Hawkesbury City Council

supplementary ordinary meeting business paper

date of meeting: 24 October 2006
location: council chambers
time: 5:00 p.m.

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ORDINARY MEETING - Supplementary

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Meeting Date: 24 October 2006

SUPPLEMENTARY REPORTS

Item: 267 **IS - Transfer of Mobile Fire Fighting Assets from Council to the NSW Rural Fire Service - (95495, 73985)**

REPORT:

The Local Government and Shires Associations considered a report at their Executive Council meetings in June 2006 regarding the transfer of mobile fire assets (not buildings) from Councils to the NSW Rural Fire Service. Currently, Section 119 (2) of the Rural Fires Act requires these assets to be vested in council.

This action follows supporting resolutions that have been passed at Annual Conferences of both associations, together with comments from auditors and insurance brokers that Councils do not have custody of fire vehicles and may therefore have no insurable interest in them.

Discussions with Commissioner Koperberg at a recent RFS/LG Liaison Committee concluded that the RFS may be prepared to negotiate legislative amendments to transfer these assets provided there is clear majority support from Local Government.

A position paper has been prepared by the associations outlining pertinent aspects in relation to the proposed transfer of mobile assets and the Association has requested Councils to indicate whether they support the concept.

Justification for transfer of ownership outlined within the paper includes:

- Service Level Agreements with the RFS provide that Council agrees that fire plant at all times remain in the custody of the RFS, be housed in Brigade facilities, and be maintained at intervals convenient to the RFS and Council.

- Vehicle specifications must at all times be consistent with specifications issued by the RFS (Section 119 (5) of the Rural Fires Act).

- Most vehicles are fully funded by the Rural Fires Fighting Fund, with Council meeting its 13.3% contribution, although a small number of other vehicles are fully funded by a few Councils.

- Insurance brokers have seriously questioned whether Councils have an "insurable interest", by virtue of council no longer having custody and control of the vehicles.

- The Department of Local Government agrees that there is conflict between compulsory Accounting Standards and the Rural Fires Act. The Rural Fires Act states that fire fighting equipment shall be vested in Council and the Department of Local Government has referred the matter to a future meeting of the Local Government Accounting Advisory Group.

The Commissioner of the NSW RFS has verbally indicated that:

- The RFS is experiencing difficulty in finalising a listing of all assets, because brigades are self funding the repurchase of old tankers which would otherwise be sold.

- Local Government would face increased contributions because:

  – Some Councils continue to purchase plant, and self fund it. This would probably cease if all plant was owned by the RFS.
  – Some Councils do not receive a complete reimbursement of operating costs. If the RFS owned all assets, the full costs would be reflected in the RFS accounts.

- The procurement processes would become more specific and specifications more strenuously policed, if plant was purchased, owned and operated by RFS.

Legislative amendments would be needed to change ownership requirements under the Rural Fires Act.

The Commissioner has indicated his willingness to develop a position paper to the Government on transfer of assets to the RFS, provided there is clear, widespread support from Local Government. Any decision to seek legislative change to the Rural Fires Act would occur during 2007, as part of a number of other amendments the RFS will discuss with the Association at a later time.

The associations support in principal the concept of a transfer of mobile assets to the RFS even though there is a risk of increased long term contributions to cover increased expenditure costed in full to the RFS.

It has always appeared anomalous that the mobile fire fighting assets are owned by Council, yet Council has no direct control over how and where these assets are utilised. The associations position would provide clarification and consistency in relation to these assets and it is considered that Council should give support in principal to the Association in this regard.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e:

> *"Strategic Direction: Establish a framework to define and equitably manage the infrastructure demands of the City."*

Funding

It is anticipated that there will be no appreciable change in funding requirements due to the proposal.

RECOMMENDATION:

That the Local Government and Shires Association be advised that Council supports in principal the transfer of mobile fire fighting assets to the NSW Rural Fire Service.

ATTACHMENTS:

There are no supporting documents for this report.

oooO END OF REPORT Oooo

Item: 268 **SS - Monthly Investments Report - September 2006 - (95496, 96332)**

REPORT:

The Local Government (Financial Management) Regulation requires that each month, details of all money that has been invested under section 625 of the Local Government Act, 1993 be reported to a meeting of Council.

The following tables outline the investment portfolio held by Council as at the end of September 2006. All investments have been made in accordance with the Act, Regulations and Council's Investment Policy.

September 2006

Investment Type	Balance B/fwd		Deposits	Withdrawals	Accrued Interest Reinvested	Balance End of Month
Managed Funds	$19,578,223.46	*	$8,000,000.00	$0.00	$111,304.22	$27,689,527.68
On Call Funds	$2,450,000.00		$5,350,000.00	-$5,200,000.00		$2,600,000.00
Term Investments	$7,130,000.00		$0.00	-$6,000,000.00		$1,130,000.00
Total	$29,158,223.46		$13,350,000.00	-$11,200,000.00	$111,304.22	$31,419,527.68

* Actual
** Anticipated closing balance. This may vary slightly depending upon final interest return advice.

Investment Commentary

The investment portfolio increased by $2.26m during September 2006. The increase is mainly due to some rates instalment due at the end of August being paid in September. During September, income received, including $2.6m rates payments, exceeded payments to suppliers and staff costs by $0.9m.

Managed Fund performance was marginally lower than the benchmark (UBS Australia) Bank Bill Index in September 2006 with an average return after fees of 6.33%, compared with the index of 6.4%. The managed funds portfolio has achieved a return after fees for the past 12 months of 6.06%, which outperformed the (UBS Australia) Bank Bill Index of 5.81% for the corresponding 12 month period.

Official cash interest rates have remained unchanged at 6.00%.

The investment portfolio is diversified across a number of investment types. This includes a number of managed funds, term deposits and on-call accounts.

The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk. Comparisons are made between existing investments with available products that are not part of Council's portfolio. Independent advice is sought on new investment opportunities.

Conformance to Strategic Plan

The proposal is deemed to conform with the objectives set out in Council's Strategic Plan i.e:

"Objective: Maximise return on Council's investment portfolio"

Funding

Funds invested with the aim of achieving budgeted income in 2006/2007.

Peter Jackson
Responsible Accounting Officer

RECOMMENDATION:

That the information be received.

ATTACHMENTS:

There are no supporting documents for this report.

oooO END OF REPORT Oooo

ordinary

meeting

end of supplementary business paper