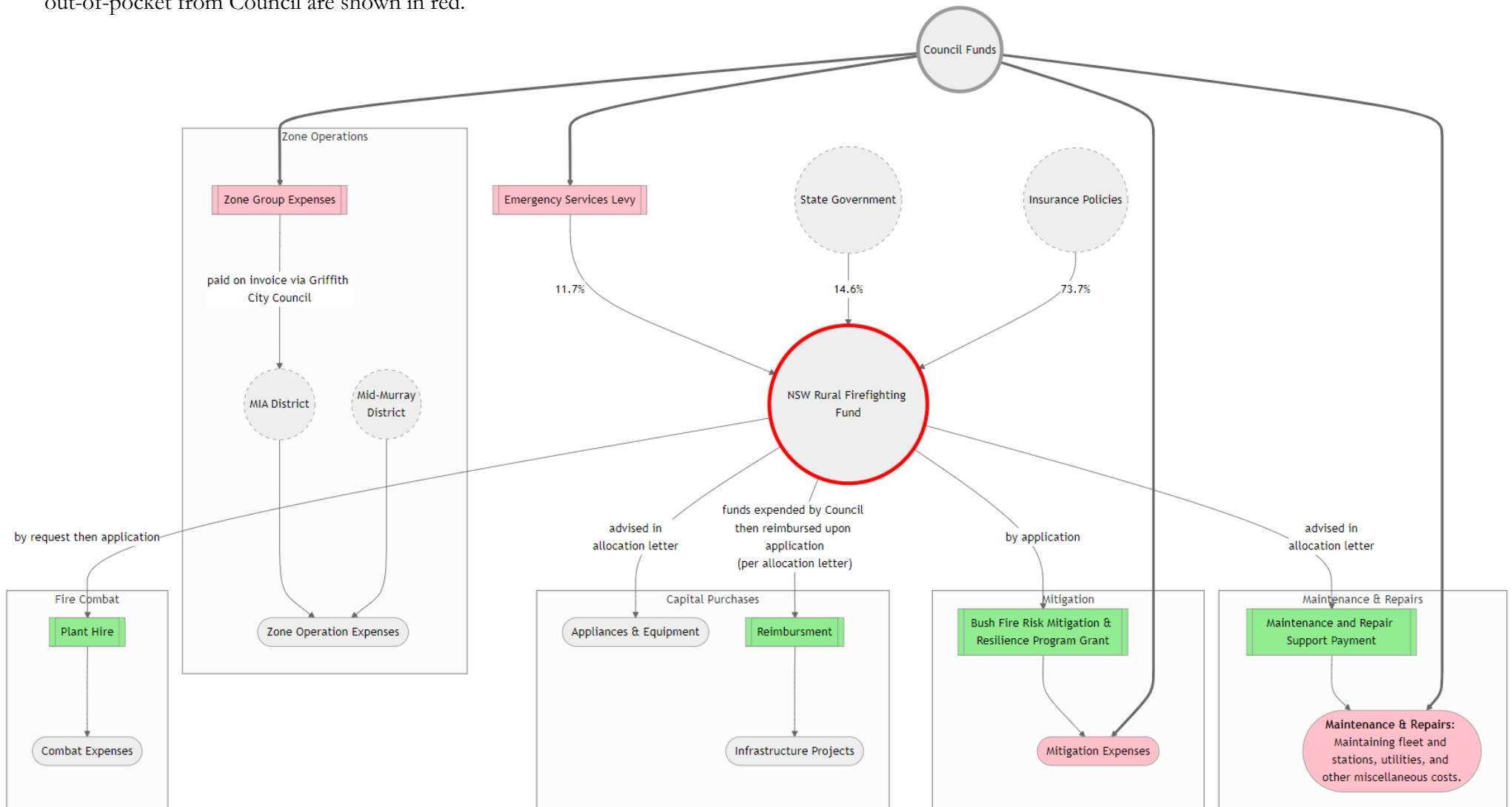


1. Can you outline the way your council spends and receives money for rural firefighting, including equipment, premises and hazard reduction. Please include flow charts and note if there are any out-of-pocket expenses.

Please refer to the attached flow chart which indicates the funding source for relevant activities. Expenditure items which are partly or fully funded out-of-pocket from Council are shown in red.



We assume that additional expenditure is incurred at the Fund level for staffing costs, etc. but would defer to the Rural Fire Service (RFS) for those details.

As shown, Council incurs six types of expenditure in relation to rural firefighting:

1. Emergency Services Levy

As legislated, Council funds 11.7% of the NSW Rural Fire Fighting Fund (the Fund) through payment of the Emergency Services Levy (ESL).

This is paid from Council's unrestricted cash reserves.

Under the new IPART methodology, annual increases in the ESL amount are now reflected in the rate peg, which permits Council to increase its rates to fund the difference.

2. Maintenance & repair expenses

Council incurs expenditure on:

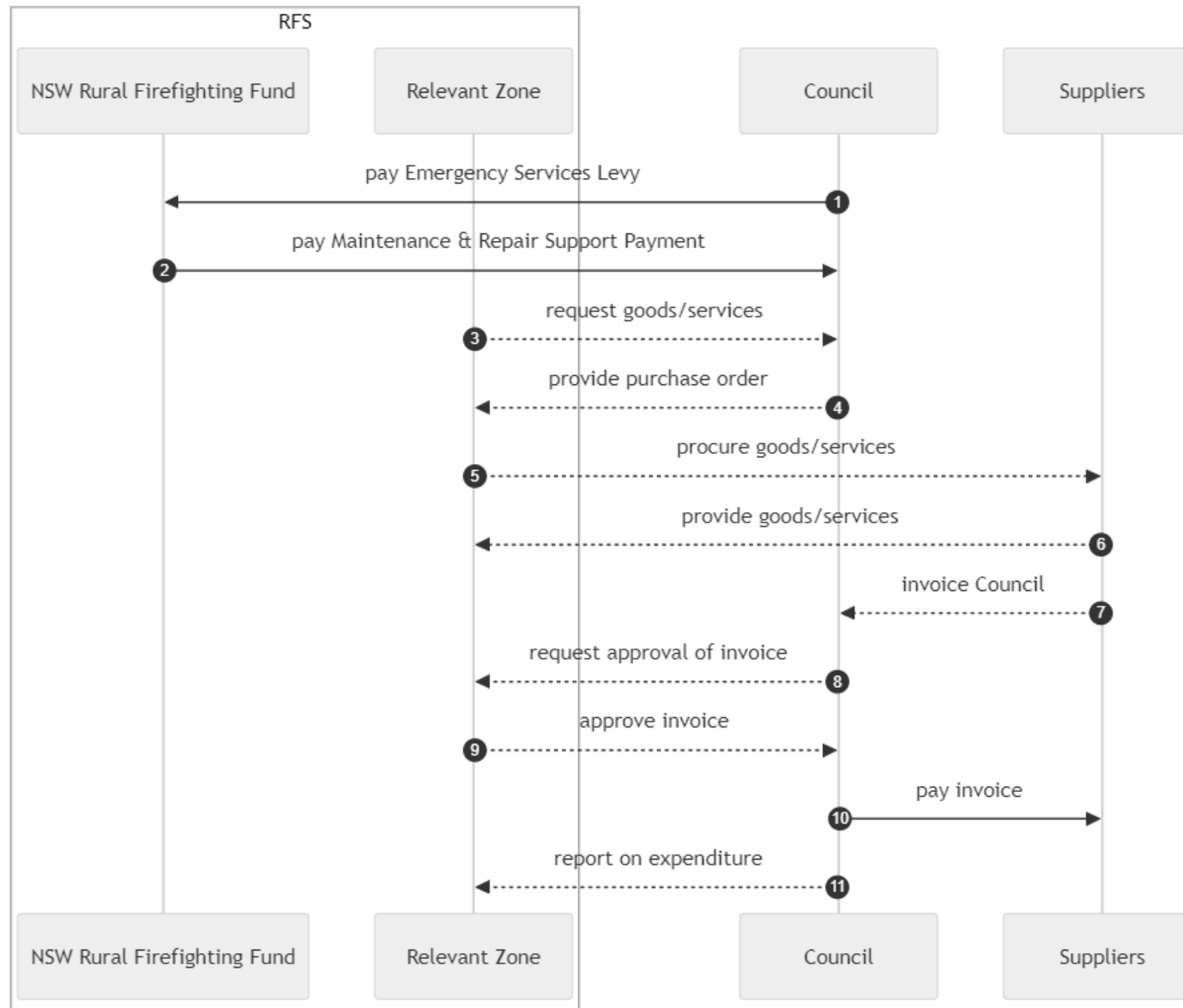
- station and shed maintenance,
- vehicle maintenance,
- fuel and oils,
- other repairs and maintenance,
- electricity, and
- volunteer training.

Typically, repairs and maintenance are coordinated and undertaken by the RFS rather than Council, and Council provides administrative support by issuing purchase orders on request, organising fleet cards, paying invoices, etc. Appliances from the former Jerilderie Rural Fire District (Mid Murray District) are typically serviced by Council's mechanic.

Council receives a *Maintenance & Repair Support Payment* from each district which is intended to support these costs, but we note that this payment does not typically cover all of the expenses incurred by Council. We are advised of this amount on the annual allocation letter received from the RFS in November/December of the year in question.

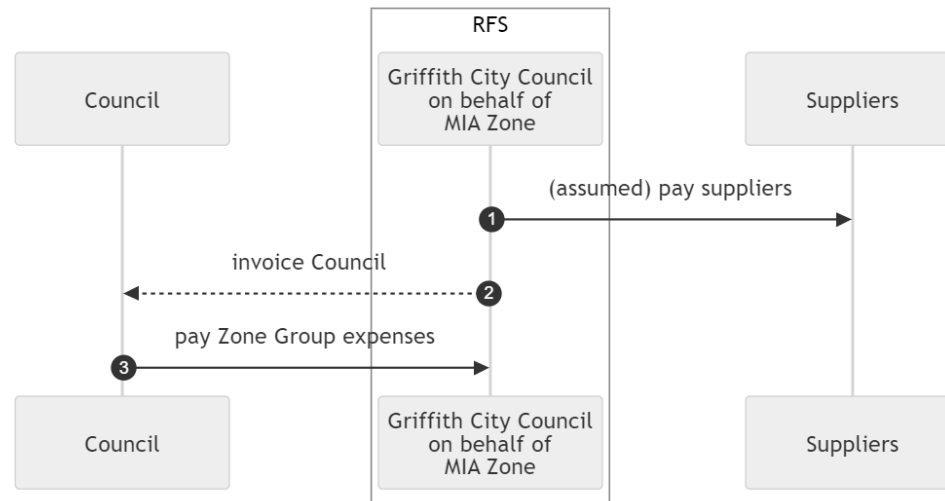
Council is required to report our expenditure quarterly to each of the Mid-Murray Zone and MIA Zone, as applicable.

Payments and reporting transactions are shown in the following diagram:



3. Zone group expenses

Council also pays Zone Group expenses, a contribution to the supporting operations of the two zones. Currently we pay this amount upon receipt of an invoice from Griffith City Council, who manages funds on behalf of the MIA District. We do not receive any itemised information regarding what expenditure this payment relates to. These amounts are funded by Council's unrestricted cash reserves.



4. Fire combat

Council provides the RFS with a plant hire rate listing which is agreed to every few years and indexed annually and covers Council's costs.

As required, the Rural Fire Service requests support from Council and Council provides plant and plant operators.

Subsequent to the event, RFS confirms the support provided with Council and Council invoices the RFS accordingly.

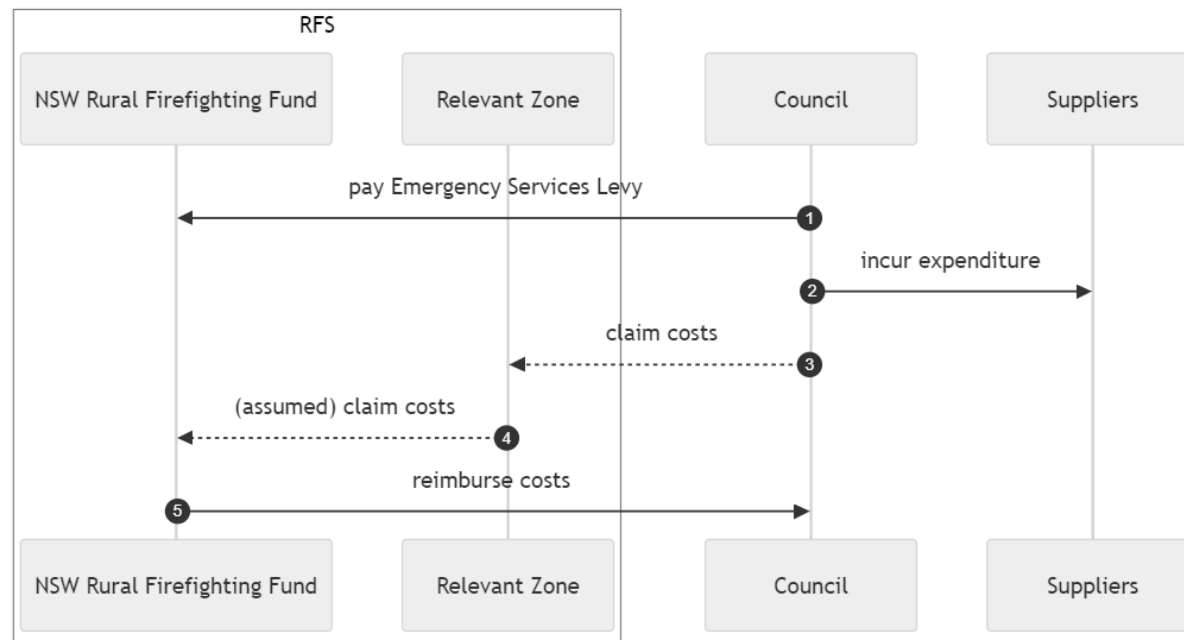
Council may also have volunteer RFS staff that participate in fire combat operations; this is a cost to Council.

Additionally, Council may occur minor incidental costs, such as sustenance for volunteers.

5. Infrastructure projects

Council is advised of allocations provided for infrastructure projects on the annual allocation letter. Council is required to submit a claim subsequent to works being undertaken at which time costs are reimbursed.

We understand that these works are funded from the Fund.



6. Mitigation

Council also undertakes mitigation works when appropriate. For the 2023 and 2024 financial years, works undertaken were minimal in a post-flooding period. However, in a typical year a conservative estimate of expenditure on these works would be \$45,000.

Where possible, it seeks funding under the Bush Fire Risk Mitigation & Resilience Program Grant to partially fund these works.

2. Does your council experience any unnecessary administration, duplicate processes, confusion, or waste as part of its operations related to the assets, premises, and funding of the NSW Rural Fire Service? If so, can you provide specific examples.

Yes. In particular, we believe that the management of items #2 (maintenance and repair expenses), and #3 (Zone group expenses) could be dramatically simplified by having the RFS manage these items directly. Infrastructure projects (#5) could, in most cases, also be managed directly by the RFS (with Council support as required for the limited cases where Council is the landowner).

While Council has a strong working relationship with the RFS and is happy to provide support when appropriate and necessary, we do not see any value or benefit in Council's involvement in these processes. Council's interference is at best confusing for all parties involved, compromising transparency and accountability.

Maintenance and repair expenses

Removing Council's involvement in this process would remove the need for the Maintenance & Repair Support Payment to be returned to Councils (in the current circular fashion) and accounted for by Councils. In addition, Council reports on this expenditure to RFS on a quarterly basis which would be unnecessary if this expenditure was managed directly by the RFS. We can only assume that the RFS incorporates this reporting into its own internal reports, hence duplicating reporting.

While Council has existing systems established for managing procurement procedures, the RFS do not have access to these systems and hence any requisitions etc. must be raised by one member of Council staff and approved by another. For an invoice to be paid, we then need to send it to the RFS for approval through their internal processes, as well as through our own processes, which is another duplication.

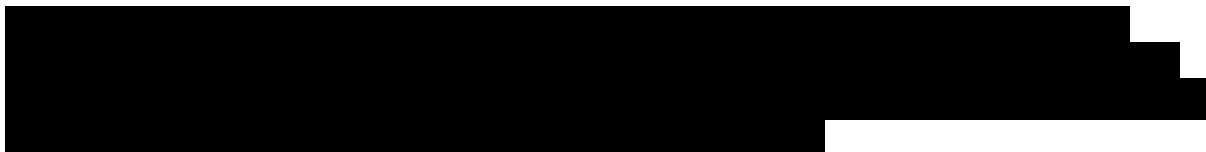
Zone group expenses

We would defer to Griffith City Council or other Councils responsible for managing payments on behalf of RFS Zones to speak to any inefficiencies inherent in this process.

However, it seems probable that similar duplication to the above exists.

We will comment that, as it stands, we are not provided with details regarding what these amounts cover: the description on the invoice is typically something like "Contrib costs – RFS Zone Centre operating expenses April 24 to June 24."

Incorporating an amount into the ESL contribution to cover these expenses, and allowing the RFS to manage these costs directly, would seem more transparent and administratively straightforward.



3. What were your council's costs (direct and indirect) to maintain rural firefighting equipment and buildings for the 2023 and 2024 financial years?

Council incurred a total of \$97,436 maintenance expenditure for the 2023 financial year and \$180,730 for the 2024 financial year.

Indirect costs, such as administration and finance support, are not measured by Council.

4. How much funding did your council receive in the 2023 and 2024 financial years, for maintaining rural firefighting equipment and buildings?

Council received a combined Maintenance & Repair Support Payment of \$145,432 for the 2023 financial year, and \$148,340 for the 2024 financial year.

5. For the 2023 and 2024 financial years, if your council was out of pocket for any rural firefighting costs, how much was it out of pocket for these periods.

Council's net out of pocket expenditure in relation to rural firefighting during the 2023 and 2024 financial years is shown in the table below.

This excludes any indirect costs, such as administration and finance support, which are not measured by Council. It also excludes combat expenditure not reimbursed, which is minimal.

During this period, Council incurred minimal hazard reduction costs and did not receive any grant funds. However, in a typical year a conservative estimate of expenditure on these works would be \$45,000. This amount may be partially recovered through the Bush Fire Risk Mitigation & Resilience Program Grant, but amounts vary from year to year.

	2023 (\$)	2024 (\$)
Emergency Services Levy	(454,780)	(455,087)
<i>(Net out of pocket)</i>	<i>(454,780)</i>	<i>(455,087)</i>
Maintenance & Repair Expenses		
Maintenance & Repair Support Payment – ex-Jerilderie (Mid-Murray Zone)	74,287	75,772
Maintenance & Repair Support Payment - ex-Murrumbidgee (MIA Zone)	71,145	72,568
Maintenance & Repair Expenses – Mid-Murray Zone	(97,436)	(93,492)
Maintenance & Repair Expenses – MIA Zone		(87,238)
<i>(Net out of pocket)</i>	<i>47,996</i>	<i>(32,390)</i>
Zone Expenses		
<i>(Net out of pocket)</i>	<i>(22,580)</i>	<i>(16,822)</i>
TOTAL OUT OF POCKET EXPENDITURE		
	(429,364)	(504,299)

6. The Independent Pricing and Regulatory Tribunal's (IPART) reviewed the rate peg methodology in 2023. Following the review, IPART has introduced a council-specific emergency services levy (ESL) factor. The ESL factor is intended to allow councils to fully recover the annual increases in emergency service contributions without diverting funds required to maintain service levels and infrastructure for their communities.

What is your council's opinion on this change and its effectiveness?

7. Some councils have suggested a broad-based property levy as a replacement for the ESL. From your council's experience would this significantly change the financial burden on your ratepayers?

Murrumbidgee Council believe that the methodology behind the IPART's change is sound.

However, we concur with LGNSW's view that the current levy on local government lacks transparency, being that it is essentially "a state government tax that becomes buried in council rates", and also complicates the funding system.

We would support the removal of ESL and its replacement with a broad-based property levy.

8. Does your council conduct a stocktake of 'red fleet' vehicles and a condition assessment of their written down value?

9. If your council conducts a stocktake, does the NSW RFS provide the asset listing used for the stocktake? From your experience is the listing accurate?

Council does not routinely conduct a stocktake of 'red fleet' vehicles and a condition assessment of their written down value as our position is that we do not control the assets.

In 2022, Council was provided with two documents compiled by the Rural Fire Service, via Local Government NSW and NSW Treasury:

- List of Vested Red Fleet Assets July 2022
- Compiled Prices July 2022 for Red Fleet Assets by Category

This is the only time Council has received a listing, noting that it was not made available to Councils directly.

It is Council's position that, applying the relevant Accounting Standards, the RFS (not Council) controls the fire-fighting equipment. However, acknowledging the NSW Audit Office's position to the contrary, we undertook a materiality assessment for the 2022-23 financial year to demonstrate that these assets were not material and hence not required to be recognised under the Australian Accounting Standards.

As part of this assessment, Council undertook a stocktake based on the listings provided. The only reason that this was even remotely feasible was the cooperation of RFS volunteers; we were able to verify the existence of some assets only because we were accompanied by an RFS group captain who was able to liaise with relevant properties owners regarding access to their land, the location of the assets, and all other associated matters. We note that many of the trucks are stored in sheds on private property inaccessible to Council. This equipment is dispersed all over the 6,880 square kilometres of our LGA and not all located in purpose-built sheds with a 'Rural Fire Service' sign on the door: they are in farmers' machinery sheds and hay sheds.

There were 55 red fleet assets on the listing provided to us.

With the assistance of RFS personnel, we confirmed the existence of 34 items. We were unable to verify the existence of:

- 18 tanker trailers
- 1 community fire unit ('CFU') trailer, and
- 1 catering trailer

There was also one truck listed which we sighted but were informed by RFS personnel belonged to Murray River Council, not Murrumbidgee Council.

10. Has your council purchased or provided land for rural firefighting purposes. If so, how was the land purchase funded and was the council or ratepayer out of pocket for this? Please quantify if possible.

Council owns two parcels of land that are used by the RFS for rural firefighting purposes:

- The first is located in Jerilderie. Two adjacent lots were purchased in December 2010 at a total cost of \$53,000 (excluding GST and associated costs). Business papers at that time indicate an intention utilise the site for the NSW Fire Brigade, the Rural Fire Service brigade, and any future SES activity into the future, with the sites purchased “for resale to each of the services on a cost recovery basis to meet their needs.”

One lot was subsequently on-sold to Fire & Rescue NSW but Council retains the block utilised by the RFS. Proportionally, the purchase price of this land was \$26,571.52 (excluding GST and associated costs).

The original purchase was funded by Council and by extension its ratepayers.

- The second is located in Coleambally and has always been owned by Council.

Other RFS assets are situated on private property and, in many cases, Council is the lessee for a peppercorn lease with the property owner where RFS buildings are situated. We suggest that these leases could be reassigned to the RFS and similar leases established where RFS buildings are situated on Council-owned land.

This would enable all assets controlled by the RFS to be reported in one set of financial statements, enhancing transparency and accountability.