

Business Paper

LATE REPORTS ORDINARY COUNCIL MEETING

**ALBY SCHULTZ MEETING CENTRE,
COOTAMUNDRA**

6:00PM, TUESDAY 23RD AUGUST, 2022

Administration Centres: 1300 459 689

LATE REPORTS

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6 MAYORAL MINUTES

6.2 MAYORAL MINUTE - ACCOUNTING TREATMENT OF RURAL FIRE SERVICE (RED FLEET) ASSETS

DOCUMENT NUMBER	375744
AUTHORISING OFFICER	Leigh Bowden, Deputy Mayor
REPORTING OFFICER	Leigh Bowden, Deputy Mayor
ATTACHMENTS	Nil

RECOMMENDATION

THAT:

1. Cootamundra-Gundagai Regional Council writes to the Treasurer the Hon Matt Kean MP, Minister for Emergency Services and Resilience the Hon Stephanie Cook MP and the Minister for Local Government the Hon Wendy Tuckerman MP:
 - (a) Expressing Council's objection to the NSW Government's determination on ownership of Rural Fire Service assets;
 - (b) Advising of the impact of the Government's position on Council finances of this accounting treatment;
 - (c) Informing that Council will not carry out RFS assets stocktakes on behalf of the NSW Government and will not record RFS assets in Cootamundra-Gundagai Regional Council's financial statements;
 - (d) Calling on the NSW Government to take immediate action to permanently clear up inequities and inconsistencies around the accounting treatment of Rural Fire Service (RFS) assets by acknowledging that rural firefighting equipment is vested in, under the control of and the property of the RFS; and
 - (e) Amending s.119 of the Rural Fires Act 1997, so that the effect is to make it clear that RFS assets are not the property of councils.
2. Cootamundra-Gundagai Regional Council writes to the Shadow Treasurer Daniel Mookhey MLC, the Shadow Minister for Emergency Services Jihad Dib MP, the Shadow Minister for Local Government Greg Warren MP, the Greens Spokesperson for Local Government Jamie Parker MP and the leaders of the Shooters, Fishers and Farmers, Animal Justice and One Nation parties Robert Borsak MLC, Emma Hurst MLC and Mark Latham MLC:
 - (a) Advising Members of Cootamundra-Gundagai Regional Council's position, including providing copies of correspondence to NSW Government Ministers; and
 - (b) Seeking Members' commitments to support NSW Councils' call to amend the Rural Fires Act 1997 as set out in correspondence.
3. Cootamundra-Gundagai Regional Council writes to the Auditor General advising that notwithstanding any overtures of future qualified audits, it will not carry out RFS stocktakes on behalf of the NSW Government, and will not record RFS assets in Cootamundra-Gundagai Regional Council's financial statements, noting that the State Government's own Local Government Accounting Code of Practice and Financial Reporting

provides for councils to determine whether or not they record the RFS assets as council assets.

- 4. Cootamundra-Gundagai Regional Council promotes these messages via its digital and social media channels and via its networks.**
- 5. Cootamundra-Gundagai Regional Council re-affirms its complete support of and commitment to local RFS brigades noting that Cootamundra-Gundagai Regional Council's action is entirely directed towards the NSW Government's nonsensical position that rather than being owned and controlled by local brigades, RFS assets are somehow controlled by councils, which councils consider to be a cynical financial sleight of hand abdicating the NSW Government's responsibilities at the cost of local communities.**
- 6. Cootamundra-Gundagai Regional Council affirms its support to Local Government NSW (LGNSW) and requests LGNSW continue advocating on Council's behalf to get clarification once and for all from the State Government about the accounting treatment of RFS assets.**

Report

I am calling on Councillors to support the local government campaign on the financial accounting treatment of Rural Fire Service (RFS) mobile assets known as the 'Red Fleet'.

A long-standing dispute over the accounting treatment of the Red Fleet has come to a head with the Auditor-General's 2021 Report on Local Government on 22 June 2022. The Audit Report reemphasises the State Government determination that RFS assets are the "property" of councils and must be recorded in Council's financial statements with Council required to therefore absorb all depreciation costs.

The *Audit Office Local Government Report* has reinforced the 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 across the State and Local Government NSW (LGNSW) refute this determination. 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.

Councils and LGNSW have also raised concerns that the requirement breaches Australian Accounting Standards. The State Government's own *Local Government Accounting Code of Accounting Practice and Financial Reporting* provides for councils to determine whether to record RFS assets on their books as council 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.

Council notes advice from LGNSW that many councils are 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 *Local Government Accounting Code*. This was the same number of councils as in 2020. LGNSW is encouraging councils to continue resisting pressure from the Audit Office and make their own determinations notwithstanding overtures that ongoing non-compliance with the Auditor General's instructions may result in future qualified financial reports.

The latest Audit Report has made further impositions on (Council) by:

- recommending Council undertakes a stocktake of RFS assets and records the value in Council's financial statements;
- warning that if Council does not recognise the assets, it will be found non-compliant and will have a high risk finding reported; and
- calling on the NSW Department of Planning and Environment (OLG) to intervene where councils do not recognise rural firefighting equipment.

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.

LGNSW has been advocating this position on councils' behalf and has written to the NSW Treasurer the Hon. Matt Kean MP, Minister for Emergency Services, the Hon. Steph Cooke MP, Minister for Local Government the Hon. Wendy Tuckerman MP and the Auditor-General, Ms Margaet Crawford to express the local government sector's strong objection to the NSW Government's determination, applied by the Auditor-General, that RFS assets are the property of councils for accounting purposes and amend the *Rural Fires Act 1997*.

LGNSW has advised it will continue its advocacy efforts on councils' behalf and is asking all affected councils in NSW to consider adopting a resolution advising the Audit Office that Council will not carry out the RFS stocktakes on behalf of the NSW Government and will not record RFS assets on Council's financial statements.

6.3 MAYORAL MINUTE - THE END OF AN ERA

DOCUMENT NUMBER	375978
AUTHORISING OFFICER	Leigh Bowden, Deputy Mayor
REPORTING OFFICER	Leigh Bowden, Deputy Mayor
ATTACHMENTS	Nil

RECOMMENDATION

The information in the Mayoral Minute be received and noted.

Discussion

I would like to acknowledge that this is a "unique and special" Council meeting, in that this is the last meeting of this particular Council - the Cootamundra-Gundagai Regional Council, which pursued demerger.

After this meeting, Cootamundra-Gundagai Regional Council will either be demerged (or working towards it, according to the Minister's decision) or it will remain a merged Council and Councillors will be committed to making Cootamundra-Gundagai Regional Council work.

There will be no more action by CGRC for demerger.

Over the past 5 years Council has delivered an extraordinary volume of capital works projects for the entire Local Government Area. We have successfully implemented a Special Rate Variation to ensure financial sustainability. And we have fought to represent the community and lobbied all levels of Government with the collective opinion of the population to demerge.

This is also an opportunity to thank CGRC Councillors, past and present, for the work they have done over the past 5 years for our communities. And to thank the staff who have continued to give their all in what, at times, have been very difficult circumstances.

What we all want is the best for our communities. Whatever the Minister's decision we will continue to work hard for our region.

11 CONFIDENTIAL ITEMS**11.3 CLOSED COUNCIL LATE REPORT**

DOCUMENT NUMBER	375841
REPORTING OFFICER	Teresa Breslin, Acting E.A to General Manager and Mayor
AUTHORISING OFFICER	Glen McAtear, Acting General Manager
RELEVANCE TO COMMUNITY STRATEGIC PLAN	4. Collaborative and progressive leadership 4.1 A clear strategic direction that is delivered upon
FINANCIAL IMPLICATIONS	There are no Financial implications associated with this report.
LEGISLATIVE IMPLICATIONS	To facilitate compliance with sections 10 and 11 of the Local Government Act 1993.
POLICY IMPLICATIONS	There are no Policy implications associated with this report.
ATTACHMENTS	Nil

Note

Council's Code of Meeting Practice allows members of the public present to indicate whether they wish to make representations to the meeting, before it is closed to the public, as to whether that part of the meeting dealing with any or all of the matters listed should be closed.

RECOMMENDATION

1. **Item 11.4 be considered in closed Council at which the press and public are excluded in accordance with the applicable provisions of the Local Government Act, 1993 and related public interest reasons detailed.**
2. **In accordance with section 11 (2) and (3) of the Local Government Act, 1993, the reports, correspondence and other documentation relating to Item 11.4 be withheld from the press and public.**

11.4 REQUEST RELIEF FROM DEVELOPER CONTRIBUTION - DA 2022/101Provisions for Confidentiality

Section 10A (2) (b) – The Confidential Report contains discussion in relation to the personal hardship of a resident or ratepayer.

Public Interest

Personal and sensitive information.