

ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE SERVICE

Organisation: Ku-ring-gai Council

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Inquiry into the assets, premises and funding of the NSW Rural Fire Service 2024

Submission by Ku-ring-gai Council

MAY 2024

KU-RING-GAI COUNCIL

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The Chair
Public Accounts Committee
Parliament House
Macquarie Street
SYDNEY NSW 2000

RE: Inquiry into the assets, premises and funding of the NSW Rural Fire Service 2024

Reference is made to your invitation to submit comments in relation to the Inquiry into the assets, premise and funding of the NSW Rural Fire Service and the relevant Terms of Reference.

Ku-ring-gai Council has two RFS Brigade Stations in our LGA and acknowledges the importance of the Service as a combat agency given our location surrounded by bushland and National Parks.

We currently have an excellent relationship with the Hornsby Ku-ring-gai RFS and are an active committee member of what is considered to be a very effective Bushfire Management Committee which meets regularly.

There are some concerns with the current arrangements and we provide the following comments and recommendations:

Asset Management and Accounting

Ku-ring-gai Council currently recognises RFS assets in its assets register, including RFS buildings, fire tankers, fire trucks and other equipment with a combined replacement value of \$2.6m. Despite recognising these assets in its financial books, Council believes it does not exercise full control over them and does not have the flow of benefits from these assets.

The RFS, operating at the district level, directs the allocation and usage of these resources and facilities. Council cannot restrict or regulate access to these assets, as outlined in the RFS Agreement, which grants the RFS unrestricted access.

The day-to-day management of RFS operations within the District falls under the jurisdiction of the Commissioner, who also oversees the movement of these assets. Council's intervention in controlling access would only occur in cases of safety concerns or equipment breakdowns. In such instances, the RFS may utilize Council-owned equipment during emergencies. However, Council remains responsible for the maintenance, repair and insurance of these assets, as stipulated in the Zone Agreement. In addition, Council must revalue these assets regularly, take a stocktake (with limited information) and fund depreciation of these assets and recognise this expense in its financial statements.

Cost Shifting

Addressing cost shifting is an urgent priority for all councils. Ku-ring-gai Council estimates it incurs approximately \$13 million annually on cost-shifted responsibilities, representing a significant portion (8.6%) of its operating income. A specific example of cost shifting is the direction to recognise and depreciate "red fleet" assets as Council's assets in Financial Statements. Other cost shifting categories include contributions to the Emergency Services Levy, waste levy, public library operation, pensioner rebates, and various regulatory functions mandated by the state government.

Arrangements between Councils and Rural Fire Service

Service Agreements are out of date and any request to update them are met with resistance from the RFS. The

current Service Agreement is based on a “Draft template document” that has not yet been approved by State. This delays this process and makes it difficult for Councils and the RFS to maintain up to date Agreements as legislation, premises and resources change.

For Ku-ring-gai, the division of responsibilities for bushfire management and hazard reduction is resource heavy for Council as we are responsible for the ongoing ground works, this includes the planning and preparation of hazard reduction burns, and in some cases the delivery or implementation of burns. It is considered that service agreements and funding arrangements with RFS do not really reflect this.

Maintenance and Repair Budgets that are given to Council to manage RFS buildings and assets, is generally not received until December or January for the current financial year which makes it difficult to properly manage and report on this requirement.

Ku-ring-gai Council makes the following recommendations for consideration by the inquiry:

Recommendation 1: It is recommended that Rural Fire Services Assets should be accounted for by a Council, if in accordance with the accounting standards, Council determines that they have control of those assets and can clearly identify future economic benefit flowing to Council from these assets. We believe that currently, Ku-ring-gai Council does not have control over the purchase, sale and usage of these assets, therefore should not recognise these assets in our financial statements.

Recommendation 2: It is recommended that the inquiry thoroughly examines all elements and impacts of cost shifting. This includes scrutinizing the transfer of responsibilities for specific services, assets, or regulatory duties from higher levels of government to local government, especially when such transfers lack accompanying funding, compensation, or the capacity to generate sufficient revenue. This includes obligations such as those related to rural fire services and other similar responsibilities.

Recommendation 3: It is recommended that the inquiry considers the current funding arrangements and current resources allocated by the RFS for maintenance and repair, upkeep of assets and on ground works. Processes for grant funding in this regard should also be considered as the current framework is time consuming and does not consider Council’s co contribution to hazard reduction activities fairly.

Should any further information be required, please do not hesitate to contact me directly.

Yours sincerely

David Marshall
General Manager