

**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 or note if there are any out-of-pocket expenses.**

Funding

There are two main funding streams received by Council from the NSW RFS. The RFS Maintenance & Repairs (M&R) allocation is an annual reimbursement received in November or December that is based on the budget bid placed by the District Office to NSW RFS for the following:

- Station Maintenance (insufficient)
- Radio Maintenance
- Fuel (insufficient)
- Vehicle Servicing (insufficient)
- Vehicle Repairs
- Telephones calls
- Electricity (insufficient)

The other main funding stream received is ad hoc and based on requests made by the District Office to NSW RFS for an allocation from the Rural Fire Fighting Fund, generally for station improvements. If approved, there is substantial reporting and acquittal requirements for this funding. At times project funding is notified in March/April with expectations that the project will be completed and acquitted by end of May – which is unrealistic and diverts resources away from Council's programmed works. Delays in programmed works result in additional costs through cost escalation.

On occasions, contributions are made from RFS Brigades towards station improvements and equipment purchases, which are generally sourced from public donations to the brigades. If over \$500, the Brigades are required to seek approval from NSW RFS District Office prior to approval. If the purchases relate to equipment, there is no approval mechanism from Council, who pay for the insurance costs that arise thereafter.

Expenditure

For the Hawkesbury, the expenditure of NSW RFS is largely driven by the annual budget bid developed by the RFS District Office staff and submitted for approval to NSW RFS. The budget bid identifies what will be funded by NSW RFS and what will be funded by Council. Confirmation of the approved budget is not provided to councils until November or December, despite the financial year commencing in July.

Attachment One is a copy of the Draft Budget bid for 2024/2025. The RFS Allocation column shows the activities funded by the NSW RFS. Items in green are those that are paid for by Council and reimbursed via the M&R allocation, which as shown in the answers to questions below for some activities are insufficient to cover the actual costs incurred. It is important to note that the reimbursement is an allocation based on the budget bid and is not reflective of the actual costs of the activities undertaken. The remaining items are activities that are funded by NSW RFS and are directly purchased through RFS systems, without Council involvement, or engagement, despite the assets being subsequently vested in Council.

The Council Bid column represents activities that are funded by Council and purchased through Council's systems. Some of the activities are purchased by RFS staff using Council's procurement system, whereas some of the activities are both procured and purchased by Council staff. All items purchased using Council's system irrespective of whether entered by RFS staff or Council staff are paid for using Council staff time, which is not reimbursable.



In relation to vehicle replacement within the Council Bid column, while this is processed through Council's procurement system, it involves NSW RFS systems, as the white fleet (personnel carriers and Group Captain Vehicles – not NSW RFS staff) are purchased by NSW RFS and the 'sold' to Council for a standard price. Council has previously been able to purchase the same vehicles and same fit out for less cost than this standard price, leading to wastage and reduction in other community services. Additionally, white fleet for RFS staff, which can be the same are purchased and owned directly by RFS and are outlined in the RFS Allocation column.

The answer to Question 2 provides an overview of the processes of some of the expenditure activities.

**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.**

There are a range of unnecessary administration, duplicate processes, confusion and waste associated with the current processes involved with the operations of the NSW RFS. Having both local government and NSW RFS undertaking financial accounting, procurement and asset management leads to duplicate systems and double handling, particularly in relation to the purchase of white fleet, asset purchases and maintenance and the process associated with claims for RFFF reimbursements.

As a member of a local brigade, there is strong anecdotal evidence that members have little understanding of what equipment, Personal Protective Equipment, building maintenance, vehicle purchasing etc. is funded by Council and what is funded by NSW RFS.

Ratepayers have very little knowledge that the activities of NSW RFS are funded in part by local government and that in accordance with legislation, these activities are undertaken by NSW RFS on behalf of local government. There is no evident communication by the NSW RFS in their public engagement that local government is involved in the provision of this emergency service.

As shown in the tables within Question three, there have been ongoing underspends in some of the budgeted lines, which are funded solely by Council. Council typically does not amend the budgeted amounts requested by the District Office, as there could be safety implications to the community. However, underspends in this regard have the outcome of reducing overall services to the community, as this funding was unable to be diverted to an activity that could have been delivered during that financial year.

Where there are overspends, Council diverts funding away from programmed works to fund the shortfalls, which results in lower levels of service for the community in relation to the reduced works and at times results in higher costs over the longer term due to cost escalation or asset deterioration.

Example One – Volunteer and Staff Reimbursements

At times, volunteers and RFS District staff need to purchase items generally for district training purposes, or district office needs. As RFS District Offices are not permitted to hold their own bank accounts, a petty cash float which is funded by Council cash is held at the Fire Control Office. If the reimbursement is greater than the float balance, then a reimbursement form is completed.

Both processes require the volunteer to come to the District Office to either receive the cash or complete the reimbursement form. When the petty cash requires replenishment, RFS District staff compile all the forms and receipts paid out and complete a payment request. The staff then drive to the Council administration building to submit the request – the staff attend the building daily as RFS mail is delivered to Council.



Council then draws a cheque to Cash – which is one of the very few cheques that Council draws and is a payment method Council would like to discontinue, but cannot due to this requirement. The payment process is reviewed, including all the receipts and approvals, which have already been checked by RFS staff to both ensure appropriate reimbursement has occurred, but also to ensure independence. The cheque is then picked up by RFS staff and cashed at Council and the cash returned to the District Office.

#### Example Two – Purchase of White Fleet

As outlined above, Council funds and purchases the Personnel Carriers and Group Captain vehicles from the NSW RFS. Therefore, there are two procurement processes, two finance systems, two assets systems and two payments involved for each vehicle.

District RFS staff request that the vehicle is ordered and Council raises a Purchase Order based on the standard price given by NSW RFS. The Purchase Order is then submitted to the District RFS Office who then forward the Purchase Order to the necessary department in NSW RFS.

An invoice is then generated by NSW RFS and forwarded to Council for processing. Payment is then made by Council to NSW RFS. RFS purchases the vehicle from their supplier, of which the invoice value is not provided to Council.

The vehicle is then delivered to Council's depot for the initial inspection (which would have also been done by RFS when being delivered to them) prior to RFS volunteers picking up the vehicle. The vehicle is recorded in both the RFS and Council asset systems.

When converting from Council buying directly from our supplier to using RFS, Council lost the ability to be able to trade the vehicles, which has resulted in an overall increase in the price. The increase in price is also attributable to the standard costing being charged by RFS being higher than what Council could purchase directly. Where Council has had to sell the vehicles not through trade in, the value of that sale has also generally been less than the trade-in values.

#### Example Three – Building Construction funded by RFFF

Council is advised generally at two times of the year when RFS have successfully applied for an allocation for RFFF allocations. The first time is within the budget advice given in November / December from NSW RFS. The second time is generally on an ad hoc basis in March / April. Generally, there is an expectation that projects funded from this allocation are completed by May of the year in which they are awarded. Irrespective of which timing the allocation is advised, it is substantially through the financial year in which the project is to be completed.

Council and District staff meet to discuss building improvement requirements and an estimate is developed based on the agreed scope of work. An application is then submitted by RFS District staff to NSW RFS for consideration. Council develops their program of works during the year before the financial year to ensure adequate resourcing is available to complete works. This means that resources are generally at full capacity at the time the allocation has been advised.

Therefore, resources are diverted away from the planned program to progress the RFS projects. In many instances, the projects are outside of Council's overall asset priority and defer optimal asset intervention timing, leading to higher costs due to escalation, further deterioration and ongoing maintenance costs due to poorer asset conditions.

Council then confirms the scope of work with RFS staff and volunteers, if applicable. Council then undertakes the procurement for a contractor to undertake the works. For significant works, like new Brigade stations, RFS representatives also participate in the procurement process.

Council staff then engage contractors and undertakes the necessary project management and administration, including the provision of project updates to the RFS. On completion of the project, a handover is undertaken with RFS staff and volunteers and payments finalised.



Council then prepares the paperwork for the RFFF claim – the funding is received after the expenditure has been incurred and it can be several months prior to payment being received. The claim process is onerous, with all copies of all invoices, timesheets and RFFF claim paperwork, including a specific spreadsheet to be completed. A form is required to be signed by Council's General Manager, before RFS staff pick up a hard copy version for the Fire Control Officer's signature. The claim is then submitted by RFS District Staff to NSW RFS for consideration and approval.

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

Please note that indirect costs have been captured based on the overhead allocation that occurs across all Council services. Costs associated with IT, Finance, Executive Management, Governance, Risk Management, People & Development etc. are distributed across all services based on the proportionate planned expenditure of each service at the time of developing the Original Budget.

The Budget column shows what the budgeted amount was, predominantly resulting from the budget bid submitted by the District Office to NSW RFS. The lines that show "M&R funded" indicate that a portion of the actuals are funded by the Maintenance & Repairs Reimbursement received from NSW RFS. The Actual column shows the amount that was expended. Where the actual is greater than the budget on these lines, Council has funded the shortfall.

#### Costs 2022/2023

Activity	Budget	Actual
Training – Council funded	\$15,000	\$4,998
Printing & Stationery – Council funded	\$25,000	\$8,925
Depreciation – Council funded	\$728,900	\$790,938
Overheads – Council funded (indirect costs)	\$996,539	\$996,539
Telephone Expenses – M&R funded	\$23,000	\$491
Employment Agencies – Council funded (RFS Admin Staff)	\$30,000	\$47,411
Sustenance (Catering) – Council funded	\$20,000	\$20,758
Station Maintenance – Council funded	\$33,173	\$8,419
RFS Component of Emergency Services Levy	\$1,109,328	\$1,109,328
Electricity – M&R funded	\$60,000	\$64,340
Water – Council funded	\$10,000	\$3,229
Insurance – Council funded	\$41,708	\$41,853
Maintenance – Plant & Equipment – Council funded	\$2,000	\$1,486
Garbage Rates – Council funded	\$8,742	\$8,752
Sullage Pump Out – Council funded	\$5,033	\$7,326
Station Maintenance – M&R funded	\$45,000	\$95,069
Radio Maintenance – M&R funded	\$20,000	\$490
Fuel – M&R funded	\$50,000	\$57,373
Field Day Exercise – Council funded	\$25,000	\$4,223
Miscellaneous – Council funded	\$15,000	\$2,377
Net White Fleet Replacement – Council funded	\$80,000	(\$30,482)
Building Improvements – Council funded	\$0	\$6,410
Cleaning – Council funded	\$50,000	\$21,055
Plant Maintenance – M&R funded	\$105,960	\$142,540
Plant Maintenance – Council funded	\$30,000	\$30,000



#### Costs 2023/2024

Activity	Budget	Actual
Training – Council funded	\$4,060	\$6,116
Printing & Stationery – Council funded	\$25,000	\$10,846
Depreciation – Council funded	\$796,000	\$792,896
Overheads – Council funded (indirect costs)	\$1,008,456	\$1,008,456
Telephone Expenses – M&R funded	\$23,000	\$650
Employment Agencies – Council funded (RFS Admin Staff)	\$30,000	\$50,640
Sustenance (Catering) – Council funded	\$20,000	\$19,818
Station Maintenance – Council funded	\$37,056	\$3,111
RFS Component of Emergency Services Levy	\$1,110,078	\$1,110,078
Electricity – M&R funded	\$60,000	\$70,027
Water – Council funded	\$10,000	\$3,799
Insurance – Council funded	\$56,805	\$56,637
Maintenance – Plant & Equipment – Council funded	\$2,000	\$5,173
Garbage Rates – Council funded	\$9,190	\$10,630
Sullage Pump Out – Council funded	\$7,801	\$6,235
Station Maintenance – M&R funded	\$58,715	\$141,214
Radio Maintenance – M&R funded	\$20,000	\$0
Fuel – M&R funded	\$50,000	\$78,104
Field Day Exercise – Council funded	\$25,000	\$2,405
Miscellaneous – Council funded	\$15,000	\$9,987
Net White Fleet Replacement – Council funded	\$80,000	\$0
Building Improvements – Council funded	\$7,237	\$16,293
Equipment Purchases for Training – Council funded	\$10,940	\$10,940
Cleaning – Council funded	\$29,947	\$22,841
Plant Maintenance – M&R funded	\$120,000	\$133,960
Plant Maintenance – Council funded	\$30,000	\$30,000

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

As shown in the tables below, the increase in the M&R Reimbursement between FY 23 & FY 24 was an increase of 2%, which is substantially less than CPI, let alone the pricing increases that occurred over the same period.

#### Funding 2022/2023

Funding Type	Amount
RFS M&R Reimbursement	\$303,960
RFFF – Mezzanine Floor Glossodia RFB	\$34,150
RFFF – New Driveway Ebenezer RFB	\$25,223
RFFF – Enclose Carport Hawkesbury Headquarters RFB	\$15,000
RFFF – Amenities Upgrade Bilpin RFB	\$91,868

#### Funding 2023/2024

Funding Type	Amount
RFS M&R Reimbursement	\$310,039
RFFF – New Carpark for Blaxland Ridge RFB	\$37,926
Brigade Contributions – Enclose Carport Hawkesbury HQ RFB	\$11,497



**5. For the 2024 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.**

The tables below show the overall cost (out of pocket) expense for rural firefighting costs incurred by Council. Where the amount is in negative indicates that the M&R funding received was greater than the amount expended, except for White Fleet Replacement, which indicates that the sale of plant in the year was greater than the purchases.

**Shortfall 2022/2023**

<b>Activity</b>	<b>Cost</b>
Training	\$4,998
Printing & Stationery	\$8,925
Depreciation	\$790,938
Overheads	\$996,539
Telephone Expenses	(\$22,509)
Employment Agencies – (RFS Admin Staff)	\$47,411
Sustenance (Catering)	\$20,758
Station Maintenance	\$58,488
RFS Component of Emergency Services Levy	\$1,109,328
Electricity	\$4,340
Water	\$3,229
Insurance	\$41,853
Maintenance – Plant & Equipment	\$1,486
Garbage Rates	\$8,752
Sullage Pump Out	\$7,326
Radio Maintenance	(\$19,510)
Fuel	\$7,373
Field Day Exercise	\$4,223
Miscellaneous	\$2,377
Net White Fleet Replacement	(\$30,482)
Building Improvements	\$6,410
Cleaning	\$21,055
Plant Maintenance	\$66,580
<b>Total</b>	<b>\$3,169,888</b>
Total excluding ESL	\$2,030,560



## Shortfall 2023/2024

Activity	Budget
Training	\$6,116
Printing & Stationery	\$10,846
Depreciation	\$792,896
Overheads – (indirect costs)	\$1,008,456
Telephone Expenses	(\$22,350)
Employment Agencies – (RFS Admin Staff)	\$50,640
Sustenance (Catering)	\$19,818
Station Maintenance	\$85,610
RFS Component of Emergency Services Levy	\$1,110,078
Electricity	\$10,027
Water	\$3,799
Insurance	\$56,637
Maintenance – Plant & Equipment	\$5,173
Garbage Rates	\$10,630
Sullage Pump Out	\$6,235
Radio Maintenance	(\$20,000)
Fuel	\$28,104
Field Day Exercise	\$2,405
Miscellaneous	\$9,987
Net White Fleet Replacement	\$0
Building Improvements	\$16,293
Equipment Purchases for Training	\$10,940
Cleaning	\$22,841
Plant Maintenance	\$43,960
<b>Total</b>	<b>\$3,269,141</b>
Total excluding ESL	\$2,159,063

As shown above, the total cost to Council excluding the ESL component, increased by 6.3% over the two financial years.

- 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 services contributions without diverting funds required to maintain service levels and infrastructure for their communities.**

- **What is your council's opinion on this charge and its effectiveness?**

It is an important step to improving the long term financial sustainability of local government, however, the annual size of the increase is driven by NSW Government and is currently effectively hidden within Rates as a whole, leading to Local Government being criticised for higher rates increases by ratepayers.

Ratepayers only notice what the total value of their Rates Notice is and increases above a nominal percentage generate additional complaints and customer requests for Council to manage, including outlining that Rates increase by NSW Government increases to fund NSW emergency services.

- 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?**

There is some potential that a broad-based property levy would reduce the financial burden for ratepayers, as currently property owners who do not insure their property do not pay for that portion of ESL.



It is Council's preference that this levy is collected by NSW Revenue, to reduce the administrative burden to local government. However, if it were to be applied by local government, it should be separately disclosed on Rates Notices and enquiries regarding what the ESL funds and how it is determined to be answered by an NSW Government agency.

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

Council undertakes a stocktake of the 'red fleet', mainly because of NSW RFS engaging Council to maintain these vehicles. Condition assessments for the purposes of valuation are not undertaken, but the condition of the 'red fleet' is noted to inform maintenance programs and to identify when major repairs are required.

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

Council receives a listing of disposed and acquired vehicles on an annual basis and this is used to reconcile Council's asset register to ensure alignment. The vehicles can be verified due to the stocktake / maintenance schedule as outlined above, however the NSW RFS assign standard valuations to the vehicles within the annual listing, which Council is unable to verify.

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

It is Hawkesbury Council's experience that land for the location of buildings used by NSW RFS, is funded by Council. As the funding of council activities are highly constrained within a rate pegging environment, this restricts the ability to assist with expansion and relocation of brigades.

Therefore, Council typically attempts to use land that is already within the ownership, or control of Council. However, that is contingent on the access, location and constraints on the land supporting the activities of the NSW RFS.

There are two recent examples of land acquisition that Council has undertaken on behalf of NSW RFS, that were unable to be sourced from property already held. The first being the acquisition of the land on which the current Mountain Lagoon RFB is located. The second is the acquisition of land for the relocation of the current Hawkesbury RFS District Office (Fire Control Centre).

Regarding Mountain Lagoon RFB, the previous property owner had allowed the RFB shed to be located on this property and had been located there for many years. On his passing, this became an issue and to reduce the risk of the RFB being made to relocate and incur the associated costs, Council was asked to acquire the land. The purchase and ancillary costs of the land amounted to \$191K, which was funded by Council. This does not include the staff costs associated with the process, including reporting to Council for resolution.

Regarding the relocation of the District Fire Control Centre, it was identified as part of the control of the Gospers Mountain Fire that the current building does not support a modern response to a large campaign fire. Accordingly, NSW RFS advised that an original allocation of \$8M will be made from the Rural Fire Fighting Fund.

The current location does not support the space required for the operational needs during a large campaign fire and constrains the ability of the District Office to support the training, administration and operational needs of the district. Therefore, it was requested that Council locate a suitable replacement location for the construction of the new Fire Control Centre.





Council considered a range of Council-owned properties but were found to not meet the needs of the NSW RFS or had environmental or development constraints on the land. The development constraints mainly arise from NSW RFS being specifically excluded from exemption for development consent for emergency services infrastructure under the State Environmental Plan – Transport & Infrastructure. Therefore, Council had no option but to acquire land, using its own funds.

A suitable location was found that also enabled enhanced multi-agency response in the event of a natural disaster, but it was more economical to proceed with the purchase of the entire property, rather than a part acquisition. It is anticipated that approximately 40% of the property will be used for the new location of the District Fire Control Centre. The value of the purchase was \$3.5M, and it is projected that approximately \$35K of ancillary costs will be incurred by Council.

This value represents over 30% of Council's Road rehabilitation program for 2024/2025, which is the community's number one priority in accordance with community satisfaction surveys and is vital due to the condition of the road network arising from recent flooding and wet weather events.

**Vanessa Browning**

Chief Financial Officer | Hawkesbury City Council

HAWKESBURY RURAL FIRE DISTRICT BID & ESTIMATES 2024-2025			
ACTION	RFS ALLOCATION 24/25	COUNCIL BID 24/25	
Mtce & Repairs - Stations/Equipment Sheds (Station Maintenance & Repair, Test and Tag, Fire Ex Maint)	\$25,000.00		
Mtce & Repairs - Radio (Radio repairs)	\$20,000.00		
Mtce & Repairs - Petrol/Oil (Fuel)	\$50,000.00		
Mtce & Repairs - Vehicles (Vehicle Service)	\$70,000.00	\$30,000.00	
Mtce & Repairs - Vehicles (Repairs)	\$50,000.00		
Telephone Charges - Telephone Fixed	\$15,000.00		
Telephone Charges - Telephone Mobile non RFS	\$8,000.00		
Electrical Tagging & Fire Extinguisher Maint & Water Rates		\$15,000.00	
Cleaning - wages - consumables - skip bin rentals		\$55,000.00	
Wages - Casual		\$55,000.00	
Printing & Stationery		\$25,000.00	
Equipment (Council General)		\$15,000.00	
Catering		\$25,000.00	
Vehicle replacement (3) Does not include trade in		\$130,000.00	2017 Model - S1,N1,S2
Field Day		\$25,000.00	
Training		\$15,000.00	
Council rates		TBA	
Insurance stations/contents		\$60,602.00	
GRN radio access fees	\$290,830.00		
Insurance Red Fleet	\$20,728.00		
Electricity - Stations	\$30,000.00		
Electricity - Fire Control / WOOSH / Wilberforce Station / Stores	\$30,000.00		
Staff vehicle changeovers	\$0.00		
Personnel Carrier	\$0.00		Replace HQPC + buy KH + YPC
Operational Command Vehicle	\$0.00		
Computer replacements	\$17,200.00		
Travel expenses	\$1,200.00		
Vehicle running costs	\$32,500.00		
Staff Phones	\$6,000.00		
PPE	\$11,987.00		
Tanker Replacement Programme (inc. trade-ins/refurb)	\$84,648.00		Replace Hawk Support,OIC, BR7, T7, GW1, LP1, GV1A, HPC Charlie, O Pumper, GW7, CH7 & G Pumper
Firefighting Equipment	\$115,000.00		
Information Services & GIS Contribution	\$100,873.00		
Printing	\$0.00		
Water Rates FCC and Stations	\$0.00		
Other (includes Community Safety)	\$6,000.00		
Minor Equipment Purchases	\$5,000.00		
Uniform Purchases	\$8,000.00		
Fee for Service Contracts	\$0.00		
Photocopying	\$1,500.00		
Equipment General	\$10,000.00		
Community Education			
<b>TOTALS</b>		<b>\$450,602.00</b>	
Plus RFS Staff Wages			
Grand Total			
Estimated Total RFS Allocation - Based on 23/24 Allocation		TBA	
COUNCIL STATUTORY CONTRIBUTION (EST) Based on 23/24 Allocation			
Total Council Bid/Council Contribution & RFS Bid			
TOTAL COUNCIL CONTRIBUTION (EST) (includes statutory & discretionary funding)			