



CENTRAL NSW
JOINT ORGANISATION

MEDIA RELEASE

Date of Release: 11 November 2022

Approved by: Cr Kevin Beatty, Chair of Central NSW Joint Organisation, Mayor of Cabonne Council

“WHAT’S YOURS IS YOURS” CENTRAL NSW COUNCILS PUSH BACK ON NSW GOVERNMENT ON ACCOUNTING FOR RFS ASSETS

Central NSW Councils are incensed but not surprised after members reported receiving qualified audit opinions from the NSW Audit Office for refusing to account for Rural Fire Services (RFS) mobile assets or “red fleet” in their annual financial statements.

“This is the most blatant attempt at cost shifting onto local government ever recorded,” said Cr Kevin Beatty, Chair of Central NSW Joint Organisation.

Councils in this region are not alone. Many of the 68 Councils across NSW listed in the Auditor General’s 2020/2021 Local Government Report to Parliament for not accounting for the red fleet remain resolute in their objections.

CNSWJO is calling out the heavy-handed and inappropriate actions of the NSW Audit Office who, instead of acting independently, appears to be being directed by Treasury to ensure an estimated \$2B+ worth of mobile assets does not find its way onto the State Government’s financial statements.

“The fact of the matter is that Councils play no part in the planning or procuring of red fleet, we have no say in deployment decisions and certainly don’t ever get consulted about their disposal. We don’t even insure them so it beggars belief that Treasury and the Audit Office expect local councils to account for these assets and take the hit on our financial bottom lines. We see this as opening the door to further cost shifting and goodness knows what the liability implications are! This madness has to stop,” said Cr Beatty

Worse, the Government knows they are doing the wrong thing and we know this because the Parker report commissioned by the NSW Office of Local Government in 2020 was only recently made public after a formal GIPA (Government Information Public Access) request by a Council. In the Report, Mr Parker, who has over 40 years’ experience in financial reporting and auditing, 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 advisor to the IPA on all aspects of professional accounting standards, says:

- *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 assets are vested in the Council as per Rural Fire Services Act 1997, giving Council ‘legal ownership’ (NSW Audit Office).*



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- *The councils have no substantive rights for the control of fire-fighting equipment – vesting by itself does not confer control. (Clause 29 page 8)*
- *Furthermore, control of fire-fighting equipment by the RFS is evident by procurement (and replacement and retirement) decisions, service standards for the care and maintenance, access, and deployment within the district and elsewhere. These are substantive rights of the RFS. The RFS also has a protective right that prevents councils from selling or disposing of the assets without the written consent from the RFS commissioner.*
- *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 the councils (Clause 30 page 8).*

“Just like forced amalgamations, local communities don’t take kindly to being manipulated. We call on our State Government members to wade into the debate quickly and decisively so that common sense prevails. The fact of the matter is that Councils do not control the RFS assets – period – and they should not be on our books,” said Cr Beatty

Notwithstanding the fierce debate, the CNSWJO Chair reiterated the organisation’s strongly held view that the RFS is an important service that Councils and local communities value highly.

“We greatly appreciate the wonderful work done by the RFS and our many volunteers and have no beef with them. Our issue is with the NSW Audit Office and Treasury. We seek urgent legislative amendments to sensibly resolve the NSW Government’s unjustifiable position that Councils own and control the red fleet and we won’t stop until it’s done. Like police, education and health, the RFS assets are theirs, not ours,” said Cr Beatty

ENDS

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