



13 September 2024

Alison Buskens
Committee Manager - Public Accounts Committee
NSW Parliament
SYDNEY, NSW, 2000

Dear Alison,

Please find below the responses to the supplementary questions asked by the Public Accounts Committee in relation to the *Inquiry into the Assets, premises and funding of the NSW Rural Fire Service*.

- 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.**

Receipts:

The only funds Council receives for RFS operations is through an annual allocation of the Rural Fire Fighting Fund (RFFF). Council has also historically received ad hoc grant funds for the construction of Council owned building assets used by the RFS.

Expenditure:

Council pays an annual Emergency Services Levy (ESL) to the State Government through RevenueNSW. This is \$6,003,900 for the 2024/25 financial year.

Council also pays directly through its finance system expenses relating to:

- maintenance and repairs of RFS vehicles undertaken under the Service Level Agreement (SLA);
- Insurance premiums relating to the buildings used for RFS operations.

Council employees who undertake any maintenance and repairs on RFS assets (vehicles and/or buildings) are paid through Council's payroll system.

Any work of a capital nature undertaken on buildings used for RFS operations are included in Council's Capital Works Program.

Council does not purchase any RFS red fleet assets through its systems or using Council funds. Council is not involved in the procurement of these assets at any point.

In terms of out-of-pocket expenses please refer to Question 5.

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.**

The outdated 2008 Rural Fire Service (RFS) Service Level Agreement (SLA) roles and responsibilities lack the required relevance and clarity to effectively support the current challenges of changing environmental conditions, community expectations for increased levels of service and responsiveness. The outdated terms of the agreement are often challenged by both parties, as it is misaligned to current strategies and operating models of the organisations, leading to inefficiencies, time delays and potentially a heightened level of risk. For example, the SLA assigns the RFS responsibility for Asset Protection Zones (APZ) hazard reduction and fire trail vegetation clearing within our local government area, which contradicts the norm of RFS's statewide model.

Additionally, under the *Rural Fires Act 1997*, ownership of RFS red fleet assets is "vested" to councils by this outdated legislation. Although councils have no control over the procurement, renewal, disposal, allocation, operation, or funding of these assets, they are still required to maintain a register of them and provide information for an annual audit to validate RFS-owned and controlled assets. This requirement imposes an unnecessary administrative and accounting burden on Council.

The confusion associated with the accountability and responsibilities does result in an inefficient use of Council resources.

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

	2023	2024
Rural Firefighting Equipment & Buildings	\$349,855	\$461,270
Asset Renewal – Capital Works	\$59,866	\$84,421
Total	\$409,721	\$545,691

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

	2023	2024
Funding Received	\$248,128	\$253,091

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.**

	2023	2024
Council RFS Subsidisation	\$161,593	\$292,600

- 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?***

Notwithstanding recent amendments to the IPART rate peg methodology introducing a council-specific ESL factor, Council's position remains that an ESL should be levied and collected entirely by Revenue NSW. The hidden contribution by local councils must be rolled back into a holistic levy that is clear and transparent to the community. A levy that is partly collected by the state and partly collected by local councils as a hidden tax needs to discontinue.

The introduction of the council-specific ESL factor was effective in allowing Council to fully recover the annual increase in the emergency service contributions. However, it must be noted that the payment of Sutherland Shire Council's 2024/25 ESL (totalling \$6,003,900) still consumed 3.82% of Council's total annual rates revenue yield.

- 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?***

Sutherland Shire Council is one of those councils suggesting a broad-based property levy. It is Council's view that this replacement levy should be collected to fund state-controlled emergency services and therefore should be levied and collected by the NSW Government through Revenue NSW.

It is essential that any replacement levy being considered should include protection for vulnerable people in our community. Pensioners, generally defined as those in receipt of a Pensioner Concession Card who are the owner and occupier of the property currently receive a rebate on their council rates being funded by 55% by the state and the 45% by the council. Any rebate or discounts considered in this reform must be fully funded by the NSW Government.

Although hardship can be subjective and change for individuals from time to time it is an essential consideration of any taxation reform that may affect vulnerable people in our community. Further, provision to extend the concession for eligible pensioners to deal with cases of hardship should also be considered.

In addition, Service NSW and Revenue NSW have the capacity to apply rebates, concessions, and discounts based on changes in government policy in response to cost-of-living crisis that the community is experiencing. It is felt that either one of these parties would be equipped to handle this reform.

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

Yes. An asset listing is provided to Council by the RFS. This listing is reconciled against the records that Council holds which can include repair and maintenance logs, fuel transactions, CTP insurance and registrations. Once this reconciliation is completed, the condition assessments are undertaken by using purchase dates (where available) and the RFS does also provide some evidence of condition such as photos.

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?

The NSW RFS does provide an asset listing however the reliability of this list is relatively low. This is due to critical asset data missing from this listing including purchase price, purchase date, useful lives, and current written down values.

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 is no evidence that Council has explicitly purchased land for RFS purposes. However, there are 20 parcels of Council owned land across the Sutherland Shire local government area which are being provided to the RFS for their operations.

If you have any questions on the responses provided, please do not hesitate to contact me on [REDACTED] or [REDACTED]

Yours sincerely,

[REDACTED]

Mitchel Woods
Chief Financial Officer