The Hon. Wendy Tuckerman MP
Minister for Local Government

OFFICIAL

6 October 2022
Ref: A833480

Cr Darriea Turley AM
President
Local Government NSW
L8, 28 Margaret Street
SYDNEY NSW 2000

By email: President@lgnsw.org.au

Dear Cr Turley

The NSW Government is committed to working constructively with the local government sector regarding the accounting treatment of rural fire assets.

To support councils to undertake the recommended stocktake of vested assets, I understand that Treasury wrote to Local Government NSW (LGNSW) on 4 August 2022 providing a current list of red fleet assets compiled by the Rural Fire Service (RFS), as well as standard costing information for these assets, also prepared by RFS.

I am advised that on 6 September 2022 the RFS Commissioner wrote to all RFS Area Commanders and District Managers highlighting the importance of working with councils to provide information that they require in relation to the assets. The Commissioner indicated that RFS District Offices should support councils where they require access to inspect or maintain these assets.

As you will be aware, some councils have expressed concern that recognising the assets has, or would have, an adverse impact on their financial position. To assist in clarifying this matter, I have attached a short summary prepared by officers in Treasury that attempts to:

- set out simply the practical accounting entries that demonstrate that over time councils bear no profitability impact and have no direct cash impact from recognising the assets;
- elaborate on the amended Treasury Corporation assessment of credit for councils that mitigates any impact from including these assets in financial statements; and
- provide a short summary of the key technical accounting arguments.

In addition, I am aware councils are currently working with the Audit Office to finalise their 2021-22 financial statements. We understand that councils have raised potential concerns about the impact of reporting depreciation for RFS assets on local government performance measures. The Office of Local Government (OLG) is aware of these concerns and will take this into account when it undertakes sector monitoring and make appropriate adjustments to the assessment of performance.

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GPO Box 5341 Sydney NSW 2001 ■ P: (02) 8574 5280 ■ W: nsw.gov.au/ministertuckerman

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The Office of Local Government will be in contact shortly to issue invitations to online workshops to enable Treasury to explain the financial arrangements for the recognition of the red fleet assets, including the information attached. Officers from RFS will support Treasury with these discussions.

I trust this information is of assistance and if you require any further information please contact Stewart Walters at stewartwalters@treasury.nsw.gov.au or Ally Dench at ally.dench@olg.nsw.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wendy Tuckerman', followed by three dots.

The Hon. Wendy Tuckerman MP
Minister for Local Government

Encl: Summary of financial implications Rural Fire Assets

CC:

The Hon. Matt Kean MP, Treasurer, Minister for Energy

The Hon. Step Cooke MP, Minister for Emergency Services and Resilience, Minister for Flood Recovery

NSW Local Government Councils

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2



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Treatment of Red Fleet Assets (RFA) by councils – summary of expected impacts (September 2022)

Assumptions

1. RFA are purchased predominantly using funds from the Rural Firefighting Fund (RFFF) by the Rural Fire Service (RFS) and provided to (and formally vested at that time in) Councils
2. Councils are not required to pay for these assets (so no cash or funding impact)
3. Operating expenses associated with the RFA are predominantly funded from the RFFF
4. Typically, the RFA will be replaced by RFS after the assets are no longer fit for purpose or if it is decided appropriate and agreed to provide a new asset (and sometimes repurpose the asset to another council)

Expected Accounting treatment

Assumes the example of a firefighting vehicle costing \$450,000 with a notional useful life of 25 years.

	Transaction	Impact on Operating Statement	\$	Impact on Balance Sheet and Net Worth of the Council	\$
1	RFA provided to Council	Increases Income Year 1	+450,000	Increases Asset base and Net Worth	+450,000
2	Year 1 of ownership	Depreciation of RFA (\$450,000 / 25 years)	(18,000)	Written Down Value of Asset (WDV) and Net Worth reduced by the depreciation	(18,000)
3	End of Year 1 position		(18,000)		\$432,000
4	Each year thereafter	Annual depreciation to Year 25, cumulative	(450,000)	Annual decrement of WDV of asset and Net Worth of the Council	(450,000)
5	Net Position at Year 25		0		0

Thus, in year 1 the council reflects a \$450,000 income and a \$450,000 increase in its assets and Net Worth that reverses year by year until year 25 at which point it is back to a net zero impact.

Throughout the 25 years, all these entries are non-cash so there is no impact on the cash or funding available for other council operations.

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Credit Worthiness and Borrowings status as a result of the RFA being brought into the Operating Statement and Balance Sheet of the Council

1. TCorp has communicated that they have recently amended their credit methodology relating to the assessment of councils' operating performance to exclude depreciation (as a non-cash item) from operating expenses whilst including scheduled principal repayments to give a more accurate view of councils' ability to contain operating expenditure within operating revenue
2. Hence were depreciation to be included in the operating statement of a council when recognising the RFA, this should have no adverse impact on a council's ability to borrow from TCorp
3. Further, it is noted that from a debt service coverage and interest coverage perspective, TCorp's ratios are based on an EBITDA calculation which adds back depreciation (as a non-cash item) to earnings and therefore does not impact council's ability to borrow if they were to seek to a loan from TCorp.

Accounting Assessment of Control of Red Fleet Assets

1. Under Australian Accounting Standard AASB 116 *Property, Plant and Equipment*, issued by the Australian Accounting Standards Board (AASB) an entity recognises items of property, plant and equipment **in its financial statements**. Therefore, who controls an item is important.
2. AASB 15 (Revenue from Contracts with Customers) defines control as; *'the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. **Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset***
3. AASB 16 also includes in the right to control **the right to direct the use of the identified asset** (paras B24-B30)
4. *Framework for the Preparation and Presentation of Financial Statements* (para Aus49.1) states that 'An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.' and that 'In respect of not-for-profit entities in the public or private sector Future economic benefits is synonymous with the notion of service potential.'
5. AASB *Conceptual Framework for Financial Reporting* in para 4.21 states that 'An entity has the present ability to direct the use of an economic resource if it has the right to deploy that economic resource in its activities, or to allow another party to deploy the economic resource in that other party's activities'

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Key technical arguments that, taken together, conclude control by councils

Ability to direct the use of RFA	Councils are the legal owners of the assets when vested from RFS under S119(2) of the Act
	Under the Service Level Agreements, councils have the ability to allow or prevent RFS from directing the use of and obtaining the benefits from RFA
Obtaining economic benefit from the RFA	Councils have responsibility under the Rural Fires Act (Part 4 – <i>Bush Fire Prevention</i>), to take practicable steps to prevent occurrence of bush fires. Therefore, councils receive the most benefit from the RFA in fulfilment of their statutory obligations. (In practice, brigades carry out this work on behalf of councils)
Preventing other entities from obtaining the benefits from an asset	Councils can prevent RFS from obtaining benefits from the RFA by not entering into service agreements with the RFS
	The Rural Fires Act requires councils to maintain RFA and if lost or destroyed, funds within the RFFF are used to replace RFA, which are again vested in councils

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License plate number	Object Description	Brigade	FunctLocDescrip.
FF14545	DEAN - TANKER TRAILER	Cobbadah	COBBADAH 14A BUNDALEER
FF3658	DEAN - TANKER TRAILER	Cobbadah	COBBADAH 14E BELLS MOUNTAIN
FF10393	MITSUBISHI - CANTER	Crooble	CROOBLE 7
FF3602	DEAN - TANKER TRAILER	Upper Horton	"UPPER HORTON 14B ""HILLMOOR""
FF10273	MITSUBISHI - CANTER	Pallal	PALLAL 7
FF9051	ISUZU - FY	Diamond Swamp	DIAMOND SWAMP 1
FF11065	NISSAN - PATROL	Gwydir FCC	Gwydir FCC
FF11061	NISSAN - PATROL	Bingara	BINGARA 9
FF10844	NISSAN - NAVARA	Croppa Creek	CROPPA CREEK 9
FF10848	NISSAN - NAVARA	Upper Horton	Upper Horton Station
FF10040	MITSUBISHI - CANTER	Bangheet	BANGHEET 7
X72657	ATA TRAILERS - TRAILER	Gwydir FCC	GWYDIR PORTABLE COMMS
FF12826	HILUX 4X4 3.0L DIESEL	Gwydir FCC	NAMOI PC ALPHA
FF10085	MITSUBISHI - CANTER	Millgalar	MILLGALAR 7
FF10024	MITSUBISHI - CANTER	Oakey Creek	OAKEY CREEK 7
FF2280	MITSUBISHI - CANTER	North Star South	NORTH STAR SOUTH 7
	Isuzu NPS 75 4x4 Single Cab Cat 7 SC	Diamond Swamp	DIAMOND SWAMP 7
	Isuzu NPS 75 4x4 Single Cab Cat 7 SC	Cobbadah	COBBADAH 7
FF14196	JAWAR - TANKER TRAILER	Millgalar	MILLGALAR 14D BENDEE
FF5571	DEAN - TANKER TRAILER	North Star	NORTH STAR EAST 14D BIBILAH
FF14381	JORDAN - TANKER TRAILER	Coolatai	COOLATAI 14B WEEBONGA
FF10086	MITSUBISHI - CANTER	Dinoga	DINOGA 7
FF14317	JORDAN - TANKER TRAILER	Myalla	MYALLA 14E STRAYWOOD
FF1802	DEAN - TANKER TRAILER	Myalla	MYALLA 14D DUNTULUM
FF1871	MITSUBISHI - CANTER	Myalla	MYALLA 7
FF1387	MITSUBISHI - CANTER	Gragin	GRAGIN 7
FF7541	ISUZU - F	North Star	NORTH STAR 2
FF1676	ISUZU - FY	Warialda	WARIALDA 1
FF1772	ISUZU - FY	Bingara	BINGARA 1
FF2350	ISUZU - FY	Coolatai	COOLATAI 1
FF15140	JAWAR - TANKER TRAILER	Diamond Swamp	DIAMOND SWAMP 14C GLENDEE
FF15139	DEAN - TANKER TRAILER	Diamond Swamp	DIAMOND SWAMP 14B MACASHEA
FF1784	DEAN - TANKER TRAILER	Diamond Swamp	DIAMOND SWAMP 14E WINDY HILL
FF15138	DEAN - TANKER TRAILER	Diamond Swamp	DIAMOND SWAMP 14A ARALUEN
FF14527	DEAN - TANKER TRAILER	Diamond Swamp	DIAMOND SWAMP 14G CARTHONA
FF15141	DEAN - TANKER TRAILER	Diamond Swamp	DIAMOND SWAMP 14H GLENELG
FF14531	DEAN - TANKER TRAILER	Diamond Swamp	DIAMOND SWAMP 14F SPRINGSURE
BY12PV	FORD - RANGER	Gwydir FCC	NAMOI PC BRAVO
	ISUZU FVZ1400 6*4 CAB/CHASSIS (CAT 6)	Warialda	WARIALDA 6
FF2964	ISUZU - FY	Stonefield	STONEFIELD 1
FF3204	ISUZU - NY	Rocky Creek - Gwydir	ROCKY CREEK 7
	ISUZU NPS300 4X4 SINGLE CAB CHASSIS-CAT	Keera	KEERA 7
	ISUZU NPS300 4X4 SINGLE CAB CHASSIS-CAT	Avon Downs	AVON DOWNS 7
FF2223	MITSUBISHI - CANTER	Mosquito Creek	MOSQUITO CREEK 7
FF14379	DEAN - TANKER TRAILER	Pepperbox	PEPPERBOX 14A MELINGA
FF9153	ISUZU - FY	Milguy South	MILGUY SOUTH 1
	ISUZU FTS139 4X4 CREW CAB AUTO - CAT 1MP	Gravesend	GRAVESEND 1
	ISUZU NPS75 4X4 SINGLE CAB - CAT 7SC	Ginerol - Gwydir	GINEROI 7
FF8813	ISUZU - F	Macarthur	MACARTHUR 1 - Gwydir
	ISUZU NPS75 4X4 SINGLE CAB - CAT 7SC	Whitlow	WHITLOW 7
CR97ZD	Isuzu D-Max SX 3.0l Single Cab Chassis	Gwydir FCC	NAMOI PC HOTEL
FF1472	MITSUBISHI - CANTER	Myalla	Gwydir FCC
	Isuzu FTS139 4x4 Auto Crew Cab Cat 1	Upper Horton	UPPER HORTON 1
FF2339	MITSUBISHI - CANTER	Dinoga	Gwydir FCC
FF1779	DEAN - TANKER TRAILER	Koloona	KOLOONA 14C
FF2343	MITSUBISHI - CANTER	Wea	WEA 7
FF5677		Coolatai	COOLATAI 14A STATION
FF15071	DEAN - TANKER TRAILER	Coolatai	COOLATAI 14C PUMP TRAILER
FF14167	DEAN - TANKER TRAILER	Kurrajong - Gwydir	KURRAJONG 14B CORNLEA
FF14146	JORDAN - TANKER TRAILER	Kurrajong - Gwydir	KURRAJONG 14C KIRIWINA
FF3837	JORDAN - TANKER TRAILER	Kurrajong - Gwydir	KURRAJONG 14E ARAMAC
FF1729	DEAN - TANKER TRAILER	Pallal	PALLAL 14A DOONKAMI
FF3528	ISUZU - FTS	Croppa Creek	CROPPA CREEK 1

FF14187	DEAN - TANKER TRAILER	Coolatai	COOLATAI 14D FOREST HILL
	Trailers Catering	Boonal	Boonal Station
FF3649	DEAN - TANKER TRAILER	Cobbadah	COBBADAH 14D RIDGELANDS
FF1812	DEAN - TANKER TRAILER	Upper Horton	UPPER HORTON 14E STATION
FF5672	DEAN - TANKER TRAILER	Cobbadah	COBBADAH 14B COBBADAH STATION
FF14177	JORDAN - TANKER TRAILER	Millgalar	MILLGALAR 14A WILLUNGA
FF14181	DEAN - TANKER TRAILER	Millgalar	MILLGALAR 14B CLAREMONT
FF14179	DEAN - TANKER TRAILER	Millgalar	MILLGALAR 14C LARRGAHILL
FF14386	JORDAN - TANKER TRAILER	Myalla	MYALLA 14F KYWARRA
FF8951	ISUZU - F	Gwydir FCC	Gwydir FCC
FF8933	ISUZU - F	Kurrajong - Gwydir	KURRAJONG 1 - Gwydir
FF10568	MITSUBISHI - CANTER	Pepperbox	PEPPERBOX 7
	Toyota Landcruiser Cab Chassis 4.5L	Stonefield	STONEFIELD 9

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The Hon. Matt Kean MP
Treasurer
Minister for Energy

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Ref: P22/1770

Cr Darriea Turley AM
President
Local Government NSW
L8, 28 Margaret Street
SYDNEY NSW 2000

Dear Cr Turley,

Thank you for your correspondence of 24 June 2022 regarding the accounting treatment of rural fire assets.

As you are aware, the Rural Fire Service (RFS) and NSW Treasury have assessed that certain fire-fighting equipment ('red fleet assets') that are vested to local councils are not controlled by RFS or the State for accounting purposes.

While an assessment of control under the accounting standards must be made by individual councils, the State's view remains that on balance it would appear local councils control the red fleet assets for accounting purposes.

The NSW Audit Office has accepted this position and made recommendations seeking to support local councils to appropriately recognise red fleet assets in their financial statements. I note that 41 councils recognised the red fleet assets in their 2020-21 financial statements.

I acknowledge that assessing control for the purposes of accounting standards is complex. Nonetheless, it is important that we bring finality to this longstanding issue. To assist, I have attached the NSW Treasury Accounting Paper which outlines the rationale for the State position.

The NSW Government is committed to working constructively with the local government sector to move forward on this issue.

To support council consideration of these issues, I understand that NSW Treasury will separately forward Local Government NSW a current list of red fleet assets compiled by RFS, as well as standard costing information for these assets, also prepared by RFS. This will assist Councils to undertake the recommended stocktake of vested assets so they can be appropriately recognised in their financial statements.

I understand that some councils have expressed concern that recognising the assets has, or would have, an adverse impact on their financial position. I am advised that the Office of Local Government, supported by NSW Treasury and RFS, is proposing to discuss red fleet assets with relevant councils over the coming months to ensure appropriate resolution of this matter in the preparation of the 2021-22 financial statements.

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My office will be in touch to facilitate a meeting between Minister Cooke, Minister Tuckerman, Local Government NSW and the NSW Auditor General to discuss your position.

Yours sincerely,



The Hon. Matt Kean MP

Treasurer

Minister for Energy

09-7-22.

Attachment: NSW Treasury Accounting Paper

CC: The Hon. Steph Cooke MP, Minister for Emergency Services and Resilience and Minister for Flood Recovery

CC: The Hon. Wendy Tuckerman MP, Minister for Local Government

CC: Margaret Crawford, NSW Auditor-General

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Rural Fire Service – Considerations of ownership of the red fleet assets

Summary of Issue: Whether the Rural Fire Service (RFS) or the local councils should recognise the red fleet assets (RFA) on their books.

Currently RFS do not record the RFA, a position that was presented and agreed with the Audit Office (AO) in 2018. In September 2020, a several councils jointly wrote to the Auditor General querying the accounting treatment of the RFA. As a result, the AO requested Treasury re-examine the accounting treatment.

Background: The Rural Fire Fighting Fund (RFFF) is a special deposit account within Treasury’s banking system. RFFF purchases RFA, and other assets such as brigade stations, fire control centres, firefighting equipment, uniforms and protective clothing. RFFF also pays the operating expenses of RFS. RFS manage and pay suppliers with these funds. Each year, the funding target of RFFF is prepared by the Minister and agreed with the Treasurer. As the funding target is an overall number for the aforementioned expenditures, RFS prepares a detailed budget each year to allocate the funding target to specific uses. During this process, RFS consults and agrees with councils the spending on RFA, buildings, equipment and maintenance for each district to be paid by the RFFF. The RFFF is funded by contributions from insurance companies (73.7%), Councils (11.7%) and Treasury (14.6%). RFS oversees the procurement of RFA. The RFA are then vested to individual councils upon completion, in accordance with section 119(2) of the Rural Fires Act 1997 (the RF Act). RFS hold the firefighting equipment, uniforms and protective clothing as inventory and then expense them when dispensing to brigades.

Under OLG’s model financial report: Financial Reporting Code, councils have the option whether to recognise these assets on their books and thus, there are instances where the RFA are not recorded by either RFS or a council. However, brigade stations and fire control centres are often recognised as assets of local councils.

Work Performed: We reviewed the previous position paper and held discussions with RFS personnel: Stephen O’Malley (CFO) and Myles Foley (Director Finance); and with General Managers and CFOs from Leeton Shire Council, Coffs Harbour City Council, Nambucca Valley Council and Wingecarribee Shire Council, to understand the daily operation of the RFA. We also held discussions State Emergency Service (SES) personnel: Daniel Crocco (Acting CFO) and Nathan Birch (Management Accountant) to understand the operational differences between SES and RFS. . From these conversations, we have summarised our understanding and those factors that indicate control by RFS or Councils in the following analysis.

Relevant Accounting Standards:

AASB Conceptual Framework for Financial Reporting

4.20 An entity controls an economic resource if it has the present ability to direct the use of the economic resource and obtain the economic benefits that may flow from it. Control includes the present ability to prevent other parties from directing the use of the economic resource and from obtaining the economic benefits that may flow from it. It follows that, if one party controls an economic resource, no other party controls that resource.

4.21 An entity has the present ability to direct the use of an economic resource if it has the right to deploy that economic resource in its activities, or to allow another party to deploy the economic resource in that other party’s activities.

4.23 For an entity to control an economic resource, the future economic benefits from that resource must flow to the entity either directly or indirectly rather than to another party. This aspect of control does not imply that the entity can ensure that the resource will produce economic benefits in all circumstances. Instead, it means that if the resource produces economic benefits, the entity is the party that will obtain them either directly or indirectly.

AASB Framework for the Preparation and Presentation of Financial Statements

49(a) An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity

Aus49.1 In respect of not-for-profit entities in the public or private sector, in pursuing their objectives, goods and services are provided that have the capacity to satisfy human wants and needs. Assets provide a means for entities to achieve their objectives. Future economic benefits or service potential is the essence of assets. Future economic benefits is synonymous with the notion of service potential, and is used in this Framework as a reference also to service potential. Future economic benefits can be described as the scarce capacity to provide benefits to the entities that use them, and is common to all assets irrespective of their physical or other form.

AASB 10 *Consolidated Financial Statements* – AASB 10 relates to control of ‘entities’ not individual or groups of assets.

AASB 15 Revenue from Contracts with Customers

33 Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly.

AASB 16 Leases

B9 To assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:

- a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- b) the right to direct the use of the identified asset.

Comparison of Operational Features between RFS and SES:

Operational Features	RFS	SES	Observations
Establishment and main functions	The <i>Rural Fire Act 1997</i> (the RF Act) was written to establish the Rural Fire Service and its functions.	The <i>State Emergency Service Act 1989</i> (the SES Act) was written to establish the State Emergency Service and its functions.	Both RFS and SES are constituted as a volunteer organisation. They co-ordinate volunteer efforts at both a strategic and tactical level.


Operational Features	RFS	SES	Observations
	<p>RFS is comprised of the Commissioner, other RFS staff (salaried employees) and volunteer rural fire fighters (s8 of the RF Act). Although, other parts of the RF Act indicate the rural fire fighters are part of the brigades, that are sperate entities, formed by councils.</p> <p>s9 of the RF Act sets out the functions of RFS, which for this analysis, importantly include:</p> <ul style="list-style-type: none"> • providing rural fire services for New South Wales • providing services for the prevention, mitigation, and suppression of fires in rural fire districts • protecting persons from dangers to their safety and health, and property from destruction or damage, arising from fires in rural fire districts 	<p>SES is comprised of the Commissioner, Deputy Commissioner, other SES staff (salaried employees), the volunteer officers and volunteer members of all SES units (s7 of the SES Act).</p> <p>s8 of the SES Act sets out the functions of SES, which for this analysis, importantly include:</p> <ul style="list-style-type: none"> • acting as the combat agency for dealing with floods, tsunamis and storms and co-ordinating the evacuation and welfare of affected communities • protecting persons from dangers to their safety and health, and property from destruction or damage, arising from floods, storms and tsunamis 	<p>SES is the lead combat agency as specified in the SES Act. However, the RF Act does not appear to have an equivalent objective.</p>
Formation and operation of brigades/units	<p>s15 of the RF Act regulates the formation of rural fire brigades. A local authority (Council) forms the brigade for its rural fire district (RFD). It is only where a Council refuses or fails to form a brigade, that the Commissioner may do so (s15(4) of the RF Act). RFS agency has no knowledge when this power is exercised.</p> <p>s21 of the RF Act confers powers on an officer of a rural fire brigade to exercise functions at a fire, incident or other emergency in the RFD for which the brigade was formed – and with approval of the Commissioner outside of the RFD. This means that brigades are able to self-respond to any incident within their RFD, or with approval, respond to an incident outside of the RFD. This means that outside of the</p>	<p>Under s18 of the SES Act, SES units are registered by the Commissioner. s18AA sets out that membership of an SES unit may be granted by any of the following:</p> <ol style="list-style-type: none"> the Commissioner, a zone commander, local commander or unit commander responsible for the SES unit <p>The Commissioner appoints the zone commander and unit commander (s16(1) and 17A(1) of the SES Act). The Commissioner also appoints the local commander on the recommendation of the Council for that area (s17(1) of the SES Act).</p> <p>The local commander and unit commander are volunteers, whose operations are</p>	<p>Both RFS and SES provide a support and coordination role to the volunteers, by providing input such as information, training, coordination and aerial support.</p> <p>SES appears to have active involvement in the formation of SES units. SES forms and registers local SES units. SES also recruits unit commanders or local commanders, who control the activities of local SES units under the direction of SES. SES considers the SES units to be its unpaid employees.</p>

Operational Features	RFS	SES	Observations
	<p>declaration of an s44 (see below), a brigade is under the control of its officers.</p> <p>s44 of the RF Act gives the Commissioner a responsibility to take charge of bush fire fighting operations in any part of the State if a number of conditions exist (refer to s44(1)(a)-(d) of the RF Act). In summary, these conditions include a local brigade is not effectively controlling a fire; a fire event is too large for that brigade; or a fire event occurs in a location that is not the responsibility of any brigade.</p> <p>In the 2019-20 fire season, fires were protracted and extended the length of the State, with a large number (43) of extended s44 declarations. This resulted in significant 'out of area' deployments for RFA and brigades, which were co-ordinated by RFS in order to combat the bush fires. This compares to 2018/19 and 2017/18, when there were only 15 and 17 s44 declarations respectively.</p> <p>In practice, when a s44 declaration is made, RFS agency will step in and take responsibility for the following:</p> <ul style="list-style-type: none"> • Relocating brigades to other districts as necessary; • Taking charge of the planning and determining how to control/suppress fire events; • Setting up base camps; • Engaging heavy plant providers; • Running the aviation desk; and • Community alerts 	<p>directed by SES (the relevant zone commander or the Commissioner) to undertake response and recovery activities (s17(3), and s17A(2) of the SES Act). A zone commander is a SES salaried employee, who is not involved in the actual response but rather in the coordination activities.</p> <p>In practice, SES follows the legislative requirements as noted above and appears to have active involvement in the formation of SES units. SES is responsible for the recruitment of SES units. Local commanders and unit commanders, who control the operations of the local units, are recruited by SES and are subject to the direction from SES. Community members volunteer to become members of local SES units via applications. The local commander or unit commander makes the assessment and accepts suitable applicants.</p> <p>In the event that there is no SES unit in a location, alternative action by the SES (pursuant to provisions of its enabling legislation) might include:</p> <ul style="list-style-type: none"> • assistance from nearby SES units • directions to other SES units to travel to the location • evacuation to protect life • directions to personnel in other NSW emergency service agencies (such as NSW Police and Fire and Rescue NSW). 	<p>In comparison to SES, RFS has no direct involvement in the formation of the brigades and appointment of Brigade Officers (equivalent to SES unit/local commanders). The brigades operate in accordance with the Brigade Constitution and are able to self-respond to any incident within their RFD. RFS only has statutory power to give direction to brigades where an s44 event has been declared. RFS considers the brigades to be independent associations of persons.</p>

Operational Features	RFS	SES	Observations
	<p>s45(1) allows the Commissioner to give directions to other entities (including brigades) around prevention, control or suppression of a bush fire when he has taken charge under s44.</p> <p>s45(2) specifically allows the Commissioner to exercise the power that apply to an officer under s21, and thereby direct the deployment of resources across the State, provided an s44 event has been declared.</p> <p>As such, the Commissioner only has statutory power to direct resources outside of nominated brigade boundaries where an s44 event has been declared.</p> <p>In practice, RFS follows the legislative requirements as noted above and has no direct involvement in the formation of the brigades. Community members volunteer to become members of local brigades via applications. Brigades accept suitable applicants in accordance with the Brigade Constitution.</p> <p>The Brigade Officers, such as Captain and Deputy Captain, are elected and appointed by brigade members in accordance with the Brigade Constitution (Service Standard 2.1.4). The Brigade Officers lead and control the activities of brigades within their RFD.</p> <p>In practice, the brigades undertake the following activities:</p> <ul style="list-style-type: none"> Hazard reduction – in accordance with bush fire risk management plan 		

Operational Features	RFS	SES	Observations
	<p>developed by Bush Fire Management Committee (Bush Fire Management Committee is a local committee comprised of representatives from Councils, land managers, community organisations, RFS and other fire authorities);</p> <ul style="list-style-type: none"> • Front-line response to fire events in their district; • Initiating maintenance requirements/needs; • Community education; and • Local training drills. <p>In practice RFS agency, undertakes the following activities (outside of a s44 declaration):</p> <ul style="list-style-type: none"> • Coordination – informing brigades of 000 calls in their districts, and responding to brigades if they request extra support; • Monitoring the hazard reduction activities identified in the bush fire risk management plan; • Creation and maintenance of training and accreditation courses, materials and Service Standards; • Centrally purchasing and dispensing the protective clothing, safety and firefighting equipment to brigades; and • Handling bushfire hazard complaints <p>In the event that there is no brigade in a location, alternative action by the RFS (pursuant to provisions of its enabling legislation) might include:</p> <ul style="list-style-type: none"> • assistance from nearby brigades 		

Operational Features	RFS	SES	Observations
	<ul style="list-style-type: none"> • directions to other brigades to travel to the location • evacuation to protect life • directions to personnel in other NSW emergency service agencies (such as NSW Police and Fire and Rescue NSW). 		
Legal ownership of fleet vehicles	<p>s119(2) of the RF Act requires all fire fighting equipment purchased or constructed from the Rural Fire Fighting Fund (RFFF) to be vested in Councils. Therefore, legal ownership and title rests with the Councils.</p> <p>In practice, RFS follows the legislative requirement as noted above. All RFA are procured or built, this being overseen by RFS and then these assets are vested to the Councils upon completion as per s119(2) of the RF Act. Vested assets will be added to the listing of RFA appended to the rural fire district service agreement.</p>	<p>There is no legislative requirement in relation to equipment purchases in the SES Act.</p> <p>The State Emergency Service Fund (SESF), similar to the RFFF, is a Special Deposit Account within Treasury's banking system to purchase the fleet vehicles, other assets and operating expenses etc. Each year, the funding target of SESF is prepared by the Minister and agreed with the Treasurer. This is then funded by contributions from insurance companies (73.7%), Councils (11.7%) and Treasury (14.6%). SES has control over this account as they manage and pay suppliers with these funds, but SES only has the authority to carry out these payments in regard to what has been approved in the funding target.</p> <p>In practice, all fleet vehicles are centrally procured and legally owed by SES. SES is responsible to register, insure, position, and maintain the fleets.</p>	<p>Both SES and RFS purchase or build the fleet vehicles using money from the Fund. There is no equipment vesting provision in the SES Act compared with the RF Act. SES has the legal ownership of the vehicles, whereas RFS does not.</p>
Service agreement with Councils	<p>s12A of the RF Act allows the Commissioner to enter into a rural fire district service agreement (the Service Agreement) with a Council whereby the Commissioner agrees to undertake functions imposed by or under the RF Act on a Council on behalf of the Council.</p>	<p>There is no legislative requirement in relation to entering into service agreement with Councils in the SES Act.</p>	<p>Both RFS and SES have similar arrangements on the use of Council-owned buildings/facilities. These arrangements are not considered to be leases, because there is no consideration required</p>

Operational Features	RFS	SES	Observations
	<p>An example Service Agreement with the Council of City of Blue Mountains is attached for information.</p>  <p>Attach A - Blue Mountains signed S</p> <p>The Service Agreement specifies functions and obligations the Commissioner manages on behalf of the Council with nominal consideration exchanged. These terms and conditions are generally applied in all Service Agreements. The key function undertaken by RFS on behalf of the Councils is to take care of and maintain the vested fire fighting equipment.</p> <p>Under item 5, the Council allows RFS to use District Equipment which is owned by, vested in or under the control of the Council. In our view it is through this mechanism that RFS is able to direct the use of RFA under s21 of the RF Act outside of a declared s44 event. Councils may technically be able to deny RFS' ability to utilise resources outside of the Council area, but such action would be the subject of significant scrutiny (item 13 of the Service Agreement).</p> <p>Under item 6, the council also grants RFS the occupancy and use of council-owned buildings/facilities.</p>	<p>In practice, there are no service agreements between SES and Councils in relation to fleet vehicles.</p> <p>Councils enter into partnership agreement with SES in relation to the use of the Council-owned buildings/facilities, with nominal consideration exchanged. The purpose of these agreements is to restrict the nature of use and occupancy.</p>	<p>in relation to the occupancy of the buildings/facilities. This position has been confirmed with the Audit Office. The buildings/facilities occupied by RFS and SES are assets owned and recognised by Councils.</p> <p>No service agreements exist between SES and Councils in relation to the use of fleet vehicles. In comparison, Councils enter into the Service Agreements with RFS to allow RFS to use the vested assets.</p>
Everyday usage of the fleet vehicles	s119(6) of the RF Act allows the Commissioner to utilise unused equipment of a Council in another area, but only with the agreement of	There is no legislative requirement in relation to the use of equipment in the SES Act.	There is no legislative requirement in relation to the use of equipment in the SES Act. SES

Operational Features	RFS	SES	Observations
	<p>the Council. As noted above, due to the action of the Service Agreement, RFS is able to direct the use of RFA under s21 of the RF Act outside of a declared s44 event (item 5 of the Service Agreement).</p> <p>In practice, everyday use of RFA is attached to the brigades – who were formed historically by Councils before RFS was established. RFA are routinely located in Rural Fire Brigade Stations for the brigade to which the assets are attached. At various times they may be deployed either within their district or deployed 'out-of-area'.</p> <p>Equipment is accessible to anyone who has relevant keys or access to the Brigade station. Predominantly this is likely to be brigade volunteers or RFS salaried employees, although may also extend to a variety of Council staff, particularly where the Council provides maintenance services to the RFA and/or Brigade station.</p> <p>Storage, safety and stocktake of the equipment mostly belongs to the brigades, who via their District staff (RFS paid employees), provide information in respect of the vehicle to Councils. The District also provides up to date information on the equipment register to Councils.</p> <p>Decisions on fleet allocation, replacement and relocations are made in consultation by the District staff with its Senior Management Team (volunteer leaders) depending on the build</p>	<p>In practice, SES units operate the fleet vehicles. Fleet vehicles can be stored in a combination of places, such as NSW government properties or local SES unit headquarters (facilities provided by local Councils). The access to the fleet assets is restricted to SES units or other salaried SES employees. SES is responsible for the storage, safety and stocktake of all fleet vehicles.</p> <p>The decision on fleet allocation, replacement and reallocations lies with SES. Under SES policy <i>Operational Standard Fleet Allocation Management Version 1.0</i>, Senior Manager Capability and Policy Development, in collaboration with Zone Commanders, determines the operational allocation of fleet assets in accordance with strategic operational and service priorities. Therefore, a vehicle can be permanently relocated by SES from one location to another if it fits the operational need, without the permission of Councils or exchange of consideration.</p>	<p>directs the use of the fleet vehicles.</p> <p>s119(6) allows the Commissioner to utilise unused equipment of a Council in another area, but only with the agreement of the council. However, councils appear to give RFS unrestricted access to the RFA through the service agreements.</p>

Operational Features	RFS	SES	Observations
	<p>program provided by the NSW RFS and funding available from Government.</p> <p>The RF Act also restricts Councils from selling or otherwise disposing of fire fighting equipment without approval of the Commissioner (s119(3)), and directs that the proceeds of sale or loss of fire fighting equipment are returned to the RFFF (s119(4)). As daily use of RFA is attached to brigades, these provisions can be seen as to protect the investment made from the RFFF and ensure RFA being sold and disposed according to operational needs.</p>		
Maintenance of the fleet vehicles	<p>s119(5) of the RF Act requires councils to maintain equipment, including RFA, to the level specified in the service standards determined by the Commissioner.</p> <p>In practice, due to the action of the service agreement, this responsibility falls to the RFS. Brigades initiate the maintenance requirements/ needs. RFS will then engage with councils in that area, utilising councils' maintenance workshops, to carry out the maintenance. Such arrangements are provided at arm's length terms and alternatively, the work can be carried out by external private providers if RFS chooses to.</p>	<p>There is no legislative requirement in relation to the maintenance of fleet vehicles in the SES Act.</p> <p>SES manages the fleet vehicles centrally and is responsible for the maintenance.</p>	<p>The maintenance responsibility appears to follow the legal ownership.</p> <p>SES manages the vehicles centrally. In comparison, RFS manages the maintenance of RFA on behalf of councils through service agreements.</p>
Insurance of the fleet vehicles	<p>Currently, RFA are insured under the TMF by the RFS. The arrangement for RFS to insure the red fleet assets on behalf of Councils is reflected in clause 10.2 of the Service Agreement.</p>	<p>All fleet vehicles are included under the SES insurance policy with iCare. SES makes the premium payment and manages the claims with iCare.</p>	<p>The insurance responsibility appears to follow the legal ownership.</p> <p>SES is responsible for the insurance of the vehicles, whereas</p>

Operational Features	RFS	SES	Observations
	Other assets held in Brigade stations, and Brigade stations themselves are either insured by the council or uninsured.		RFS arranges the insurance of RFA on behalf of councils.

Based on the table above, the key operational differences between SES and RFS are that:

1. SES considers the units to be its unpaid employees, which they form, recruit and direct, while RFS has no responsibility in the formation and recruitment of brigades and considers the brigades to be independent associations of persons.
2. SES centrally manages the fleet vehicles without any involvement from councils, while RFS deploys the RFA under the unrestricted access granted by councils through service agreements.

Although the daily use of the fleet vehicle is attached to both brigades and units, the above essential differences have led to different accounting treatments for SES and RFS. As SES directly procures, registers, insures, maintains, and uses the fleet vehicles to fulfil their business objectives in responding to an emergency, these assets are treated as controlled by SES. In comparison, RFS only has statutory power to give directions to brigades where an s44 event is declared. When there is no s44 event, the brigades are under the direction of Brigade Officers and able to self-respond to any incident within their RFD. It is only through the mechanism set up in the Service Agreements that RFS is able to deploy the RFA on behalf of councils, either within a council's district or 'out-of-area'. Refer to the following section for further analysis on the control of RFA.

Application of Accounting Standards:

AASB 15 *Revenue from Contracts with Customers* (AASB 15) defines control of an asset as **'the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset'** (AASB 15.33). A similar definition of control of an asset is also applied in AASB 16 *Leases* (para B9) and AASB Conceptual Framework for Financial Reporting paragraph (para 4.20). Accordingly, when assessing whether RFS has control of the RFA, the following key factors have been considered:

a) Ability to direct the use of RFA

While RFS procures or constructs the RFA using money from the RFFF, upon completion these assets are vested to councils under s119(2) of the RF Act. Therefore, councils have the legal ownership and title of these RFA.

Under the RF Act [section 9], the key responsibility of RFS (comprised of the Commissioner, salaried RFS employees and volunteer rural fire fighters), is to provide services for the prevention, mitigation, and suppression of fires in rural fire districts. The individual brigades are not controlled by RFS agency, because the formation of brigades rests with councils [section 15 of the RF Act] and Brigade Captains are elected by brigade members [Service Standard 2.1.4].

The brigades and RFS agency have different responsibilities. The RF Act [section 21] states that an officer of a rural fire brigade or group of rural fire brigades is able to self-respond to any incident within the district for which the brigade or group was formed. It is only when an s44 event is declared, that the Commissioner has statutory power to give directions to brigades.

Under Part 4 *Bush Fire Prevention* of the RF Act, councils have the responsibility to take practicable steps to prevent the occurrence of bush fires on, and to minimise the danger of the spread of a bush fire on or from any land, highway, road, street or throughfare under councils' control or management. Routinely it is brigades that perform these activities on behalf of Councils.

On balance, it would appear the councils control the RFA, because:

- (a) The councils are responsible for establishing brigades in their LC districts [section 15 of the RF Act];
- (b) The councils have legal responsibilities for bush fire prevention [Part 4 Bush Fire Prevention of the RF Act] and brigades are responsible for hazard reduction and local fire responses, in their normal course of business (i.e. outside a s44 event); and
- (c) The RFA are legally vested in councils and councils are required to grant permission [section 119(6) of the RF Act] where RFS wants RFA to be used in another LC district.

The fact councils can choose to enter into service agreements with RFS agency to maintain and deploy RFA, further indicates these responsibilities sit with councils.

- b) Obtaining the economic benefits from the RFA

According to para Aus49.1 of the *Framework for the Preparation and Presentation of Financial Statements* (the Framework), in the context of not-for-profit entities, future economic benefits is synonymous with the notion of service potential, and is used as a reference also to service potential. As discussed in section a) above, councils have legal responsibility for bush fire prevention and therefore it is councils' service objective. In practice the brigades perform activities for bush fire prevention within their districts on behalf of councils, such as hazard reduction, by utilising the RFA. As a result, these RFA allow for the safety of the people and property within the councils' area. By community assets being protected, councils are able to fulfil their legal responsibility and accrues most benefit from the RFA. In summary, it appears that by contributing 11.7% of the cost, councils obtain the ownership of the RFA and derive 100% of the service potential from these assets.

Concluding Position:

We acknowledge the ownership of assets is judgemental. However, based on the above our view is that RFS should continue to not recognise the RFA that have been vested to the councils, as RFS receive little future economic benefit, and is not able to deploy these assets to another LC district without agreement from councils. This treatment also aligns with our understanding of the operational differences between SES and RFS.



Country Mayors Association of NEW SOUTH WALES Inc.

Chairperson: Cr Ken Keith OAM
PO Box 337, Parkes NSW 2870
02 6861 2333
ABN 92 803 490 533

10 October 2022

Country Mayors members have been adversely affected by the State Governments requirements for the accounting of Rural Fire Services Assets. Leeton Shire Council through their consultant discovered that the Office of Local Government had received advice that these assets did not form part of a council's accounts and as a result it was resolved at the Country Mayors meeting of the 11 March 2022 that the Country Mayors Association writes to the NSW OLG to request a copy of any opinion (legal or accounting or other) in relation to the accounting treatment of RFS assets by NSW Councils, respectfully requesting such opinion/s be furnished by 31 March 2022.

No response was received and Leeton Shire Council requested that the CMA Executive submit a Government Information Public Access (GIPA) request to obtain any advice received by the Office of Local Government. This was agreed to at the Executive Committee meeting held the 25 July 2022 but was deferred until the results of a joint meeting with CMA, LGNSW and State Government representatives was known.

This meeting held in early September and attended by Treasurer Kean, Minister Cooke, Minister Tuckerman, the Auditor General and their staffs, LGNSW President Turley and myself.

The results of that meeting were unsatisfactory, we being told that there was no impact on council's recording of red fleet assets on council's statements, and that there would be dire circumstances for council's that do not record red fleet on those financial statements.

Each Council needs to make their own decision about what it records but the Executive would encourage member Councils to hold firm and not capitulate under the Auditor General's threats of a qualified audit opinion.

As a result of the GIPA application the attached information has been received

Cr Ken Keith OAM
Chairman

Cheers,

Review of accounting for ‘red truck’ assets and other fire-fighting equipment in NSW

An independent expert’s report

by

Colin Parker, principal, *GAAP Consulting*

Team leader – advisory and litigation support services

Former member of the Australian Accounting Standards Board

April 2018



About the author – Colin Parker, principal, *GAAP Consulting*

I have had over 40 years' experience in financial reporting, auditing and ethics policy and implementation, including as director – accounting and auditing with CPA Australia, member of the Australian Accounting Standards Board, chairman of the Audit Advisory Committee to the board of CA ANZ, and as an adviser to the IPA on all aspects of professional standards.

I lead *GAAP Consulting*'s advisory and litigation team and have been involved in more than 40 litigation briefs as either an independent or consulting expert.

I have a public profile on emerging accounting and auditing issues, having given more than 300 talks, speeches and seminars in Australia and overseas (Singapore, Hong Kong, United Kingdom, Kuala Lumpur, Fiji and Dubai).

I have written many technical articles for CPA Australia and other bodies, numbering well over 200. I made contributions on contemporary issues to *Acuity* and the *Public Accountant*.

I am co-author of *Understanding and Implementing the Reduced Disclosure Regime* (two editions), co-authored *Australian GAAP* (nine editions). I was technical editor of the accounting bodies' *The Accounting and Auditing Handbook 1992-2001 (Volumes 1 & 2)* (10 editions).

I am editor of the monthly newsletter *GAAP Alert* and tweet and post on contemporary issues. I am also editor of the *GAAP Consulting* publications *Special GAAP Report* and *NFP Risks and Compliance* newsletter and a major contributor to the *Report Fraud and NOCLAR* newsletter.

About *GAAP Consulting*

On 1 July 2003, I founded *GAAP Consulting* with a vision and a motto. The motto was easy: *Excellence in financial reporting*. The vision was to give the best, independent advice on all matters to do with financial reporting, auditing and ethics.

GAAP Consulting provides independent financial reporting, auditing, ethics, and risk management solutions to reduce clients' risks. A description of my services, clients and information products is available at www.gaap.com.au. The expanding arch in the logo represents the client's journey from uncertainty to a sure solution through the use of my consulting services and products.

My core values are independence and integrity, and with my motto are reflected in the mnemonic:

T Trust
R Respect
I Innovate
E Energise
D Deliver
 and **PROVEN** approach.



As principal of *GAAP Consulting*, I provide expert advice on GAAP and GAAS, quality-assurance reviews, representation expertise, tailored training courses, and litigation support to meet client needs.

Where appropriate, *GAAP Consulting* uses the services of a network of independent colleagues (subcontractors) to assist with engagements. My colleagues are *all partner-equivalents*.

The *GAAP Consulting* network members and their areas of expertise are:

- Colin Parker (financial reporting, audit, ethics, and risk management)
- Carmen Ridley (financial reporting and a current member of the AASB))
- Stephen LaGreca (financial reporting, audit, and risk management)
- Sonya Sinclair (audit, risk management, and financial reporting)
- Jim Dixon (public and not-for-profit sectors)
- Andrew Parker (marketing and event management), and
- Stephen Downes (client communications).

I also use the services of Stephen Newman, corporate lawyer, Hope Earle, when matters have a legal aspect.

My business model is premised on using only known names and very experienced practitioners in financial reporting, ethics and auditing. Collectively, a unique blend of skills and experience is provided to meet clients' needs.

As a boutique consultancy, *GAAP Consulting* has an impressive list of clients in the private and public sectors to which a wide variety of GAAP, GAAS and training services are provided. My clients include legal firms, regulators, accounting firms, listed entities, and public sector and not-for-profit entities.

About this report

This report has been prepared on the basis of the information sources cited and a brief discussion with Stephen O'Malley, executive director, finance and executive services, chief financial officer, NSW Rural Fire Service. The New South Wales Office of Local Government (OLG) and Treasury provided preliminary input for an earlier draft.

Apart from the preceding, I have yet to hold interviews with key stakeholders, including relevant councils. The OLG has requested that my draft report first be considered by Treasury, the RFS and the auditor-general before any consultation with the sector.

The report has been subject to internal consultation with my quality-assurance reviewer Stephen La Greca and a blind review by Carmen Ridley.

The opinions expressed in this report are my own.

I trust that the report will be a helpful discussion document for all major stakeholders. I welcome feedback to progress its finalisation.

33.1.1

 GAAP Consulting



Colin Parker

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11 April 2018

Executive summary

Introduction

1. Fire-fighting equipment provided by the Rural Fire Service (RFS) to local councils in New South Wales has been a vexed issue for many years. Who controls the assets – the RFS or the councils? This has not an easy question for stakeholders to answer due to factors such as:

- The legislative requirements and obligations of the RFS and councils, including the vesting of fire-fighting equipment with councils
- The choice of accounting under Office of Local Government (OLG) accounting code for local councils and their auditors to consider
- Long standing practices of the RFS and councils
- The effect of RFS service standards mandated for fire-fighting equipment (and its use) and rural fire district service agreements between the RFS and the councils
- The differing perceptions of control for red-fleet vehicles vis-a-vis associated land and buildings by the councils, and
- The lack of specific accounting standards addressing the control of an asset.

2. Under s119(1) of the *Rural Fires Act 1997*, fire-fighting equipment is defined as: *fire-fighting apparatus, buildings, water storage towers or lookout towers*. Fire-fighting apparatus is defined separately as: *all vehicles, equipment and other things used for or in connection with the prevention or suppression of fire or the protection of life or property in case of fire*.

3. There has been inconsistent treatment, as councils have been given the choice (in the OLG accounting code) to recognise or not to recognise fire-fighting equipment assets, but with the intention that this decision would be made in accordance with accounting standards, including the application of materiality. The RFS has not recognised fire-fighting equipment as an asset in its financial statements on the basis that these assets are vested with the councils as stated in the RFS's accounting policy note to the financial statements.

4. With the extension of the auditor-general's mandate to cover local government, she is seeking to ensure an appropriate treatment.

5. Stakeholders' positions vary. The NSW Audit Office, NSW Treasury, and RFS are of the view that councils should recognise fire-fighting equipment in their financial statements *primarily* based on the fire-fighting equipment *vesting* in the councils under the Act.

6. On the other hand, many councils believe that they do not *control* fire-fighting equipment and, therefore, should not recognise them in their financial statements. Furthermore, they believe that fire-fighting equipment should be recognised by the RFS.

7. Stakeholders have provided various arguments and opinions to support their positions, including references to accounting standards and other authoritative pronouncements that they considered relevant. These are summarised in the appendix *Facts and stakeholder views on fire-fighting assets* – where appropriate, I have commented on them. Readers of this report, may wish to familiarise themselves with the appendix before considering the body of my report.

8. A related issue is the control of land and buildings provided by the RFS. They are also fire-fighting equipment as defined. I understand that land and buildings are viewed generally as *controlled* by the relevant council and recorded in councils' financial statements. But are they controlled by the councils?

9. The principle of control should apply to all fire-fighting equipment. RFS-sourced land and buildings, these should be subject to the same control considerations as the red-fleet vehicles. There are likely to be further implications for councils where council land has been used as a contribution to infrastructure. These need to be determined by each council in accordance with their own facts and circumstances, applying the test of materiality. I understand that white vehicles are recognised by the RFS as not vested to councils and are held at RFS districts for RFS use only. Accordingly, this issue is not considered further.

Scope

10. The OLG requested a review of the present arrangements of *how these assets, including red-fleet vehicles*, should be recognised with particular reference to which entity controls them (and should therefore recognise them in financial statements) to improve consistency in financial reporting in accordance with AASB standards.

11. Specifically, the OLG requested consideration of issues about legal versus operational control, future economic benefits of the assets, control of assets' movements, expertise to maintain assets and insurance.

Relevant accounting pronouncements

12. Based on my review of *Facts and stakeholder views on fire-fighting assets* (appendix), and consideration of these in the context of accounting standards and the *Framework for the Preparation and Presentation of Financial Statements*, the issues in contention cannot be resolved by reference to a specific accounting standard. Accordingly, the GAAP hierarchy under AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* is the starting point for deliberations as to the appropriate accounting for red-fleet vehicles and related issues.

13. In the framework, an asset is defined as '[a] resource: *controlled* [my emphasis added] by an entity as a result of past events; (a) and from which future economic benefits are (b) expected to flow to the entity'. The framework also addresses the concepts of 'faithful representation', 'substance over form', and 'service potential'. 'Control' is defined in SAC 1 *Definition of the Reporting Entity*. These definitions and concepts are helpful in determining who controls fire-fighting equipment (including the red-vehicle fleet).

14. I have also considered the requirements of following accounting standards, and applied them in my deliberations and in forming my opinion:

- AASB 101 *Presentation of Financial Statements*
- AASB 116 *Property, Plant and Equipment*
- AASB 138 *Intangible Assets*
- AASB 117 *Leases*
- AASB 16 *Leases*
- AASB 15 *Revenue from Contracts with Customers*, and

- AASB 10 *Consolidated Financial Statements*.

15. The assets in question meet the definition of ‘property, plant and equipment’ in AASB 116 *Property, Plant and Equipment*. AASB 116 does not set requirements or provide guidance to support the argument that legal ownership is necessary for asset recognition nor an indicator of it.

16. AASB 138 *Intangible Assets* provides guidance on control of an asset – power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. Also, an enforceable legal right, it is not a necessary condition for intangible asset recognition as there may be other means of exercising control.

17. AASB 117 *Leases* contains a notion of ownership for classification between operating and financing leases. If arguments were mounted based on the principles in AASB 117, it is likely that the conclusion reached would be risks and rewards incidental to ownership of an asset (red-fleet vehicles and related infrastructure) would be retained by RFS.

18. AASB 16 *Leases* applies from 1 January 2019 and employs the principle of ‘a right to control the identified asset’. The notion of ownership of an asset is irrelevant under this model.

19. AASB 15 *Revenue from contracts with customers* applies from 1 January 2019 for not-for-profit entities. It uses control (not ownership) to describe when a good/service (an asset) is transferred to a customer – i.e., when the customer obtains control of it. In this context, control includes the ability to prevent others from directing the use of, and obtaining the benefits from, an asset.

20. AASB 10 *Consolidated Financial Statements* with its principle of ‘control of investee’ (an asset, for the purpose of this report) is a further authoritative source to be considered to the issue of who controls specifically the red-fleet vehicles and land and buildings.

21. In the absence of a specific accounting standard addressing the issues in contention, I have used the GAAP hierarchy and applied *collectively* the principles in AASB 116, AASB 138, AASB 117, AASB 10 and the recently issued standards AASB 16 and AASB 15 to help form my opinions.

22. These authoritative pronouncements strongly indicate that the fire-fighting equipment should be based on control rather than legal vesting (and related assessments of risks and rewards of ownership).

23. The issue also arises as to whether fire-fighting equipment is material in the context of the financial statements of councils concerned and the RFS. This assessment will need to be made by all parties. It may be that the fire-fighting equipment is immaterial to councils but material to the RFS.

In my opinion

24. The service potential of an asset is specific to an entity in meeting its objectives. An asset cannot be controlled by two entities. The fire-fighting equipment in question benefits both the councils and the RFS in helping them to comply with their legislative requirements.

25. The RFS has the substantive responsibilities for the prevention, mitigation and suppression of bush and other fires in local-government areas of New South Wales and controls fire-fighting equipment to meet its statutory objectives. It is the reason for the RFS's existence.

26. On the other hand, councils have their own unique responsibilities under the Local Government Act 1993 such as prescribed functions (s.21) and service functions, including the provision of goods, services and facilities and carrying out of activities (s.24), public land, environmental-upgrade agreements, and regulatory functions. The councils also have what I would consider as secondary or ancillary obligations under *Rural Fires Act 1997* to those of the RFS.

27. Through its service standards and rural fire district service agreements, the RFS has decision-making authority over fire-fighting equipment under the Act. The RFS exercises this authority through them, including the functions of zone managers and rural fire brigades. Many of the decisions are delegated by the RFS commissioner.

28. Furthermore, control of fire-fighting equipment by the RFS is evident by procurement (and replacement and retirement) decisions, service standards for care and maintenance, access, and deployment within the district and elsewhere. These are substantive rights of RFS. The RFS also has a protective right that prevents councils from selling or disposing of the assets without the written consent of the RFS commissioner. There are instances noted by some councils where the 'delegates' of the RFS restrict council access to fire-fighting equipment.

29. The councils have no substantive rights for the control of fire-fighting equipment – vesting by itself does not confer control.

30. As red-fleet vehicles are not controlled by the councils; also, any land and buildings provided by the RFS, as fire-fighting equipment, for its use are also likely not controlled by councils.

My recommendations

31. Fire-fighting equipment recognised by some councils should be derecognised. If the error is considered material, it should be disclosed as such under AASB 108 *Accounting Policies, Changes in Estimates and Errors*.

32. Fire-fighting equipment vested in councils whether recognised or unrecognised under options in the code should be recognised at cost in the RFS's financial statements. This should be accounted and disclosed as an error under AASB 108 *Accounting Policies, Changes in Estimates and Errors* if the error is determined to be material.

33. Given the diversity of opinion between two group of stakeholders over a long period, an argument could be made that rather than an error, it is a change in accounting policy resulting for consideration of recently issued accounting standards (i.e., AASB 10, AASB 15, AASB

16) that provide more definitive guidance on the control. Accordingly, it would be not treated as error.

34. Under AASB 108, 'an entity shall change an accounting policy only if the change: ... (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows' (AASB 108.14).

35. AASB 108 also identifies two circumstances that are not changes in accounting policies: (a) the application of an accounting policy for transactions, other events or conditions that differ in substance from those previously occurring and (b) the application of a new accounting policy for transactions, other events or conditions that did not occur previously or were immaterial' (AASB 108.16). For an argument of a change in accounting policy to be sustained the 'differ in substance test' would need to be argued.

36. As a change in accounting policy, the derecognition of fire-fighting equipment by those councils that had previously recognised such assets and their recognition by the RFS would present more reliable and relevant information to the users of their financial statements and be in line with the entities' objectives.

37. My preference is for an error correction as the appropriate treatment.

38. Turning specifically to RFS-sourced land and buildings, these should be subject to the same control considerations as the red-fleet vehicles. There are likely to be further implications for councils where council land has been used as a contribution to infrastructure. These need to be determined by each council in accordance with their own facts and circumstances, applying the test of materiality.

My brief

Scope of engagement

1. The New South Wales Office of Local Government (OLG) has engaged Colin Parker, principal, *GAAP Consulting* to:

‘[U]ndertake a review of current arrangements to assess, identify and make recommendations on the appropriate recognition of Rural Fire Services (RFS) assets, including and how they should be treated for accounting purposes to create better clarity and consistency across the local-government sector’.

‘In conducting the review and making a report and recommendations, the focus should be on:

- a desktop review of legislation, policies, guidelines and reports
- identification and consideration of all key issues
- interviews with key stakeholders, including relevant councils
- identifying all possible options for recognising RFS assets
- forming an opinion about whether the best option would be for fire-fighting apparatus (assets) to be recorded in RFS’s or councils’ financial statements (note: land and buildings are generally controlled by the council and already recorded in councils’ financial statements)
- consequential impacts for local government of each option considered in the context of financial reporting, and
- any other matter considered relevant for OLG to be aware of in the course of conducting the work’.

2. The deliverables identified were:

- ‘a report setting out the findings and recommendations of an evidenced-based review of current arrangements, including desktop research and interviews with key stakeholders, and proposed recommendation for the appropriate recognition of RFS assets, and
- any consequential impacts for local government.’

The issue – who controls fire-fighting equipment?

3. Fire-fighting equipment provided by RFS to local councils is a vexed issue. Who controls the asset, the RFS or the councils?

4. Currently, the land and buildings provided by RFS are viewed *generally* as controlled by the council and recorded in councils’ financial statements, the accounting treatment of other assets (particularly, the so called red-fleet vehicles) being the focal point of concern.

5. Some councils are concerned about who controls RFS assets, including red-fleet vehicles, and the consequential financial-reporting effects of ‘ownership’.

6. Furthermore, there has been inconsistent treatment between the RFS, a state-government entity, and some councils. Councils are given the choice (in the OLG accounting code) to recognise or not to recognise the assets as determined by accounting standards.

7. As the auditor-general’s mandate has been extended to cover local governments, the auditor-general is seeking to ensure an appropriate treatment. The auditor-general’s office

recently formed a view that it believed that RFS assets, including red-fleet vehicles, are controlled by councils. This position was informed by a separate view provided by the NSW Treasury to the auditor-general.

8. The OLG requires a review of how *RFS assets, including the red-fleet vehicles*, should be recognised, with particular reference to which organisation controls them (and should therefore record them in their financial statements) for the purposes of informing greater consistency in financial reporting under the Australian Accounting Standards Board standards.

9. Relevant sources of legal and other relevant obligations include: *Rural Fires Act 1997* (the Act); *Local Government Act 1993*; *OLG Code of Accounting Practice and Financial Reporting*; and Australian Accounting Standards.

10. The *Local Government Code of Accounting Practice and Financial Reporting* (Update No. 25, June 2017) stated: 'Councils have the option to continue to recognise or not to recognise Rural Fire Services assets in their accounts until such time as the control issue is agreed upon with the Rural Fire Service'.

Key issues identified in the request for tender

11. The Request for Tender identified the following key issues:
Legal vs operational control – As red-fleet vehicles are legally vested in the council, the RFS does not record them in its financial statements. Many councils also do not record them in their financial statements because they are effectively managed, used and maintained on a day-to-day basis by the RFS via *Rural Fire District Service Agreements* under s12A of the Act. These set out arrangements for maintenance, use, access and delegation of hazard reduction activities.

Future economic benefits of the assets – RFS assets benefit both councils and the RFS in helping them to comply with their legislative requirements. For the purposes of *The Framework for Preparation and Presentation of Financial Statements* for not-for-profit entities in the public sector, economic benefit of an asset equates to its service potential.

Control of movement of assets – Even though S119(2) of the Act vests the assets in the relevant council, S119(3) prevents the council from selling or disposing of the assets without written consent from the RFS commissioner.

Expertise to maintain assets – Under s119(5) of the Act, it is the relevant council's responsibility to take care and maintain the assets, based on standards set by the commissioner, but councils lack expertise to do so and transfer this obligation to the RFS through the agreement.

Insurance – While RFS assets are vested in councils, they may agree to an arrangement whereby the RFS acquires insurance coverage in its name. The RFS pays the premium from the Rural Fire Fighting Fund (RFFF) and is nominated as an insured party under the policy.'

My accounting opinion

Relevant accounting pronouncements

Application of GAAP hierarchy in the absence of a specific accounting standard

12. Based on my review of *Facts and stakeholder views on fire-fighting assets* (appendix), and consideration of these in the context of accounting standards and the *Framework for the Preparation and Presentation of Financial Statements*, I am of the opinion that the issues in contention cannot be resolved by reference to a specific accounting standard.

13. Accordingly, I have formed my views in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Relevant paragraphs are:

‘10 In the absence of an Australian Accounting Standard that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is: (a) relevant to the economic decision-making needs of users; and (b) reliable, in that the financial statements: (i) represent faithfully the financial position, financial performance and cash flows of the entity; (ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form; (iii) are neutral, i.e. free from bias; (iv) are prudent; and (v) are complete in all material respects.

11 In making the judgement described in paragraph 10, management shall refer to, and consider the applicability of, the following sources in descending order: (a) the requirements in Australian Accounting Standards dealing with similar and related issues; and (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

12 In making the judgement described in paragraph 10, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in paragraph 11.’

14. I note that the various stakeholders did not use the GAAP hierarchy as a starting point for their deliberations. Instead, they selected specific accounting standards and/or the framework to support their contentions.

15. I have made my assessment based on the ‘11(a) requirements in Australian Accounting Standards dealing with similar and related issues’. Specifically, I considered the requirements of the following accounting standards and applied them *collectively* in my deliberations and in forming my opinion:

- AASB 101 *Presentation of Financial Statements*
- AASB 116 *Property, Plant and Equipment*
- AASB 138 *Intangible Assets*
- AASB 117 *Leases*
- AASB 16 *Leases*
- AASB 15 *Revenue from Contracts with Customers*, and
- AASB 10 *Consolidated Financial Statements*.

16. The standards cited above include those that date back to when Australia transitioned to international standards in 2005-2006 (AASB 116, AASB 117 and AASB 138), AASB 10 (operative from 1 January 2013) and recently issued standards (AASB 15 operative from 1 January this year and AASB 16 operative from 1 January next).

17. I have also considered the reference in my paragraph 13 above to 11(b) in relation to the definition of an asset.

18. In my view, these pronouncements collectively and substantively support the accounting principle that control of an asset takes precedent over ownership (vesting). Providing a weighting or ranking of asset and ownership is neither required nor necessary.

Framework for The Preparation and Presentation of Financial Statements

19. *The Framework for The Preparation and Presentation of Financial Statements* sets out the concepts that underlie the preparation and presentation of financial statements for external users which includes ‘1(d) assist preparers of financial statements in applying Australian Accounting Standards and in dealing with topics that have yet to form the subject of an Australian Accounting Standard’.

20. The framework, and accounting standards, use the term ‘future economic benefits’, which the Australian Accounting Standard Board explains in a not-for-profit context like this:

‘Aus49.1 In respect of not-for-profit entities in the public or private sector, in pursuing their objectives, goods and services are provided that have the capacity to satisfy human wants and needs. Assets provide a means for entities to achieve their objectives. Future economic benefits or service potential is the essence of assets. Future economic benefits are synonymous with the notion of service potential and is used in this Framework as a reference also to service potential. Future economic benefits can be described as the scarce capacity to provide benefits to the entities that use them and is common to all assets irrespective of their physical or other form.’

21. The framework defines an asset as ‘A resource: controlled by an entity as a result of past events; (a) and from which future economic benefits are (b) expected to flow to the entity’ (F.49(a)). I note that the definition refers to control, not ownership of a resource. The resource is controlled by an *entity* and not *entities* (i.e. multiple entities cannot control the same asset with the exception of joint control under AASB 11 *Joint Arrangements*). So, the service potential of fire-fighting equipment would primarily flow to one entity.

22. The framework describes when an asset is recognised: ‘[W]hen it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably’ (F.89).

23. ‘Control’ is defined in SAC 1 *Definition of the Reporting Entity* as:

‘[T]he capacity of an entity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of another entity so as to enable that other entity to operate with it in achieving the objectives of the controlling entity’ (SAC 1.6)

24. The framework does not contain a definition of ‘control of assets’, although the withdrawn Statement of Accounting Concept SAC 4 *Definition and Recognition of the Elements of Financial Statements* contained such a definition. Some stakeholders cited it to support the contention that the councils did not control the red-fleet vehicles. The absence of such a definition is not a concern because other definitions and principles in individual standards can be applied to address the issue by analogy. This can often be achieved by substituting the term ‘entity’ with ‘asset’.

25. The following statements regarding ‘substance’ and ‘legal rights’ in the framework are also particularly relevant:

- 'In assessing whether an item meets the definition of an asset, liability or equity, attention needs to be given to its underlying substance and economic reality and not merely its legal form (Framework .51)', and
- 'In determining the existence of an asset, the right of ownership is not essential' and 'Although the capacity of an entity to control benefits is usually the result of legal rights, an item may nonetheless satisfy the definition of an asset even when there is no legal control' (Framework .57).

AASB 101 Presentation of Financial Statements

26. AASB 101 is relevant as it requires consideration of 'material', 'purpose of financial reporting' and 'fair presentation':

- The definition of material: 'Material Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor' (AASB 101.7).
- Purpose of financial statements: 'The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it' (AASB 101.9).
- Fair presentation: 'Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of Australian Accounting Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation' (AASB 101.15).

AASB 116 Property, Plant and Equipment – no notion of legal ownership

27. The objective of AASB 116 *Property, Plant and Equipment* includes the following statement:

'[To] prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them'. (AASB 116.1)

28. AASB 116 defines 'property, plant and equipment' as tangible items that: '(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes', and '(b) are expected to be used during more than one period'. The

red-fleet vehicles (also the 'white fleet'), and associated land and buildings fall within this definition; and must therefore be accounted for under this standard.

29. In relation to recognition, 'the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably' (AASB 116.8).

30. AASB 116 does not define or describe 'future economic benefits' but the framework extracts are helpful in this regard.

31. In reference to cost, AASB 116 requires that 'for not-for-profit entities, where an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition' (AASB 116. Aus15.1).

32. If the fire-fighting equipment (and associated land and buildings) provided by RFS were an asset of the council, they would have to be fair-valued at acquisition date (and they would be carried at fair value going forward due to OLG's direction). It is likely that the RFS as the provider of such assets to council would have fair-value information, particularly of the red-fleet vehicles as the procurer of such assets.

33. AASB 116 does not contain any reference to a definition of control nor discussion of ownership for purpose of asset recognition.

34. In my opinion, there is nothing in AASB 116 which supports an argument that legal ownership is a 'strong indication of control' (Treasury view) and '[a]ssets are vested in the Council as per Rural Fire Services Act 1997, giving Council legal ownership' (NSW Audit Office). This finding is also borne out my consideration of other accounting standards – some dating back to the transition to IFRS in 2005-2006 others being more recent.

AASB 138 Intangible Assets –guidance on 'control'

35. AASB 138 *Intangible Assets* is helpful as it contains commentary about 'control of an asset'. It should be noted that AASB 138 contains higher asset-recognition tests than AASB 116 due to the nature of intangible assets and expenditures that give rise to assets, and the difficulty with recognition and measurement. Accordingly, this distinction needs to be borne in mind when applying AASB 138 to the present situation.

36. The objective of AASB 138 is:

'[To] prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets.'

37. In relation to *control*, AASB 138 states:

'13. An entity controls an asset if the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. The capacity of an entity to control the future economic benefits from an intangible asset would

normally stem from legal rights that are enforceable in a court of law. In the absence of legal rights, it is more difficult to demonstrate control. However, legal enforceability of a right is not a necessary condition for control because an entity may be able to control the future economic benefits in some other way.

14 Market and technical knowledge may give rise to future economic benefits. An entity controls those benefits if, for example, the knowledge is protected by legal rights such as copyrights, a restraint of trade agreement (where permitted) or by a legal duty on employees to maintain confidentiality.

16 An entity may have a portfolio of customers or a market share and expect that, because of its efforts in building customer relationships and loyalty, the customers will continue to trade with the entity. However, in the absence of legal rights to protect, or other ways to control, the relationships with customers or the loyalty of the customers to the entity, the entity usually has insufficient control over the expected economic benefits from customer relationships and loyalty for such items (e.g. portfolio of customers, market shares, customer relationships and customer loyalty) to meet the definition of intangible assets. In the absence of legal rights to protect customer relationships, exchange transactions for the same or similar non-contractual customer relationships (other than as part of a business combination) provide evidence that the entity is nonetheless able to control the expected future economic benefits flowing from the customer relationships. Because such exchange transactions also provide evidence that the customer relationships are separable, those customer relationships meet the definition of an intangible asset.'

38. In summary, the principle espoused here is that an entity controls an asset if it has the *power* to obtain future economic benefits flowing from the underlying resource and to *restrict* the access of others to them. The enforceable legal rights ('normally stem from legal rights') are relevant, having regard to the nature of the asset. However, an enforceable legal right is not a necessary condition for intangible-asset recognition.

39. In my opinion, AASB 138 provides a lens through which the current issues should be viewed – 'control of asset' in terms of power, restricted access and that ownership alone does not equate to control. AASB 138, as a piece of authoritative literature, supports the argument for control rather than vesting (legal ownership) of assets leads to an asset's recognition in financial statements.

AASB 117 *Leases* – title not a deciding factor

40. AASB 117 *Leases* can be of assistance in deliberations as it has an ownership notion. The relevant paragraphs are:

4 A finance lease is defined as 'is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred'.

7 The classification of leases adopted in this Standard is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Risks include the possibilities of losses from idle capacity or technological obsolescence and of variations in return because of changing economic conditions. Rewards may be represented by the expectation of profitable operation over the asset's economic life and of gain from appreciation in value or realisation of a residual value.

41. Identification of a finance lease results in the recognition of lease asset and liability in financial statements of the lessee. Whereas, an operating lease is disclosed as a commitment of the lessee.

42. I note that determination of risks and rewards is framed in a for-profit context to which I would overlay with the term 'service potential' in the current context.

43. I make the following comments about current circumstances:

1. Classification does not depend on the title passing, which, in my opinion, weakens the argument that vesting of the assets to the councils under the Act is a *significant factor* in determining asset recognition.
2. The risks and rewards incidental to ownership substantially rest with the RFS to achieve its objectives under the Act. Both the RFS and, to a far lesser degree, the councils benefit from fire-fighting equipment to meet their responsibilities under the Act. The councils have effectively outsourced their responsibilities to the RFS through rural district service agreements. Under these agreements, the red-fleet vehicles are effectively managed, used and maintained on a day-to-day basis by the RFS for the RFS.
3. The RFS has set extensive service standards on fire-fighting equipment and its use by volunteers which, in my opinion, gives the service decision-making powers over that equipment and its service potential.
4. The councils' only partially share any gain on disposal.

44. In my opinion, applying an ownership test based on risks and rewards to the red-fleet vehicles would see the risks and rewards (service potential) being substantially enjoyed by the RFS to meet its obligations under the Act.

45. I also note that the framework uses a finance lease as an example of substance over legal form:

'... in the case of finance leases, the substance and economic reality are that the lessee acquires the economic benefits of the use of the leased asset for the major part of its useful life in return for entering into an obligation to pay for that right an amount approximating to the fair value of the asset and the related finance charge. Hence, the finance lease gives rise to items that satisfy the definition of an asset and a liability and are recognised as such in the lessee's balance sheet.'
(Framework .51)

46. In current circumstances, the legal form would focus on the vesting provisions of the Act. Whereas, in my opinion, the substance would take into account all facts and circumstances including:

- The responsibilities of the RFS and its commissioner and those of the councils under the Act and their respective relativities
- The service standards set by the RFS for use of the fire-fighting equipment
- The rural fire district service agreements, and
- Which entity substantially receives the benefit of service potential for the existence and use of the fire-fighting equipment to meet its objectives.

47. I note that *AASB 117 Leases* is to be replaced by *AASB 16 Leases* from 1 January 2019. *AASB 16* employs the principle of 'a right to control the identified asset for a period of time in exchange for consideration'. The notion of ownership of an asset under *AASB 1176* is

superseded. AASB 16, the most recently issued standard, requires that asset assessments be based on control of the asset.

AASB 15 Revenue from Contracts with Customers – further contemporary evident of control

48. I note that the recently issued AASB 15 *Revenue from Contracts with Customer* also uses the concept of control in its requirements regarding satisfaction of performance obligations:

‘31 An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

33 Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.’

49. We can see that AASB 15 as another example of the principle of control and provides another consistent explanation of its meaning (for example, the ability to direct and obtain substantially all the asset’s benefits and to prevent others from the assets’ use).

AASB 10 Consolidated Financial Statements – analogous circumstances application

50. AASB 10 *Consolidated Financial Statements* is a relatively recent accounting standard compared with AASB 116, AASB 138, and AASB 117. It contains a level of detail of how control should be determined that is not found in the other standards I have cited. In this regard, it is helpful in further understanding the term ‘control’ and its use by analogy.

51. AASB 10 embodies the concept of control rather ownership of an investee (an asset). It defines the principle of control and establishes control as the basis for consolidation of an investee.

‘An investor controls an investee when it has all of the following: *power* over the investee’s exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor’s returns’ (AASB10.7).’

52. Again, I would use the notion of *service potential* as a substitute for *returns* to apply control in the current circumstances.

53. Power (rights) gives the entity the current ability to direct relevant activities (that significantly affect service potential) (AASB10.10).

54. AASB 10 identified considerations for the determination of control (I have substituted ‘asset’ for ‘investee’ to assist with its application by analogy):

‘(a) the purpose and design of the asset; (b) what the relevant activities are and how decisions about those activities are made; (c) whether the rights of the investor give it the current ability to direct the relevant activities; whether the investor is exposed, or has rights, to variable returns from its involvement with the asset; and (e) whether the investor has the ability to use its power over the asset to affect the amount of the investor’s returns’ (AASB 10.B3).

55. Understanding what constitutes ‘relevant activities’ is important in understanding ‘power’ over the ‘asset’:

‘B9 To have power over an investee, an investor must have existing rights that give it the current ability to direct the relevant activities. For the purpose of assessing power, only substantive rights and rights that are not protective shall be considered.’

56. In the current circumstances, these powers are reflected in those assigned to the RFS commissioner under the Act. They include the setting of service standards and entering into rural fire district service agreements with councils. The powers of the RFS and its commissioner are summarised in the appendix as well as aspects of the service standards issued by the RFS.

57. Relevant activities and direction of relevant activities are linked to control:

‘B11 For many investees, a range of operating and financing activities significantly affect their returns. Examples of activities that, depending on the circumstances, can be relevant activities include, but are not limited to: (a) selling and purchasing of goods or services; (b) managing financial assets during their life (including upon default); (c) selecting, acquiring or disposing of assets; (d) researching and developing new products or processes; and (e) determining a funding structure or obtaining funding.’

‘B12 Examples of decisions about relevant activities include but are not limited to: (a) establishing operating and capital decisions of the investee, including budgets; and (b) appointing and remunerating an investee’s key management personnel or service providers and terminating their services or employment.’

58. In my opinion, examples in B11 (b), (c), (d) and in B12 (a) and (b) are relevant activities of the RFS in relation to the red-fleet vehicles, and land and buildings. They are indicative of power under the three-step control-determination rules in AASB 10.

59. Specifically in relation to B11 and the current circumstances:

- Managing assets – maintenance criteria are specified in the RFS service standards
- Selecting, acquiring or disposing of assets – while councils are involved in the bid process for new fire-fighting equipment, the final decision is made by the RFS with, for example, the type of red-fleet vehicles to be acquired specified in RFS service standards
- Researching and developing new products or processes – this is a responsibility of the RFS as central procurer of fire-fighting equipment as are the processes and improvements determined by the RFS through its service standards, and
- Funding – through RRRF which is a restricted asset of RFS.

60. Specifically in relation to B12 and the current circumstances:

- Establishing operating and capital decisions for the fire-fighting equipment – these are set by the Act, and RFS service standards and not by councils, and
- Appointing service providers (volunteers) and terminating their services – these are set by an RFS service standard.

61. Also, AASB 10 addresses the circumstance where two or more investors each have existing rights that give them the unilateral ability to direct different relevant activities. In such a circumstance, the investor who has the current ability to direct activities that most significantly affect the returns of the investee has power over the investee (AASB 10.13).

62. In the current circumstances, councils have rights in terms of the vesting of fire-equipment with them and their use in meeting the council's responsibilities under the Act. In my opinion, though, they do not have a unilateral ability as they are constrained by the RFS commissioner's powers under the Act, including the setting of service standards, entering into rural fire district service agreements with councils, and restrictions on the disposal of fire-fighting equipment. In my opinion, the RFS has the substantive ability to affect the service potential of the fire-fighting equipment through the RFS commissioner's powers under the Act.

63. AASB 11 *Joint Arrangements* defines the term joint control – the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In my opinion, joint control does not exist in the current circumstances for the reason stated in the preceding paragraph.

64. In my opinion, in considering the requirements in Australian accounting standards in dealing with similar and related issues under the GAAP hierarchy, AASB 10 is suitable to apply in making a judgement about an appropriate accounting policy along with the principles in AASB 116, AASB 138, AASB 117, AASB 16 and AASB 15.

Themes from authoritative literature

65. From my review of the above, the following principles are evident:

- Assets (and their inherent service potential) are the means for an entity to achieve its objectives by their use
- Focus should be on the underlying substance and economic reality and not merely its legal form
- Control of an asset is the power to obtain the future economic benefits flowing from the resource and to restrict the access of others to those benefits
- Only one entity can control an asset, but the service potential of the asset may be enjoyed by others. In such circumstances, control rests with the entity that substantially enjoys the asset's service potential
- An enforceable legal right is not a necessary condition for control of the asset; there may be other means of exercising control, and
- In the more recent standards, the control-based model for recognition is more evident than a legal ownership/risk and reward model.

Control of the fire-fighting equipment

Service potential

66. Fire-fighting equipment (that is, fire-fighting apparatus – all vehicles, equipment and other things used for or in connection with the prevention or suppression of fire or the protection of life and property in case of fire as well as buildings, water-storage and lookout

towers) is an asset. The service potential is the ability to prevent, mitigate and suppress bush and other fires. Buildings and other infrastructure facilitate this ability.

67. Under accounting standards, fire-fighting equipment must be an asset of either the RFS or local councils as the definition of an asset is entity specific.

68. The RFS and individual local councils have ‘fire-fighting’ responsibilities under the Act in which fire-fighting equipment is used. The responsibilities of the RFS are extensive as described under the Act and include:

- a) ‘for the prevention, mitigation and suppression of bush and other fires in local government areas (or parts of areas) and other parts of the State constituted as rural fire districts, and
- b) for the co-ordination of bush firefighting and bush fire prevention throughout the State.’

69. In comparison, councils’ fire-fighting responsibilities are somewhat limited – they have a duty to prevent the occurrence of bush fires on any land, highway, road and street that is vested in or is under their control. RFS enters rural fire district service agreements with councils to undertake these responsibilities on their behalf.

Rural fire district service agreements

70. It is understood that there may be some differences in the various agreements between the councils and the RFS.

71. Based on a review of a service agreement and some councils’ comments on the broad nature of their agreements, the responsibilities of the RFS and a local council can be summarised as:

The RFS:

- Is responsible for the day-to-day management of RFS in the district, including deployment
- Can provide additional equipment to meet its responsibilities under the agreement
- Is responsible for maintenance of district equipment to the standards set by the RFS
- Maintains a register of district equipment, and
- Procurement decisions are made by the RFS with disputes settled by the Minister.

Councils:

- As legal owners have agreed that the RFS can use the district equipment
- Provide certain information to assist the RFS with its tasks in the district, and
- Engages in the procurement process.

72. The recitals and detail of these agreements tell us about the nature of the relationships between the RFS and councils. In essence, the councils’ responsibilities under the Act have been contracted to the RFS. The RFS has control of district equipment and premises. It is the RFS that enjoys the assets’ service potential.

Asset acquisition and control of their use

73. The NSW Rural Fire Fighting Fund (RFFF) holds all contributions required to meet the costs of co-ordinating bush firefighting and prevention throughout the state and to provision its rural fire services.

74. The fund is maintained by Treasury and used to acquire and build red-fleet vehicles, other assets and to fund RFS activities. RFS has control over the account based on an annual budget approved by the Minister. RFF is funded by contributions from insurance companies (73.7 per cent), councils (11.7 per cent) and Treasury (14.6 per cent). The councils are entitled to share in the proceeds of disposal of assets (11.7 per cent).

75. The RFS zone manager makes decisions about capital improvements and new assets. While councils may be consulted as part of the decision-making process, they take no part in decisions. Fire-fighting equipment is procured or built, under the direction of the RFS and in accordance the relevant RFS service standards.

76. Under the Act (s119(2)) assets vest in the council for which they have been purchased or constructed. Section 119(3) prevents the council from selling or disposing of the assets without written consent from the RFS commissioner. This is a protective right of the RFS.

77. Under S119(5) of the Act, the councils have the responsibility to take care of and maintain these specialised assets. The Act authorises the RFS commissioner to set maintenance standards for the assets. The councils transfer their maintenance obligations to the RFS through the Rural Fire District Service Agreements.

78. A rural fire brigade (RFB) is generally constituted by the council, the commissioner having the power to constitute an RFB if the council fails to do so. The commissioner controls and directs the functions of the RFB. An RFB is mainly composed of volunteers, and its activities are supervised and co-ordinated by a fire control officer. The FCO is an RFS employee and reports direct to the commissioner.

79. The commissioner may, with the concurrence of the council, use any of the equipment to deal with incidents outside the district area.

80. From the information provided, councils do not have access to red-fleet vehicles and buildings. However, I am informed that this may vary from region-to-region with some councils have limited access to limited use of the red-fleet.

81. The RFS insures plant and equipment, and councils meet the outgoing of buildings and other infrastructure assets.

82. The Minister for Police and Emergency Services has powers regarding disputes between the RFS and councils on matters such as contribution.

Infrastructure provided by the RFS

83. While accounting treatment of red-fleet vehicles has been the focus for many, the appropriate accounting of land and buildings provided by the RFS also needs to be explicitly addressed as required by my brief. Given that the same accounting considerations arise for both red-fleet vehicles and the land and buildings provided by RFS, it puzzles me that stakeholders have failed to canvass appropriate accounting for the latter.

84. Land and buildings *provided by the RFS* have generally been regarded as owned and/or controlled by the councils and recorded in their financial statements. Arguments for the continued recognition of land and buildings have not been advanced.

85. From the information provided, it appears that the recognition of land and buildings is, in part, justified on the basis of councils' responsibility for their maintenance and insurance. In other aspects, they seem similar to red-fleet vehicles. Maintenance and insurance of buildings are obligations. They are not rights to control assets for their service potential to meet councils' objectives.

86. The underlying accounting for fire-fighting equipment, whether red-fleet vehicles or land and buildings, should be subject to the application of the same accounting principles as previously outlined.

87. In my opinion, as red-fleet vehicles are not controlled by the councils, land and buildings provided by the RFS in association with them are also *likely* not controlled by the councils. The latter need to be further investigated.

88. Where councils have provided land and buildings to the RFS, they will need to give consideration to requirements of AASB 117 *Leases* and AASB 1004 *Contributions* and also the new standard AASB 16 *Leases*.

Specific issues

89. The following issues were identified for consideration as part of this review and I provide my opinions on them.

90. *Legal vs operational control*: Accounting issues need to be considered in the context of control over the asset's service potential to contribute to the objectives of the entity. Legal ownership (vesting) is not the crucial determinant for control as explained in my review of the accounting standards and framework.

91. *Future economic benefits of the asset*: The service potential of an asset is specific to the entity and its objectives. An asset cannot be controlled by two entities. The fire-fighting equipment benefits both the councils and the RFS in helping them to comply with their legislative requirements. The RFS has the substantive responsibilities for the prevention, mitigation and suppression of bush and other fires in local government areas and other parts of the State, and controls fire-fighting equipment to meet its statutory objectives.

92. *Control (of movement) of assets*: The RFS has decision-making authority over fire-fighting equipment under the Act and rural fire district service agreements. The RFS exercises this authority through them, including the functions of zone managers and rural fire brigades.

93. Control of fire-fighting equipment is evident by procurement (and replacement and retirement) decisions, service standards for their care and maintenance, access restrictions, and deployment within the district and elsewhere in the state. These are substantive rights of the RFS. The RFS also has a protective right in that councils are prevented from selling or disposing of the assets without written consent from the RFS commissioner (s.119(3)).

Councils have no substantive rights for the control of fire-fighting equipment – vesting does not confer control.

94. Maintenance of assets (including expertise): As the decision-making authority, the RFS is exposed to the risks of poor fire-fighting equipment, with the exception of the exterior of some infrastructure assets within the district. While the relevant council has responsibility under the Act for care and maintenance of the vested assets, the standards of care and maintenance are set by the RFS commissioner under the Act (s119(5)). The councils have outsourced this obligation to the RFS through the rural fire district service agreements. Fire-fighting equipment, with exception of some infrastructure assets, is specialised, and expertise for its maintenance lies with the RFS and not councils. The RFS has set service standards for maintenance.

95. Insurance: As the decision-making authority, the RFS is exposed to the risks of loss of fire-fighting equipment with the exception of the exterior of some infrastructure assets that are insured by councils, and the RFS has insured against its risks.

Conclusion

96. Users of not-for-profit financial statements are concerned with the ability of an entity to achieve its objectives, both financial and non-financial. Financial statements should show the results of the stewardship of management for the resources entrusted to it.

97. The current accounting for fire-fighting equipment fails the information needs of the RFS's and councils' financial-statement users as the equipment has failed to be recognised by the entity that controls its potential to meet its objectives.

98. In my opinion, fire-fighting equipment is controlled by the RFS as determined by application of accounting standards and the framework according to the facts and circumstances described.

99. Recognition of fire-fighting equipment by the RFS in its financial statements, and derecognition by the councils from theirs, also satisfies the definition of an asset and qualitative characteristics of financial statements, including faithful representation and substance over form.

100. Fire-fighting equipment recognised by some councils should be derecognised and this should be accounted and disclosed as an error under AASB 108 *Accounting Policies, Changes in Estimates and Errors*.

101. Fire-fighting equipment vested in councils, whether recognised or unrecognised, under options in the code should be recognised in the RFS's financial statements. This should be accounted and disclosed as an error under AASB 108 *Accounting Policies, Changes in Estimates and Errors*.

102. Alternatively, an argument could be made that rather than an error, it is a change in accounting policy resulting for consideration of recently issued accounting standards (i.e., AASB 10, AASB 15, AASB 16) that provide more definitive guidance on the control. However, in my opinion the long-standing authoritative pronouncements (framework, SAC 1,

AASB 116, AASB 138, and AASB 117) were sufficient to conclude that decisions should be made on the basis of control rather than ownership. Some may not share this view.

Appendix: Facts and stakeholder views on fire-fighting assets

Introduction

1. Stakeholders have provided the Office of Local Government (OLG) with various arguments, opinions, and documents to support their positions on accounting for red-fleet assets in particular. The OLG has provided these for my consideration. Extracts from them have been included in this appendix along with salient matters from my discussions with certain stakeholders.
2. I have also included my views on several issues raised that link to the body of my report. However, I have not commented on individual arguments for and against recognition in the financial statements of councils or the RFS; these have been addressed in the body of my report.
3. The RFS is the lead combat agency for bush fires. It works closely with other agencies to respond to emergencies, including structure fires, motor-vehicle accidents and storms that occur within the rural fire districts.
4. The RFS website contains the following description of responsibilities:
 - ‘The NSW RFS has fire management responsibilities for over 95 percent of the landmass of the State and therefore the Service is spread across the length and breadth of NSW. A total of 47 districts are grouped into four regions.
 - ‘In each District NSW RFS staff members assist volunteers and brigades to prepare for and respond to operational incidents.
 - ‘A Fire Control Centre forms the administrative and operational base of the rural fire district or zone.
 - ‘The coordination and management of local brigade responses to fire and other incidents – including natural disasters, motor vehicle accidents and other civil emergencies – is undertaken through the Fire Control Centre.’

NSW Rural Fire Services (RFS)

Responsibilities of RFS and Councils

5. The Rural Fires Act 1997 (the Act) established the Rural Fire Service (RFS) to co-ordinate bush firefighting and prevention throughout the state and to provide rural fire services for New South Wales.
6. The objects of the *Rural Fires Act 1997* are to provide:
 - a) ‘for the prevention, mitigation and suppression of bush and other fires in local government areas (or parts of areas) and other parts of the State constituted as rural fire districts, and
 - b) for the co-ordination of bush firefighting and bush fire prevention throughout the State, and

- c) for the protection of persons from injury or death, and property from damage, arising from fires, and c1) for the protection of infrastructure and environmental, economic, cultural, agricultural and community assets from damage arising from fires, and
- d) for the protection of the environment by requiring certain activities referred to in paragraphs (a)–(c1) to be carried out having regard to the principles of ecologically sustainable development described in section 6 (2) of the Protection of the Environment Administration Act 1999.’ (s.3)

7. The following sections of the Act are noteworthy on control of fire-fighting equipment, and in particular the powers of the commissioner, the service standards, and the requirements of councils:

Functions

- The RFS consists of the commissioner and other staff of the service and volunteer rural fire fighters (s.8).
- The functions of the RFS include ‘to provide rural fire services for New South Wales’ with such services being defined to include ‘services for the prevention, mitigation and suppression of fires in rural fire districts’ (s9).
- The commissioner is, in the exercise of his or her functions, subject to the control and direction of the minister (s11).
- The functions of the commissioner include: ‘The Commissioner is responsible for managing and controlling the activities of the Service and has such other functions as are conferred or imposed on the Commissioner by or under this or any other Act’ (s12).

Service standards

- In relation to service standards ‘[the] Commissioner may from time to time issue written policy statements to members of the Service for or with respect to procedures to be followed in connection with the operation, management and control of the Service’ (s13).

Brigades

- A local authority may form a rural fire brigade, and the commissioner may form one if the local authority refuses or fails to do so within the period prescribed by the regulations after being requested to do so by the commissioner (s.15).
- In relation to the area of operations and officers of groups of rural fire brigades: the fire control officer who forms a group of rural fire brigades is to determine the territory in which the group is to operate, and the officers of the rural fire brigades forming a group of rural fire brigades are those persons selected, in accordance with the service standards, to be officers for the group by the members of the rural fire brigades forming the group. A person selected to be an officer holds office for the period specified in the service standards (s.19).
- The functions of officers of rural fire brigades are conferred or imposed on the officer by or under this or any other Act. Functions may be conferred under the Act by the service standards (s.21).
- The general powers of rural fire brigade officers and others are described. Also, ‘Any function that may be exercised, or action that may be taken, by an officer of a rural fire

brigade or group of rural fire brigades because of this section may be exercised or taken by the Commissioner' (s.22).

- Responsibilities of fire control officers and local authorities are: 'A fire control officer is, subject to any direction of the Commissioner, responsible for the control and co-ordination of the activities of the Service in the rural fire district for which he or she is appointed as fire control officer', and '[the] local authority for the rural fire district for which a fire control officer is appointed must provide facilities and accommodation to enable the fire control officer to exercise his or her functions' (s.37)'.
- The commissioner may authorise officers and members of rural fire brigades to exercise certain functions (s.39).
- The commissioner is to take charge of bush fire-fighting operations and bushfire prevention measures and to take such measures as the commissioner considers necessary to control or suppress any bushfire in any part of the state (with four circumstances identified). The commissioner may delegate the functions to individuals described (s.44).
- The commissioner may give such directions as he or she considers necessary to fire control officers, deputy fire control officers, officers of rural fire brigades, local authorities, officers or members of Fire and Rescue NSW, members of the NSW Police Force and other persons in connection with the prevention, control or suppression of any bushfire in the area or locality in which the commissioner has taken charge or is taking measures under this division (s.45).

8. Under s63, local councils have the duty to prevent the occurrence of bush fires on any land, highway, road and street that is vested in, or is under the control of, that council.

9. Under s119(1) of the Act, fire-fighting equipment is defined as: *fire-fighting apparatus, buildings, water storage towers or lookout towers*. Fire-fighting apparatus is defined as: *all vehicles, equipment and other things used for or in connection with the prevention or suppression of fire or the protection of life or property in case of fire*.

10. This section also requires:

- All fire fighting equipment purchased or constructed wholly or partly from money to the credit of the Fund is to be vested in the council (s119(2)).
- A council must not sell or otherwise dispose of any fire fighting equipment without the written consent of the Commissioner (s119(2)).
- A council must take care of and maintain in the condition required by the Service Standards any fire fighting equipment vested in it under this section (s119(5)).
- The Commissioner may, with the concurrence of the council in which fire fighting equipment is vested under this section, use any of the equipment not reasonably required by the council to deal with incidents in the area of the council to deal with incidents outside the area (s119(6)).

Service standards

11. The RFS sets service standards that are available on its website. They number more than 80 and include the following, which I have grouped under headings.

Delegations and the like

- SS 1.3.1 *Delegations and Authorisations (including supplementary delegations-unincorporated area of NSW)* – The statutory powers created by the Rural Fires Act 1997 (the Act) are vested in the Commissioner, Local Authorities, Fire Control Officers and Officers of Brigades. This Service Standard identifies the Delegations (s 14 of the Act) and Authorisations (s 39 of the Act) of the Commissioner with respect to the NSW RFS. It also includes Delegations (s 44 of the Act) of the Commissioner with respect to co-ordinated bush firefighting.
- SS 2.1.1 *Formation and Disbandment of Brigades and Groups of Brigades* – The NSW RFS is committed to providing a fire service which has relevance to local communities and recognises that local situations can change, and there is a need to periodically review the placement of Brigades.
- SS 2.1.4 *Appointment of Field and Group Officers* – The Rural Fires Act 1997 provides for the appointment of Brigade Officers in accordance with the Service Standards.
- SS 1.3.4 *Rural Fire District Service Agreements* – The majority of Local Authorities which have responsibilities for Rural Fire Districts have entered into Rural Fire District Service Agreements (RFDSAs) with the NSW RFS under section 12A of the Rural Fires Act 1997. In accordance with these RFDSAs, the Commissioner assumes responsibility for the exercise of functions imposed upon those Local Authorities by the Act.

Equipment

- SS 1.1.16 *Fundraising Activities (Provision of Goods and Services)* – Members of the Service engage in a range of fund raising activities in order to assist rural fire brigades and groups of rural fire brigades to acquire additional equipment and facilities, to assist in the payment of running costs and to otherwise enhance the service they provide to the community.
- SS 5.1.4 *Fire Fighting Appliance Construction Standards* – This Service Standard ensures that the NSW RFS provides safe, cost effective, standardised, fit for purpose fire fighting appliances across a range of categories.
- SS 5.1.6 *Secondhand Appliance Transfer Program* – The NSW RFS is continuing the program to modernise, standardise and maintain the fire appliance fleet and has a secondhand appliance transfer program that provides for appliances to be transferred between Districts at certain nominated stages.
- SS 5.1.9 *Breathing Apparatus* – This service standard defines the proper acquisition, use, training and maintenance associated with breathing apparatus in the NSW RFS.
- SS 5.3.1 *Equipment Maintenance* – To ensure the safety and effectiveness of rural firefighting and related activities, all equipment and related facilities need to be maintained in a serviceable condition.

- S 5.4.1 *Asset Disposal* – The NSW RFS is committed to the proper management of surplus or deficient physical assets that might otherwise reduce efficient, effective and safe service delivery. One of the key elements of asset management is the timely, appropriate and cost effective disposal of assets in a frame work that ensures probity, honesty and conformity to Government Policy.

Staffing

- SS 1.1.7 Code of Conduct and Ethics – It establishes standards of behaviour expected of all members of the NSW RFS.
- SS 1.1.2 Discipline –Sets out the procedure to be followed when disciplinary action is taken against a volunteer member of the NSW Rural Fire Service (NSW RFS).
- SS 6.1.3 Training in the NSW RFS – Members of the NSW RFS are required to have the relevant competency to carry out the functions for which they have volunteered or for which they have been employed.

12. The existence of these service standards and the nature of their subject matter need to be considered as to whether they indicate control of service-potential assets by the RFS.

RFS Annual Report 2016-2017

13. The RFS Annual report 2016-2017 provided some relevant contextual information which has reproduced below.

14. Commissioner's Report stated:

'The year has also seen the continued investment in building new, or refurbishing brigade stations and fire control centres across the state.'
'With a total of 6315 tankers, air and marine craft and other vehicles, we continue to assess and improve the effectiveness of the Service's fleet, making modifications, refurbishments and purchasing new as required.'

15. One noteworthy information was: There was 72,233 volunteers and 878 salaried staff; and 'In total across the reporting period, our members attended over 24,500 incidents, including bush and grass fires, motor vehicle accidents, hazard reduction activities and support for other agencies'.

16. The financial statements describe its accounting policy for rural fire-fighting equipment in note 1 as:

'The ownership of all fire fighting equipment purchased by the Rural Fire Fighting Fund is vested in the relevant local government council. The cost of such equipment is therefore expensed by the Service in the year of purchase.
The exception to this is fire fighting equipment purchased for the State Mitigation Service which is recorded on the Service's asset register'.

17. Note 10 Restricted Assets described cash held as part of RFFF \$139,532,000 (2016 \$104,406,000 as: 'The Service holds funds that form the NSW Rural Fire Fighting Fund which is a special deposits account established under section 102 of the *Rural Fires Act 1997*.'

Funds in the Rural Fire Fighting Fund can only be expended for the purposes defined in the Act.’

Rural fire district service agreements

18. I am informed that councils *generally* enter a rural fire district service agreement with the RFS to undertake these responsibilities on behalf of the council. For completeness, it should be ascertained how many councils have these agreements and those that do not. In relation to the latter, how the assets in question are accounted.

19. The Act (s12A) specifies arrangements for entry into *rural fire district service agreements*:

- (1) Without limiting section 12, the Commissioner may enter into a rural fire district service agreement (a service agreement) with any local authority or authorities responsible for a rural fire district or districts.
- (2) Without limitation, a service agreement:
 - (a) may specify functions imposed on the local authority by or under this Act that are to be exercised by the Commissioner during a period (if any) specified in the agreement, and
 - (b) may specify any obligations to be imposed on the local authority as a consequence of the Commissioner agreeing to exercise those functions, and
 - (c) may set performance targets for the exercise of those functions, and
 - (d) may provide for the evaluation and review of results in relation to those targets.
- (3) The Commissioner and the local authorities must, as far as practicable, exercise the functions and carry out the obligations in accordance with the service agreement.
- (4) The Commissioner is to report the results of the performance under a service agreement during a financial year to the local authority or authorities concerned within 3 months after the end of that year.

20. I note that this section gives the commissioner various powers over the services to be provided.

21. In my opinion, the existence and specifics of these agreements support the argument that the RFS has control of the assets in question.

22. I have considered one such agreement – made with Tweed Shire council. General comments made by some councils about their agreements, as described elsewhere in this appendix, are consistent with the extracts below.

Example of a rural fire district service agreement (Tweed Shire Council)

23. Under the Rural Fire Services Act 1997, the commissioner may enter a rural fire district service agreement with any local authority(ies) responsible for a rural fire district(s) (s.12A).

24. I have been provided with the agreement between Tweed Shire Council and the commissioner and have summarised key issues.

25. As noted later, other councils report a common approach to agreements.

26. The agreement began on 1 July 2010 and continues until terminated under clause 14 (cl.3).

27. The recitals include:

- Parties entered into agreement under section 12A of the Rural Fire Services Act 1997 (NSW)
- Commissioner agreed to exercise all the functions imposed on Council under the Act, other than those specified in clause 4.2
- Commissioner agreed to undertake all the day-to-day management of the rural fire services operating in the District on behalf of the Council
- Council has agreed to provide certain administrative accounting and maintenance services to the Commissioner and RFS
- The Council has agreed to allow Commissioner and RFS to use the District Equipment and Premises
- The Council and the Commissioner have agreed to establish a liaison committee, and
- The Council has agreed to delegate certain functions powers duties to members of the RFS.

28. District equipment is defined as ‘Fire Fighting Apparatus and the other vehicles and equipment: owned by the State of NSW; owned by the Council; or vested in the Council and used by members of Rural Fire Service operating in the District’.

29. Premises are defined as ‘Land and buildings or parts of land and buildings specified in schedule 1.’ Nine brigade stations, one other station and one control station are identified.

30. The following details are also noteworthy.

Functions and management responsibilities are:

- The Commissioner exercises the Council’s functions and manages the district (cl. 4) in consideration of \$1 (cl.4.2). The functions include the day-to-day management of RFS in the District (cl.4.2). Certain functions are excluded (cl.4.2).
- The Council provides certain information to the RFS to help RFS to discharge its functions (cl.4.3).
- The Commissioner may, but is not obliged to, utilise or provide additional equipment or personnel in addition to the District Equipment and members of the RFS operating in the District (cl.4.4).

District equipment requirements are:

- Council to make available and allow the use of the District Equipment to Commissioner and RFS (cl.5.1).
- Commissioner agrees to maintain the District Equipment on behalf of the Council in accordance with applicable service standards (cl.5.1). The service standards are those issued by the Commissioner under s.13 of the Act (cl.5.2).
- The RFS will maintain a register of District Equipment with a copy provided to Council every six months (cl.5.3).

Land and buildings requirements are:

- Council agrees to allow the Commissioner and RFS to occupy and use the Premises, or other land and buildings as may be agreed (cl.6.1). Council grants a licence to enter and use (cl.6.2). Commissioner has a personal right of occupation on the terms specific in this licence; but no tenancy, estate, or interest in the land on which the Premises are situated (cl.6.3). Legal right of possession and control over the Premises and land on which they are situated remain vested in the Council (cl.6.4).
- The responsibilities of Council are: not to interfere with the Commissioner’s use; pay rates, taxes etc; maintain premises in good repair (as described in cl.6.7); and insure buildings and have the designated public risk insurance coverage (cl.6.5).
- The Commissioner must not occupy or use the Premises other than the provision of fire-fighting services and for related incidental purposes; not assign the licence or grant a sub-

licence; carryout minor repairs (as described in cl.6.8); comply with all relevant laws regarding the Commissioner's use of property; and not alter the premises without the consent of Council (that shall not unreasonably be withheld) (cl.6.6). There are specific provisions regarding access Tweed Fire Control Centre (cl.6.7).

Finance requirements are:

- Annually the Council makes a bid of estimated probable expenditure on District for next financial year to the Commissioner. Following consultation with the Council, the Commissioner submits a probable allocation of expenditure and a probable contribution by the Council to the Rural Fire Fighting Fund. If the Council and Commissioner disagree on these, a determination on the contribution is made by the Minister (cl.8.1 to 8.3).
- The Commissioner, following consultation with Council, provides a four-year budget forecast expenditure, updated annually. Consultation with Council includes: Council's capacity to contribute to the fund; RFS and government policies for replacement of District Equipment, District's requirements by reference to Standard of Fire Cover and other policies; and standards of fire stations and other facilities. The Commissioner provides a draft 10-year capital work program undated annually (cl.8.4 to 8.6).
- The Council can provide funds for the delivery of rural fire services in the District in addition to statutory contribution. The Commissioner must manage those funds in accordance with the directions of the Council (cl.8.7).
- The Commissioner (and at his/her sole discretion) has unrestricted to and may expend monies received by the Council from the fund for delivery of rural fire services in the District. The Commissioner may also expend additional monies (cl.8.8).
- Funding for repairs and maintenance is a reimbursement basis (cl.8.9).

Insurance and related requirements are:

- Effect and keep current the following: property damage and public liability insurance for the property; compulsory third party and comprehensive insurance for motor vehicles that form part of District Equipment, except where agreed otherwise by the Council and the Commissioner; property damage and public liability insurance, third party and comprehensive insurance, for all Premises and District Equipment controlled, occupied, or managed by the Commissioner or RFS (cl.10.1).

In summary, the RFS:

- Is responsible for the day-to-day management of the RFS in the district, including deployment
- Can provide additional equipment to meet its responsibilities under the agreement
- Is responsible for maintenance of district equipment to the standards set by the RFS
- Maintains a register of district equipment, and
- Procurement decisions are made by the RFS with disputes settled by the Minister.

In summary, the council:

- As the legal owner has agreed that the RFS can use the district equipment
- Provides certain information to assist the RFS with its tasks in the district, and
- Engages in the procurement process.

31. The recitals and details reveal the nature of the relationship between the RFS and the council. In essence, the council's responsibilities under the Act have been contracted out to the RFS. The RFS has control of equipment and premises. It is the RFS that enjoys the service potential of these assets.

32. As the legal owner, the council has granted the RFS the right to occupy and use the premises (10 fire stations and one control centre). Outgoings and insurance are met by the council as are major repairs.

33. Where the land and building, constitute fire-fighting equipment provided by RFS, my comments on the accounting for red-fleet vehicles are likely to be equally relevant for their appropriate accounting.

34. Where the land and building were not provided by the RFS, further information is required about how these premises were acquired and whether on council land; and the implications assessed under AASB 117 and soon to be operative standards – AASB 16 and AASB 1058.

Rural Fire Fighting Fund

35. The NSW Rural Fire Fighting Fund (RFFF) holds all contributions required to meet the costs of co-ordinating bush firefighting and prevention throughout the state and to provide rural fire services for New South Wales (s.102)

36. A special RFFF deposit account is maintained by Treasury and used to acquire and build red-fleet vehicles, other assets and to fund RFS activities.

37. To assist the minister in preparing and adopting the rural fire brigade funding target for a financial year, the commissioner must prepare and give to the minister a written report and recommendations about rural fire brigade expenditure for the year and the estimated expenditure for each rural fire district and each relevant council (s.105).

38. The RFS has control over this account based on an annual budget approved by the minister.

39. As per the provisions of the Act, RFFF is funded by contributions from insurance companies (73.7 per cent), councils (11.7 per cent) and Treasury (14.6 per cent). These are recognised as income by the RFS.

40. The assets acquired or built using the RFFF are of two types:

- White-fleet vehicles, which are operational and commercial and are not designed to fight fires. These assets do not benefit councils and are used state-wide and recorded in RFS financial statements.
- Red-fleet vehicles, which are firefighting assets bought or constructed for the benefit of a particular council. As per s119 of the Act: *All firefighting equipment purchased or constructed wholly or partly from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed.*

41. Fire-fighting equipment is procured or built and overseen by the RFS.

Arguments advanced that councils control the fire-fighting equipment

NSW Treasury and Rural Fire Service

42. NSW Treasury and RFS formed the view that '[w]hile the arrangements are finely balanced, Treasury has concluded RFS's treatment of not recognising the fire-fighting assets was appropriate' (letter dated 29 September 2017 to the acting chief executive of the OLG).

43. Treasury cited AASB 116 *Property, Plant and Equipment* (para 7) and AASB *Conceptual Framework* (paras. 49 and 89); and Rural Fire Services Act 1997 in forming its view.

44. Treasury's observations were:

1. Legal ownership sits with the Local Authorities (LA), a strong indication of control
2. RFS permission for disposal is only seen as a protective right
3. It is difficult to ascertain future economic benefits for a NFP. These FF assets allow RFS to comply with their governing legislation/ mandate in Rural Fires Act 1997 and to undertake various Statutory obligations imposed on Councils under the Act, for and on behalf of Councils. There are also potential benefits for Councils.
4. Use/control of assets – SLAs appear to give RFS unrestricted access to the assets. This however is predicated on the LA having the right to grant that access
5. Maintenance of the assets – Councils appear to take responsibility for maintenance
6. Insurance – for FF assets, this is paid and organised centrally by RFS to TMF (paid from the RFFF) for and on behalf of all Councils who have the insurable interest. RFS has no insurable Interest.'

45. The conclusion reached was:

'We acknowledge the ownership of assets is a matter of judgement. However, based on the above our view is that RFS should continue to not recognise the FF assets that have been vested to the Councils, as they receive little future economic benefit, are bound to the service level agreement as agreed with the Councils and do not have control to move the assets to other Councils without permission. This treatment would then be consistent with other assets that are used by RFS, namely land and buildings.

NSW Audit Office

Internal position paper

46. The audit office has produced an internal position paper titled *NSW Rural Fire Service Accounting treatment of Rural Fire Services Assets*.

47. The issue addressed was 'Since Red Fleet vehicles are vested in the council, RFS do not record these in their financial statements. Many councils also do not record the Assets'.

48. Control and other considerations were described:

- 'Even though S119(2) of the Act vests the Assets in the council for whom these have been purchased or constructed, S119(3) prevents the council from selling or disposing of the Assets without written consent from the RFS Commissioner.
- As per the *Framework for the Preparation and Presentation of Financial Statements*, for a not-for-profit entity in the public sector, future economic benefits from an asset is synonymous with the notion of its service potential. These Assets allow RFS to comply with their governing legislation and fulfil their mandate as per the Act. At the same time these Assets help fulfil council's duty under the Act, to prevent the occurrence of bush fires on land

- controlled by the council. Economic benefits from the Assets are therefore enjoyed by both the council and RFS.
- Under S12A of the Act, the RFS Commissioner may enter into a Rural Fire District Service Agreement (Agreement) with any council responsible for a rural fire district. These Agreements are contractual licences that set out the understanding between the parties as to maintenance, use and access to firefighting equipment and premises.
 - Under S63 of the Act, land owners have the responsibility of preventing the occurrence of bush fire. To comply with the requirements of the Act, councils are obliged to perform hazard reduction activities. Councils do not possess firefighting and hazard reduction expertise and therefore delegate the conduct of this activity to RFS through an Agreement under which the council provides RFS access to council Assets. Under the Agreement, the council agrees to make available to and allow the RFS Commissioner to use the Assets which are owned by, vested in or under the control of the council.
 - A Rural Fire Brigade (RFB) is generally constituted by the council. The Commissioner has the power to constitute a RFB if the council fails to do so. A RFB can be disbanded by the person or body who constituted it. A RFB is mainly comprised of volunteers and its activities are supervised and co-ordinated by a Fire Control Officer (FCO), who is an RFS employee and reports directly to the RFS Commissioner. The Commissioner controls and directs the functions of the RFB. Under S38 of the Act, a council is obliged to provide facilities and accommodation to enable the FCO to perform his or her functions. Such facilities and accommodation should be of a standard approved by the Commissioner.
 - As per S119(5) of the Act, it is council's responsibility to take care and maintain the Assets. The Act authorises the RFS Commissioner to set maintenance standards for the Assets. The Council lacks expertise to maintain such specialised nature Assets. Being the owner of the Assets, the councils transfers their maintenance obligation to RFS through the Agreement. RFFF is funded through an annual RFS budget, which includes planned maintenance expenditure for firefighting equipment held RFS districts. Councils contribute (11.7%) annually to these budgets which includes the maintenance component. Hence, any subsequent maintenance expenditure incurred by the council is reimbursed by RFS using these funds.
 - Like planned maintenance expenditure, the expected insurance cost for the Assets is included in the RFS annual budget. Council, by way of its contribution (11.7%) to the RFFF, contributes to such insurance expenditure. While councils own the Assets, for administrative reasons, Treasury Managed Fund (TMF) and councils have agreed to an arrangement whereby RFS is permitted to acquire insurance coverage for the Assets in its own name. RFS pays the insurance premium from the RFFF and is nominated as an insured party under the insurance policy. RFS does not derive any insurable benefit under the insurance policy. In the event of a loss of an Asset (vested in the council), the insurance proceeds are used to reacquire or build a similar Asset, which then again vests in the same council. The arrangement between RFS and a council does not constitute a lease arrangement, since RFS is not paying any consideration to the council for the use of council's assets.
 - The Agreement does not satisfy the conditions of a Joint Arrangement under the Australian Accounting Standards (AASB 11).'

49. There are appendices to the position paper *Appendix 1 – Illustration of the overall arrangement* and *Appendix 2 – Indicators of control*. The latter contains an assessment of control from the perspectives of the RFS and councils, applying:

- Legal ownership
- Future economic benefits and/or service potential
- Daily access and use
- Control of movement
- Maintenance, and

- Insurance.

50. The NSW Audit Office reached the following conclusion:

‘Vesting provisions under the Act, substantiated by an Agreement whereby the council allows RFS to use these assets for and on behalf of the council, supports the conclusion that these assets are controlled by the council. In addition, council’s responsibility of maintaining these assets and receiving the benefit of an insurance claim (in the event of a loss), further corroborates this conclusion.’

Audit Office final management letter for 30 June 2017

51. Tamworth Regional Council has provided the following extract from the Audit Office’s management letter dated 30 June last year in its submission to the OLG on the 2017-2018 draft code:

‘As at the 30 June 2017, the Council has exercised the option available under the Local Government Code of Accounting Practice and Financial Reporting not to recognise certain rural fire service assets. RFS assets, specifically the red vehicles, are vested in Council. Combined with other indicators there is a presumption that they are controlled by Council and should be recognised in the Council’s financial statements. This is supported by an analysis of Rural Fire Services Act 1997 and service agreements between the councils and RFS.’

‘The following are indicators of ‘control’ by the Council:

- Assets are vested in the Council as per Rural Fire Services Act 1997, giving Council legal ownership
- As the land owner, Council has the responsibility of fire mitigation and safety works under Rural Fire Services Act 1997
- The service agreement allows the RFS use of the assets for fire mitigation and safety works within the Council’s area
- Council is responsible for maintaining the assets but has transferred this responsibility to RFS through the service agreement
- In the event of loss of an asset, the insurance proceeds are used to reacquire or build a similar asset, which is again vested in the Council.’

Arguments advanced that councils do not control the fire-fighting equipment

Albury City

Introduction

52. Albury City has prepared a *Position statement on the recognition of Rural Fire Service assets*. Excerpts reproduced below reveal the council’s view that equipment is not a council asset but land and buildings are.

Background

53. ‘Rural Fire districts and Rural Fire Brigades are established generally in line with local council areas. Albury City shares a fire zone and Rural Fire District Service Agreement with Greater Hume Shire Council. Greater Hume Shire Council provides the majority of administrative support required under the service agreement. Albury City maintains

buildings within its Local Government Area boundary and services RFS Vehicles through its maintenance depot upon request. Albury City charges the RFS for vehicle servicing costs.'

54. 'Rural Fire Services costs are shared between Albury City and Greater Hume Shire, with Greater Hume Shire paying 80% of the cost and Albury City 20%. The basis of this allocation is tied to the number of fire services identified in each Council area, Greater Hume Shire 19 and Albury City 5.'

55. 'Albury City accounts for land and buildings used by the RFS situated within the Albury City boundary, however does not account for Rural Fire Service plant or other equipment'.

Application of accounting literature

56. The following points are made with reference to the framework.

1. 'An asset is defined as a resource that is controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity (49).
2. Attention needs to be given to its underlying substance and economic reality and not merely its legal form (51).
3. In respect of not-for-profit entities, economic benefit is synonymous with service provision or enabling them to meet their objectives to beneficiaries (54).
4. The right of ownership is not essential to the determination of control (57)'.

57. Reference was also made to AASB 116 *Property, Plant and Equipment*:

'[R]equires that an asset can only be recognised if it is probable that future economic benefits associated with the item will flow to the entity.'

58. Reference was also made to SAC 4 *Definition and Recognition of the Elements of Financial Statements* and definition of a 'control of an asset' ('the capacity of the entity to benefit from the asset in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit'). I note that SAC 4 has been withdrawn.

Facts and circumstances

59. Albury City's statement notes that the Act provides for:

- 'All firefighting equipment acquired from the fund is to be vested in the council of the area (S119)
- A council must not dispose of such equipment without the written consent of the Commissioner, and
- Albury City and Greater Hume Shire are entitled to a share of 11.7% of the disposal proceeds.'

60. The agreement between Albury City and the commissioner includes a basic section on district equipment (section 5):

- 'Council will allow the RFS to use the equipment which is owned by, vested in or under the control of the Council
- The Commissioner agrees to maintain the equipment on behalf of the council, and
- The RFS will maintain and supply to Council a register of the equipment.'

61. The statement further reads:

'This can be compared to a very detailed section on Land and Buildings (section 6) which specifically states that the legal right to possession and control over the premises and land

remains vested in Council and the RFS only has right of occupation. In addition: council must maintain the premises in good repair; council must pay all utility costs associated with the premises; and Council must pay all insurances associated with the building and public risk’.

62. In relation to land and buildings, it states:

‘The Rural Fire Service Agreement clearly identifies that Council retains full legal right to possession and control over premises occupied by the RFS. Councils are required to maintain buildings, pay all utility costs associated with the building and pay all insurances on the buildings and public risk associated with the use of the building [...] This is similar to a lease agreement, and as such Council retains control of the building and is required to hold the land and associated building as an asset’.

63. In relation to equipment:

- ‘Section 119(3) of the Rural Fires Act 1997 (NSW) stipulates that Council must not sell or otherwise dispose of any firefighting equipment ... without the consent of the Commissioner. Section 119 (4) requires any funds received from sale must be credited to the RFS fund’
- ‘The RFS Zone manager makes all decisions about capital improvements and new assets, while Council may be consulted in these decisions it takes no part in the final decision’
- ‘The RFS insures all plant and equipment’, and
- ‘In practice the RFS makes all decisions to switch fleet and equipment to other fire districts as it feels necessary. Council has no access to and is not permitted to use of any plant and equipment held by the RFS.’

Conclusion

64. The statement concluded:

‘It is clear that the AASB Accounting Standards require a standard higher than ownership when accounting for assets. Entities may own an asset, but unless they have control of that asset and can clearly identify future economic benefits flowing to the entity from that asset, then it cannot be included in the entities assets schedule.’

‘Council has taken the view that it has no control over the purchase, use or sale of any RFS equipment. As such the requirements SAC 4 have not been met and RFS equipment should not be included as assets in Councils accounts.’

‘Albury City retains effective control of associated Land and Buildings, but that the RFS retains control of plant and equipment. Accordingly, Albury City’s practice is to recognise associated Land and Buildings in its asset schedules, but not Plant and Equipment.’

‘It is also considered that in regard to the objectives of financial reporting, councils obligation and commitment to the rural fire fighting function is fully and accurately reflected in the statutory contribution expense made and the net cost of other relevant facilities provided under the local agreement.’

Bellingen Shire Council

65. Bellingen Shire Council prepared a *Position Statement Rural Fire Service Assets Treatment* (November 2017). It is very similar to other councils’ positions, and therefore the commonalities not repeated.

66. The following extracts are, however, noteworthy.

‘For Bellingen, RFS assets total approximately \$7.6M, with an annual depreciation expense of \$0.5M per year. Bellingen Shire Council has taken the approach to *not* recognise any RFS assets on their books.’

‘Under Bellingen Shire Council’s Service Level Agreement with the RFS, the following conditions are in place:

- Council has agreed to allow the RFS and the Commissioner to use the district equipment
- Council has agreed to allow the RFS and the Commissioner to use the premises (per schedule 1 in agreement)
- The Commissioner agrees to maintain the equipment on behalf of the Council
- The RFS will maintain and supply to Council a register of the equipment
- With reference to the financing arrangements, the Commissioner will, by the 28 February each year, submit to Council: a probable allocation of expenditures for the district for the next financial year; and a probable contribution by the Council to the fund, and
- In the event the Commissioner and the Council cannot agree upon the contribution of the Council to the Fund within 28 days of the Commissioner delivering the probable allocation by Council, the Minister (Police and Emergency Services) will make a determination on behalf of the parties.’

‘Further to the above, the following observations can be made about the RFS fleet and buildings:

- All RFS vehicles are managed through State Fleet NSW. Council has no control of the type of fleet purchased. Vehicles are insured and registered through State Fleet.
- Council has no control over the vehicles allocated to their RFS district: Council does not have keys or usage of these assets. Vehicles allocated to the district can be used throughout the State without Council consultation or permission.
- Council does not hold keys to the buildings, make decisions about the use of them, has no access to use of, nor earn any income from RFS buildings.’

67. The statement concluded:

1. ‘The Accounting Standards require a standard higher than ownership when accounting for assets. Entities may own an asset, but unless they have control of that asset and can clearly identify future economic benefits flowing to the entity from that asset, then it cannot be included in the entities assets schedule.
2. Whilst the RFS Act refers to assets being ‘vested’ in Council, there is no mention of the Council having ‘ownership’ of these assets.
3. As per the RFS Act, Council does not receive the proceeds from the sale of the assets. You cannot have control of an asset without also having control of the proceeds.
4. Council do not insure or register the fleet assets, nor do Council hold keys or have access to any of these vehicles. Fleet are used throughout the state without the permission or knowledge of Council. This fails the very basic of asset control tests.
5. Council does not hold keys to the buildings, make decisions about the use of them, has no access to use of, nor earn any income from RFS buildings.
6. RFS (not Councils) receive future economic benefit from firefighting equipment assets in terms of both net cash flows and service provision.
7. Whilst Council has a detailed Rural Fire District Service Agreement, this appears to be an “on paper arrangement only” and does not represent what is happening in practice.
8. RFS make all the decisions about capital improvements and new assets. While Council is consulted, it has no final decision.
9. Should there be any disagreement as to Councils contribution to the fund, the Minister for Police and Emergency Services has the final say.’

68. And finally:

‘It is clear that even the most basic of control tests have not been met, the evidence is also compelling that the RFS receives the flow of future economic benefits, not Council. Based on the evidence, Council, in complying with the Accounting Standards, has no choice but to not recognise the RFS Assets.’

Clarence Valley

Background

69. Clarence Valley Council wrote a *Position Statement on the Recognition of Rural Fire Service Assets* dated 3 October 2017. The council stated:

‘Clarence Valley Council maintains buildings within its Local Government Area boundary whilst plant and other equipment is fully owned and maintained by RFS. Clarence Valley Council accounts for land and buildings used by the RFS situated within the Clarence Valley Council boundary.’

Application of accounting literature

70. Clarence Valley Council used the same accounting references as Albury City. They are not repeated.

Facts and circumstances

71. Cogent extracts from the statement include:

‘The Rural Fire District Service Agreement (RFS 2) between Clarence Valley Council and the Commissioner includes a basic section on District equipment (section 5) and section on Land and Buildings (section 6)’. (The descriptions are the same as Albury City and not repeated.)

‘The RFS is funded directly by the State; both operating and capital acquisitions are made directly by RFS Officers. Council has no input into the operations or capital acquisitions of the RFS. The Fire Services Act provides that The NSW Rural Fire Service has the function to provide rural fire services for New South Wales (9(1) (a)). It is considered therefore that it is the Rural Fire Service and not councils that receive future economic benefit from firefighting equipment assets in terms of both net cash flows and service provision.’

Conclusion

72. Clarence Valley Council has reached the same conclusion as Albury City. It is not repeated.

Tamworth Regional Council

73. Tamworth Regional Council prepared a *Position statement on the recognition of Rural Fire Service assets*. It is very similar to other councils’ positions and is therefore not repeated.

OLG conversations with councils about the Rural Fire Service’s assets

74. The OLG spoke to four councils (28 August 2017) on three issues. Did they recognise land and buildings? Did they write off the trucks in financial statements? Was this arrangement covered by an agreement with the RFS or a district or council?

75. The responses were:**Narrandera Shire Council (Hiscox):**

'Recognise building and land only – not the red fleet. They don't believe they should recognise the fleet as it does not meet the 8 criteria of control as per the standards. They are covered by a zone agreement which would need to be updated as there are former councils on it. They will provide us with a copy.'

Leeton (Stewart):

'Recognise buildings only (they own the land). They do not believe they control the red fleet under the definition of the Standards, they have absolutely no control over the red fleet. They were even told by RFS that they did not have to insure them anymore and that RFS would. When the assets are sold the money goes to RFS and they replace the old with the new.'

Cowra (Scott):

'Recognise all assets including the red fleet – they wanted to change the policy but were told that they couldn't – once they have them in the books they had to stay. In their opinion they do not control the red fleet. They depreciate the fleet on the same basis as heavy vehicles. These vehicles turn over quite regularly and are quite expensive. RFS have the final say over these assets.'

Email from Cowra (Stuart) to OLG (Love) dated 29 August 2017. 'Following up on our conversation yesterday regarding RFS assets here is a bit of additional information:

- Bushfire sheds are located on land owned or controlled by Council
- Bushfire sheds are included on council insurance schedule
- Council is generally responsible for maintaining the shed although some reimbursement does come from RFS
- RFS trucks are not under the control of council and can be required to attend fires or other emergencies at other NSW & interstate locations at the direction of RFS
- RFS trucks are not registered by council
- RFS are not insured by council
- RFS trucks are not maintained by council
- RFS truck maintenance & fuel costs are paid by council (due to the ridiculous funding arrangement) but reimbursed by RFS.'

Tweed (Chorlton):

'Recognise the buildings and land – not the red fleet. Does not believe that Council has control of the fleet. Believes the legislation needs to be changed to take out the [vesting] and should be the same as SES. [Agreed] that vested does not mean that councils have control.'

Narrandera Shire Council (Hiscox) email from to Crowe Horwarth (Lucas) headed *Assessment of the RFS Red Fleet as a council asset* and dated 22 September 2017. The email stated: 'Council has considered the following in determining that the RFS Red Fleet should not be booked as an asset on council's balance sheet.

- The items in the Red Fleet are specified and procured in a timeframe determined by the RFS in accordance with the RFS budget. Sale of items is determined by the RFS and proceeds of sale flow to the RFS
- Future economic benefits derived from the Red Fleet accrue to the RFS as the Red Fleet is used to address RFS objectives and service delivery exclusively
- Council has no access to the Red Fleet for any of its purposes
- The RFS determine where the Red Fleet is deployed within the shire and may task the fleet outside the shire

- Council maintain the Red Fleet under direction from the RFS and within a budget set by the RFS
- Council maintains brigade stations under councils building maintenance program and insures the buildings under council's policy
- The RFS has directed council not to insure the Red Fleet under council's motor vehicle cover.'

City of Parramatta (Matthew Walker) exchanged a series of emails with Audit NSW (Celia Withers) headed Rural Fire Assets and dated 23 and 24 September 2017. Relevant extracts from the City of Parramatta correspondence are:

- Extract from section 119(3) of the Rural Fire Services Act 1997 (NSW): 'A council must not sell or otherwise dispose of any firefighting equipment purchased or constructed wholly or partly from money to the credit of the Fund without the written consent of the Commissioner [...] This would indicate that Council does not have control of the assets as it does not possess the right to dispose of assets without consent of the RFS.'
- Extract from section 119(5) of the Rural Fire Services Act 1997 (NSW): 'A council must take care of and maintain in the condition required by the Service Standards any firefighting equipment vested in it under this section.'
- 'In operation this is done in accordance within a service agreement with the Local Rural Fire Service Command. This maintenance is included in the annual budget prepared by the Local Rural Fire Command which is submitted to the central Rural Fire Service for approval and includes requests for Capital items to be funded by the Rural Fire Service. Access to Rural Fire Service buildings and equipment is restricted to the personnel (including volunteers) of the local rural fire area command and this indicates that Council cannot just access the assets for utilisation in the course of its daily operations.'
- 'Further highlighting issues with determination of control and the difference of crown land assets under council's care and control, where the access is not restricted nor is an annual budget prepared by another entity for services to be provided.'

Council comments on the draft *Code of Accounting Practice*

76. The OLG sought comments on the draft *Code of Accounting Practice* and some councils responded. The following comments and extracts are cited to help further understanding of the councils' views.

77. *Armidale Regional Council's* Mr Peter Dennis, CEO, stated in a submission to OLG dated 2 February 2018 that:

- AASB 116 *Property, Plant and Equipment* defines 'assets' and 'control of assets' and is the basis for Council's arguments on these terms. (I note that AASB 116 no longer defines these terms).
- 'With regards to Rural Fire Services assets (buildings, plant and equipment), Council is unable to determine there is a future economic benefit, an ability to gain control over the assets, or demonstrate there is a transaction that will give rise to control in future.'
- 'The Council's preferred position is that Rural Fire Services operates and is funded as NSW Fire Brigade and State Emergency Service. Where all that council is required [to do is] to make a financial contribution annually.'
- 'In applying AASB 116, Council should make no reference to Rural Fire Service assets, or recognition in the asset register. In addition, all reference to Rural Fire Service should be removed from the Code.'

78. *Cessnock Council's* Mr Robert Maginnity, director of corporate and community services, provided the following comments:

- 'I agree RFS assets should be recognised, but it should be with the RFS who have control of those assets. This is particularly so for the vehicle fleet. Council has no control of the purchase, disposal or usage of such asset, so to mandate recognition flies firmly in the face of not only common sense, but also the fundamental accounting concept of control.'
- 'RFS assets should only be accounted for by a council if in accordance with the accounting standards they determine that they have control of those assets and can clearly identify future economic benefits flowing to the council from those assets. Due to differing arrangements that are in place at the local level across the State, this may need to be assessed by each council on a case by case basis.'

79. *Finance Network Executive and Local Government Professionals Australia, NSW*, stated (undated):

'It is the view of the Finance Network Executive and Local Government Professionals Australia, NSW, that Rural Fire Service assets should only be accounted for by a council, if in accordance with the accounting standards, they determine that they have control of those assets and can clearly identify future economic benefits flowing to the Council from those assets.'

80. *Mid North Coast Regional Organisation of Councils (MIDROC)* made a submission to the OLG dated 30 January 2018. The submission contained background information and cited what MIDROC considers to be relevant accounting literature. They are not repeated here; these matters have been previously described.

81. MIDROC provided the following summary of a service-level agreement:

'Under councils Service Level Agreement with the RFS, the following conditions are in place:

- Council has agreed to allow the RFS and the Commissioner to use the district equipment;
- Council has agreed to allow the RFS and the Commissioner to use the premises (per schedule 1 in agreement);
- The Commissioner agrees to maintain the equipment on behalf of the Council; and
- The RFS will maintain and supply to Council a register of the equipment.
- With reference to the financing arrangements, the Commissioner will, by the 28 February each year, submit to Council: a probable allocation of expenditures for the district for the next financial year and a probable contribution by the Council to the fund. In the event the Commissioner and the Council cannot agree upon the contribution of the Council to the Fund within 28 days of the Commissioner delivering the probable allocation by Council, the Minister (Police and Emergency Services) will make a determination on behalf of the parties.'

The following observations were made about the RFS fleet and buildings:

- 'All RFS vehicles are managed through State Fleet NSW – Council has no control of the type of fleet purchased; and vehicles are insured and registered through State Fleet.
- Councils have no control over the vehicles allocated to their RFS district – Council does not have keys or usage of these assets; and vehicles allocated to the district can be used throughout the State without Council consultation or permission.
- Councils do not hold keys to the buildings, make decisions about the use of them, has no access to use of, nor earn any income from RFS buildings.'

82. MIDROC summarised its findings as follows:

- 'The Accounting Standards require a standard higher than ownership when accounting for assets. Entities may own an asset, but unless they have control of that asset and can clearly identify future economic benefits flowing to the entity from that asset, then it cannot be included in the entities assets schedule.'

- Whilst the RFS Act refers to assets being “vested” in councils, there is no mention of the councils having “ownership” of these assets.
- As per the RFS Act, councils do not receive the proceeds from the sale of the assets. You cannot have control of an asset without also having control of the proceeds.
- Councils do not insure or register the fleet assets, nor do councils hold keys or have access to any of these vehicles. Fleet are used throughout the state without the permission or knowledge of councils. This fails the [most] basic of asset control tests.
- Councils do not hold keys to the buildings, make decisions about the use of them, has no access to use of, nor earn any income from RFS buildings.
- The RFS (not councils) receive future economic benefits from firefighting equipment assets in terms of both net cash flows and service provision.
- Whilst councils have detailed Rural Fire District Service Agreement, this appears to be an “on paper arrangement only” and does not represent what is happening in practice.
- RFS make all the decisions about capital improvements and new assets. While councils are consulted, it has no final decision.
- Should there be any disagreement as member council contributions to the fund, the Minister for Police and Emergency Services has the final say.’

83. MIDROC concluded:

‘It is clear that even the most basic of control tests have not been met, the evidence is also compelling that the RFS receives the flow of future economic benefits, not councils.’

84. Tamworth Shire Council, Mr Rick Sanderson, stated in a submission dated 2 February 2018:

‘Council considers that the only valid point (sic a reference Audit Office final management letter of June 2017) in this is legal ownership and ignores other significant elements of the accounting concept of control. Council’s position on this issue is attached showing that we strongly believe that controls lies with RFS (Appendix A).’

85. Temora Shire Council, G C Lavelle, general manager, stated (2 February 2018):

‘In the Council’s view Rural Fire Service assets should only be accounted for by a Council, if in accordance with the accounting standards, they determine that they have control of those assets and can clearly identify future economic benefits flowing to the council from those assets. Temora Shire Council does not have control over the purchase sale, or usage of the Rural Fire Services Assets. We do believe we should recognise these assets in our financial statements.’

86. Tweed Shire Council’s, Mr Brian Unwin, senior accountant, wrote:

‘[The reasons] for local government not reporting RFS assets include, but are not limited to:

- Councils are unable to dispose of or restrict access to these assets – there is no control
- Councils are unable to effectively maintain an asset register for these assets – they have no access to the asset inventories and must rely on accurate and timely information being provided to them by RFS
- As Councils have no authority over the RFS they can’t compel the RFS to provide this information
- It is unlikely that RFS will inform Councils when transfers of mobile assets occur between LGAs
- As RFS purchase these assets, acquisitions must be shown on Councils’ income statements as non-cash contributions
- As RFS receives the cash for the disposal of these assets, Councils must disclose a loss on disposal when this occurs.

Whether or not legislation vests the legal ownership of these assets to local government, RFS clearly has control of these assets and should be fulfilling its reporting obligations.'

7.8 September Investments and Rates Collection

File Reference:	NA
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Delivery Program

Goal:	5. Organisational management
Outcome:	5.1 Corporate management
Strategy:	5.1.1 Financial Management and accountability systems
Author:	Chief Finance Officer

STAFF DISCLOSURE OF INTEREST Nil**IN BRIEF/SUMMARY RECOMMENDATION**

At each monthly Ordinary Meeting, the Council is presented with the schedule relating to Investments, as at the end of the previous month.

TABLED ITEMS Nil**BACKGROUND**

In accordance with Clause 19(3) of the Local Government (Financial Management) Regulation 1993, the following information provides details of Council's funds invested as at 30th September 2022.

Direct Investments

Broker	ID	Investment Name	Rating	Type	Next Rollover	Yield	Current Value
NAB	2022.01	NAB	AA	TD	22/10/2022	2.45%	\$1,000,000.00
NAB	2022.02	NAB	AA	TD	22/10/2022	2.45%	\$1,000,000.00
NAB	2022.03	NAB	AA	TD	22/10/2022	2.45%	\$1,000,000.00
Grand Total							\$3,000,000.00

Managed Funds

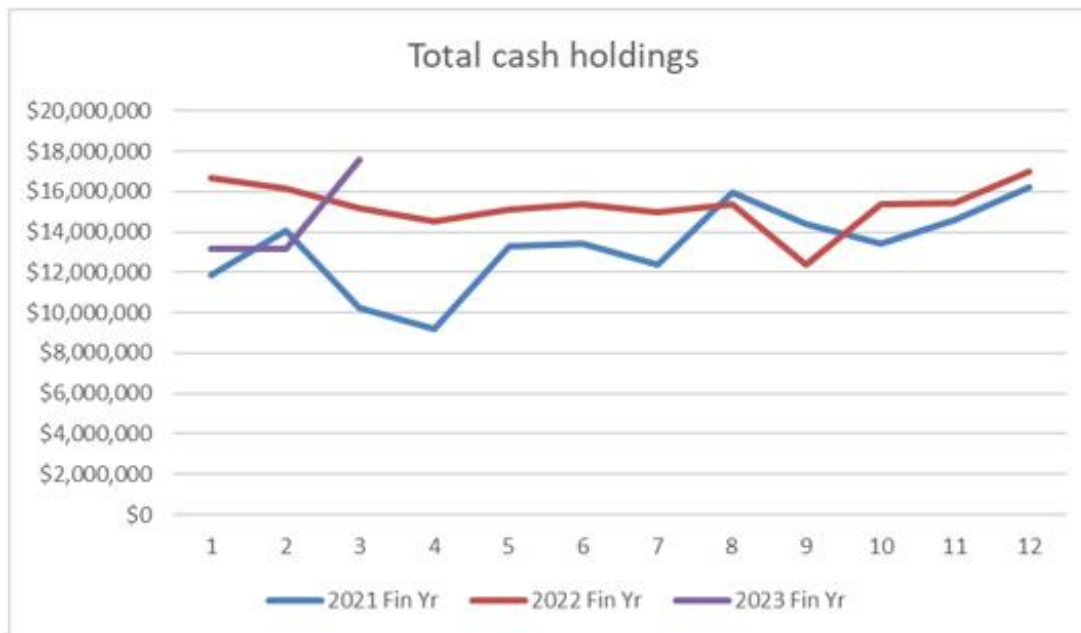
Fund	Investment	Horizon	Type	Yield	Current Value
Regional Australia Bank		AtCall	Cash		\$354,180.59
Regional Australia Bank Medical Centre		AtCall	Cash	3.00%	\$50,000.00
Tcorp Cash Fund		AtCall	Cash		\$ 8,842,246.36
Grand Total					\$9,246,426.95

Total Investments

Direct Investments	\$3,000,000.00
Managed Funds	\$9,246,426.95
Grand Total	\$12,246,426.95

Cash and Investments	
Total Investments	
Direct Investments	\$3,000,000.00
Managed Funds	\$9,246,426.95
Grand Total Investments	\$12,246,426.95

Total Cash and Investments	
Investments	\$12,246,426.95
Cash at bank	\$5,367,494.75
Grand Total Cash and Investments	\$17,613,921.70
General Fund Cash	
Total cash and investments	\$17,613,921.70
LESS:	
Water fund*	-\$1,727,000.00
Sewer fund*	-\$3,393,000.00
Waste fund*	-\$5,072,000.00
Other restrictions:	
Employee leave entitlements*	-\$900,000.00
Asset replacement*	-\$1,500,000.00
Bonds and deposits	-\$898,670.00
Unexpended grants*	-\$3,000,000.00
Developer contributions	-\$539,000.00
Discretionary General Fund Cash	\$584,251.70



I, Helen Thomas, CFO and Responsible Accounting Officer for Gwydir Shire Council, certify that the Council's investments have been made in accordance with the Local

Government Act 1993, Local Government (General) Regulation 2005 and Council's Investment Policy, as amended.

RATES COLLECTIONS

The graph below represents a comparative of the percentage collections for the current year against the two previous rating years. The current years collections are up to 30th September 2022.



OFFICER RECOMMENDATION

THAT the September Investments and Rates Collection Report is adopted.

ATTACHMENTS

Nil

COUNCIL RESOLUTION:

THAT the September Investments and Rates Collection Report is adopted.

(Moved Cr Galvin, Seconded Cr Egan)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

8 COUNCILLORS' REPORTS

COUNCILLORS' REPORTS

Cr Dixon OAM

Cr Dixon requested an update on the proposed Bingara Notice Boards, which was provided.

Cr Moore

Cr Moore raised the following matters:

When will the Council be organising a meet and greet for new residents? The meeting was advised that the staff are working on organising this at the moment.

The Hope Café is going quite well.

The issue of the Pioneer Cemetery is of concern to the Historical Group.

He advised that he was, of course, receiving a number of road issue calls.

Cr Galvin

Cr Galvin requested an up date on the drainage problems at the Bingara Cemetery, which was provided.

Cr Galvin advised the meeting the Bingara Business Group and Vision 2020 are involved in a new resident function in Junction Park on Friday 18th November 2022.

Cr D Coulton

Cr D Coulton advised the meeting that a new business will be commencing shortly at the corner shop and that road R63 needs some attention to a table drain.

Cr J Coulton

Cr J Coulton updated the Council about the following matters:

Correspondence has been received from overseas concerning the possibility of producing Premium Herbs & Spice Cultivation in collaboration with [MDGFruits](#) It was agreed that the Council will promote the opportunity to potential primary producers.

The Federal Government is undertaking an Inland Rail Review. It was agreed that Gwydir Shire Council will make a submission to the review in support of the overall project.

The General Manager and I recently had a ZOOM meeting with Mr Ken Davey who is currently in Tonga regarding the potential opportunity to locate a biodigester in Gwydir Shire.

9 COMMITTEE OF THE WHOLE - CONFIDENTIAL ITEMS

COUNCIL RESOLUTION:

THAT the Council resolve into Confidential Session, Committee of the Whole and that in the public interest and in accordance with Section 10A (2) (a) and (c) of the Local Government Act, 1993, the public and press be excluded from the meeting to consider Item(s) listed on the Agenda.

(Moved Cr D Coulton, Seconded Cr Galvin)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

9.1 Adoption of the Recommendations of the Confidential Session

The meeting was re-opened to the public at 12.18 pm.

COUNCIL RESOLUTION:

THAT the recommendations of the Confidential Session, namely:

September Organisation & Community Services Report

THAT the report be received and noted.

County Boundary Road Tender

THAT Council accept Tender GWY_2023_T2 from Finn Valley Plant and Civil Pty Ltd, for Option2A drainage works Country Boundary Road Lump Sum contract of \$4,627,859 (including GST).

FURTHER that the Council provide delegated authority to the General Manager to conduct all relevant functions under the contracts.

FURTHER that the Council seeks further project funding should current submissions to the Fixing Country Roads program and Department of Infrastructure be unsuccessful.

FURTHER that the Council commits to increasing its co-contribution to \$4.05 million if required for potential budget overruns.

Construction Tenders for Black Summer Bushfire Recovery and Local Roads and Community Infrastructure Grant Programs

THAT the tender submitted by Uniplan for the production and delivery of eight prefabricated building units for a total price of \$1,953,120 is accepted.

Succession Planning

No recommendation

Property Sale 10-12 Olive Pyrke Terrace Warialda

THAT the sale of Lots 11 and 13 DP 843033 and Lot 2 DP 1111946 (12 Olive Pyrke Terrace) for \$600,000 is confirmed.

Broons E-combi Roller Purchase

THAT Council purchases a Broons E-combi roller with grid drum and hydraulic offset drawbar for \$228,695 (excl. GST).

The Carbon Farm

THAT The Carbon Farm lease does not have the continuing support of the Council.

The Bingara Council Chambers

THAT The Council move forward on building a completely new replacement office building in Bingara that retains the existing RSL facade.

USU Correspondence

THAT The Council supports the USU's Option 1 of eliminating the existing rate pegging regime.

are adopted.

(Moved Cr D Coulton, Seconded Cr Galvin)

CARRIED

For: Cr J Coulton, Cr Egan, Cr D Coulton, Cr Dixon OAM, Cr Galvin and Cr Moore

Against: Nil

10 CLOSURE

The meeting closed at 12.20 pm