

ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE SERVICE

Organisation: Bathurst Regional Council

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Mr Jason Yat-Sen Li MP
Chair
Parliamentary Committee Inquiry into
NSW Rural Fire Service assets and operations
Via email: PublicAccountsCommittee.PAC@parliament.nsw.gov.au

Dear Mr Li

Submission to Inquiry into the Assets, Premises and Funding of the NSW Rural Fire Service

Thank you for the opportunity to provide a submission to the Inquiry into the Assets, Premises and Funding of the NSW Rural Fire Service (the Inquiry).

The complex disagreements that exist between the State Government and Local Government over the "control" of the Rural Fire Service Red Fleet has remained unresolved for too long, and Council welcomes this Inquiry as an opportunity to finally reach an appropriate resolution to this matter.

Council's submission primarily focusses on the following two areas from the *Terms of Reference* of this Inquiry.

- i. The Rural Fires Act 1997, and associated Service Agreements; and
- ii. The "ownership" of the Rural Fire Service Red Fleet, and the accounting treatment thereof.

The Rural Fires Act 1997, and associated Service Agreements

The Rural Fires Act is out-of-date and requires a comprehensive review to reflect the current management and delivery of the Rural Fire Service and functions to our respective communities. A review of the Act will afford the opportunity for the Act to be updated to accurately reflect, define, and reinforce the constructive relationship that exists between the Rural Fire Service and Local Government.

The Service Agreement that is currently in place at Council was dated March 2012, and is also out-of-date. This Agreement does not reflect the reality of the modern relationship between the Rural Fire Service and Council.

It is noted that the "current" service agreement is consistent with the template service agreement that was rolled out across the local government sector in early 2012.

As a consequence of the Act and Agreement not being kept up-to-date with the evolution of the Rural Fire Service management and delivery, ambiguity and confusion in the interpretation of the Act and its application exists. This has resulted in the long standing complex disagreement between the State Government and Local

Government. Until the Act and Agreements are brought up-to-date with how the Rural Fire Service is managed and delivered, the disagreement between the two parties will continue to remain unresolved.

The "ownership" of the Rural Fire Service Red Fleet, and the accounting treatment thereof.

Consistent with the ambiguity that presently exists with the interpretation and application of the Act and the Service Agreement, the "ownership" of the Rural Fire Service Red Fleet also remains in dispute.

In determining whether an asset is to be accounted for in an agency's financial records, the Australian Accounting Standards prescribe that an assessment of "control" is to be undertaken.

It is quite clear that from the management, operation and delivery of the Rural Fire Service, that Councils have no control over the use and engagement of this fleet. However, due to the confusion that exists within the Act and the Service Agreement, the control of these assets is subjective and open to interpretation. As such both the State Government and Local Government have formed their own separate opinions that they don't "control" these assets, the resultant impact being that the Rural Fire Service Red Fleet assets are now not captured in anyone's financial statements.

Council has intentionally not included its justification of its opinion that it does not "control" these assets, as the assessment of control appears to be outside the scope of this Inquiry. Rather, Council is supportive of a comprehensive review of the Act and Agreement that aligns these documents with how the Rural Fire Service is managed and operated today.

Council welcomes the opportunity to discuss this matter further.

Yours faithfully



Neil Southorn
ACTING GENERAL MANAGER