

ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE SERVICE

Organisation: Bellingen Shire Council

Date Received: 10 May 2024



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Public Accounts Committee
Legislative Assembly
Sydney NSW 2000

SUBMISSION TO THE INQUIRY INTO ASSETS, PREMISES AND FUNDING OF THE RURAL FIRE SERVICE

Dear Sir/Madam,

Bellingen Shire Council is pleased to have the opportunity to make a submission to the inquiry into the assets, premises and funding of the Rural Fire Service.

The current arrangements for the funding of the rural fire services is inequitable, creating a significant burden on our community and putting undue strain on Council's finances. In addition to this, the current NSW State Government's position on the recognition of RFS red fleet assets fails to comply with the Australian Accounting Standards, not meeting the basic control test of asset recognition.

Council supports the inquiry, and strongly suggests that consideration be made to reviewing the current position on RFS red fleet asset recognition and the overall funding framework to ensure NSW councils can be financially sustainable into the future.

Accounting for the ownership of Rural Fire Service assets and premises

Bellingen Shire Council has carefully considered the asset recognition requirements of the Rural Fire Service red fleet assets under the Australian Accounting Standards and has determined **not** to recognise these assets within its Financial Statements. This has been the position of Council since 2016.

Over the past few years the NSW Audit Office has continued to reinforce the notion that RFS mobile and other fire-fighting assets are deemed to be council assets, applying more pressure on councils and the OLG to conform with this determination.

Council refute this determination, arguing that 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.

In formulating its position, Council has prepared a detailed position paper on the matter, addressing each of the requirements of the Australian Accounting Standards and provided to the NSW Audit Office in their audit of our annual financial statements.

Councils position paper outlines the various recognition requirements, determining that the following recognition criteria have not been met:

- Basic Asset control tests have not been met –

- 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.
- The NSW RFS receives the flow of future economic benefits, not Council.

In addition to this, Councils position is supported by an independent expert's 2018 report by GAAP Consulting commissioned by the OLG and released after a successful GIPA request, which found that 'councils have no substantive rights for the control of fire-fighting equipment – vesting by itself does not confer control'.

The mandatory inclusion of RFS assets in Council's financial statements leads to a distorted representation of council's financial position. Council advocates that this issue be resolved across the industry and be uniformly applied.

Sustainability of local government contributions to emergency services provision

Cost shifting remains one of the most significant challenges facing the NSW local government sector. The 2021–22 Cost Shifting Survey has revealed that cost shifting totalled \$1.36 billion in 2021–22. Addressing the increasing cost shift to local councils is one of the keys to addressing financial sustainability issues in the sector.

The most material cost shift for Bellingen Shire Council is the Emergency services levy. There has been a substantial increase in recent years in the Fire and Emergency Services Levy (FESL) applied by the NSW Government to Bellingen Shire Council. Bellingen Council has seen the FESL increase from \$388k for the 2018/19 financial year, to \$698K in 2023/24, see below:

<u>Year</u>	<u>FESL Payment</u>
2018/2019	387,517
2019/2020	477,606
2020/2021	661,295*
2021/2022	495,439*
2022/2023	660,449
2023/2024	698,380

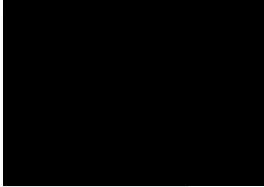
*Note in two years a temporary subsidy was provided.

At the Ordinary Council meeting held on Wednesday 28 February 2024, Mayor Cr Stephen Allan moved a motion Mayoral Minute addressing the pressing issue of Cost Shifting onto Local Government. He underscored the gravity of the situation, stating: "Cost shifting really restricts our Council's capacity to deliver services of appropriate standards to our community and to maintain vital local infrastructure. It is our community that is suffering as a result. Our communities deserve better, and this must stop."

Council would like the opportunity to address the Committee should hearings be held to consider information submitted.

I hope you find this submission helpful. Should you have any questions or wish to discuss these matters further, please contact Council's Chief Financial Officer, Chris Hodge on 02 6655 7300 or via email to council@bellingen.nsw.gov.au.

Yours sincerely



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Bellingen Shire Council