

**Submission  
No 70**

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

**Organisation:** Port Macquarie Hastings Council

**Date Received:** 13 May 2024

10 May 2024

Legislative Assembly Public Accounts Committee  
Parliament House  
Macquarie St  
SYDNEY NSW 2000

Dear Committee,

### **Inquiry into the Assets, Premises, and Funding of the NSW Rural Fire Service**

I am writing to provide our views and insights to the inquiry into the funding, maintenance, accounting and operational management of the NSW Rural Fire Service (RFS) assets and premises. Port Macquarie-Hastings Council (PMHC) welcomes this opportunity as review of the arrangements between the RFS and Councils across NSW is long overdue. We believe it is crucial to contribute to discussions aimed at enhancing the effectiveness, efficiency and accountability of the RFS, an organisation integral to the safety and well-being of communities across NSW.

We have provided responses to the items within the Term of Reference as outlined below:

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

##### **a. funding Rural Fire Service assets and premises**

Response:

The inquiry should comprehensively scrutinise the funding allocation procedures for the RFS, ensuring that resources are distributed fairly and consistently across the state and according to operational needs. Discrepancies in facilities and standards among the stations within our LGA are apparent. Two stations have sought external funding independently for station expansion or reconstruction. It is imperative to establish transparent mechanisms for funding distribution and accountability on a statewide basis to bolster public trust and confidence in the RFS.

Councils across NSW should not be required to financially contribute towards the RFS nor recognise their assets. Funding for the purposes of provision of RFS assets and premises should be fully provided for via the NSW Government, as is the case for other government agencies. Further supporting this position is that assets provided for within the PMHC Local Government Area (LGA) are often used for the purposes of response within other LGAs. For example the Fire Command Centre located in Wauchope may be used for the purposes of bushfire response command for the MidCoast LGA.

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

Response:

The existing collaboration between Councils and RFS affects the promptness of response and completion of high-priority tasks. The workflow involves Captains reporting to Fire Command Centre, coordinating with the Council's designated building maintenance officer, and verifying details and budget availability before engaging contractors for the work. This multi-step process significantly influences the timeliness and effectiveness of completing urgent repairs and maintenance. Full accountability of the RFS for the funding and undertaking of maintenance of their assets and premises and associated payment for services would assist in streamlining such processes.

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

Response:

We are strongly of the view that Councils across NSW should have no role or requirement to account for the ownership of RFS assets and premises. All such assets should be fully accounted for by the NSW Government within the RFS financial statements, as per other government agencies and emergency services/combat agencies within the emergency management framework of NSW. This is a much more logical position seeing ownership vested in those respective agencies. Further this would assist with ensuring the responsibility for the RFS is not misrepresented to the community by the accounting treatment of its assets. At present the disconnect between legal ownership and operational control raises questions about the transparency of financial reporting.

With respect to fleet and equipment we wish to acknowledge the GAAP Consulting Report commissioned by the Office of Local Government “Review of accounting for ‘red truck’ assets and other fire fighting equipment’. The current situation where NSW Councils are required to recognise RFS mobile assets within their financial statements is not supported. Councils have no control over acquisition, deployment or disposal of these assets. NSW Councils depreciating these assets lacks transparency. The current situation leads to a distorted representation of a given Councils financial position and key performance indicators / ratios. Once again these assets should be fully accounted for by the NSW Government within RFS financial statements.

Associated with these points, pending the recommendations of the inquiry, the Rural Fires Act 1997 requires reconsideration to reflect the status of the RFS being fully controlled by the NSW Government, including their 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**

Response:

The RFS should operate in a manner consistent with other NSW Government agencies or emergency services / combat agencies within the emergency management framework of NSW. The role of Councils with respect to the operation and assets of the RFS in emergency response should be no different to other agencies. The role of Councils should be limited to support functions and coordination assistance for the Local Emergency Operations Controller only in the emergency management domain.

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

**a. Service agreements.**

Response:

The “Rural Fire District Service Agreement” between PMHC and The Commissioner of the NSW RFS is dated 15 June 2010. There was an amendment to that Agreement by letter signed 22 November 2011, which amended an insurance clause shifting liability from the RFS to Council. Review of this agreement is long overdue and we hope that this enquiry shall result in significant change in regard to the arrangements outlined within the agreement, or ultimately negate its need.

Difficulties emerge regarding the Rural Fire District Service Agreement and Council resourcing to fulfill the roles and responsibilities outlined in the agreement. Presently, there are multiple points of contact within both organisations, leading to duplicated roles in managing the same tasks or the potential for communication breakdowns. Addressing this issue would entail ensuring an equitable distribution of resources, resolving staffing and equipment shortages, and streamlining operational processes for improved efficiency.

As an example at present, the RFS are provided with access to Council records to obtain property owner details for Bush Fire Hazard complaints and this poses various challenges. Upgrading our systems to address cybersecurity risks is imperative, yet there's currently no secure option for non-Council staff to access the information required for this purpose. Our existing procedure involves the RFS emailing Council, followed by Council initiating a CRM and assigning it to our Governance Officers. This method has proven to be cumbersome, making it difficult to meet legislative time frame requirements. Furthermore, the multi-step process proves inefficient and potentially hampers our response to hazardous situations.

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

Response:

The current relationship and arrangements between Council and the RFS are functioning effectively, marked by regular meetings and robust collaboration. This successful partnership underscores the efficacy of the existing process.

Refer also to response to part 2(f) below with respect to Bush Fire Management Committees.

***c. Upkeep of assets.***

Response:

In the last few years, a notable surge in the price of products and materials has been recognised, coinciding with extreme weather occurrences that have strained our maintenance budget allocations. This situation has made it challenging to undertake critical maintenance tasks to ensure station security and address health and safety concerns promptly.

Needs for the upkeep of RFS assets can be variable pending circumstances in a given year, and can result in disparity between budgeted and actual expenditure. At PMHC we have seen this occur. It is worth noting that any additional costs exceeding the budgeted amount have been covered by Council to provide for the security of stations and address priority safety concerns.

We reiterate that Council's role is a duplication of effort in many facets of asset provision for the RFS. The RFS should be fully responsible and accountable for their own assets, as outlined earlier within this response.

***d. The provision of insurance***

Response:

Council bears the expense of insurance coverage for vehicles and stations. These assets are incorporated into Council's broader insurance policy. This could lead to potentially higher coverage costs for RFS assets compared to if they were covered collectively by the RFS / NSW Government on a statewide basis where greater coverage buying power would exist.

We've observed an adverse outcome occurring, which affected maintenance funds provision for RFS assets, following severe weather events such as hailstorms which impacted numerous stations. Such events impact insurance premiums, adversely impacting on the allocated maintenance budgets as a greater portion of the allocated funding has been required to be used for the purposes of insurance coverage.

Fundamentally as alluded to throughout this response, the RFS should be fully responsible and accountable for its own assets, which would include insurance coverage needs. At present Council is insuring the assets of an entity that it is not responsible for the management of.

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

Response:

RFS premises are located in 20 locations across the PMHC LGA. This includes 19 stations at various locations and 1 fire command centre in Wauchope. These locations range from being located on Council owned land, Crown Land managed by Council and one location of Crown Land with a licence agreement in place.

The License agreement with Crown Lands is in place for the North Shore Station situated at 351 Shoreline Drive, Port Macquarie. This station, located on Crown-managed Crown Land, represents the sole independent agreement for a station, mandating rental payments to Crown Lands and rates being payable.

As outlined within the response to section 1(b) related to asset maintenance functions, the same fundamental issues arise related to construction management. The RFS should be fully accountable for all aspects of the provision of their facilities. This would create greater accountability for asset provision, ensure responsibility is clear, and provide for a better outcome in the assets planned for and provided.

In future the locating of stations and command centres should be on land in the ownership of the NSW Government to reflect the nature of the RFS activities being a service provided by the NSW Government.

**f. Bushfire Management Committees**

Response:

Bushfire Management Committees (BFMC) where coordinated effectively are a sound forum for the management of bushfire risk by providing an opportunity for land managers to come together and outline plans and hazard reduction activities for the purposes of managing risk. The interface of the BFMC with the Local Emergency Management Committee (LEMC) could be reviewed, with potential for enhanced routine reporting from the BFMC to the LEMC. This would ensure the LEMC is better informed with respect to risk management activities for bushfire management.

The RFS should be fully accountable for coordination of this Committee and chair the Committee. Refinement of the Bushfire Management Committee Handbook and Charter are recommended to reflect this and any other relevant outcomes of this inquiry.

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

Response:

Local authorities play a large role in the provision of emergency services under emergency management frameworks that exist in NSW, which involves several key aspects as listed below:

- Preparedness and Planning
- Response and Coordination
- Communication and Public Awareness
- Resource Allocation and Support
- Recovery and Resilience

These aspects aim to safeguard the safety and well-being of the community.

Within part 4 of this response commentary is provided for on the appropriateness and sustainable provision of these functions.

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

Response:

With an increasing frequency of natural disaster occurrence, and an outlook for this to continue as a result of the impacts of a changing climate, there is a need to review emergency management frameworks in NSW more broadly and the associated funding arrangements that exist. This is so a more sustainable model may be put in place which is commensurate of the level of risk that exists from natural disasters and other disaster events, and the community may have confidence in planning, response and recovery arrangement for emergency events. To achieve these outcomes requires new thinking on emergency management in NSW and ongoing investment by the NSW Government.

A key part of this is providing a Local Emergency Management Officer (LEMO) network and associated administrative support across the state and fully funding these positions. Most Councils are unable to fully fund this function, which results in the emergency management / LEMO function being a component of a position, such as a Director role as is the case at PMHC. Without dedicated resourcing to this critical function communities across NSW are at risk of having inadequate planning and preparation in place and diminished response and recovery capacity and skills. In reviewing emergency management functions in NSW, consideration would be required as to which agency such roles would exist in.

#### **5. Any other pertinent related matters**

Response:

PMHC currently has six staff members involved in managing assets, budgeting, invoicing, insurance, financial delegations, property inquiries, hazard management, and financial affairs with respect to the RFS within their Council duties. Considering the unique arrangement where Council handles these responsibilities on behalf of the RFS, we recommend transferring ownership and management of assets and finances from Councils across NSW to the RFS. This shift would align with the priorities, needs, and operational requirements of the RFS, resulting in increased efficiency by consolidating these functions within a single organisation across the state. It would also promote ownership and accountability among RFS staff for their assets and budget.

From a procurement standpoint, Council processing of requisitions on behalf of the RFS poses challenges in terms of transparency and control over expenditure and financial procedures for the RFS. Specifically, several key risks arise:

*Compliance Risks* - Both organisations operate under distinct compliance requirements, policies, and regulations governing procurement processes. Entrusting Councils with processing RFS requisitions raises the risk that these unique compliance needs may not receive adequate attention. This situation could result in non-compliance with regulations, exposing both entities to regulatory risks.

*Financial Control Risks* - Lack of real-time visibility into expenditure and financial control procedures may impede the RFS's ability to monitor and manage its finances effectively. This lack of control could lead to budget overruns, unauthorised spending, or other financial irregularities that might jeopardise the RFS's financial health and reputation.

*Transparency Risks* - Transparency is crucial for fostering accountability and trust in the procurement process. If the RFS lacks real-time insight into its expenditure and financial control processes, there's a risk that transactions may occur without appropriate scrutiny or oversight. This opacity may erode stakeholder trust and raise questions about the integrity of the procurement process.

*Dependency Risks* - Depending on Councils to process requisitions could create a dependency that might affect the RFS's ability to make timely decisions or respond to evolving needs. Inefficiencies or delays in the Council's processes could disrupt the RFS's operations and procurement activities.

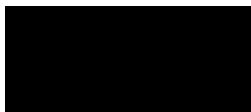
To mitigate these risks, the RFS should consider investing in systems or processes that offer real-time visibility into its expenditure and financial control procedures, thus ensuring greater transparency and accountability.

***Closing Comments:***

In conclusion, we are pleased to see the commencement of an inquiry into funding, maintenance, accounting and operational management of RFS assets and premises, and we thank you for the opportunity to make a submission. I trust that our submission will contribute to the development of evidence-based recommendations aimed at strengthening the resilience, effectiveness and efficiency of the RFS in safeguarding our communities, whilst relieving Councils across NSW of the cost and resourcing burden to support the functions of the RFS. We also look forward to any broader outcomes with respect to emergency management arrangements in NSW.

Thank you for considering our input.

Yours sincerely



**Robert Fish**  
Director Community Infrastructure