

Our ref: R90/1033-16 Out-34758

24 June 2022

The Hon. Matt Kean MP, Treasurer  
The Hon. Steph Cooke MP, Minister for Emergency Services and Resilience, and Minister for  
Flood Recovery  
Ms Margaret Crawford, Auditor-General  
The Hon. Wendy Tuckerman MP, Minister for Local Government

Dear Treasurer, Ministers and Auditor-General

### **Accounting Treatment of RFS Mobile Assets**

I write again to express LGNSW's strong objection to the NSW Government's determination, applied by the Auditor-General, that Rural Fire Service (RFS) assets are the property of councils for accounting purposes.

The Audit Office Local Government Report released on 22 June 2022, again reinforces the fanciful notion that RFS mobile and other fire-fighting assets can somehow be deemed to be council assets and applies more pressure on councils and the Office of Local Government (OLG) to conform with this determination despite the fact that councils do not have effective management or control of these assets.

Councils and LGNSW strongly refute this determination. Councils do not have any say in the acquisition, deployment or disposal of these assets. Councils have also raised concerns that the requirement breaches Australian Accounting Standards.

The current Local Government Accounting Code of Accounting Practice and Financial Reporting also provides for councils to determine whether they record the RFS assets as council assets or not. Councils are not breaching the Code by not reporting RFS assets. This position has been confirmed by the Secretary of the Department of Planning and Environment in his letter to the Auditor-General dated 7 June 2022, presented in Appendix 1 on page 47 of the 2021 Local Government Audit Report.

We are aware and support the many councils refusing to comply with the Auditor General's instructions. Councils remained firm in 2021, resisting pressure to record RFS assets with the majority (68), choosing not to record the RFS mobile assets in accordance with the Code. This was the same number of councils as in 2020 and we commend councils for standing their ground. LGNSW encourages councils to continue resisting pressure from the Audit Office and make their own determinations.

We note the Auditor-General wrote to councils on 23 June 2022 and advised that management letters issued to councils on the 2020–21 financial audits included recommendations to undertake a stocktake of the rural firefighting equipment vested to councils and record the value in the council's financial statement. Noting the Government's advice under the signature of the Secretary, LGNSW recommends councils not undertake a stocktake if they determine that RFS firefighting equipment is not a council asset.

The Government's blanket determination is not only nonsensical, it is also inconsistent with the treatment of the comparable assets of other emergency service agencies such as Fire &

Rescue NSW (FRNSW) and the State Emergency Service (SES). There is no rational reason for maintaining this anomaly.

**Will the NSW Government finally take action to clear up this mess by acknowledging that rural firefighting equipment is vested in, under the control of and the property of the RFS?**

I would like to meet with you at the earliest opportunity to discuss local government's position.

If your office requires further information, please do not hesitate to contact Shaun McBride, Chief Economist on 02 9242 4072 or email [shaun.mcbride@lgnsw.org.au](mailto:shaun.mcbride@lgnsw.org.au). To set a time for meeting, please have your office contact Sue Sackar, Executive Assistant on 02 9242 4011 or at [executive.assistant@lgnsw.org.au](mailto:executive.assistant@lgnsw.org.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Turley', with a stylized, cursive flourish at the end.

Cr Darriea Turley AM  
**President**