

**Submission
No 12**

ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE SERVICE

Organisation: Queanbeyan-Palerang Regional Council

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Inquiry into the assets, premises and funding of the NSW Rural Fire Service

QPRC Submission

Ref: ECM 2545293

Overview of current arrangements

Local councils have had a long history of participation in firefighting arrangements since the inception of the 1906 Local Government Act. Since those beginnings the Rural Fire Service has evolved, and in response to its growth and evolution, it has slowly devolved from councils. The RFS is now an expert organisation which plays a very specific and significant role in the community with much of its own governance and policy direction. Because of the recall of the RFS brand and the performance of the organisation in the past, the level of expectation from the community around the amount of expertise that is and will be deployed in the area of fire prevention and management is high. The RFS needs to manage and govern the whole of the operations of the RFS to ensure that it can respond effectively to that expectation.

Through the NSW Rural Fires Act, the Council has a seat at the table of the Bush Fire Management Committee and participates in all aspects of BFMC business.

Council also has a relationship with the RFS through the provisions of the State Emergency and Rescue Management Act, most notably through the operation of the Local Emergency Management Committee.

It should be said at the outset the Lake George District RFS and Queanbeyan-Palerang Regional Council have a strong relationship which it values and both have a contribution to make in promoting community safety and wellbeing. Council acknowledges that the RFS is made up of members of the local community to which the Council is a public servant and will always look to do as much as it can to provide the maximum benefit to the community and those organisations that help to service that community.

Through the District Service Agreement (DSA), QPRC and the Lake George zone RFS are connected in the following ways:

- Management of district equipment, including communication sites
- Insurance of premises and district assets, including some contents
- Fuel provision
- Provision of land for premises
- Management of buildings and facilities (including capitalisation of those assets)
- Project management for the construction and upgrading of RFS FCC and brigade premises
- Purchasing and financial delegations
- Provision of IT support (to enable implementation of the agreement)
- Data sharing
- Purchasing, registration and insurance support for the 'white' fleet
- Maintenance of brigade and fire control buildings.
- District Liaison Committee
- Accounts processing and budgetary and financial administration.

As was the case for all NSW councils, insurance for the red fleet was removed from the DSA in November 2011 as agreed in writing between the RFS and Council. Apart from the provision of fuel, this effectively removed the last connection that the Council historically had to the red fleet.

In examining the experiences of staff of the Lake George Zone RFS and the Council, when it comes to business-as-usual operational matters, it is obvious to Council that the current arrangements around funding and mandatory support are a frustration for both Council staff and the district RFS. Organisationally, Council is quite removed from the RFS and is not aware of day to day operational matters such as fleet management. Council is not always aware of the obligations it has to the RFS through the Rural Fire Services Act via the District Service Agreement. This can have the effect of it not being as responsive as the RFS could expect it to be, which impacts on the operational effectiveness and efficiency of the local RFS. Particularly, this occurs when staff change and new staff are not aware of the (strange) arrangements that are in place whereby some processes and responses are managed by the RFS and then transacted via Council systems.

The District Service Agreement (DSA) is out of date and awaiting review and the current agreement was last signed in 2010. In meeting the obligations set out in the agreement, there is a large administrative burden on the Council which is most predominant in relation to accounts payable, security, property management and project management. The additional processes required to complete transactions between two organisations effectively result in extra process and inefficiency for both the RFS and Council. It also reduces effective financial control because of the misalignment between operational decision making (RFS) and the authority to make payments (Council). The financial reporting needed to understand the overall cost of operating the RFS for NSW taxpayers would depend on gathering financial reporting from multiple organisations with different systems and account structures, including NSW Councils.

The RFS competes with other areas of Council in terms of prioritisation of works (most predominantly in the Project Management area), which, as mentioned earlier is a source of frustration for QPRC staff who already manage full workloads and the RFS who have to compete within those workloads.

The Rural Fire Fighting Fund (RFFF) allocates funding between Fire Districts and Councils for operations and was historically used to calculate the amount of the (now) Emergency Services Levy for individual Councils. The budget management and financial reporting of the Rural Fire Fighting Fund is not clear or understandable to Council.

Local Governance

Currently there are governance measures that are designed to meet the requirements of Council but are transferrable across to the RFSs because of the nature of the Service Agreement and the arrangements, and those measures are established in the absence of consultation with the RFS. This means that aspects of Council's governance may not necessarily suit the local RFS operationally. More broadly, it also means that a different set of governance applies to all districts in some areas of operation.

In relation to purchasing, for instance, any procurement that the RFS undertakes is subject to Council's procurement policies which are designed to suit Council. Similarly, the RFS has to align with all of Council's processes and timelines for accounts payable and processing. The extra layer of processes do not create extra internal controls over expenditure because of the disconnection between the RFS decision-makers and the Council payment authority.

For example, the current arrangement forces Councils to make payment on invoices addressed to the RFS, and account for the payments as Council expenditure.

During the 2019/20 fires, the RFS was not initially able to accept donations being offered through the RFS district headquarters because there was no mechanism in place for the district to be able to accept them. Under the current governance arrangements for the RFS, the District RFS is not able to control any funds. At the time, Council did agree to accept donations directly on behalf of the RFS and is currently managing money that does not belong to the Council. Because that donation money comes to the Council, and Council does not have gift recipient status, donations going to the District through Council were also not claimable by the donor through the taxation system.

NSW Audit Office review of planning and managing bushfire equipment

The Audit Office report recognises that Council does not have responsibility for planning, purchasing or distributing firefighting fleet assets and do not have firefighting responsibilities. It found that council has a joint role in maintaining and repairing the firefighting fleet.

The report also recognised that the RFS currently owns air-based firefighting equipment and the white fleet of cars, personnel transport vehicles and catering vehicles and some heavy plant.

Bringing the red fleet fully under the care and control of the RFS is a rational step considering the audit findings that the RFS:

- does not have an overarching strategy to guide its planning, procurement, or distribution of the firefighting fleet
- does not have effective oversight of the fleet maintenance activity across the State and is not ensuring the accuracy of District Service Agreements where maintenance responsibilities are described
- does not have effective systems for communicating with brigades and local councils about fleet management.

The current reasoning for the delineation of ownership of the red fleet to Council rests on whether the appliances were funded wholly or partly through the RFFF and the concept of the assets being vested in Council who has care and control over that class of asset. In terms of care and control, this is a theoretical construct only, whereas practically the Council has no care or control over firefighting assets and nor should it. It does not:

- have any input into type or specifications of appliances
- provide direction around when, how many and for how long appliances should be bought and sold,
- know where they are, what they are being used for and how often (including being used for out of area response)
- able to direct and control the use of appliances
- arrange for any ongoing maintenance and repair
- use them for any Council-related tasks (because they are purpose-built appliances designed for fire-fighting, which Council does not do or have any legislative basis to do).

Section 119 of the Rural Fires Act 1997 states that firefighting assets purchased wholly or partly from money credited to the RFFF are vested with local councils. There is no actual process that supports the vesting of assets either legally or practically. The audit report also reiterated that they are legally owned by the Council for which the asset has been purchased, and that the RFS is able to use the firefighting assets through DSAs.

To date, however, Council has not recognised the red fleet as assets of council and has not included these assets in its assets register or capitalised and depreciated these assets. The Council recognises that there is a malalignment between legislation (assets vested in councils) and responsibilities (RFS responsible for service) and that no-one is currently managing the red fleet assets well. Although they represent a critical asset which current and future communities rely on and pay for, believes that assets should be accounted for and managed by the RFS in order that strategic fleet planning can be undertaken with proper knowledge of the current fleet. Proper asset management would enable the RFS to assess the capability of the firefighting fleet to respond to current bushfire events and emerging fire risks.

Additionally, Council has been unable to meet the audit office requirements that require an annual fair valuation of Red Fleet assets vested to them, including condition assessments, as they do not have knowledge of or access to the vested assets. The Audit Office decision to issue qualified audit opinions against NSW Councils that do not complete the fair value assessment of RFS assets has created a significant reputational issue for Council.

Financial Burden on Council and councils across NSW

The operational viability of councils has long been subject to scrutiny. The Local Government Association of NSW and Shires Association of NSW submission into the Productivity Commission Inquiry in 2007 identified then that NSW local government was under financial duress which was confirmed by the Independent Inquiry into the Financial Sustainability of NSW Local Government. Over time, cost shifting which occurs from State government to local government continues to test Council's operational capacity and ultimately its financial position.

QPRC has had to make the difficult decision to impose an 18% annual increase on rates for the three years commencing 2023/34. This rate variation serves only to allow Council to continue to meet its current service levels, along with having to find additional budget savings of \$5.5m per year.

At the same time, the 5 year average annual increase in the Emergency Services levy on QPRC is 16% per annum, reaching \$1.9M, equivalent to 45% of the General component of Council's Financial Assistance Grant from the Federal Government.

The levy has reached \$65 per ratepayer. The amount is not separately listed on the rates notice but hidden in the annual general rate, further reducing Council's financial capacity and ensuring ratepayers have little opportunity to understand or make comment on the additional cost.

Provision of land for fire control centres

Currently one of the financial imposts of some significance facing Council is the requirement to provide land for new RFS premises. Land within the local government area that Council already owns is minimal, yet it is expected to be able to provide land for RFS premises.

Currently Council is being asked to provide land for a fire control headquarters in Queanbeyan, a new brigade station in Googong and land to relocate the brigade in Araluen which has outgrown its current site. In exploring the options Council will not be able to supply land without associated costs such as ongoing environmental offsets, compensation, or outright land purchase. Council has no funds set aside that it could use for the purpose.

The NSW Government recognises that it is unrealistic to expect local councils to meet the cost of construction of premises and those cost are met through a type of grants process, albeit on a cost recovery basis paid after costs are incurred and involving considerable administration and evidence to be submitted before claims are accepted. However, the cost of land is considerable, and is not compensated under the current arrangements.

RFS in 2024

The climate continues to change and records continue to be set each around the hottest global monthly temperatures on record. It is commonly said that fires are set to become more frequent and more intense and will be more unpredictable in their behaviour as the climate crisis continues. The 2019/20 fire season demonstrated the breadth of devastation that fire is capable of inflicting on communities.

The RFS plays one of the most significant and important roles within the community. It demonstrates each fire season its capability and cements its position within NSW as an effective combat agency which the community looks to for direction and support in dealing with fire in the landscape.

Now and into the future, the RFS must be master of its own organisation in order to meet the growing expectations of the community, and the community needs the confidence of knowing that the RFS has control of its governance and can drive the organisation in a direction of continual improvement by owning and commanding its own resources.