

## **ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE SERVICE**

**Organisation:** Gwydir Shire Council

**Date Received:** 10 May 2024

Public Accounts Committee inquiry into the  
assets, premises, and funding of the NSW Rural  
Fire Service

Submission by Gwydir Shire Council

Gwydir Shire Council (GSC) aims to present to you some of the facts and flaws surrounding the accounting treatment of NSW Rural Fire Service (RFS) assets, particularly with regards to the issue of red fleet vehicles and equipment. We appreciate this opportunity to comment on the issue of RFS asset ownership.

The total replacement cost for all RFS assets in our inventory totals 11.8 million dollars. Red fleet vehicles make up a total of 32% of our plant and equipment gross carrying value; this also means that roughly a third of our depreciation expense for this asset class is related to RFS resources. Despite the fact that red fleet vehicles are vested in councils, the actual control of these assets lies with the NSW RFS. Local councils do not have any authority to manage these assets, nor the ability to use them for any purpose. In our experience at Gwydir Shire Council, the RFS will not provide us with copies of invoices, nor can we conduct a stock take. We are unable to verify if these fleet assets even exist, which surely is a clear breach of best practice accounting and auditing processes. The fact that a council can be penalised with qualified financial statements due to issues with red fleet accounting is frankly illogical, considering that the data and relevant information about these assets is wholly held by the NSW RFS, and as we will explain, they often will not hand over this information when requested.

In 2022, Local Government NSW was able to source RFS asset data from NSW Treasury. In 2023 however, Treasury did not release this information, which resulted in councils having to source the required information from their RFS local area commands. This process is fraught with problems; unfortunately, the RFS seem to be apathetic to the burden being placed on council. They do not feel any obligation to hand over their asset information, nor are they compelled by the State Government. Our Assets Officer spent valuable time over two months attempting to track down and find someone within the RFS organisation who could provide the required information and paperwork to update the GSC asset register. In the end, they were unsuccessful. The only real confirmation about newly purchased RFS assets

that GSC could obtain was from press releases issued by State MP Adam Marshall.

Example: During the 2023 end of year processing for GSC, our Assets Officer attempted to source the required information from local area RFS personnel, with no success. Commands at Bingara, Moree, Narrabri, Tamworth, and even Sydney headquarters were repeatedly contacted to obtain the updated asset information. Not one person at these offices were able to find the information, or even forward our request to their accounting department.

Surely it must be unacceptable that the RFS cannot, when requested, present an invoice for a new vehicle purchased by them. It is a major concern to us that whilst councils are being held accountable for the RFS assets, we have no access to essential paperwork. Council's personal assets are audited thoroughly, and invoices are checked for accuracy. We have no recourse to do this on behalf of the RFS; we are forced to use unreliable information to update our register of RFS assets. It makes little sense that one entity is purchasing assets, but then an entirely different entity is responsible for the accounting of these assets. The RFS clearly have the internal mechanisms to be able to maintain a red fleet register, as it is evident that they maintain a large fleet of passenger and executive vehicles, which are not accounted for by councils. Accounting for these vehicles is currently being managed without issue by the RFS; it should present no further burden to add the red fleet vehicles, equipment, and property to this RFS maintained register.

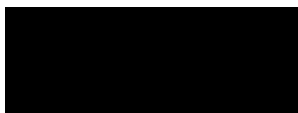
**Ideal outcome:** RFS assets are removed from council's registers and accounted for by the RFS. They already have a significant organisational structure with their own financial departments; it would not be an imposition for them to keep their own asset registers as well.

**Alternate outcome:** All capital (property, plant, and equipment) RFS movements are processed via council and no vehicle movements (purchasing or disposing) go through the RFS. Under this scenario, council would have a record of the invoices and receipts that are essential to appropriate

accounting and would provide the necessary audit trails required as evidence for the NSW Audit Office.

Timely completion of our annual financial statements is an issue that is becoming more unachievable, as the requirements are increasingly more complex each year. The issue of RFS red fleet only adds to this burden. At the very least, the onus should be on the RFS to provide all details and paperwork required as soon as possible after the 30<sup>th</sup> of June. If we are to continue accounting for these assets, the RFS need to be directed to hand over their asset information. Council should also have some recourse if the RFS fails to provide this information in an acceptable format that is approved by the NSW Audit Office.

It is our strongly held opinion that NSW RFS assets should not be accounted for by Local Government entities. The assets are purchased by the RFS, via their own accounting system. We urge the Public Accounts Committee to exercise common sense and allow councils to derecognise RFS assets, without penalty or threat of qualification.



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