

13 September 2024

Via Email: [PublicAccountsCommittee.PAC@parliament.nsw.gov.au](mailto:PublicAccountsCommittee.PAC@parliament.nsw.gov.au)

Dear Committee

### **Public Accounts Committee - Supplementary Questions for the Inquiry into the assets, premises and funding of the NSW Rural Fire Service**

On 30 August 2024 Council received an email advising members of the Public Accounts Committee (the Committee) has requested answers to 10 supplementary questions. Please find below answers to these questions.

- 1. Can you outline the way your council spends and receives money for rural firefighting, including equipment, premises and hazard reduction. Please include flow charts and note if there are any out-of-pocket expenses.**
  - Council is required to adopt its Operational Plan, including the budget, by 30 June. However, Council receives the RFS budgets in November/December, which is five months into the financial period the budget relates to. Therefore, Council must estimate the budget to allow spending on this service while awaiting the State Government Budget notification. It is important to note that it is not council who makes the decision, we are told by RFS what the budgets will be and where they will be spent, we perform administrative and financial management functions which is what we are currently directed to do.
  - Council pays all invoices for both capital and maintenance projects. Claims for capital projects are made upon project completion, while the maintenance grant is received halfway through the year.
  - Hazard reduction grants are paid quarterly on a claim basis, impacting Council's cash flow. Council also incurs indirect costs in administering these grants and claims.
  - Procurement process- The funding source determines the process. Funds are allocated to a claiming fund for RFS capital work projects. If it's a Council engagement, Council will initially cover the contract costs and receive an annual reimbursement. For lower value or lower complexity projects, RFS will directly engage via Coupa, making payments from the claim fund, subject to resourcing and risk.
  
- 2. Does your council experience any unnecessary administration, duplicate processes, confusion, or waste as part of its operations related to the assets, premises, and funding of the NSW Rural Fire Service? If so, can you provide specific examples.**

Council officers process all purchase orders for RFS, as well as review and approve purchase card transactions. For the 2023/2024 financial year Council officers processed 102 purchase orders on behalf of RFS and 360 purchase card transactions.

Capital Claims are also compiled by RFS and then provided to Council to review and sign off.

The provision of land and buildings for the NSW RFS is one of the requirements of Council, as is the administration and leasing of land for this purpose as and when required. Council is therefore the lessee on all lease agreements for the use of privately owned land for the purpose of rural fire stations and is also responsible for insurance of all buildings occupied by NSW RFS personnel.

Where possible, rural fire stations within the shire are located on either Council owned or managed land (i.e. crown land). However, this is not always possible and occasionally the lease of privately owned land is required to enable a rural fire station to be constructed in remote locations.

Council officers are required to prepare the agreements based on advice received from the local branch of the NSW RFS, with the Chief Executive Officer and Mayor executing the necessary documents.

Council officers are involved in negotiating leases and ongoing management of the lease agreements during their term also require Council officer resources as required. None of this occurs because it makes sense or because we want or think we should, we have this dictated to us and do not compensation or the time or resources to undertake these functions.

**3. What were your council's costs (direct and indirect) to maintain rural firefighting equipment and buildings for the 2023 and 2024 financial years?**

- Council's direct costs for financial year 2023 were \$292,434, Council's indirect costs encompass procurement, contract management and administration, purchasing, financial acquittals, budget maintenance, and lease negotiations. This includes officers time to arrange surveys, valuations, legal negotiations and liaison, DA fees, Council reports, landowner consent applications to Crown Lands, Native Title assessments, and liaison with Aboriginal Land Councils for works on Council-managed Crown Land. Currently, Council has not included building insurance in the direct costs.
- Council's direct costs for FY24 were \$369,069, Council's indirect costs encompass procurement, contract management and administration, purchasing, financial acquittals, budget maintenance, and lease negotiations. This includes officers time to arrange surveys, valuations, legal negotiations and liaison, DA fees, Council reports, landowner consent applications to Crown Lands, Native Title assessments, and liaison with Aboriginal Land Councils for works on Council-managed Crown Land. Currently, Council has not included building insurance in the direct costs.

**4. How much funding did your council receive in the 2023 and 2024 financial years, for maintaining rural firefighting equipment and buildings?**

- Financial year 2023 Council received \$306,000 paid 13 December 2022 (note none of this is funding we use for anything, it supports the RFS and they decide where it goes)
- Financial year 2024 Council received \$312,120 paid 18 December 2023 (note none of this is funding we use for anything, it supports the RFS and they decide where it goes)

**5. For the 2023 and 2024 financial years, if your council was out of pocket for any rural firefighting costs, how much was it out of pocket for these periods.**

Council had additional unclaimable costs in rural firefighting for Sec 44 events. The costs of Councils staff in the Coolagalite Sec 44 that were not claimable were \$7,080.90. Council is required to provide a Local Emergency Management Officer and secretariat to support the Local Emergency management committee and any emergency, the cost of this vary depending on the season and number of emergencies that are dealt with using an emergency control centre.

Council's out of pocket expenses for Procurement staff costs for the 2023/2024 financial year are estimated at 230 hours (\$8,760.70 plus on costs) based on the 102 purchase orders and 360 purchase card transactions processed.

Council's out of pocket expenses for Property staff costs for the 2023/2024 financial year are estimated at 50 hours (\$3,250 plus on costs). This estimate is based on the work involved in entering into a new lease agreement for the use of privately owned land for RFS at Jellat, arranging landowner consent for the Cobargo RFS, researching future site requirements at Eden, Bega, and Angledale, and investigating an RFS shed located on private property at Candelo that was not demolished in 2002 as part of the RFS development approval.

The above does not factor in additional cross organisational costs associated with development projects as previously described.

- 6. The Independent Pricing and Regulatory Tribunal's (IPART) reviewed the rate peg methodology in 2023. Following the review, IPART has introduced a council-specific emergency services levy (ESL) factor. The ESL factor is intended to allow councils to fully recover the annual increases in emergency service contributions without diverting funds required to maintain service levels and infrastructure for their communities. What is your council's opinion on this change and its effectiveness?**

Council is concerned at the impact of the timing of the rate peg announcements and the state government budgets for RFS noting that rate peg is announced in the December prior to the Budget year and the RFS notification are halfway through the financial year. It is also important to note that this change took effect after the point where a significant increase occurred in previous years that had been getting offset by a NSW government grant that had ceased prior to the IPAR change. The change could prevent a repeat of a 'spike' impact but that has already occurred and had to be absorbed in council budgets carrying into the future.

- 7. Some councils have suggested a broad-based property levy as a replacement for the ESL. From your council's experience would this significantly change the financial burden on your ratepayers?**

Council would support this provided the mechanism to achieve it did not have unintended consequences on Councils. Council in 2007 had a targeted SRV for ESL levy, the SRV now only funds 64% of the ESL levy (FY24) which indicates the much greater rate that the ESL has increased by compared to rate peg increases during the same period. This is an example of a systematic issue that has continued to occur in numerous areas that has impacted the financial sustainability of local government.

In terms of a broad based property levy, ideally the state would manage this and take full responsibility for its collection and management. Councils do not want this to be linked to council rate notices. As an example in BVSC, our community already have the perception our rates are much higher than other areas which is because they look at the bottom line on their notices which also includes water and sewer access charges and waste service charges.

- 8. Does your council conduct a stocktake of 'red fleet' vehicles and a condition assessment of their written down value?**

Council has not done a stocktake of 'red fleet' or condition assessment of the written down value. We do not hold those registers.

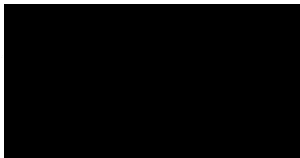
- 9. If your council conducts a stocktake, does the NSW RFS provide the asset listing used for the stocktake? From your experience is the listing accurate?**

Whilst Council doesn't conduct the review, a listing of red fleets assets is provided to Council by LGNSW, included in the information is a price listing by appliance type. We do not do stocktake but we have received anecdotal examples of where that data is not reflective of reality.

**10. Has your council purchased or provided land for rural firefighting purposes. If so, how was the land purchase funded and was the council or ratepayer out of pocket for this? Please quantify if possible.**

There are 29 RFS buildings in the shire. Of these 29 RFS buildings, 5 are located on private property and Council is currently the lessee on all lease agreements. The remaining RFS sites within the shire are located on either Council owned or managed land and Council is responsible for insurance of all buildings occupied by NSW RFS personnel which is funded by the ratepayer. To determine how those parcels were acquired and funded over the time that it has occurred would require extensive research. It would be reasonable to say however that several of those parcels will have been provided by council without any compensation which comes at significant opportunity cost on scarce council owned land suitable for placing public infrastructure.

Yours sincerely



Anthony McMahon  
**Chief Executive Officer**

