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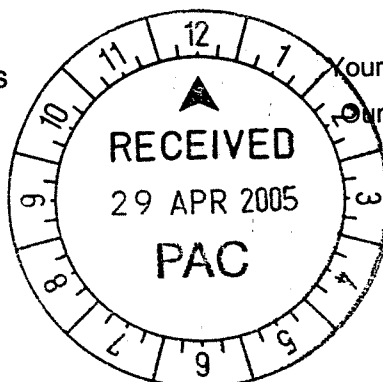
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The Committee Manager
Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000



Your Ref: PAC 261
Your Ref: NUM/0098
05/0311

13th April 2005

Dear Ms Buchbach

PUBLIC ACCOUNT COMMITTEE'S INQUIRY INTO RISK MANAGEMENT - QUESTIONNAIRE FOR SELECTED AGENCIES

In response to your request dated the 23rd of March 2005, please find the attached completed survey for the NSW Rural Fire Service. Additional notes have been attached in order to provide further context and clarification to a number of the responses.

As a general characterisation, the Service is reasonably well developed with respect to risk management. The major areas of strength are:

- The development and implementation of Bush Fire Risk Management Plans, and
- District and Zone business planning using the risk management based Service Delivery Model.

The nature of our fire fighting operations also requires a constant evaluation of risk and the available options by our field staff and Volunteers. Accordingly, much of our training focuses on the practical application of risk management.

More recently, the Service has implemented (or is in the process of implementing):

- Organisational risk identification using a Guided Self Assessment, External Environmental Scan and Volunteer Survey
- An organisational risk assessment project;
- Business continuity and Information Security Management System planning, and
- A structured internal auditing program.

We recognise that further work is required to improve the integration of our risk management systems with other planning, management and reporting systems. The details of this requirement have been identified and a structured development and implementation program is being implemented.

If you require any further details please contact me on (02) 8741 5120.

Yours faithfully

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal stroke at the bottom.

Mark Swayn
A/Executive Director Strategic Development

PUBLIC ACCOUNTS COMMITTEE

INQUIRY INTO THE INTO RISK MANAGEMENT IN THE NSW PUBLIC SECTOR

NSW RURAL FIRE SERVICE

EXPLANATORY NOTES

Please refer to the attached questionnaire to see the applicability of the following notes.

1. The Rural Fires Act contains a requirement to establish Bush Fire Management Committees (BFMC) in each Rural Fire District to undertake the local management of coordinated fire fighting and bush fire mitigation arrangements.

One of the major responsibilities of each BFMC is to develop and maintain a Bush Fire Risk Management Plan. These plans are based on the AS4360 risk management framework and are designed to determine the level of bush fire risk facing communities. This information is used to develop the appropriate mitigation and operational arrangements designed to reduce the risk.

2. The Service is currently implementing an organisational risk assessment. One of the outcomes from this assessment will be the use of the information to assist in the development of the 2006/07 Strategic Plan. The implementation of that year's plan, and its relationship to the organisational risks will be reported in the following Annual Report.

As part of its responsibility to provide executive support to the BFMC's, and their Bush Fire Risk Management Plans, the Service undertakes a continual exchange of information with other government agencies and non-government organisations.

3. The Performance Audit report facilitated the establishment of a number of risk management mechanisms within the Service. These included the:
 - 2002 development and implementation of the Service Delivery Model which is the risk management-based business planning program used in our Districts and Zones;
 - establishment of an external environmental scan and Guided Self-Assessment as part of our strategic planning process during 2003, and
 - current implementation of an organisation-wide risk assessment.
4. As they were originally developed in accordance with AS4360, the changes to existing risk management systems (such as the Service Delivery Model) have largely been incremental. The current revision of the format and process for developing Bush Fire Risk Management Plans is more substantial and incorporates the recent revisions to the standard.

5. Whilst the Service does not have an overarching risk management policy, it has implemented (or is the process of implementing) a number of the components required for such a policy. The following list shows a number of the corporate policies or systems that are either fully or partially based on a risk management approach:

- Service Delivery Model (incorporating District/Zone business planning, OH&S planning, Community Education planning, personal performance management and budget preparation);
- Bush Fire Risk Management Plans;
- Standards of Fire Cover;
- Business Continuity Planning;
- Information Security Management Systems (ISMS);
- Project management;
- Safety and Welfare – Risk Management
- Fraud and corruption prevention
- Service audit planning

6. The rating shown for the use of risk management in budget preparation and financial reporting applies primarily to Districts and Zones through the use of the Service Delivery Model.

7. There is no single position responsible for the identification of risk. The Service encourages ownership of risk at all functions and levels. As a result, managers, staff and volunteers identify risks commensurate with their location and level within the organisation. The following list illustrates this point:

Executive Director Strategic Development	Development of Service Delivery Model system Conduct of Service internal auditing Conduct of strategic and corporate planning Conduct of external environmental scan, guided self assessment and volunteer survey
Executive Director Community Safety	Development of system for Bush Fire Risk Management Audit management of Bush Fire Risk Management implementation
Executive Director Administration and Finance	Conduct of the organisational risk assessment project (in conjunction with the Executive Director Strategic Development) Conduct of Service program for the prevention of fraud and corruption.
District/Zone Managers	Support for the implementation of Bush Fire Risk Management Plans (as Executive Officers to the BFMC) and development and implementation of Service Delivery Model

The current arrangement for the management of risk is designed to serve the decentralised nature of the Service's operations and structure. It is recognised that an overarching risk management policy is required to provide a more integrated approach. The development of a risk management policy is planned following the completion of the current organisational risk assessment.

8. The analysis and prioritisation of risks is generally in accordance with the list provided in Note No 7.
9. The actions required to address identified risks are generally determined in accordance with the list provided in Note 7. This approach assists the Service in better matching solutions that reflect differences in local operating environments.
10. The Service's response for the first 4 dot points is "averaged". In some instances, for example the application of Bush Fire Risk Management Planning across the State, the response would be "Strongly Agree"
11. The Service is in the process of developing a business continuity plan. The development of the plan is due for completion by the end of May 2005. Implementation of the recommendations will commence shortly after.

The Information Technology function has implemented a disaster recovery plan. Furthermore, the recently completed Headquarters building has incorporated a number of redundant systems to provide full functionality in the event of a disaster.

An organisational risk management plan will be developed following the completion of the current organisational risk assessment.

12. The review and monitoring of the 3 dot points contained in this question is generally in accordance with the list provided in Note 7.

Regional Staff and other stakeholders (including Local Government) are provided quarterly reports of performance against the risk management plans contained in the Service Delivery Model.

13. The responsibilities for risk management within the Service are clearly understood under the arrangements outlined in the list provided in Note 7. However it is recognised that the development of a risk management policy will further enhance the responsibilities under these arrangements. Accordingly it is planned to develop this policy following the completion of the current organisational risk assessment.

14. As part of the implementation of the Service Delivery Model, comprehensive risk management training has been provided to District and Regional managers and staff. Furthermore, these personnel have also been provided training to support bush fire risk management planning.

Many of the Service's managers and staff have also participated in numerous workshops associated with Y2K, business continuity planning and ISMS planning.

15. As it was only established in 1997, the Rural Fire Service is a relatively young organisation. Subsequent legislative changes, particularly the employment of District Staff formerly employed by Local Government, required the implementation of a range of management systems on the organisation. Largely due to the employment of District staff, the Service tripled in size during the period 2001 to 2003.

In the period since 2001, the Service has implemented many elements of a comprehensive risk management framework. Nonetheless, due to the large volume of work required to establish the organisational planning and management systems, combined with a commitment to target our resources to the delivery of services, the duration of the full deployment of the risk management framework is longer than would normally be considered desirable.