

**Submission  
No 28**

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

**Organisation:** Central Coast Council

**Date Received:** 15 May 2024

15 May 2024

The Hon Jason Yat-Sen Li MP  
Committee Chair  
Public Accounts Committee  
Parliament of New South Wales



Dear The Hon Yat-Sen Li MP

**Central Coast Council Submission to Public Accounts Committee Inquiry NSW Rural Fire Service**

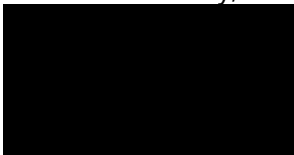
Thank you for your invitation to Central Coast Council (Council) dated 14 February 2024 to make a submission to the Parliament of New South Wales Public Accounts Committee (PAC) in relation to an inquiry into the assets, premises and funding of the NSW Rural Fire Service (RFS).

Council supports all emergency services across NSW and acknowledges the work these services provide to the State of New South Wales, the Central Coast Local Government Area (LGA), our communities and the environment. Council has experienced a range of emergency and disaster events over the past 5 years ranging from floods to bushfires to pandemics and more. Over time, Council has built solid working relationship with these services, including the RFS, in response.

Council is making this submission as it is firmly of the opinion that the current arrangements regarding the provisions of assets and premises (or the vesting of such assets to or in Council), and the funding arrangements of the RFS and downstream impacts to Council and our community are not sustainable. These significant impacts have been well known and documented to the NSW Government for several years who unfortunately appears unwilling to acknowledge the issues despite these issues being raised by dozens of councils and LGNSW, the peak body representing councils across NSW, over time. I note that at the time of writing, other councils have already made similar submissions to the PAC. This submission in no way reflects our current working relationship with local RFS Fire Control Centre staff or RFS brigades within the Central Coast LGA and we hope to continue this working relationship into the future.

Our online submission to the matters identified in the Terms of Reference are shown at **Appendix 1**. Should a member of your team require further information about this particular matter, they may wish to contact Mr Matthew Corradin, Unit Manager Environmental Compliance Services on (██████████) or via email at ██████████

Yours sincerely,



David Farmer  
**Chief Executive Officer**  
**Central Coast Council**

Our References: D16148491 & D16185513



**Appendix 1 – responses to matters concerning the inquiry.**

<b>Line of enquiry</b>	<b>Draft staff response</b>
<p>Q1. The mechanisms for:</p> <p>a. funding Rural Fire Service assets and premises</p>	<p>It is important to recognise at the outset that there is a significant disconnect between the historical and current operations of the RFS and the historical and current funding arrangements applied to the RFS and local government.</p> <p>The RFS is a state government entity established under the <i>Rural Fires Act 1997</i> with a commissioner that reports to a NSW Government Minister. Council has no control over the RFS, its day-to-day operations, the deployment and use of plant and fleet, including the red fleet, and has no ability to directly draw on the resources of the RFS. Council has some to limited control over the buildings that the RFS occupy, purely because they are buildings owned by Council, and the servicing of the red fleet, purely as a function of NSW Government arrangements regarding the ownership of certain assets (the Red Fleet) being vested in Council, not the RFS, which goes against modern accounting standards regarding care and control. Some of these issues have been identified in previous Legislative Council enquiries (<a href="#">Fire and Emergency Services Levy 2018</a>) and other expert reports commissioned by independent local governments and written submissions by LGNSW to the NSW Government (<a href="#">1</a>, <a href="#">2</a>, <a href="#">3</a>), the peak body representing local government in NSW. It is therefore an ongoing concern for local government generally and of this Council that the current NSW Government continues this inappropriate funding arrangements and operational arrangements, as well as the vesting of assets in local government and where the depreciation costs of these assets must be recognised and recorded in Councils' financial statements.</p> <p>There are also ongoing issues with the way in which Council is required to pay to the Emergency Services Levy (ESL) given the current limitations on raising additional revenue (e.g., rate pegging) which is more concerning following the announcement by the Treasurer, The Hon Daniel Mookhey MP, that an expert panel has been established to guide the reform of the ESL. While Council supports the reform of the ESL, the focus appears to be on reducing the burden on vehicle and homeowners based on the accompanying Media Release issued on this topic (which may or may not be part of the NSW Government's attempt to ease the cost-of-living pressures on</p>

vehicle and homeowners). The costs are likely to be borne by unknown funding sources which may again be passed on to Council to bear.

Council would be required to pass on these costs as far as possible to ensure that essential infrastructure and community services were not impacted and where it was unable to pass on such costs, such infrastructure and services would ultimately suffer. Council plays a key role in providing essential services such as water and sewer infrastructure (outside of the Sydney Water and Hunter Water areas of operation), roads and related infrastructure, waste infrastructure including collection and resource recovery and waste disposal facilities, community facilities such as libraries and childcare centres, pools and recreational centres, as well as a range of services covering strategic planning, development assessment, land management (including hazard reduction activities), regulatory services, emergency management and more. The breadth of Council's activities is broad.

The RFS, via the NSW Rural Fire Fighting Fund (FFF), provides contributions to Council, both in direct contributions i.e., a dedicated monetary amount allocated to each Council within a Local Government Area (LGA) based on RFS calculations (which can in and of themselves be flawed given they relate to multi-year long averages of RFS expenditure within a given LGA but where some brigades and assets may be deployed to other LGA's during a fire but still costed to the home LGA) and indirect contributions by way of grants or other monies that can be applied for as part of discretionary funds. Council understands that the RFS does sometimes obtain additional funds via S44 contributions, grants or other internal funding sources or means that are then sometimes directed at improvements or reimbursements. The timing of these direct contributions is inconsistent year to year which makes it difficult for Council to consider when preparing future budget and corporate plans.

However, the contributions provided to Council does not cover all the expenses incurred by Council in servicing the RFS, whether that be through assets, plant and fleet management, liaison functions and support services (including direct and indirect employee costs), and when factoring in substantial depreciation costs. This means that Council wears considerable "out of pocket" expenses that it must cover in addition to recent increases in the ESL that was passed on to local government in the 23/24 FY.

	<p>The mechanisms regarding the provision of these contributions is also overly complicated. For example, in the 22/23 FY, Council received a contribution of \$620,945.00 for "Equipment" covering firefighting equipment and personal protective equipment. This is recognised as a financial journal entry and where Council has no control over the actual subject area. Realistically, it makes no sense for Council to continue the existing funding or operational arrangements, nor does it make any sense for local government to carry the burden of holding and managing assets (premises and plant and fleet) for a state government entity. If Council was to retain these existing arrangements, significant simplification could occur regarding the way budgets and actuals are managed moving forward as well as ensuring that contributions actually reflect the full cost to Council.</p>
<p>b. maintaining Rural Fire Service assets and premises</p>	<p>Council received the following operational FFF contributions in the 22/23 FY:</p> <ul style="list-style-type: none"> <li>• Infrastructure Projects \$115k,</li> <li>• Equipment \$620k,</li> <li>• Appliances \$505k, and</li> <li>• Maintenance and Repairs \$780k.</li> <li>• <b>Total: \$2,020,000.</b></li> </ul> <p>The total operational costs incurred by Council in the same period was approximately <b>\$2,978,800</b> meaning the out-of-pocket expenses to Council in relation to works associated with the operational FFF contributions was <b>\$958,800</b>. In addition, the Capital expenses (not captured by the operational FFF contributions) was approximately <b>\$100,000</b> while the Depreciation costs of relevant assets (also not captured by the operational FFF contributions) incurred by Council, and which has to include in our financial statement, totalled <b>\$574,840.49</b>. Therefore, the total financial burden to Council in 22/23 FY was:</p> <ul style="list-style-type: none"> <li>• <b>Total: 1,633,640.49.</b></li> </ul> <p>The above shows there is a disconnect between the contributions provided and the actual costs incurred by Council noting the above do not factor in the full life cycle costs to Council including employee time and expenses (both direct and indirect) in managing works associated with both assets, as such time and costs is not currently accounted for due to internal financial systems.</p>

	That is, Council's actual full costs would be higher were full life cycle costs fully accounted for.
c. accounting for the ownership of Rural Fire Service assets and premises	<p>Council is required to account for the following:</p> <ul style="list-style-type: none"> <li>• Red-fleet assets,</li> <li>• Some historical and ongoing white-fleet assets,</li> <li>• Some items of plant and equipment including water tanks,</li> <li>• Some demountable buildings used in lieu of fixed premises,</li> <li>• Fixed premises owned by Council but occupied by the RFS, and</li> <li>• Other items such as leases which are not traditional assets or premises but still require accounting for.</li> </ul> <p>Council does this through a number of means including:</p> <ul style="list-style-type: none"> <li>• Operating a liaison service function with the RFS and internal staff to support the red fleet purchasing and vesting arrangements,</li> <li>• Having staff manage the red fleet and historical and ongoing white-fleet assets and the maintenance of a Plant and Fleet asset register,</li> <li>• Having staff manage fixed and non-fixed premises and the maintenance of a Premises asset register,</li> <li>• Having staff manage relevant leases and the maintenance of a land register,</li> <li>• Having staff manage our insurance scheme for assets and the maintenance of an insurance register, and</li> <li>• Having staff manage relevant financial registers and financial auditing functions in consultation with liaison service staff.</li> </ul> <p>It is these functions summarised above that relate to the comments in response to Q1(b) and lack of cost recovery for full life cycle costs to Council.</p> <p>For example, the non-accounted costs incurred by Council's Plant and Fleet Unit in managing the red fleet and existing white fleet on a yearly basis is about <b>\$1,000,000</b>, which covers all employee costs, including administration staff, finance staff and heavy vehicle mechanics. This figure does not account for the costs incurred within other business areas.</p>
d. operational management, including the control of assets and premises, risks, and impacts to local government, and the ability	<p>Reproduced from Q1(a) above:</p> <p>Council has no control over the RFS, its day-to-day operations, the deployment and use of plant and fleet, including the red</p>

<p>to affect a response to emergencies</p>	<p>fleet, and has no ability to directly draw on the resources of the RFS. Council has some to limited control over the buildings that the RFS occupy, purely because they are buildings owned by Council, and the servicing of the red fleet, purely as a function of NSW Government arrangements regarding the ownership of certain assets (the Red Fleet) being vested in Council, not the RFS, which goes against modern accounting standards regarding care and control.</p> <p>Council therefore carries a number of financial and accounting risks associated with these arrangements. See response to Q1(c) above:</p> <p>The factors outlined above also apply to operational management.</p> <p>At present, Council is not aware of the negative impacts of current arrangements in respect of the ability to affect a response to emergencies. The impacts are generally felt before and after an emergency, particularly around cost recovery.</p> <p>Other submissions to this enquiry note that the RFS promote the size of their service and the capabilities of that service of which Council commends. However, it is apparent that an organisation of the size and complexity of the RFS would manage their own operations, deployments and acquisitions without Council oversight, with some exceptions related to certain fixed building assets.</p> <p>Yet, despite these clear facts, Council is required to allocate resources to a range of functions to support the above including staff resources to plan and action works associated with fixed building assets and plant and fleet assets, as well as providing support services to the RFS through liaison and financial support, in addition to the costs and expenses bore by Council as detailed within.</p>
<p>Q2. Whether the following arrangements between Councils and the Rural Fire Service are fit for purpose:</p>	
<p>a. service agreements</p>	<p>Council understands that there is/was a state level Memorandum of Understanding (MOU) between the RFS and local government's collectively; however, this is out of date, not utilised, cannot be relied upon and is essentially not in effect. Furthermore, Council understands that a review and update of this MOU has been in development for some time however this has not been finalised.</p>

	<p>The previous Gosford City Council (pre-amalgamation with Wyong Council to form Central Coast Council), had a local Rural Fire District Service Agreement from 2013 which the RFS Commissioner at the time carried over to Central Coast Council and which generally burdens Council with those matters identified within. Council's circumstances post amalgamation, post financial crisis, post COVID-19 Pandemic and post the increasing frequency and intensity of emergency and disaster events means that this agreement many no longer be fit for purpose and it is not clear that both Council and the RFS are meeting its obligations under this 2013 agreement.</p> <p>Some local governments, including Council, have attempted to progress local updated MOUs/agreements to provide clarity on the interactions between RFS and Council that is reflective of the times. However, this has not been able to be progressed due to the ongoing and long-awaited review of the state MOU. The lack of an effectual state level MOU and inability to develop a local and modern MOU means that there is a lack of clarity regarding the services provided between the two entities, and the way in which those services are delivered, which is impacting Council from a resourcing point of view and a financial/budgetary point of view. Council is currently reviewing the existing agreement.</p> <p>Council would welcome a state level MOU being finalised that properly considers the relationship between the RFS and local government in a fair and equitable manner that accounts for the true-life cycle costs to Council, were the NSW Government to maintain these existing and no longer fit for purpose arrangements.</p>
<p>b. the division of responsibilities for bushfire management and hazard reduction</p>	<p>Council undertakes the following works to manage bushfire risks within the Central Coast LGA on land under Councils care and control:</p> <ul style="list-style-type: none"> <li>• Establish and maintain Asset Protection Zones (APZ's), and</li> <li>• Establish and maintain fire trails.</li> </ul> <p>In regard to hazard reduction, this is led by the Central Coast Bushfire Management Committee (BFMC) where locations for hazard reduction burns are listed in the 4-year Central Coast Bushfire Risk Management Plan. Council has input into where hazard reduction burns are proposed, however all preparation and undertaking of hazard reduction burns are carried out by</p>

	<p>the RFS. Council does not have any resources it can commit to hazard reduction burns.</p> <p>The RFS also issues Council with hazard notices after undertaking a risk assessment of Council owned land following receipt of a complaint from the public. These hazard notices require Council to carry out works to remove the bushfire hazard. Whilst Council acknowledges that a bushfire hazard exists, the RFS does not take into consideration the costs involved for Council to arrange the works specified by the RFS, or the feasibility of undertaking the specified works.</p> <p>Council applies for the RFS Bush Fire Risk Mitigation and Resilience Support Program funding to support our APZ maintenance each year. Whilst Council appreciates the funding it receives from the RFS, the funding application process and subsequent grant management (e.g., quarterly reporting) is somewhat difficult to navigate and very time consuming. It also requires the use of the RFS guardian system which is quite complex and not very user friendly particularly for people who only use it occasionally. Whilst there is flexibility to move funds between our APZ's as part of the grant funding, the grant variation process requires an individual variation form to be completed for each APZ, rather than being able to complete one variation form for all changes. This is a very administration heavy and time-consuming process.</p>
<p>c. upkeep of assets</p>	<p>Council is required to cover a number of operational tasks as outlined below and in addition to some of the commentary contained within:</p> <ul style="list-style-type: none"> <li>• Essential maintenance activities and compliance (e.g., potable water, septic services, air condition, roof access, solar systems, fire services, generators, etc),</li> <li>• Soft facilities maintenance activities (e.g., cleaning, sanitary services, security monitoring, etc.),</li> <li>• Periodic maintenance activities (e.g., roof and gutter cleaning, painting, carpet and vinyl maintenance, etc.),</li> <li>• Adhoc and unplanned repairs and maintenance (plumbing leaks, blown lights, security system repairs, etc.), and</li> <li>• Capital works items including asset component renewals and compliance upgrades (Kitchens, roofs, driveways, air conditioning, etc.).</li> </ul> <p>Again, as with the commentary provided above, this is a burden that Council must carry, and which is not be costed for in totality.</p>

d. the provision of insurance	<p>Council is required to provide insurance coverage for a number of assets, predominately premises but also other assets including generators, tanks, demountable buildings and some telecommunications facilities. This equates to more than 50 items across the LGA.</p> <p>Again, as with the commentary provided above, this is a burden that Council must carry, which realistically should not be held by Council, and which can affect our premiums.</p>
e. provision of land and construction management for RFS premises	<p>Council currently provides liaison functions between Council, RFS and other agencies to enable the provision of land/creation of leases and the construction of premises. This includes considerable time and effort involving MOU's and contract management functions to deliver the premises. Council also has a number of private agreements with landholders for RFS to access land i.e., where private property must be crossed to access a telecommunications tower or helicopter landing area. These are leases that Council also pay's the relevant lease fee to maintain the right of access.</p> <p>Again, as with the commentary provided above, this is a burden that Council must carry, which realistically should not be held by Council, and which is not fully costed.</p>
f, Bushfire Management Committees	<p>Council is a member of the BFMC and has a good working relationship with its members.</p> <p>Council is committed to maintaining a presence on this committee as a land manager and given our involvement in hazard reduction works across our activities.</p>
Q3. The appropriate role for local authorities in the provision of emergency services	<p>Local government are not an emergency service provider nor are they a functional support element under the <i>State Emergency and Rescue Management Act 1989</i> yet Local government contributes both directly and indirectly in responding to emergency events and emergency operations.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>• chairing Local Emergency Management Committees (LEMC),</li> <li>• employing dedicated Emergency Management Coordinators (Local Emergency Management Officers) to coordinate activities across emergency services and local government including the organisation and operation of the LEMC's, standing-up the Emergency Operations Centres (EOC) where required, preparing local emergency management plans as well as providing input into a range of state government plans and events</li> </ul>

as well as developing and implementing internal processes and practices related to disaster resilience and emergency management, in addition to a range of other functions,

- providing EOC's to house joint operations with emergency services,
- providing EOC support staff including Liaison Officers, Communication Officers, IT Support Officers, GIS Support Officers and Business Support Offices during the operation of the EOC,
- ensuring the ongoing upkeep of such EOC's including technical upgrades (some of which is funded by the NSW Government but where the project is managed by local government and ongoing upkeep and depreciation is held by local government,
- facilitating land for the establishment of new facilities to home the RFS and the SES including leases and relevant MOU's between parties,
- providing building assets to house the RFS and SES as well as their ongoing upkeep,
- paying for leases for access tracks through private land to facilitate emergency management radio networks and helicopter landing areas,
- having the red fleet vested in Council and maintaining that fleet for the RFS,
- assisting with and/or leading relevant communications activities before, during and after an emergency event,
- assisting with and/or leading relevant engagement activities with affected communities,
- undertaking a range of works during an event including assist with traffic management and on ground works,
- undertaking a range of works during an event such as waste removal and essential repair works, some of which can take years to finalise,
- undertaking post event actions such as grant management and after-action reviews,
- implementing changes to internal processes and practices as a result of the above, and
- liaising with emergency services and functional support agencies both during an emergency event and outside of an emergency event.

The above list is not all encompassing but shows the breadth of activities undertaken by local government in the provision of emergency services. This list does not include other works around disaster and community resilience that is often led or actioned by local government.

	<p>In reality, during an emergency event, the vast majority of entities involved in an emergency response are NSW Government entities with local government providing a framework for those entities to operate as outlined above. It is not clear to Council as to whether this is the best model given the resourcing and budgetary constraints born by local government in providing this framework and services and without a whole of government approach to how this is applied across the state. Many local governments are trying to enact their own emergency management frameworks across their LGA's without guidance or input from the NSW Government on minimum standards or consistent approach. This could be improved through either greater leadership, direction, and assistance from the NSW Government or by the NSW Government taking ownership of these supporting functions with local government acting as local representatives or subject matter experts (similar to a functional area responsibility).</p>
<p>Q4. The sustainability of local government contributions to emergency service provision</p>	<p>In the 23/24 FY, Council is required to pay \$7,591,466.16 as part of the NSW Government ESL which was a significant increase from the 22/23 FY (\$5,803,393). Of this, \$2,056,248 is allocated to the RFS. While Council receives a contribution from the Rural FFF as detailed within, this does not relate to the payment of the ESL.</p> <p>Council pays for the ESL from our general fund, which is made of a range of fundings streams, but which is predominately made up of contributions from rates applied to properties. To fund any increase, Council would need to look at ongoing increases to these rates noting current rate pegging applied to local government. This needs to be considered in light of other budgetary pressures including inflation and the increase costs for materials and services, which is already affecting local governments across NSW. Ongoing increases to the ESL contribution from local government is likely to result in a reduction in the provision of essential infrastructure and services. If local government cannot match the increases in the ESL with increase in revenue, the only way to cover these increasing costs is to reduce such services.</p>
<p>Q5. Any other related matters</p>	<p>Council would like to see a whole of government approach be re-established in relation to the online disaster dashboards (1). These dashboards provide useful spatial and readily accessible information to the community yet are no longer current/have out of date information and the connections between the dashboard and the source data cannot be relied upon and therefore, these dashboards are often no longer promoted. Some local governments have invested their own time and</p>

money in these dashboards to reinvigorate them yet not all local governments can sustain their ongoing upkeep.

