

ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE SERVICE

Organisation: Dungog Shire Council

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10 May 2024

The Hon. Jason Li MP
Chair
Public Accounts Committee
NSW Legislative Assembly
NSW Parliament House
6 Macquarie Street
SYDNEY NSW 2000

Dear Mr Li

RE: INQUIRY INTO THE ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE SERVICE

Comments on the Terms of Reference

That the Public Accounts Committee inquire into and report on:

1. The mechanisms for:

a. Funding Rural Fire Service assets and premises;

Funding of RFS through local government is just another form of cost shifting imposed by state government agencies on local government, it is unsustainable as amounts gouged on an annual basis by RFS do not correlate with rate peg limitations and increasingly affect community essential services and infrastructure.

There is no transparency from state government or RFS regarding the true cost of operations and management of the RFS as a whole.

The net result of these factors is the under-provision of community infrastructure and services, the continued growth of the infrastructure backlog and an undermining of the financial sustainability of local councils.

b. Maintaining Rural Fire Service assets and premises; (Steve H)

Council is part of the Lower Hunter RFS Zone with Port Stephens, Maitland City and Cessnock City Council's. Within that zone, Dungog Shire Council provides 10 Rural Fire Service (RFS) Buildings along with supporting 20 RFS vehicles. In the current year, Council will contribute in excess of \$613,000 towards the maintenance and upgrade of these

premises and equipment. Further, Council will contribute an additional \$275,000 in rates, utility provision, management and depreciation costs to support the local brigades. The total budget of \$888,000 equates to 8.6% of Council's General Rate income. As a State Agency, the ownership, management and maintenance of premises and the Red Fleet should be undertaken by the RFS.

c. Accounting for the ownership of Rural Fire Service assets and premises;

Dungog Shire Council believes the report prepared by Mr Colin Parker, principal of GAAP Consulting and titled, "Review of Accounting for red truck assets and other fire-fighting equipment in NSW"; an independent experts report fully supports council's position. That RFS, through its service standards and rural fire district service agreements, possesses decision-making authority over fire fighting equipment under the Act. Procurement decisions, replacement and retirement determinations, service standards and the RFS's protective right preventing councils from selling or disposing of assets without written consent, all contribute to the conclusion that control of the assets rests with the RFS. Vesting does not confer control.

The State government's own Office of Local Government (OLG) Code of Accounting Practice provides council the choice of including or leaving out the Red Fleet assets. However, it is believed the OLG has covertly amended the Code recently without consultation with the sector.

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

Council's current annual contribution towards the RFS assets and premises equates to \$888,000 or 8.6% of Council's general rate income, which severely affects Council's ability to provide other local essential services to our communities. With respect to management of the facilities and equipment, due to our low number of resources in a small rural Council, Dungog has joined with Port Stephens, Maitland City and Cessnock City Council's in the Lower hunter Zone to assist in sharing the operational burden that the provision of these services places on Councils.

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

a. Service agreements;

Service agreements can be cumbersome and somewhat confusing. A full review of all Service agreements would be worthwhile. Council believes that as a State Agency, these premises should be managed by the RFS.

b. The division of responsibilities for bushfire management and hazard reduction;

- Bushfire management – Generally the zone agreement and centralised management processes work very well across the zone. However, actual allocation of assets throughout the four (4) zone Council's is not communicated well with individual Council's nor, with the volunteers. Transparency and improved communication is required in this area;

- Hazard reduction – This matter is an ongoing issue with respect to both the balance of vegetation control versus environmental impacts as well as competition between LGA's for available funding. More emphasis and funding is required in this area.

c. Upkeep of assets;

The upkeep of fleet assets is managed reasonably well by the RFS. The management of premises and the funding of such however is not always clear. Further support and clarity of responsibilities is required in this area.

d. The provision of insurance;

RFS red fleet assets are insured by the RFS.

Council insures RFS brigade premises/sheds & some equipment.

e. Provision of land and construction management for RFS premises;

Council provides and/or leases land for the provision of RFS Brigades and premises. As a State Agency, council believes these should be owned and/or leased by the RFS at a State level.

f. Bushfire Management Committees;

These committees function well at the Zone level.

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

Local Government is generally responsible for the provision of non-emergency related services with the exception of the contributions to the RFS and ownership of RFS utilised premises and the red fleet. Whilst Council does have a role in the Emergency Management space at the Local Emergency Management level, Local Government should be involved in the provision and management of emergency response premises or assets, council believes that RFS personnel would certainly be better equipped, trained and knowledgeable in understanding the critical emergency response requirements.

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

In terms of Dungog Shire Council's financial sustainability, council is heavily dependent on external grant funding to deliver the works and services our community needs and expects. 73% of council's total expenditure will be on roads and bridges (2023/24), 86% of the capital works program is grant funded. Council's road infrastructure backlog in 2022/23 was \$26 Million (indexed).

Dungog Shire is the only local government area in NSW without a state road. This means the Council is responsible for funding the maintenance and construction of its extensive road network with a very small rate base. This is the critical issue threatening our ongoing financial sustainability.

Council's current own source revenue is not sufficient to fund our backlog and required levels of service. In short, council is unable to control the level of income provided without seeking external grant funding. Rate peg increases are barely covering wages and CPI

increases, other costs are increasing at significantly greater levels. As an example, the costs related to insurance, fuel, gas, electricity and compliance including emergency services have risen significantly above CPI and are not met by rate peg increases.

5. Any other related matters.

The formation of the Rural Fires Act in 1997 and the transition of Fire Control Officers to State Government on 1 July 2001 should have been the trigger for State Governments to manage this facet of emergency response. The prevalence of fires due to changes in the natural environment requires management across the State with one body responsible for all facets of the emergency management agency. Inequities between LGA's and even brigades would also be better managed by a centralised governing body at State level.

We appreciate the opportunity to provide our feedback into the Terms of Reference and look forward to further opportunities during the review itself.

If you would like to discuss our submission, please telephone the Office of the General Manager on [REDACTED] during business hours.

Yours faithfully



 Gareth Curtis
General Manager