

## **ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE SERVICE**

**Organisation:** Snowy Valleys Council

**Date Received:** 8 May 2024



# Submission to the Public Accounts Committee Inquiry into the assets, premises and funding of the NSW Rural Fire Service

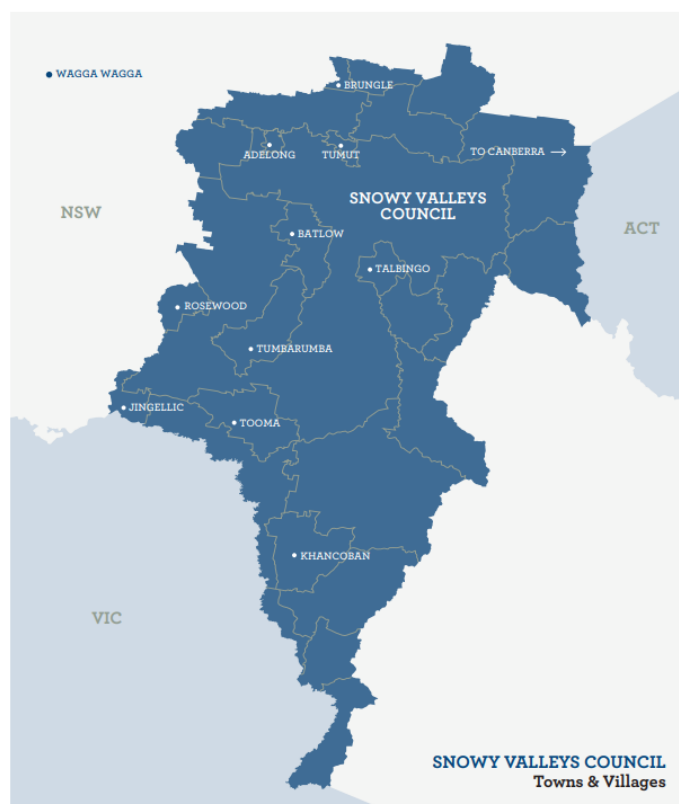
8 May 2024

## INTRODUCTION

Snowy Valleys Council welcomes the opportunity to make a submission to the Public Accounts Committee (the Committee) Inquiry into the assets, premises and funding of the NSW Rural Fire Service.

Snowy Valleys Council was formed in 2016 from an amalgamation of Tumut and Tumbarumba Councils.

The Local Government Area (LGA) has a population of 14,936 with the main industry sectors being agriculture, forestry and timber processing. Snowy Valleys also has five National Parks within the LGA, therefore is very reliant on the effective and efficient delivery of emergency services.



The NSW Rural Fire Service has the following within the Snowy Valleys LGA:

- 29 Brigades including a Cadet Brigade
- 61 Fire appliances
- 16 Support vehicles
- 17 Support trailers
- 1194 Volunteers

The Council is very supportive of the RFS, and particularly respect and support the large community volunteer base. While seeking the reform of funding and asset management arrangements, Council is not making a criticism of the core operations of its volunteer base.

The Committee would be aware that the assets, premises and funding of the NSW Rural Fire Service and emergency services has generally been of great concern to local government for some time.

There have been Inquiries into the funding of Emergency Services in NSW in 2012 and 2017 when the introduction of a Fire and Emergency Services Levy (FESL) was abandoned at the eleventh hour and we now have the Public Accounts Committee Inquiry with the establishment of a newly formed Stakeholder Reference Group chaired by the Treasurer Daniel Mookhey.

It is time that positive change is achieved, that clarifies accounting for the ownership of RFS assets and the development of a sustainable funding model of emergency services into the future.

## **1. The mechanisms for:**

### **a) Funding Rural Fire Service Assets and premises**

Development of a better way to fund emergency services has been on successive government agendas since at least 2012 when the then Coalition government commenced community engagement to develop a better, fairer and more efficient way of funding emergency services.

In 2017 again, the Coalition government progressed significantly to introduce what was to be known as the Fire and Emergency Services Levy, a broad-based property levy calculated on the unimproved land value determined by the Valuer General. This review progressed to legislation before Parliament, until withdrawn on 31 May 2017 just one month before implementation on 1 July 2017.

Now, in March this year, yet another review has been initiated by the current Labor Government by forming a Stakeholder Reference Group to advise the Government on the way emergency services are to be funded.

NSW remains the only mainland state to fund its emergency services by placing a tax on insurance. In 2017 most of the hard work had been done and rather than wasting the investment at that time, modifications could have and should have been made to ameliorate the unintended consequences.

Snowy Valleys Council supports the introduction of a broad-based property levy to fund emergency services in NSW. It would be Council's strong preference that such a levy be undertaken by the State Government and levied like land tax rather than using local government as a collection agent.

Council supports the current Inquiry and the formation of the Stakeholder Reference Group, however it is imperative that change to a fairer system is implemented including the removal of the requirement for local government to make a contribution to the fund.

LGNSW and councils have long advocated that the Emergency Services Levy on both insurance and councils should be removed and replaced with a broad-based property levy. This is the model already adopted by most other states and is supported by LGNSW and many councils on the grounds that it provides greater transparency, accountability and equity.

This can be achieved by removing Division 5 from the *Rural Fires Act, 1997*.

It is equally important however that mechanisms are put in place to ensure that the insurance industry is compelled to reduce insurance policies by the amount equivalent to the Fire Levy.

## **Recommendation:**

*Council supports the current Inquiry and the formation of the Stakeholder Reference Group, however it is imperative that change to a fairer system is implemented including the removal of the requirement for local government to make a contribution to the fund.*

*Further, that the insurance industry is compelled to reduce insurance policies by the amount equivalent to the Fire Levy.*

#### **b) Maintaining Rural Fire Service assets and premises**

The outdated nature of the *Rural Fires Act 1997* is at the heart of many issues surrounding the control and ownership of Rural Fire Service assets and the Act represents a different period in time. When the *Rural Fires Act 1997* was enacted, Council was the legal employer of Fire Control Officers (albeit with shared reporting responsibilities), they were accommodated within Council offices and Council had a level of control over assets acquired, where they were deployed, how they were housed and maintained etc.

The enactment of the *Rural Fires Amendment Act 2000* means that today this is a very different landscape, with local government no longer having any role in the employment or management of RFS staff, no real involvement with acquisition and maintenance of the RFS fleet (tankers and other vehicles) and brigade stations, other than another outdated section of the Act; section 37 (3) states that *the local authority for the rural fire district for which a fire control officer is appointed must provide facilities and accommodation to enable the fire control officer to exercise his or her functions*. This was reasonable when Fire Control Officers were employed by Council and had reporting responsibilities to the General Manager, but not under the current requirements of the Act.

#### **Recommendation:**

*That section 37 (3) of the Rural Fires Act, 1997 be deleted or amended to more accurately reflect the employment of Fire Control Officers.*

#### **c) Accounting for the ownership of Rural Fire Service assets and premises**

Council's 2022/2023 Management Letter from the NSW Audit Office raised, as a high consequence, the issue of non-recognition of Rural Fire Service Assets in Council's financial statements.

The Audit Office contends that the equipment is controlled by Council under section 119 (2) of the *Rural Fires Act 1997* (Rural Fires Act) giving Council legal ownership.

This is not disputed, however as mentioned earlier, the *Rural Fires Act 1997* is outdated and does not reflect the current management practices of the NSW Rural Fire Service. There are many sections of the *Rural Fires Act 1997* that require review and clearly section 119 (2) is one of these sections.

The Audit Office Management Letter also contended the following:

- The Council has the ability, outside of emergency events as described in section 44 of the *Rural Fires Act*, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 January 2009.

Council does believe that this is the case, as despite section 119 (2), effective control rests with the NSW RFS and not Council.

- The Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the *Rural Fires Act*. The Council obtains economic benefits from the rural fire-fighting equipment, as these assets are used to fulfill Council's responsibilities.

Again, this is not representative of the facts. It is agreed that Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the *Rural Fires Act* but no more so than other land occupiers. Council does not have ready access to NSW RFS assets in discharging these responsibilities over and above other members of the public and therefore disputes that Council receives any economic benefits from rural fire-fighting equipment located within the LGA.

Further, the GAPP report, written by Mr Colin Parker on the engagement of the NSW Office of Local Government, supports Council's position. In paragraphs 24 – 30 of the GAPP report, Mr Parker succinctly identifies why RFS assets, red fleet and other assets, should be de-recognised by Councils and recognised by the State Government.

Mr Parker is eminently qualified, having over 40 years' experience in financial reporting, auditing and ethics policy and implementation, including being a former member of the Australian Accounting Standards Board, as well as a number of other appointments.

**Recommendation:**

*That section 119 (2) of the Rural Fires Act, 1997 be removed from the Rural Fires Act to accurately reflect ownership and control of the RFS Assets.*

**d) Operational management, including the control of assets and premises, risks, and impacts to local government, and the ability to affect a response to emergencies.**

The NSW RFS is renowned as a world leading firefighting service operating in 110 local government areas and with over 70,000 volunteers. Its operational and management capacity to affect a response to emergencies is without question.

Local government has been advocating for the ownership agreement to be settled for several years by amendment to the *Rural Fires Act*. LGNSW and councils have been strongly supportive of the of the Rural Fires Amendment (Red Fleet) Bill 2024 introduced into Parliament by Adam Marshall MP.

The Bill would make it clear that RFS assets are vested in the State Government in the same way that FRNSW and SES assets are vested in the State Government.

This change will provide the foundation for the improved management of the RFS firefighting fleet. The Bill will achieve this by amending section 119 of the *Rural Fires Act 1997*. This matter as discussed at TOR 1 (c) above.

**2. Whether the following arrangements between Councils and the Rural Fire Service are fit for purpose:**

**a) Service agreements**

Snowy Valleys Council's view is that if section 119 (2) of the *Rural Fires Act 1997* is removed from the Act, then the need for Service Level Agreements is likely to be redundant. LGA's do not have Service Level Agreements with Fire and Rescue NSW, the State Emergency Service, NSW Police or NSW Ambulance, and these relationships are managed very effectively through the Local Emergency Management Committee, and directly when the need arises.

If required, other mechanisms could be put in place such as a Memorandum of Understanding, or more effective Bushfire Management Committees.

#### **b) The division of responsibilities for bushfire management and hazard reduction**

It is the position of Snowy Valleys Council that primarily the responsibilities for bushfire management and hazard reduction should rest with NSW RFS. Again, when Fire Control Officers were employed by Council, they played a role in identifying properties where hazard reduction was required. Now this responsibility falls to Council regulatory staff, which in itself is cost shifting.

Under this division of responsibilities, Council would remain responsible for public lands under its control as is currently the requirement under Division 2 and 2A of the *Rural Fires Act 1997*. Other lands would be the responsibility of either the NSW Rural Fire Service or Fire and Rescue NSW.

#### **c) Upkeep of assets**

All NSW Rural Fire Service assets including the Red Fleet, brigade stations and other assets should be in the ownership of the State Government and not local authorities.

#### **d) Provision of insurance**

All insurance coverage, including brigade stations, should be the responsibility of the NSW RFS, assuming they become the asset owner.

#### **e) Provision of land and construction management for RFS premises**

The provision of land is again linked to the ownership of the asset and as the Act is currently written, brigade stations, when constructed, become an asset of the local authority by virtue of land ownership. As Council is advocating that all RFS assets should vest with the State Government, the obligation for local authorities to provide land for brigade stations and the like should be removed.

#### **f) Bushfire Management Committees**

Bushfire Management Committees (BFMC) are interagency committees, ensuring key stakeholders have a say on bushfire management activities for the benefit of their communities. For example, Snowy Valleys BFMC is made up of a range of stakeholders from the area including emergency services, land management agencies, local government, local aboriginal land services, and local community groups.

Snowy Valleys Council supports the retention of Bushfire Management Committees and the continuation of Bushfire Risk Management Plans as an important tool to mitigate risk in the Snowy Valleys LGA.

Local authorities as the level of government closest to community obviously have a significant role to play in bushfire management within their LGA.

### **3. The appropriate role for local authorities in the provision of emergency services**

In relation to the provision of emergency services, local authorities have a multi-faceted role; statutory obligations under the *State Emergency and Rescue Management (SERM) Act 1989*; an assistance role to combat agencies in the event of an emergency, and also custodians of critical public assets.

Under section 28 of the *SERM Act, 1989*, local authorities have the responsibility to establish and Chair Local Emergency Management Committees. Other members of the Committee include senior representatives of each emergency service organisation and a representative of organisations that provide functions to the area.

The Snowy Valleys Council Local Emergency Management Committee (LEMC) is represented by the following:

- Snowy Valleys Council
- NSW Police
- NSW Rural Fire Service
- NSW Fire and Rescue
- NSW State Emergency Service
- Volunteer Rescue Associations
- NSW Department of Primary Industries (LLS)
- NSW Health

It is the view of Snowy Valleys Council that it is a local government role to coordinate the LEMC, noting however that local councils are not combat agencies, but have the resources, and local knowledge to assist combat agencies in emergency events.

### **4. The sustainability of local government contributions to emergency service provision**

As discussed under point 1 above, Snowy Valleys Council is strong of the view that any new funding model for emergency service provision should abolish the contribution required by local government pursuant to section 109 of the *Rural Fires Act 1997*. The requirement of a contribution from local authorities is effectively a further tax on ratepayers and therefore should be encapsulated in a broad-based property levy.

Cr Ian Chaffey

**MAYOR**