

## PAC Inquiry – Assets, premises and funding of the NSW Rural Fire Service

16 September 2024

### Questions on Notice

**Question 1:** Do you have an idea as to the size of the fund? What is the annual income into the fund? (*referring to Rural Fire Fighting Fund – special deposit account reported within the NSW RFS financial statement*)

**Response:** The Rural Fire Service (RFS) holds funds that form the NSW Rural Fire Fighting Fund (RFFF), which is a Special Deposits Account (SDA) established under section 102 of the Rural Fires Act 1997. The transactions of the RFFF are aggregated within the RFS' financial statements. The RFS is exempt from preparing separate financial statements for its SDA under Treasury Direction 23-24 'SDA Account Financial Reports' on the basis that the transactions of the fund are aggregated into the financial report of another Government Sector Finance agency.

Contributions to fund emergency services are made by relevant councils (11.7%) and insurers (73.7%) under the *Rural Fires Act 1997* and the *Emergency Services Levy Act 2017* respectively. The State government contributes the remaining 14.6% towards the emergency services budget.

According to the Department of Customer Service Annual Report 2022-2023, the Emergency Services Levy contributions (Levy) collected by Revenue NSW from councils and insurers on behalf of the Crown totalled \$1.4 billion in 2023 (\$1.1 billion in 2022). The Levy, along with the state contribution is shared between Fire and Rescue NSW, the NSW State Emergency Service and the NSW Rural Fire Service.

The portion of the Levy attributable to the RFS is paid via grants from the Department of Communities and Justice (DCJ) to the special deposits account. The DCJ 2023-24 signed financial statements records its total 2024 grant funding to the RFS in 2024 as \$537.7m (2023: \$491.1m). The RFS 2022-23 signed financial statements records a total income of \$628.1m for 2023. The 2023-24 financial statements are currently being finalised.

**Question 2:** But there is no place where a member of the public or we, as parliamentarians, can see the financial statements of the fund, where we can have visibility of the revenue and expenditure of that fund?

**Response:** The fund receives all money intended for the RFS including any money appropriated into the Fund by the Parliament. The Fund pays for all expenses of the RFS. As noted previously, the fund is a statutory deposit account and is exempt from preparing separate financial statements .

**Question 3:** Before I turn to other Committee members I had a specific—you might not have the answer in front of you—question in respect of the RFS's accounts. Would you know approximately how much per annum the RFS spends on new equipment—capex? I note that the agency financial statements are pretty aggregated. There's a figure of some \$300-and-something million for other expenditure which is non-employee related expenditure. Can you give us any sense of what proportion of that \$300-and-something million relates to, specifically red fleet related capex for that year?

**Response:** Information about the RFS's expenditure on red fleet assets is aggregated within their financial statements as 'Payments for Council costs associated with rural fire fighting activities and equipment'. The aggregated amount paid to councils in RFS' 2022-23 signed financial statements was \$162.5 million, which includes the capex on new equipment. RFS' 2023-24 financial statements is currently being finalised. .

**Question 4:** Would it be fair to say the red fleet capex every year is not uniform—it goes up and down significantly—or is it pretty much a steady state? Looking at the other expenditure in the RFS's accounts—I only looked at a few years—it was a pretty steady amount there. I am curious as to whether fleet renewal—that capex every year—is reasonably consistent?

**Response:** The 'Planning and managing bushfire equipment' performance audit provides information on RFS' expenditure on fleet renewal. In the ten years prior to the 2019–2020 bushfires, the RFS received an

annual average of \$31.7 million in funding from the NSW Government for fleet renewal. During this timeframe, the RFS replaced or refurbished just over 170 fleet assets per annum.

In 2020–21, the NSW Government provided the RFS with \$44.7 million in additional funding. In 2021, the RFS purchased 269 new firefighting vehicles. This funding meant that RFS was able to double its purchase of new tankers and double the refurbishment of existing tankers.

Then in June 2022, the NSW Government allocated \$105.6 million to the RFS for new trucks and the retrofitting of old trucks to implement Recommendation 40 of the NSW Bushfire Inquiry. This recommendation relates to the installation of cabin safety protections and the upgrade or replacement of fleet appliances.

Through this funding the RFS has reduced the average service age of its firefighting fleet from 20.6 years on average in 2017 to 16.4 years in 2022. The percentage of assets which are 25 years or older has also declined from 33.1% in 2017 to 19.4% in 2022.