

13 September 2024

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

Response via email
PublicAccountsCommittee.PAC@parliament.nsw.gov.au

Our Ref: 2024/624625

Dear Chair,

Inquiry into the assets, premises and funding of the NSW Rural Fire Service – answers to supplementary questions

Thank you for the opportunity to provide further information to assist with the NSW Legislative Assembly Public Accounts Committee's inquiry into the assets, premises and funding of the NSW Rural Fire Service.

Please find below responses to your supplementary 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 receives annually a maintenance and support payment from NSW Rural Fire Service (NSW RFS). Within Council's financial information management system, separate books of account are maintained for the Northern Beaches District Rural Fire Service (NBDRFS).

The majority of NBDRFS equipment is purchased centrally by NSW RFS. However, the maintenance and support payment is also used to purchase equipment. During the last financial year, examples of equipment purchased utilising these funds included:

- 2 off-road utility vehicles
- workshop tools
- shelving / storage
- first aid equipment

The annual maintenance and support payment received from the NSW RFS is expended under the control of the NBDRFS. It covers a range of expenses including:

- the maintenance of vehicles
- the purchase of some vehicles
- petrol
- stationery
- kitchen consumables

The majority of maintenance and repair costs on NBDRFS premises is funded by Council. Council's out of pocket expenses on maintenance and repair costs were:

- 2024 - \$0.1m
- 2023 - \$0.3m

In addition to maintenance and repair out of pocket expenses, Council is also out of pocket with regards to capital works on premises:

- 2024 - \$0.1m
- 2023 - \$0.2m

Hazard reduction is managed by Council. We receive an annual grant from NSW RFS which covers some of the hazard reduction costs. The additional out of pocket costs to Council with regards to hazard reduction:

- 2024 - \$0.8m
- 2023 - \$0.9m

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 does not control red fleet assets yet is required to undertake a stocktake to substantiate the existence of these assets. Council is not an expert on RFS red fleet. We do not have a listing of the RFS red fleet assets so we are provided that information by NBDRFS. This asset list is meant to coincide with the listing provided by the Office of Local Government (OLG). However, we are unsure where the OLG asset list originates from as Council has received the list in previous years from NSW Treasury and LG NSW.

Therefore, the year-end work needed to test red fleet assets including the update of our accounting position paper is unnecessary as the list of assets is provided to us by the NBDRFS each year.

To be able to provide the systems access and bookkeeping services under the agreement presents challenges and costs to Council. NBDRFS staff do not have access to all of Council's software systems so they are not able to follow procedures around the work flow process of accounts payable invoices. Some NBDRFS staff have been allocated a Council credit card which requires a separate process to manage their own expenses as opposed to Councils.

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

During the past 2 financial years, Council's costs (direct and indirect) to maintain rural firefighting buildings were:

- 2024 - \$0.3m
- 2023 - \$0.5m

In addition, Council also incurred the following capital expenditure on NBDRFS buildings (excluding any grants and contributions):

- 2024 - \$0.1m
- 2023 - \$0.2m

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

The annual maintenance and support payment discussed above is used for maintaining rural firefighting equipment. The amounts received were:

- 2023 - \$0.6m
- 2024 - \$0.6m

There were no additional funds received by Council for maintaining buildings. All building maintenance operating costs were covered by Council.

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.

In addition to the amounts listed above, as per the District Service Agreement, Council is required to provide the following services:

- purchasing
- accounts receivable
- provide financial statements
- provide access to Council credit cards
- provision of IT support
- access to Council data
- administrative support during major incidents

The District Service Agreement states that Council will provide these services in consideration of an annual fee of \$1. The estimated annual costs of providing these services are \$0.2m.

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?

Going forward, the new rate peg methodology will capture the changes in these costs. However, the phasing in of the catch-up element is presenting challenges in continuing to fund the increased costs experienced in recent years. Northern Beaches Council's Emergency Services Levy increased from \$5.5 million in 2018/19 to \$9.3 million in 2023/24 – a \$3.8 million increase over 5 years (69% increase).

Emergency Services Levy charged to Northern Beaches Council

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
RFS	\$0.8m	\$0.9m	\$1.4m	\$1.0m	\$1.3m	\$1.3m
SES	\$0.4m	\$0.4m	\$0.5m	\$0.4m	\$0.7m	\$1.3m
Fire and Rescue	\$4.4m	\$4.8m	\$5.5m	\$5.0m	\$5.7m	\$6.7m
TOTAL ESL	\$5.5m	\$6.2m	\$7.4m	\$6.4m	\$7.8m	\$9.3m
Incr / (Decr)	(\$0.3m)	\$0.7m	\$1.2m	(\$1.0m)	\$1.4m	\$1.5m
	(5%)	13%	19%	(13%)	21%	19%

By comparison, the new rate peg methodology provided an additional \$1.1 million (on top of the \$0.3m embedded in the 'base cost change') within the 2024/25 financial year – which only offsets the increase experienced in the 2023/24 financial year.

IPART Rate Peg for Northern Beaches Council – 2024/25

	Base Cost Change	Super Adjustment	ESL factor	ESL Adjustment	Population Factor	Rate Peg
Factor	3.9%	0.4%	0.6%	0.0%	0.0%	4.9%
Income increase	\$7.3m	\$0.7m	\$1.1m	-	-	\$9.2m
Average residential rates increase	\$63	\$6	\$10	\$0	\$0	\$79

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?

We do not have sufficient information to undertake this assessment.

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

Answer to Q8 and Q9:

Council's stocktake of 'red fleet' vehicles involves receiving a list of assets held by NBDRFS as at 30 June each year including the acquisition price. This listing agrees with the asset listing provided by the Office of Local Government / NSW Treasury / LG NSW. Council is also provided with safety inspection reports to ensure the ground truthing of these assets as well as their roadworthiness. Most of the vehicles are fully depreciated.

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.

Not to our knowledge. The existing premises and the land provided for those premises have been in place for many years. Details of how they were acquired are not available.

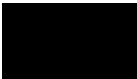
11. Should you require any further information or assistance in this matter, please contact Caroline Foley – Chief Financial Officer.

Yours faithfully



Caroline Foley
Chief Financial Officer

Endorsed under delegation:



Kelly Loveridge
Chief Operating Officer