

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE

**ASSETS, PREMISES AND FUNDING OF THE NSW RURAL FIRE
SERVICE**

At Macquarie Room, Parliament House, Sydney, on Tuesday 20 August 2024

The Committee met at 9:05.

PRESENT

Mr Jason Li (Chair)
Mr Clayton Barr (Deputy Chair)
Dr David Saliba

PRESENT VIA VIDEOCONFERENCE

Ms Jenny Leong
Mr Michael Regan
Mr Anthony Roberts

* Please note:

[inaudible] is used when audio words cannot be deciphered.

[audio malfunction] is used when words are lost due to a technical malfunction.

[disorder] is used when members or witnesses speak over one another.

The CHAIR: Good morning, everyone. Before we start, I would like to acknowledge the Gadigal people, who are the traditional custodians of the land on which we meet here at Parliament. I also pay my respects to Elders, past and present, of the Eora nation. I extend that respect to other Aboriginal and Torres Strait Islander people who are present today or who are watching the proceedings on the web stream.

Welcome to the Public Accounts Committee inquiry into the Assets, premises and funding of the NSW Rural Fire Service (RFS). My name is Jason Yat-Sen Li, the member for Strathfield and Chair of the Public Accounts Committee. With me today in person are Mr Clayton Barr, Deputy Chair and member for Cessnock, and Mr David Saliba, member for Fairfield. Online we have Ms Jenny Leong, member for Newtown, Mr Anthony Roberts, member for Lane Cove, and Mr Michael Regan, member for Wakehurst. We thank the witnesses who are appearing before the Committee today and the stakeholders who have made written submissions. We appreciate their input into the inquiry. I declare the hearing open.

Councillor DARRIEA TURLEY, President, Local Government NSW, before the Committee via videoconference, affirmed and examined

Mr DAVID REYNOLDS, Chief Executive, Local Government NSW, sworn and examined

Mr SHAUN McBRIDE, Chief Economist, Local Government NSW, affirmed and examined

The CHAIR: I welcome our first witnesses. Thank you for appearing before the Public Accounts Committee to give evidence today. Can you each please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

DARRIEA TURLEY: I have.

DAVID REYNOLDS: Yes.

SHAUN McBRIDE: Yes.

The CHAIR: Do you have any questions about this information?

DARRIEA TURLEY: No, I do not.

DAVID REYNOLDS: No, we do not.

The CHAIR: Would anybody like to make a brief opening statement before you begin questions?

DARRIEA TURLEY: Thank you, Chair, I would like to give that statement. Thank you to the Chair and to the Public Accounts Committee members for the opportunity to appear before the inquiry today. My name is Darriea Turley and I am the president of Local Government NSW (LGNSW), which is the peak body representing all 128 councils across the State as well as related entities. This is such a critical inquiry for the local government sector. This inquiry is a positive step towards resolving the ongoing conflicts between the New South Wales Government and local government in relation to the ownership and management of assets, premises and funding of the NSW Rural Fire Service.

However, I would like to make it clear from the outset that we are not criticising the core operations or performance of the RFS, nor are we suggesting that the funding should be reduced. Councils support our emergency services, particularly the volunteers, and quite often they are the volunteers or captains of the services. Local Government NSW maintains that all our emergency services need to be adequately funded, given the expected rise in the frequency and intensity of natural disasters and drought due to climate change. LGNSW has been a long-term advocate for comprehensive reforms of the current funding and asset arrangements.

One of the major issues of contention has revolved around the vesting of asset ownership of the red fleet assets with councils. These assets include RFS trucks, vehicles and firefighting appliances. The current arrangements are a legacy of the local government origins of the RFS, which date back to the early 1900s, when councils had direct responsibility for bushfire services. However, the provision of emergency services has changed dramatically since then, and these historical arrangements are no longer relevant. Councils no longer have a say in the acquisition, deployment, usage or disposal of RFS assets and, as such, do not have control and management of these assets. This position has been supported by the independent expert Colin Parker, a former member of the Australian Accounting Standards Board. He reported:

The councils have no substantive rights for the control of fire fighting equipment – vesting by itself does not confer control.

Further, the existing service agreements are outdated and do not reflect the reality of a modern relationship between councils and the RFS. While the rural fire services Act substantially modernised the relationship between the RFS and local government, a number of significant but outdated arrangements have persisted and were carried over into the new Rural Fires Act. The Act and related service agreements are predicated on local government responsibility for bushfire fighting and localised ownership of RFS assets.

In reality, the RFS has assumed the responsibility for bushfire fighting and, in recognition of this reality, should logically have ownership of bushfire fighting assets. LGNSW is of the firm view that the management and ownership of these assets sits with the RFS, a State government agency with responsibilities under national emergency management arrangements. This needs to be properly reflected in the Rural Fires Act to ensure that the accountability and responsibility for the RFS are fully aligned. Section 12A of the Rural Fires Act and the related service agreements place the onus on councils to provide the RFS with suitable premises. This includes all the operation and maintenance costs of the premises, which overall place a considerable cost burden on councils, frequently surpassing the Emergency Services Levy (ESL) that they already contribute to.

Councils contribute 11.7 per cent to emergency services in New South Wales via the ESL, and this includes the RFS budget. LGNSW has identified the ESL on councils as one of the major cost shifts, amounting to \$165 million in our most recent report. In 2023-24 the RFS budget was \$808.4 million, which has increased significantly. In fact, it has increased by 135 per cent over the past 10 years. The financial sustainability of councils has been undermined by rate pegging, cost shifting and other factors for over 40 years. A growing number of councils are financially unsustainable under the current policy settings, and the situation is deteriorating. The ongoing increase in the ESL on councils is exacerbating these challenges. The issue is aggravated by the additional contribution that councils are obligated to provide, particularly to the RFS. LGNSW has long advocated that the ESL on both insurance and councils should be removed and replaced with a broad-based property levy. LGNSW is advocating this position in the current Treasury consultation on reform of the ESL.

Before finishing, I will highlight the following LGNSW recommendations. Firstly, section 119 of the Rural Fires Act should be amended to clearly set out that the red fleet assets are vested in the RFS. Secondly, the Rural Fires Act 1997 should be subject to a comprehensive review. The review of the Act should investigate and redefine the respective roles, responsibilities and functional arrangements of the RFS and local government. The review should also transfer lead responsibility for bushfires from local government to the RFS to reflect the current practice. Thirdly, the negotiations of the new service agreements between councils and the RFS should be further delayed until the Act review has been completed. Finally, I ask that this inquiry support the removal of the ESL on insurance and the local government, to be replaced by a broad-based property levy. Chair, I thank you and the Committee for your time.

The CHAIR: We'll now open for questions, and I might kick off, if I may. Sorry, there is a procedural thing that I should have read out, but I didn't. Before we begin questions, I wish to inform the witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days after receiving the question. Sorry, I should have said that beforehand. Is everyone clear? If you don't know the answer to a question and you'd prefer to take it on notice, just say, "I'll take that on notice", and come back to us later. Can I refer you to page 7 of your submission, where you say:

RFS assets are often specialised vehicles and machinery. Requiring councils to undertake a stocktake of these assets is no simple task ... council do not have complete and accurate records of these assets as they have no say in their acquisition, deployment and disposal. In recent years, the Office of Local Government has provided LGNSW with a list of red fleet assets compiled by the RFS for operational purposes, and LGNSW has been asked to make this available to councils.

My question is who, to your knowledge, has a complete list of the red fleet assets? Is your understanding that the RFS has that complete list? Have you seen that list? What does it look like? Does it have the written-down values of the current values of assets?

DARRIEA TURLEY: I'll refer that to David Reynolds or to Mr McBride.

DAVID REYNOLDS: Thank you, Chair, for the question. Certainly, the context of our submission there—you're right to pick up the point that an accurate list is one of the things that would benefit the RFS, council and the community. As it stands, each year through the Office of Local Government (OLG) the RFS, we understand, provides them with a list that's itemised. The Office of Local Government then circulates that through us to the councils. In the last two to three weeks we surveyed our council members and less than 20 per cent report to us that that list is actually accurate compared to the fleet that they have. I don't have detail about whether their response means that they've got more than is on the list or less than is on the list, or it's in better or worse condition, or that the values are incorrectly aligned to the asset.

With such a gap in accuracy, surely one of the things that we should be trying to do better is get to a situation where there is one hand looking after that asset list, one hand controlling that equipment and one hand responsible for its maintenance, its function and its upkeep. In our submission, where you now have a thoroughly professional first response emergency agency that's called up through National Emergency Management frameworks, that responds to tens of thousands of dwellings and multistorey buildings through the metropolitan and other areas, surely that agency's professionalism needs to be respected now by looking after those assets themselves rather than sort of having to borrow someone else's cricket kit when they go out to play.

The CHAIR: When local councils receive that list and there are inaccuracies, are you aware whether councils report those inaccuracies back up to the OLG or to the RFS so that the RFS records can be corrected?

DAVID REYNOLDS: I don't believe there's a formal process for that. I'd have to take that on notice. Obviously councils engage locally through their Bush Fire Management Committees or locally with the command structures of the RFS units. As Darrica indicated in our opening statement, we have good relationships with them. We're very respectful of their professionalism and capability, so I do expect that that discussion is happening locally. It's concerning for us and, I think, concerning for whoever is auditing—but, really, whoever is using that equipment—that there seems to be that discrepancy.

The CHAIR: The main question I'm trying to clarify is, is there a difference between the management of assets and how they're maintained and upkept, and where ownership is vested, if ownership is vested in a separate entity, that that necessarily negatively impacts the management of those assets? Often you see in the private sector, in business, there's often sale and lease-back arrangements where the ownership of an asset is with one entity, but the management and the operation of an asset is with another entity. Management systems can be put in place to deal with that. It's not necessarily the case that ownership and management need to be in one entity for management to be effective. I wanted to understand what is making that ineffective in the case of the red fleet in councils.

DAVID REYNOLDS: Darriea, if you're happy for me to answer this particularly one—in my experience, where you tend to see that structure in a private business setting, it tends to be for accounting or business purposes as opposed to asset control purposes. It's more aligned with where you would like to see that asset live in a ledger than how you would like your control and management function to operate in relation to that asset. The Government does that, for example, with its transport asset holding entity. It parks assets in one particular part of its financial structure and runs them somewhere else. I'm not sure that's the most efficient arrangement, in council's experience. What I would argue is that a clear line of sight around these assets is beneficial. At the moment we have two separate entities with two very different responsibilities—in a sense, almost fictionally responsible for the same thing. You have a situation where the ownership, the councils are told, is with them; the accounting standards are updated to say, "You no longer have a professional discretion in an accounting sense to decide whether you own it"; you're told you do; and then it's only a discussion around materiality in terms of the bookkeeping.

The practical task that should happen with an asset is you want to maintain it to the best standard that your finances allow; you want it to serve the purpose that it's designed to serve. And we're talking about really important assets here: assets that need to be able to save life in an instant when they're called upon very urgently. In our view, any confusion or any distinction there that's not helpful in the ownership or the management structure is not a good policy setting around that. Where we get to discussions around whether council has the keys to the shed to inspect the truck or whether the RFS fire control officer is happy to send their staff out in the truck, that's not a discussion that, when an emergency is on, people have time to have.

It can get sorted through, obviously, if it's a calm process, around inspecting assets and trying to quantify them. That's where we would argue that councils and the RFS could cooperate more cohesively, is providing a very detailed stocktake of what equipment the RFS has. But I think councils would only be prepared to invest that time and resource if that led to the RFS then being responsible for the equipment in a practical and a financial sense as well. Because the councils in no way want to take away from the efficacy of the service. That's not the intention at all. Really, we see streamlined, cohesive and coordinated ownership adding to the efficacy of the service, its ability to source and maintain its own equipment, and its ability to keep that in world-leading shape to go and fight the sorts of things that it has needed to fight in the last few years.

We think that the service has evolved so much since this was last thought about in a statutory sense in the late 1990s, early 2000s; it's now a fundamentally different service. It's professional. It's part of Australia's national response to emergency management. We attended a national emergency management summit in Canberra last year coordinated by the Federal Government. There's another one on next month. RFS officers are senior, respected and trusted voices at that table, and we think it's time for this really mature discussion around how their agency is set up, funded and sourced.

The CHAIR: Just to repeat the earlier point: You're not aware of any feedback loop?

DAVID REYNOLDS: I'm not aware of a formal feedback loop, Mr Chair. I'm happy to take on notice if there's anything there but, really, it's almost as though it's a—and I don't want to discount the effort—courtesy that the list is provided to assist councils with their on-the-ground work.

The CHAIR: You're not aware that RFS looks at the stocktake that the councils have done, because I assume you report that in your financial statements. The statement of the assets and their written-down values, that would be in your assets register as part of your financial statements or on your balance sheets notes. You're not aware that the RFS actually looks at those to update their list? Otherwise you'd have, over a period of years, two lists that are growing increasingly apart.

SHAUN McBRIDE: The list provided to local government comes, ultimately, from the RFS, so we take it the RFS has the data it requires. Council really just checks off the list. We say there's no lack of a feedback loop. I believe that's the case—there is a lack. Even with this data, we're only giving it to councils because the RFS, Treasury and the OLG refused to send it to councils. They said they can't vouch for the validity of any of the data they provide so we reluctantly agreed to assist councils by distributing this data but with the qualification that the government agencies can't verify what they're giving you is, in fact, accurate so—

The CHAIR: I'm sorry, Mr McBride, can I just clarify? Was it the RFS that said that they can't validate the accuracy of the data that they've given to OLG or have OLG said they can't validate the veracity of the data from RFS?

SHAUN McBRIDE: Yes, and Treasury couldn't either.

The CHAIR: So nobody's prepared to—

Ms JENNY LEONG: Can we just dig into that because I also was quite confused? It sounded like no-one could verify it, but maybe I misheard.

SHAUN McBRIDE: That's basically the current situation, and we think that's an argument in itself why the RFS should be owning and managing its own assets. Then we wouldn't have this fragmented reporting arrangement, one where many councils are refusing to recognise the assets in the first place. The majority of councils are finding the data that is provided as being inaccurate. It's crying out for reform and, really, we can't see why the RFS, in modern days, should be any different, or why we should be treating their assets any differently to Fire and Rescue NSW and the State Emergency Service (SES), which own their own assets. They don't require councils to be some sort of ghost owner in the middle of the assets that they actually manage and control.

Dr DAVID SALIBA: What's the value of these assets? I know people can't qualify it right now but what's the assumption there?

SHAUN McBRIDE: I don't have the figure on the top of my head.

Dr DAVID SALIBA: Ballpark? Are you talking hundreds of millions?

SHAUN McBRIDE: Hundreds of millions, yes.

Dr DAVID SALIBA: Billions or hundreds of millions?

SHAUN McBRIDE: I'd have to take that on notice.

Mr ANTHONY ROBERTS: The white shirts vehicles—sometimes they're four-wheel drives, sometimes they're Camrys. I take it those assets are actually on the books and managed by RFS head office. Would that be correct? They've already got their own fleet, have they?

SHAUN McBRIDE: That's our understanding.

DAVID REYNOLDS: I was just going to add to that answer slightly. You may find that RFS hold part of the fleet, and so some of their senior officers, for example, may have that kind of fleet. You might find that if they have particular marine or aviation assets, they may be held by the RFS as opposed to councils. Predominantly in council territory, you're probably looking at firefighting equipment consisting of trucks, or utes or smaller plant and machinery, as well as built assets.

Mr ANTHONY ROBERTS: The logical conclusion then would be that there's nothing stopping them—or maybe they should be managing, and have on the books, all assets, and this is just merely an historical issue that needs to be dealt with.

DAVID REYNOLDS: We would not disagree with that assessment. We think this is something that could be viewed now with the professionalism of the agency and tidied up in an accounting sense.

Dr DAVID SALIBA: Just on that point, I'm trying to unpack this aspect of the accountability pertaining to the assets list. If there are discrepancies or uncertainty and ambiguity pertaining to what's available out there, then how does the RFS or councils account for their troops and assets out in operations?

DAVID REYNOLDS: In a sense, you've got the RFS as the agency in control of the response effort, if I could describe it as that. When they're out in the field, the RFS, through their structures, are in control of the officers and they're in control of the volunteers, and the Commissioner and his delegates have the usually expected broad powers under the Act to act in those circumstances. Council staff at that point are not in a first-response situation. That's very much in the RFS's command and control structure.

Dr DAVID SALIBA: I guess my concern is that assets pertain to capability so should there be an operational response requirement and there's ambiguity in terms of the assets lists those assets are capability. I guess it's a question that probably has to get raised with the RFS. If you don't know what assets you have, how do you know if you're operating at full capacity as you respond to fires?

The CHAIR: I don't know. I'm conscious of time. There was a pressing question that I had that I think Local Government NSW is really well placed, being the peak body, to answer. What, in your view, is an appropriate role for local councils in respect of bushfire management? We have seen a submission that said

bushfire prevention, backburning and hazard reduction are best conducted by councils because local councils understand the local conditions at a very granular level. They're embedded in the community so that is best done by councils rather than a centralised agency hundreds of kilometres away. I want to get your views. What role should councils legitimately be playing in the system?

DAVID REYNOLDS: Darriea, would you like to respond to that one first?

DARRIEA TURLEY: No, it's fine. You go ahead, David.

DAVID REYNOLDS: From my experience in councils, in the peri-urban part of Sydney particularly, there is good engagement between the councils and the RFS in their Bush Fire Management Committees. If ownership and control of assets was put somewhere else, that engagement's still able to happen to a very high standard, very consultatively and very professionally, so I would still expect good engagement through bushfire management hierarchies through committees. You can engage with your communities there around notices about when certain activities might be happening or discussions about what type or variety of activities might need to occur, as well as communicating about private responsibilities for ground clearing and the like.

I don't see that if there's a change in ownership or control of assets that any of those discussions become any weaker. I think it continues to be a good responsibility of councils and the RFS to engage well around local management so I would very much agree with your point that councils know their communities because they're on the ground. But when it comes to the skill and the equipment to manage very dangerous activities with very controlled conditions, I would still err on the side of putting that with the professional fire service.

The CHAIR: I think we have a lot more questions; we've just got limited time. I hope you don't mind but I think it's very likely we will come to you with a set of supplementary questions, and we'd be really grateful for your answers. An example of this is that it's very unclear how the funding works, exactly what money councils pay for bushfire management activities, exactly what money comes back to councils and where there is a shortfall. There are a number of questions that I'm sure the Committee would like to direct to you.

DAVID REYNOLDS: We'd be quite happy to assist, Mr Chair and Committee, with any other inquiries that we can.

The CHAIR: I thank you very much for appearing before the Committee. You will each be provided with a copy of the transcript of the day's proceedings for corrections. The Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. We kindly ask that you return these within 14 days. Thank you very much.

(The witnesses withdrew.)

Dr ANDY ASQUITH, Research Officer, Public Service Association of New South Wales, affirmed and examined

Mr TROY WRIGHT, Assistant General Secretary, Public Service Association of New South Wales, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Public Accounts Committee today to give evidence. Can you each please confirm you've been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

ANDY ASQUITH: Yes.

TROY WRIGHT: Yes.

The CHAIR: Do you have any questions about this information?

ANDY ASQUITH: No.

TROY WRIGHT: No.

The CHAIR: Would anyone like to make a brief opening statement before we begin questions?

TROY WRIGHT: I would, Chair, if that suits the Committee.

The CHAIR: Please.

TROY WRIGHT: Thank you for the opportunity to address the committee of inquiry. I would like to open by acknowledging the traditional custodians of the land on which we meet today, the Gadigal people of the Eora nation, and pay my respects to their Elders past, present and future. The Public Service Association of New South Wales is the union for the New South Wales public sector, with more than 40,000 members across a broad range of employers and industries, including the Rural Fire Service as well as other emergency service agencies such as the SES. The importance of the role played by our members in the RFS and other combat agencies has been starkly highlighted by the events in recent years in the bushfires and catastrophic flooding in New South Wales. Without the selfless acts of our delegates and members in the RFS, there can be little doubt that the loss of human life would have been far worse than it was. We have consulted widely with those same delegates and members who work in the RFS in drafting our submission and in preparation for our appearance today.

The PSA has long campaigned for significant reform of the RFS. The evidence we repeatedly receive from our members and delegates is that the RFS as it currently stands is not, and indeed has not been for several years, fit for purpose. Its historical volunteering roots combined with its quasi-government identity and its paramilitary command structure while operating in both a regulatory and an emergency services framework has meant it sometimes presents as the Frankenstein of the public sector. As an indicator of competence, from an industrial perspective, there would be no agency on a pro-rata employee basis where our union has had more significant and frequent disputation around cultural and award interpretation issues. What the association's evidence to this inquiry shows is that this confusion extends to the obscenely complex funding arrangements that the RFS both administers and operates under. It highlights in clear, unambiguous details the extent to which the RFS needs a fundamental overhaul of its systems, structures and funding. Only once these have been completed will New South Wales have an RFS which is fit to tackle the inevitable challenges ahead.

One of the more striking points to arise from our evidence was the way in which the RFS is funded. In speaking with our members, the lack of consistency across the State was staggering in terms of funding allocation and decisions around expenditure. Current funding arrangements, such as vested assets, are inconsistent and seriously impede the ability of our members to perform their roles to the best of their professional capabilities. There are 44 RFS districts covering 128 councils. Within this organisational arrangement, there are lead councils which manage the finances for the RFS without any statewide consistency as to how the mechanism is applied. The upshot of this is that an already under-resourced local government system is exposed to the potential overspend by the RFS and there is no strategic oversight across the State as to RFS spend. This lack of consistency extends further into the maintenance arrangements for RFS assets and premises.

The relationship between the RFS and local councils is facilitated through a myriad of service-level agreements. Again, there is no single standard service-level agreement. Each is to some extent determined by local idiosyncrasies. This haphazard approach to running one of our emergency services is completely inadequate. There must be a standard service-level agreement which operates statewide, specifying minimum standards. The relationship between local councils and the RFS is one fraught with potential conflicts and dangerous cross-purposes and worth the Committee's attention. For an RFS district, the local council is one of their major funding sources, sometimes their financial controller, one of their targeted organisations for regulation and

sometimes their landlord all at once. In terms of the operational management of the RFS, they are reliant on a funding mechanism put in place in 1997 and a system of statutory local emergency management officers within each local council. The funding regime is both outdated and inappropriate for the operational requirements in 2024. Alongside this, the role of the local emergency management officer is poorly defined and there is no consistency as to how the role is performed between different local councils.

Given the somewhat shambolic approach to the management of the RFS, we would strongly suggest that there is a strong case for creating a single, overarching strategic agency that includes both the RFS and the SES. We wish to make clear that we do not envisage a merger of these two proud organisations, which should both retain their own unique identities. Rather we would suggest they would benefit from greater inter-agency collaboration, along with a local organisational structure which was appropriate for operational conditions in 2024. We hasten here to add that we do not suggest that this be undertaken to achieve spurious efficiency gains, rather that duplication can be avoided and funding directed towards critical frontline services. We would also suggest a legislated periodic review of the new entity to ensure its relevance in the future, thus avoiding the current situation whereby a funding mechanism from 27 years ago is still in operation.

To conclude, the simple fact that the RFS continues to function and provide an essential service is a tribute to those who work in it. Given the lack of organisational leadership, the haphazard funding mechanisms and the parochial approach to expenditure decisions, it beggars belief that we have an organisation which is still able to serve the population in very difficult and trying circumstances. Were our other emergency services, such as the police or Ambulance, required to labour under the same arrangements, it would be an inevitable, monumental disaster. To borrow from a long-running PSA campaign, the good men and women of the RFS are true champions of the State.

The association has made all efforts to make this submission as accurate as possible, although, given the complexity of the subject matter, it still fears it may not have adequately detailed or shone enough light on the problem. To that end, it extends its gratitude to the Committee members for the opportunity to provide a voice for the RFS workforce and wishes the Committee well in its important work of unscrambling perhaps the most scrambled of eggs possible.

The CHAIR: Thank you very much. We will now move to questions from the Committee. Before we begin, I inform witnesses they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days of receiving the questions. I think I can speak for the Committee in saying it's not clear at all the funding mechanism that you refer to. I am struggling to understand how the funding and the money flows work between councils and the RFS—what councils contribute to the RFS, what goes back to councils and where the shortfalls are. I refer to page 2 of your submission, where you talk about the maintenance and repair budget. I was struggling to understand the complexity in those paragraphs. In particular, you state:

As councils control budgets, there is no system within the RFS that tracks all budgetary expenditure. If the RFS does underspend based on what the Council has budgeted, money is simply lost and cannot be carried forward one year to the next.

Can you outline that funding system for us in as clear a way as you can? How does the money flow, in broad brushes, and then we might dive into that?

ANDY ASQUITH: I think the short answer to that question is it's incredibly complex. When we consulted our members, what we got back was a certain amount of confusion. This goes to the heart of the matter here: that there is no transparent, clear, strategic system of finance for the RFS across the State. Each locality seems to operate its own mechanism. I'm happy to take it on notice and go back and delve further with our members to try and get more clarity here. But, as I said, it cuts to the heart of the issue here. To use a technical phrase, it's a complete dog's breakfast.

TROY WRIGHT: If I may, Chair, in corralling our members together, the information they were all giving—whether rural, regional or metropolitan—was different. They were realising that each arrangement in their respective districts was different. But that seemed to be the general summary: that some money is invoiced of council and some is returned and managed by council in the assets area. They were often, I think it's fair to say, arguing among themselves about how it happens in their area, which, as Dr Asquith says, probably goes to the heart of the issue. There is an enormous inconsistency, district by district, right across the State about how it's administered.

The CHAIR: Just to clarify your understanding of the large pieces of how it works, councils will contribute to the Rural Fire Fighting Fund—11.7 per cent, from memory. Then there is a budget. Anything that is over that budget is, at least partly, the maintenance repair budget that is distributed via grants to councils. But I don't understand how those grants are budgeted—how much each council gets; on what basis the individual councils' budgets are calculated; and how the maintenance and repair budget is calculated. Do you have any understanding of that—

TROY WRIGHT: No. Our members are not clear on that either, are they, Dr Asquith?

ANDY ASQUITH: It's all completely unclear. A large amount of this goes down to the individual arrangements that councils will have with their local RFS.

Dr DAVID SALIBA: Just on that, I noticed there was a submission there that pertains to these maintenance and repairs (M&R) grants and these funding arrangements not being fit for purpose. Does that pertain to safety issues or something else in particular?

TROY WRIGHT: We talked a lot about the history of the organisation. It's quite clear to us that the history of the organisation—initially being a volunteer organisation that was probably relying very heavily on voluntary funding that has now morphed into some sort of invoicing scheme of stakeholders, and also State funding—has impacted the way the organisation's funded. It's impacted the way the organisation is seen by our members and the way they feel this pressure about being a volunteer organisation, dare not they ask. I've really struggled to understand it.

When we say it's not fit for purpose, it's certainly very different to every other department and agency—and I'm sure the Committee is already aware of that—that we deal with in the public sector: the range of incomes coming into the organisation, how they arrive, how they're distributed and how they're spent—locally, with local decisions, or with overall decisions—and all that. The only analogy I can possibly draw for the RFS, which is quite bizarre and probably goes to show how the funding model is completely out of step, is with the Surf Life Saving association. As I understand it, the Surf Life Saving association operates on council beaches. Sometimes there are council rangers or council employees that do it, but other times it's voluntary. There's a relationship with the council as far as the ownership of the asset, of the clubhouse, goes. But with the greatest respect, the Surf Life Saving association doesn't deal with the magnitude of issues nor the size of the asset base that the RFS does.

Dr DAVID SALIBA: Thank you so much for that. I guess my concern here is—this is taking me back, but in the military you've got these different assets. There are tags on them saying—my memory is not the best now—"It's green, it's good to go", "There are some partial issues" and "No, not satisfactory for deployed use". You've got all these councils that have maintenance responsibilities. There are submissions from your members saying that the current funding arrangement's not fit for purpose. Have there been any explicit submissions or talk to you about assets being deployed that are not fully functional as a result of this funding arrangement that you've put forward in your submission?

ANDY ASQUITH: I think in our submission we make the point of—an example that springs to mind is a very high-spec computer that was donated to the RFS. Because it didn't come through the normal channels, the RFS were unable to install appropriate software on the computer. There was the example elsewhere of equipment being donated. It's not been accommodated properly, again because of its funding source. The RFS weren't able to use the appropriate channels to insure it and to do all the appropriate registration and things.

Dr DAVID SALIBA: Say, for example, a fire truck. You don't want a fire truck to break down on you mid-fire, and you don't want that to be because we haven't got the money to actually do the service checks. Is there anything like that being put forward, or is it just peripheral stuff?

TROY WRIGHT: There was an example there about the complicated relationship between councils and RFS as far as coordinated activities. The concerns of our members weren't so much about assets and what you're talking about but about facilities, the building—the "station" might be the terminology—and that the council is often the landlord, that council bears responsibility for maintaining it, and the WHS implications of operating out of there. That's where our members said they don't feel like the council often gets into that space enough. There's a confusing relationship, from the perspective of our members, about who to go to about the issues around the facility, which obviously is just as, if not probably more, important as the truck itself.

The CHAIR: Have there been instances where there have been safety incidents—injuries, high potentials—due to maintenance issues or due to management issues around assets?

TROY WRIGHT: I can definitely undertake to take that on notice and dig into that with our relative industrial officer. I would just ask the Committee to be aware that not all issues would come to us. It would only be if they resulted in injury and it was something that our member reported to us as being mismanaged as an injury. There may be events that we weren't made aware of, but we'll certainly look into any that we know of.

The CHAIR: In your submission you mentioned that councils sometimes hold the RFS to ransom in respect of these buildings. Can you elaborate on that a bit more?

TROY WRIGHT: Was that in reference to development applications?

The CHAIR: Yes, and that they won't develop. Let me find the reference. Page 7 of your submission states:

The PSA feels that some councils are effectively holding the RFS to ransom. The union is aware of situations whereby a council owns a piece of land and is refusing to build a new control station. This feeds into a narrative which points to a general disinterest on the part of some councils towards the RFS.

I wonder if you can elaborate on that.

ANDY ASQUITH: I think the best way for us is to take that on notice because we would need to dig down further. But, from memory, the general gist there was—it goes back to the point we were dealing with earlier on—that it's the relationships between each RFS and its local council. The point that came through when we spoke to the delegates, time and time again, was that if there's a good working relationship, then the local RFS can basically have whatever it wants. But if that relationship isn't there, then the local authority will do whatever it can to make life difficult. That can result in operational effectiveness being impacted.

TROY WRIGHT: That was definitely a specific example that was raised by one of our delegates. We should just check for the Committee's record which exact area that was and report it back. Something is ringing in my mind that it was Tumut, but I might be completely wrong on that and I'd hate to go on the record.

Mr CLAYTON BARR: Too late.

TROY WRIGHT: I have now, haven't I? But I could be incorrect.

Mr CLAYTON BARR: In terms of the PSA's submission to this inquiry, is the PSA union membership typically what we would call the "white shirts"?

TROY WRIGHT: Yes, it's salaried staff—everyone but the volunteers. We have members who are responsible for, like local commander stuff, or involved in asset management, training and volunteer recruitment—all those sorts of areas. I'll provide for the Committee an example of the chaos that we perceive at the RFS end. We have, as a union, since the election of the new Government, sought from every single department and agency a list of contractors and temporaries so that we can understand better that, should cuts need to be made to a particular department, we can insist as a union that the contracting area be targeted first. We think that is a reasonable request to make to every single department and agency—that they show us they have trimmed that excessive expenditure before they cut into full-time permanent staff.

Every single agency, right across the board, has been able to cooperate with that, to a large amount. We have had a six-month protracted industrial dispute with the RFS where, after being put under pressure after three appearances at the Industrial Relations Commission (IRC), they have finally admitted that they cannot provide us an organisational chart of their staff because they don't have one. That's phenomenal. We have departments, like the Department of Education, that have tens of thousands of employees that are able to provide us with an organisational chart. The RFS, with what we estimate to be 1,000 to 1,500 employees, can't do it because they've lost track of who is stationed where. That is what they honestly admitted in the IRC. That is the chaos.

When we speak to our members and say, "What are the funding arrangements?", they're all scratching their heads as well, saying, "We're confused. We do it this way. We do it that way. We do it this way." That's why we made particular mention in our opening statement that, of all the agencies we deal with right across the public sector in New South Wales, there is no agency with which we have had such a high level of industrial disputation. It is usually about the interpretation of an award, which can normally be conciliated and negotiated on with every other department. With the RFS we have had more industrial disputation there—on a pro rata basis I can definitely say—than with any other department. That level of workforce uncertainty, for us, is a grave concern about the operational capacity of the organisation.

Mr CLAYTON BARR: That's troubling. Topic change: You refer on pages 2 and 3 to RFS moving to a centralised budget. Roughly when did that happen? When was this shift away from councils managing the RFS budget across to the RFS controlling the centralised budget? The references are at the bottom of page 2 and the top of page 3. I'm not asking you for an absolute date, but was it roughly in the 1990s, or back when the 1997 Act was in place, or more recently than that?

ANDY ASQUITH: From memory, I think it's a more recent development. I'm happy to take it on notice and confirm this.

Mr CLAYTON BARR: Could you please?

ANDY ASQUITH: Yes.

Mr CLAYTON BARR: I know earlier today you said you were going to take on notice the complexity of the money flow. I'm assuming that that all started when the centralised budget started, and that's when all the

complexities came in. I'm making that assumption; I'm not asking you to comment. But if you want to take it on notice, that would be great.

ANDY ASQUITH: It's incredibly complex. I'm thinking about doing a second PhD on this subject.

Mr CLAYTON BARR: Then you'd be doctor-doctor.

ANDY ASQUITH: Yes, indeed. I wouldn't have a clue though.

The CHAIR: I'm sure we'll have more supplementary questions that we'll send to you in writing, if that's okay. Thank you for appearing before the Committee today. You will each be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice today and any supplementary questions from the Committee. We kindly ask that you return those answers within 14 days.

(The witnesses withdrew.)

Mr GRAEME McCRABB, RFS Captain, Menindee Headquarters Brigade, before the Committee via videoconference, affirmed and examined

Mr ROBERT WOODS, Secretary, Menindee Headquarters Brigade, before the Committee via videoconference, affirmed and examined

Mr COLIN WOODEN, Brigade Captain, Jindabyne Bush Fire Brigade, before the Committee via videoconference, affirmed and examined

Mr MATT DEWAARD, Senior Deputy Captain, Jindabyne Bush Fire Brigade, before the Committee via videoconference, affirmed and examined

Ms ELIZABETH GROCHOWSKI, Brigade Secretary, Jindabyne Bush Fire Brigade, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Public Accounts Committee today to give evidence. Can you each please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses? I am seeing nods. Thank you. Do you have any questions about this information?

ELIZABETH GROCHOWSKI: No.

GRAEME McCRABB: No.

The CHAIR: Would anyone like to make a brief opening statement before we begin questions?

COLIN WOODEN: Yes. On behalf of our brigade members, I'd like to thank Committee members for taking an interest in our submission. I've been the captain of Jindabyne Fire Brigade for five years and senior deputy captain for 12 years before that. Matt is also a professional firefighter and trainer. Our submission raises a few points, and we hope to highlight the ones that affect us at brigade level. The present funding model does not allow us to effectively minimise fire risk. Fire trails are critical to effective firefighting but, if a fire trail needs repair, the local district has to go through a bureaucratic nightmare to apply for a grant to fix it. One heavy rain event can put a fire trail out of action for years. We have two fire trails in our brigade area and both are unserviceable. It is the same situation with hazard reduction works. Again, the district has to apply for a grant to fund this work. The end result of this situation is that little fires turn into big uncontrollable fires quite quickly.

We would like to see consistency across all 2,000 brigades in relation to facilities such as change rooms, toilets, showers and laundry facilities to help us attract and retain new members and provide working conditions consistent with current work health and safety and community standards. We have significant concerns that the number of active volunteers is well below an adequate number and certainly a fraction of the often quoted 70,000. We know from experience that the RFS struggles to fill shifts and we don't believe having to rely on volunteers in their sixties, seventies and eighties to work 15-hour shifts to cover for the lack of resources is appropriate and safe. We look forward to your support and we urge the Committee to visit some brigades west of the sandstone curtain and see what conditions are really like in true rural areas. We would be happy to host the Committee in our district and visit local brigades so you can understand better what brigade life is in rural areas.

The CHAIR: Would anybody else like to make a statement?

GRAEME McCRABB: Yes, I'll be really short and sharp. We agree with basically all the principles that have been put forward by Jindabyne there, and certainly we would like to re-emphasise the fact of rural and remote areas. We would call ourselves remote. We're surrounded by the unincorporated area of New South Wales and the Central Darling shire, which has been in administration for over a decade now. There's no Fire and Rescue available in those two regions so we are the only source of first responders and genuine volunteer groups. Other volunteer groups out here are really battling.

The CHAIR: Before we begin questions, I wish to inform witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days after receiving the question.

Mr ANTHONY ROBERTS: Firstly, ladies and gentlemen, thank you for your service and what you do. It's incredibly important. I highlight two issues. The first issue is to Menindee with respect to your fuel cards being taken away from the Central Darling Shire Council. Who pays for your fuel? It's not as if you're in Leichhardt travelling five kilometres. Who currently pays for your fuel?

GRAEME McCRABB: What happens at the moment is we have an account at the local service station. We book that fuel up, that then goes to the Central Darling shire, the shire then prepares an invoice for the RFS

and the RFS—I'm not sure who actually pays that. I think the RFS funds the money to the shire and then that goes to the provider, so it's doubled up. Fuel cards we've had a bit of a battle with because it's the only way we can get access to 24-hour fuel. About 90 per cent of our call-outs are after hours. Fortunately, the senior deputy captain is actually part of a family that owns the service station to give us access to that after hours. If he's not here, we're a bit hamstrung on doing that. It has been an ongoing battle with fuel cards. It's just one really small example but an important one of day-to-day running. It puts another onus on members that we shouldn't have to have.

Mr ANTHONY ROBERTS: The second thing is that it's critical that, when volunteers are deployed, they've got equipment that will get them there safely and maintain their safety and get them home safely. To both brigades, particularly around maintenance and so forth, how do you manage that maintenance and who pays for it?

GRAEME McCRABB: I'll just finish off and then Jindabyne can go. We still organise how maintenance is done through the RFS through the district office. We handle that, but then that process of payment still is the same: The invoices go the RFS or the shire, the shire puts them across to the RFS, they're approved to pay and then the shire pays them. It's a dysfunctional process. We're doubling up on what should be a pretty standard operation for any business, to be honest. I have had complaints about delayed payments. The shire certainly has its struggles. I'm not trying to point the finger directly at them, but the shire administration relies on 90 per cent of its funding to come from grants. For a budget of \$22 million, 20 of that comes from State Government grants. It doesn't function very well to start with. I think we're further behind the eight ball than other areas, to be honest.

COLIN WOODEN: We haven't had any real problems on that side of things. The RFS looks after our maintenance quite well. We get some stuff done locally, and the invoices go straight to the council. I haven't had any feedback that there has been any problem with that.

Mr ANTHONY ROBERTS: From this, the logical conclusion would be, particularly with Menindee, that if the RFS eventually basically pays for the maintenance in this convoluted process, why don't they manage the fleet as well?

GRAEME McCRABB: Exactly.

Mr ANTHONY ROBERTS: It'd make it simpler and give you more time to do more training, not paperwork.

Mr MICHAEL REGAN: I think it was Menindee that said you're also first responders. Can you elaborate on what that means, for the benefit of the Committee?

GRAEME McCRABB: Here in Menindee—there's no doubt there's a police shortage across the State—we spend quite a bit of time without police on duty. Our role as RFS, we do the road crash rescue. We have boats here as well, and we're working really closely with police. From traffic control at funerals to welfare checks, which have been deceased people, we've been the first ones there. Had we not been reached out to in that situation, that person would have been there for another 24 hours without anyone going to inspect or family would've come across that scene, which would have been quite tragic. Road crashes, we attend all of those, from a fire point of view, from a road crash rescue point of view and then even just an inspection to make sure that there is no-one still at those scenes when they get reported in.

We do all the health service stuff. There are limited numbers of health services. We don't have doctors here; we have registered nurses. When there's a call-out for a patient lift or assist in that area, we are called to those. Certainly, we're an automatic call-out for the hospital. If they have a resuscitation call come in, then the fire brigade is tagged straight into that. I don't think there's much we're missing. We do everything, to be honest. It's important from a community point of view. To have a community that functions out here, you have to try to step up to those roles, but it has been really hard. I think some of the volunteering processes that have been put in place in the State have been restrictive to numbers and to outcomes. I'm not saying we could have changed outcomes per se, but it could be a lot better than what it is at the moment.

Mr MICHAEL REGAN: You mentioned house fires too, right?

GRAEME McCRABB: Yes, we do all the fires. We've had two house fires in the last fortnight, which is an extraordinary number for us, to be honest. We have probably had four in five years. We've had two in the last fortnight.

The CHAIR: Could I just clarify that all of those things that you said you do, you do that on a volunteer basis? You're a volunteer organisation. It's all done on a volunteer basis.

GRAEME McCRABB: Absolutely, yes.

The CHAIR: You don't get remunerated for any of this work. Do you get funding from the RFS at all for equipment, premises, training or any of that?

GRAEME McCRABB: Yes. Training is RFS based. The property itself—we've grown dramatically, obviously, so we're in the process of a new shed. We can't fit everything in the shed. We've got some equipment stored at five properties because we can't contain that in the current facility. Then we come back to that funding model. I think we've been reasonably proactive in putting forward—we're certainly not shy in asking for help on that front. We do seem to be able to get that, but that was a bit of a battle. I think some of that stuff could be easier. Certainly, the training side of it I find really convoluted and hard. I have got six new members there now. Some have learning difficulties, and some of that training is online based, so there's getting that support to cover that.

We have one person at Broken Hill at the moment covering the unincorporated. That's 110 kilometres away from us. They're trying to get more staff there, but it is a battle. If we don't actually get those people on line, technically we're sort of outside the realms of what we can do: If they haven't done basic fire, they're not supposed to hold a hose at a house fire. But you can have a spontaneous volunteer, which is a bizarre concept. Yes, we cover everything. We probably do 40 to 50 calls a year, even as simple as doing the run on the airstrip for the Royal Flying Doctor Service (RFDS) doctors to land. The after-hours ones, we tend to get those ones as well. There's no remuneration there, just a bit of heartache. That's what you get from it, I think.

Dr DAVID SALIBA: Just on that, is that a directed task from RFS headquarters or is that a task set that locally you've decided to take on—that broad remit of tasks that you've just spoken about?

GRAEME McCRABB: It's a local arrangement with the health service. We work really closely with the health service and the police. It's a community-based function. If you don't have a police officer here in town at the time, some of those roles still need to be served. It's just basic human decency, to be honest. Some of those are directly asked and requested from police—not officially but directly. They sit there and say, "If I don't do a welfare inspection until tomorrow, we could have a person with a broken hip that we could render assistance to." We need to, as a community, step up and understand what the situation is [audio malfunction] a deceased person. It was unfortunate for everyone, but it still had to be done. Someone had to do it.

Dr DAVID SALIBA: I totally agree with you here. Thank you so much for your work in that space. The follow-up question to that is do you feel that you're supported by RFS headquarters, by local council and the Government with respect to all those tasks that you're doing? For example, you're doing welfare checks on people and you're stumbling across someone who has passed on. There needs to be some form of mental wellbeing support for your volunteers. Do you feel that is coming through or not?

GRAEME McCRABB: It's certainly there and it's available to people to do. I think maybe it gets a bit frustrating sometimes that the police aren't more proactive from Broken Hill—that overtime becomes their first priority, rather than on-ground outcomes. I think the other part that frustrates me is, when we look at road crash rescue as a really good example across the region, we are the only unit in Central Darling shire that has road crash rescue. We have done that because the community took a stand and combined together. We all do that under RFS. We look at road crash rescue in Ivanhoe, Wilcannia and White Cliffs at the current stage, and they are offline. We are technically the closest to Ivanhoe, which is 200 kilometres away, and Wilcannia, which is 150 kilometres away. The White Cliffs one is a bit different.

Tilpa, a town of five people, has nine people doing road crash rescue next weekend to provide that in their area. It's 130 kilometres from Wilcannia, and that is being done under RFS. I think that trying to have two organisations function in rural and remote areas when you don't have enough people, and trying to divide that funding and support, has been crippling to some of those towns. We should be doing better under a one-agency policy and a one-agency focus, if you like. We just don't have the people to run two. The focus needs to be back to supporting RFS to do a better job with training and supporting those remote and rural towns. We just don't have the people.

Dr DAVID SALIBA: Just to unpack that, road rescue requires specific tools and specific equipment. Do you feel that you've been provided with that equipment, firstly? Secondly, if yes, what are the maintenance arrangements pertaining to that with respect to council or the RFS?

GRAEME McCRABB: We are provided with a vehicle. We're provided with equipment. We have been given satellite phones et cetera because of our remoteness. The RFS has been really good on that front. The service is quite good. The equipment in the road crash rescue—the jaws of life, if you like, is serviced every 12 months, the oxygen bottles et cetera. That process works pretty well because it is taken away from the council. From our point of view, 80 or 90 per cent of what happens functions pretty well. It's the behind-the-scenes stuff that falls over in the funding, and then we only get to see it when someone hasn't been paid or there's a [inaudible]. I think it's the amount of money that goes to the shire or that the shire charges to administer some of those funds that are

really just done by the RFS. It seems illogical that we have a third party involved in that process. It doesn't make any sense at all.

Dr DAVID SALIBA: You're speaking to the Committee here and we're looking at the management of red fleets across New South Wales as it pertains to councils and your brigades et cetera. What is the biggest pain point you'd like us to look at that would best help you do your job?

GRAEME McCRABB: As a red fleet inquiry, the biggest issue is that we've got a third party involved in the administration side of it, which adds no value to anyone, and it costs money. It's as simple as that. There's a broader context of what we require out here and what would help, but that's not part of this inquiry, is it, on the terms of reference. In the basic part of it, when local suppliers come and say, "I haven't had a bill paid", then you have to go back to the RFS and then you have to go back to the shire. It's got to be processed through the RFS first, then it gets processed by the shire, and then there's a money transfer that happens between those two agencies to get to the supplier. It just seems ludicrous in this day and age that we're at that point.

Dr DAVID SALIBA: Thank you so much for everything you do.

Ms JENNY LEONG: Thanks so much, and apologies that I missed the start of your presentation. I wanted to check in about the potential risk, given the submission made by Jindabyne talks about a decrease in the number of RFS volunteers, or potential overinflation of those numbers in comparison to what are growing senior paid-salary officer positions. Do you see a risk that further centralising things further professionalises it but then actually leaves it in a situation where regional communities are even further disconnected from where those decisions are being made about funding and budgets and things like that? Do you feel there are other ways we can mitigate that? I totally agree the current system is not working, but I worry that the more centralised we get, the less on-the-ground knowledge we're going to have, and then the more risk that we'll just get more and more managers with less and less capacity on the ground to actually save regional communities.

GRAEME McCRABB: We are actively recruiting in our community and we work really hard. We've had a disproportionate number of Indigenous in our brigade. Probably three years ago, we were at zero. In our population, it's probably fifty-fifty. We certainly haven't got that equalised yet, but we're on the way. Some of the learning difficulties in our community—and that is both Indigenous and non-Indigenous—is being hampered by some of the training expectations and how that is carried out. The centralising, for us—we probably felt with the RFS we haven't been centralised, that they are trying to get more staff at Broken Hill and they are trying to break that district up to be more accommodating of the fact that we're not just going to one or two fires a year. We're now providing multiple services that probably SES provided in the past.

The combination [audio malfunction] of uniting under one banner, which has been the RFS because that's the logical one for regional and remote communities because they look at fire as part of their business model, whether they're the rural farmers—it's always been their obligation to put fires out, so it made it easier to bring everyone in the community together. If you look at Menindee RFS—even Tilpa has recruited recently, and Wilcannia has as well—we have eight people holding leadership roles: captain, senior deputy captain, president, secretary, and we have a separate committee there and other deputy captains. There are eight people. We don't have another eight people to run another volunteer organisation in our community.

By combining them together, we've been able to reduce the workload on individuals and then that has allowed us to recruit freely where we're not trying to recruit a person for a role. We are recruiting people to say, "If you are available to come this time when a call comes, we would like you to attend." That has been a real selling point for us. It's certainly increased our numbers. We would have well over 25 active members with probably 35 incidental and there are 50 on the books. There are probably 10 of those who are there because they've been in the fire brigade for a long time and they're going to stay there until they move on, but we certainly have seen some massively increased numbers from being a one-organisation town.

The CHAIR: Jenny, I noticed Jindabyne had dropped off for a moment because of connectivity. Do you want to repeat your question for them?

Ms JENNY LEONG: Yes. Thanks so much also—I just want to acknowledge you, and I'm sure the Chair did at the beginning—for all the work that you do. Jindabyne, I wanted to go specifically to the comments you make around the inflated numbers of volunteers within the RFS and the risk of losing volunteers due to ageing and various factors—with no reflection on the RFS but simply because that's the reality that we're living in—but also the increase in salaried officers and senior managers. I wonder if you see there's a risk. I think I'm on the same page as many in thinking that it doesn't make sense, if councils don't have control of the assets, for those to then be accounted for by councils when no-one really knows where they are.

My concern is whether there is a risk that we see the RFS going further professionalised, further centralised and further detached from what communities' needs are and the local knowledge in terms of how they

then respond to those emergencies. How, as a Committee, would we potentially deal with what is the asset and the budget element while ensuring that there's still the input from the local institutions, the council and others in terms of what's the best way for this to be managed locally to make it work? I don't want us to solve an accounting problem and further disconnect local communities from being able to have a say over the best way to keep themselves safe in emergencies.

COLIN WOODEN: I don't see the problem being that we're losing volunteers and it's becoming more professional from a firefighting point of view. My concern is that they keep saying that we've got 70,000 members and they've lost sight of the actual number of people that are getting on trucks. I just did a quick look at our brigade and 36 percent of our members I've never seen on a truck and 10 per cent have gotten too old or have moved on. We see, during the week, people are just not available because the work situation these days is different. Years ago, if there was a fire, bosses would let their people go and fight fires. Now they can't because of operational requirements and all that sort of stuff. So now, the only people that are available seven days a week are the old greybeards like myself.

We had five people on a truck at a fire last year and no-one was under 65. At the same fire, I heard—it was a busy day—people responding in Cat 1s. Cat 1s are a big tanker: 4,000 litres of water and two-hose reels. It's a big unit, and they're responding with a crew of one. How do you drive a truck, operate the pump, operate the hose with one person who's in his seventies? The head office just keep spouting this "70,000 people"; we don't them on the fireground. In the '03 fires, we started one day at 11 o'clock at the fireground. It took us two hours to get there. We finished at three o'clock in the morning and we had to come back two hours in the middle of the night, with kangaroos and all sorts of stuff. The numbers just aren't there.

The CHAIR: Can I jump in and drill down a little further on that? If the numbers are not there and you're struggling with people resources, is the answer that the RFS needs to provide more of those people resources and be better funded et cetera, or is part of the answer that the local council gets more involved? I note that in your submission you talked about how the long grasses are left to grow, they're a fire hazard, they're a fuel hazard and that backburning is a really complex and sometimes dangerous technical operation. Who's best to do that? Councils do have some responsibilities under the Rural Fires Act to do bushfire prevention, although in reality much of that is outsourced to the RFS. Who's best to do that sort of work? Do councils have the expertise to be able to do that, or is that really something for RFS experts? How are these people resource gaps best plugged?

MATT DEWAARD: I might take that question. One of the issues that you're raising is that there's always going to be some context around providing full-time staff members some guidance and some technical influence into local areas, which is definitely the case. It is something that varies area by area. One of the strengths of the RFS is always in the local community input. Much like our friends at Menindee, with most local brigades, we're the majority of that technical expertise. The local geography, the understanding of the local fuel types, the weather patterns et cetera that really influences fire behaviour—and fire prevention, more importantly—actually comes from the local community members. The strength of the RFS has always been that it relies on the local community members being RFS members.

Depending on the strength of that community, that's where they're getting the technical advice and the real experience that allows these things happen. That has been one of the strengths of the RFS over its whole inception period right through to today. The main concern that we have, as Captain Colin Wooden explained, is an ageing population. Volunteerism across the country is a major issue, as we all know. One of the things the RFS can do rather than providing staff is actually encouraging and supplying the appropriate facilities and resources to allow our local community members to want to be a part of that organisation. They rely very heavily on things like what you see in the media, with people looking at these events and saying, "Hey, I want to be able to help out."

As an example, if they come down to one of our local brigade sheds—and we're very indicative of a local rural area—it is literally just a shed. It's a shed that is there to park a couple of appliances in. We have an extension off the side of the shed where we've had to provide our own change facilities. There is no hot water. We literally have a long-drop toilet outside. There's a certain type of person now who would like to volunteer, but they come and see the facilities at our brigade shed and go, "You know what, that's not what I thought it was." The facilities that they see, the trucks they see and the aircraft they see in the air is not indicative of what you see out in the regional areas.

We have people who want to become members, but their first impression when they come out and see the facilities themselves—we don't see all of these people ever again. Their picture of the RFS and of what they see are two very different things. One of the things the RFS could actually do is provide a better service standard to bring some of these things up. In some of our neighbouring brigades, the shed doesn't even have power, as an example. No running water, no power, no toilets and no ability to clean themselves after they get back from a job.

They're expected to get back into a vehicle covered in smoke, dirt and ash. They go home and wash all their gear themselves. This stuff is not provided in a lot of areas. That's where they could really assist us in recruitment and supporting local members at that level.

The CHAIR: Thank you for that really valuable information.

Mr CLAYTON BARR: Menindee described a situation where bills and payments have to go through this convoluted process before finally being paid. Jindabyne, do you have similar pinch points and trouble spots in terms of local bills and suppliers being properly paid by council? Or is your council more direct and efficient in that regard?

COLIN WOODEN: As I said previously, I can't recall in my time in the brigade where we've had any real issues like that within our brigade. I won't talk about the rest of the district, as they could have had troubles, but we've never had a problem with bills being paid.

Mr CLAYTON BARR: Can I ask some pretty straightforward questions? You've obviously got Fire and Rescue NSW in Jindy?

COLIN WOODEN: Yes.

Mr CLAYTON BARR: And police?

COLIN WOODEN: Yes.

Mr CLAYTON BARR: Do you have SES?

COLIN WOODEN: Yes.

Mr CLAYTON BARR: Menindee have given a broad range of things that they respond to. Specifically for your brigade it tends to be grassfires or bushfires.

COLIN WOODEN: We still get called out to house fires because we have a mutual aid agreement with Fire and Rescue. We get called out to MVAs—motor vehicle accidents. Not so much for the rescue side of it, but in case the car accident causes a grassfire. That's our main role there, or we might do control. We don't have the same sort of workload in that respect as Menindee. What we do have occasionally, which we're not really happy about, is that sometimes we get called in to do ambulance assist. Most of my brigade members aren't interested in doing that sort of role. If someone has died, or something like that, they don't want to be called in for that, and I don't think the RFS should. I think it's asking a bit much for someone—I've got to be careful here because we had this situation a couple of years ago—whose partner, father or whatever has died in front of them, and two old, fat fires turn up covered in ash. That's not the sort of response that you want when your partner has passed away in front of you.

Mr CLAYTON BARR: Yes, fair call. Menindee, in terms of all those appliances, and you mentioned earlier that you needed a new shed—I imagine it's going to be a very big shed—surely Central Darling isn't responsible for building the shed that you're going to need. Typically, councils do take responsibility for the housing of the red fleet, but what's going to happen in your instance?

GRAEME McCRABB: Under the arrangement at the moment, the council is providing a block. RFS has set aside seed funding or preconstruction funding, I suppose you'd call it, of \$50,000 for that shed. We're in the process of what that shed actually looks like. We have a pretty standard design there now, and you'd request a number of bays and whatever else you need. We're debating breathing apparatus as something we've done before, and that's probably going to end up in the shed as well. We have to look a bit longer term, maybe, than where we're at. The RFS is handling all parts of that. The shire will pay for it or be part of that role, and then the RFS will refund the money to the shire.

It depends on who you ask, but they take a clip of that funding that goes through. Jindabyne spoke about firebreaks before. Currently at the moment, we tell the shire how many firebreaks we want. They then say how much that is going to cost to do them—they would do some of that work in house or get contractors—and then they send that bill to the RFS. We just added another layer inside there. From a shire point of view, they've been really good. Two of the shire workers are members of the fire brigade, and they've been fantastic from that side. I don't want to spear the shire per se. They are certainly providing help at Wilcannia with volunteer assistance, but when it comes to the actual processing of the paperwork, RFS is doing everything. They're sending it over to the shire to raise an order and then sending an invoice and taking a clip off the top. That just seems bizarre, to be honest.

Mr CLAYTON BARR: Graeme, can I one hundred per cent clarify that I'm not having a shot at the shire either. Central Darling are doing what they can do. There's going to be a building built, which I am assuming

is going to then become an asset of the council, which means that the council then has a financial responsibility for that. Add to that the diverse nature of vehicles and assets that you have got. Are they all in the council's books for depreciation and maintenance?

GRAEME McCRABB: Yes, they are. I think one vehicle we have is in the white fleet, so maybe that's a bit separate. If we ignore that one white vehicle, the rest are all red fleet vehicles. They are all on the council asset register. To the comment made, I know it's been an interesting thing. I've learnt a little bit in recent weeks. The first comment we had when we received our boat—from someone in the administration—was it was another thing we had to depreciate. It wasn't, "Gee, that's a great outcome for the community. They lobbied to get boats." It was that there was a cost to the council, so that's the only focus. I guess that's the nature of administration, the nature of a shire that doesn't any have any money. But it's not leading to good outcomes. When your administrator is not actively encouraging more assets to come to your community, it's sort of a perverse outcome, isn't it?

Mr CLAYTON BARR: Yes. I can't imagine RFS having too many boats in the fleet. Keep an eye on those boats, Graeme.

GRAEME McCRABB: We've got four.

Mr CLAYTON BARR: Keep an eye on those boats.

GRAEME McCRABB: We've kept our boats. There are four; Tilpa have two and we have two. They're all in the Central Darling shire.

Mr CLAYTON BARR: So Tilpa have two because Tilpa do a lot of flood response as well, on the river?

GRAEME McCRABB: Yes, and have done so on the back of—yes, even body recovery et cetera, that's come to Tilpa and there is no access. Once you get high rivers, Tilpa is cut off from Wilcannia. You can get access from Cobar but, yes, they base and come. The community bought an ex-SES boat so they could have a boat up there. But, yes, clearly the RFS are providing two up there now.

Mr CLAYTON BARR: Back to Jindabyne, in terms of assets and things, a lot of your submission is about fundraising to buy the stuff you need. I'm thinking about TV screens, tables, video cameras and things like that. Does that all go on the RFS asset list or does that never appear on an asset list anywhere because it's just the small stuff, it's on the fringe and it's too hard?

ELIZABETH GROCHOWSKI: Thank you, that's a good question to clarify. No, all of those smaller items that we have to fundraise for through things like 10¢ bottle collection—that's the only way our brigade can rely on getting money to buy other essential equipment such as TV screens, computers, laptops, printers. We need all of those to keep up with service, what they expect of us, communications. But we have to provide all that ourselves and, no, it does not go on the asset register for RFS. It's a bit of a grey area. It's a big ask to expect smaller brigades, especially in regional areas that have limited opportunities for fundraising, to continually ask the community, their own members. We donate technology ourselves. We buy it out of our own back pockets to be able to provide these items.

The CHAIR: Can I follow up on that? Are you involved in or do you have any input into the RFS budgeting process for your area?

COLIN WOODEN: No.

ELIZABETH GROCHOWSKI: No.

COLIN WOODEN: I just want to clarify something Liz said. We do have our own brigade asset register, which all that small stuff is on. But that's mainly for if we lose it, through theft or whatever, we can then get it back on insurance.

ELIZABETH GROCHOWSKI: But it's not through the RFS. It's the brigade list.

COLIN WOODEN: It's not through the RFS. I don't think the local district has a copy. I'd have to ask the equipment officer.

ELIZABETH GROCHOWSKI: No, they don't.

COLIN WOODEN: They don't have a copy of that register, so there is no depreciation.

The CHAIR: So you purchase your own insurance for it?

COLIN WOODEN: No, if we lose it we can claim it through the RFS insurance—however that works.

Mr CLAYTON BARR: Even though it's not on their list?

COLIN WOODEN: I don't know whether that comes back through insurance or whether it just comes through operating costs.

ELIZABETH GROCHOWSKI: But you can see the problem there. I can see the confusion on your face, and you can see the problem. And this varies, district to district. I suppose, from an accounting point of view, how can you claim theft of an asset when it's not even on a registered list and the RFS itself doesn't know about it? But that's the confusion as well—it varies, district to district, and we do not get support for that. We don't get support for a basic minimum standard of equipment and everything we need to do our job. We're not guided and helped to record it, and it's very confusing.

The CHAIR: Is there any process by which you report to the RFS about local conditions, how things are going? Is there a management process where management at RFS says, "How is it going? How are your volunteers? How is your equipment?"

COLIN WOODEN: There are the captains meetings.

MATT DEWAARD: We do have regular interaction with the district staff—so from the brigade level back to the district management. There are regular meetings for the local group officers and the captains. Those meetings are conducted annually. We're regularly conducting training drills across the brigades and interact with the district staff that way as well. And then, yes, there are proactive district staff members who will go out to individual brigades and just ensure that—they're always out and about. They're all local community members, checking on equipment, checking on brigade members, checking on local conditions. So we have regular interaction with the RFS, but at that district level.

The CHAIR: And then, presumably, the district level may or may not be reporting the needs back up to central management. There is a question of whether they are heard or not.

MATT DEWAARD: Yes, correct. We have an example. The Snowy-Monaro region that we're in is from the ACT border, essentially, down to the Victorian border. We're indicative of the needs of that district. In that 200-kilometre range, the needs at the top end of the district will be very different to the needs at the bottom end of the district. They do their best to try to manage the variations between all the brigades. We're quite indicative here, where we have examples of bushfire brigades who don't have any major towns. Jindabyne is an example. There are four brigades that surround the actual town, so there is a lot of urban interface. We interact with National Parks quite regularly. Every brigade has different needs, and the district tries its best to gather the brigade's needs across the district and then take that back up through to the State level.

The CHAIR: Is there a district budget and then it's up to the district management to allocate that budget to the different brigades?

MATT DEWAARD: There is a district budget. We don't get involved in it, so it's something that we're not fully aware of. We had our meeting last week.

COLIN WOODEN: In the district they'll have a budget, but that doesn't come down to them saying, "The budget for Jindabyne is such and such." It's one budget that covers the whole area. If we put our hand up and say, "We want some money", it doesn't come out of a budget for Jindabyne; it comes out of the budget for Snowy-Monaro, if you follow?

The CHAIR: Yes.

ELIZABETH GROCHOWSKI: And I suppose, too, that leads into what's been repetitively said throughout today. Smaller council areas have smaller budgets, especially the further you move away from that city-centric, higher populated area with more money available through council. It gets poorer as you go out. Those budgets become extremely limited and we have to fight between brigades, tooth and nail sometimes, to try to put our case forward for our basic needs and what we need funding for. And there is never enough money to go around. Brigades in rural areas are becoming quite stressed. We're losing our membership base and we're putting our own health and safety at risk because we don't have a minimum standard.

I'll go back to what Matt said. We have two female members. I have females in the community wanting to join and they say to me, "I'm hesitating". We have no toilet. I have nowhere to dispose of or change my period pads. We have no shower. We have nowhere to wash our heavily contaminated carcinogenic uniforms. For members, that is where we need funding and where we need to have a minimum standard. Again, our districts try very hard to collect that information and accommodate, but they can't allocate everything that we need because it's not being heard higher up and the funding model is extremely outdated. It does not consider those basic needs of any of its rural members.

The CHAIR: Great information.

GRAEME McCRABB: Yes, it is. Can I just add on the back of that, with districts there is no proper reporting process. If you require something, it's almost word-of-mouth. They write it down on a notepad and it's up to that district officer then to chase that up. We created our own A3, because we've got Robbie; he keeps us under control. Since we've had that A3 sheet, we bypass the district now because it became a handicap for us. Basically, we operate under the area because the district is too big, it's not resourced well enough and the ability to get good staff in remote areas is very difficult. We're connected to Cobar. Cobar is 400 kilometres from us and 150 kilometres of that is dirt road. They have no direct contact within the region. As Jindabyne spoke about, from one end of their district to another is massively different in requirements, and that is the same for us. If you look at us taking on rescues, we are different to a lot of others as well.

Mr MICHAEL REGAN: My quick question is on aerial assets. You guys probably benefit the most from the aerial assets and things like that, because that is where the fires generally are the most. I assume you guys have nothing to do with that? That's all through Homebush HQ?

GRAEME McCRABB: Yes.

The CHAIR: Thank you very much. I just wanted to thank the Jindabyne crew and the Menindee crew for all the evidence you've given today. It was extremely valuable, and thank you for all of your work and your efforts and your service in the community. It's really greatly appreciated. The formal bit I need to say is you will each be provided with a copy of the transcript from today's proceedings for corrections. The Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. We kindly ask that you return these answers within 14 days. Thank you.

(The witnesses withdrew.)

(Short adjournment)

Councillor DAVID McCANN, OAM, OAM (Mil), Member of Executive, Riverina Eastern Regional Organisation of Councils, and Mayor, Coolamon Shire Council, sworn and examined

Mrs JULIE BRIGGS, Chief Executive Officer, Riverina Eastern Regional Organisation of Councils, sworn and examined

Councillor RUSSELL FITZPATRICK, Chair, Canberra Region Joint Organisation, and Mayor, Bega Valley Shire Council, before the Committee via videoconference, sworn and examined

Ms SHARON HOULIHAN, Executive Officer, Canberra Region Joint Organisation, before the Committee via videoconference, affirmed and examined

The CHAIR: Thank you all very much. Can you please confirm that you have been issued with the Committee's term of reference and information that relates to the examination of witnesses?

DAVID McCANN: Yes.

JULIE BRIGGS: I can confirm that.

The CHAIR: Would anyone like to give a brief opening statement before we begin questions?

DAVID McCANN: I am here this morning with the chief executive officer of the Riverina Eastern Regional Organisation of Councils, or REROC, which represents eight councils in the Riverina region. We are here. You obviously have our submission. We will talk to that no doubt throughout the hearing. But we feel there is a definite need for change within the RFS system in relation to the red fleet, which we will no doubt expand on, but we also feel there is a need to review and consider emergency operations in the State, with a view to streamlining what is a very antiquated system. The RFS issues that have been raised by not only us but others appearing before this Committee are based in antiquated legislation that needs to be changed for the benefit of all in the State.

RUSSELL FITZPATRICK: Thank you for the opportunity to present today. Just from the outset, we, the Canberra Joint Organisation, represent 11 councils, including the ACT Government. It covers an area from Wingecarribee shire in the north, right through to the Victorian border and inland to Yass council, Hilltops Council, which is around Young, but also right down to Tumut, Tumbarumba council, Snowy River. So we cover a fair area. If we look at the Black Summer bushfires in particular, probably the four largest council areas affected by the Black Summer bushfires were on the South Coast, being Bega, Eurobodalla, Snowy Rivers and Snowy Monaro. From the outset, please understand that the councils that form the Canberra Region Joint Organisation fully support the Rural Fire Service and its services, volunteers and operations. Our call for change is not criticising the RFS operations; rather, councils are calling for a fundamental legislative change to address the poor state of asset management of land, buildings and fleet whose primary use is by the RFS for its operations.

We know that many submissions to this inquiry, including our own, have highlighted the problem of councils being judged by their balance sheets and accounting standards requiring the RFS-used assets on the council books as well as the problem of qualified audits being given to councils, which do not recognise these assets. We also know it is possible to fix this accounting problem and auditing problems through an administration fix, but that is not the main problem that needs solving and is not the main point of our submission. Rather, we are calling for a holistic change, as Councillor McCann just alluded to, to remedy the legacy of problems of the Rural Fires Act whereby councils used to be responsible for the delivery of firefighting services, and now we are not. Only the employment aspects of the change have flowed through into legislation, leaving behind the asset management aspects.

The RFS needs to have legislated responsibility and accountability for the full asset management cycle of all their assets with primary use being for firefighting purposes and RFS operations. Whether it is land, buildings, vehicles or equipment, these are critical assets of our communities and they need to be properly managed. They are too important as community safety assets to have confused responsibilities and accountabilities for asset management. Similarly, the operations of the NSW RFS need to be homogenous and effective, because their work is too important to communities to have many varied local service agreements and arrangements in place. How can the RFS deliver these services efficiently as an emergency service organisation when there are myriad different arrangements right around the State?

Aside from these significant administration burdens being placed on councils and the RFS to manage compliance in very convoluted arrangements, it results in the assets not being properly managed, and this is our core point. This is not only an immediate problem. For example, if assets are not properly managed and therefore are unable to perform when needed for firefighting, it is a longer term problem arising from strategic asset management planning not being done. We know that a holistic legislation fix to have the NSW RFS fully

responsible and accountable for assets that are primarily for the purpose of firefighting operations can be achieved because it has been achieved for other emergency services in New South Wales such as Fire and Rescue, State Emergency Services, NSW Ambulance and NSW Police Force.

Separately, regarding the Emergency Services Levy, the recent increase in what councils are levied is too much for councils to bear. It far outstrips the ability of regional councils to raise rates and revenue when the majority of the land is not rateable that they manage. So we are calling for the current Emergency Services Levy via councils and insurance to be abolished and replaced with the introduction of a broad-based property levy to fund emergency services in New South Wales, with such a levy collection to be undertaken by the State Government, like land tax, rather than using local government as a collection agency. I rest our submission on that. Thank you for the opportunity to provide it today.

The CHAIR: Before we begin the questions, I wish to inform the witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days of receiving the question. I might kick off and ask a broad and general question. If the Rural Fires Act was amended, what, in your opinion, is a legitimate, reasonable and effective role for local councils to play in the management of bushfires?

RUSSELL FITZPATRICK: I can answer that, or Councillor McCann might want to go first.

DAVID McCANN: I would say that local councils have a significant role to play, as their own entity, in an emergency and in a recovery phase after the emergency. Councils are expert in road construction, road maintenance, heavy vehicles and the like. They really don't or shouldn't have a role to play in the operational side of firefighting. That is best left with the RFS, who are the experts in the field, but working collaboratively with council in the emergency situation is the way to go.

RUSSELL FITZPATRICK: Just adding on to that, I believe councils' only interaction should be in the providing of heavy plant and equipment. Every fire operation is run by the Rural Fire Service, and we have an emergency operation centre where we have council staff combining with that along with other staff from all other government agencies that work around that together to cover those individual areas of animals and things like that, right through the whole board. The operation should be the coordination of heavy plant and operations from councils' assets that assist that firefighting, but all controlled by the Rural Fire Service.

SHARON HOULIHAN: I'll just add to that. The aspect of the Act which is around bushfire management committees should be retained. That relationship with the RFS, through the bushfire management committees, is something that we do support, the same as the relationship with the RFS by councils through the State Emergency and Rescue Management Act and the local emergency management committees. That committee arrangement, whether it is the bushfire management committees or the local emergency management committee, should be retained as the relationship between councils and RFS.

The CHAIR: We have had some submissions that say because councils have the local knowledge of vegetation and fuel loads et cetera, there is a good role for councils, not so much in the suppression and the actual firefighting but in the preparation of the area, hazard reduction and responsibilities like that. Do you have any comments on that point?

DAVID McCANN: I believe you may be correct in what you say, but there is an issue with the RFS having a unit known as the State mitigation unit, which operates outside of the control of local government, and it has been my experience and that of my council that there is very little of a relationship or liaison between the State mitigation unit and council. It is certainly correct that we know our area and we understand our areas, but when we have no control and control over the funding that goes to the State mitigation unit, it is very difficult for us to interact.

The CHAIR: Would you agree, if there wasn't a funding issue, that local fire prevention is something that would be best placed in the hands of local councils rather than being centralised to the RFS?

DAVID McCANN: It is a difficult one to answer specifically for the State. I would suggest that each region has its own specific needs. In our case, in the Riverina, we are very much a broadacre farming region where local ongoing work is done by the landowners in relation to firebreaks and being ready for fire season. That would probably be a different scenario in a mountainous area or other parts of the State. So I think it is a case that not one change would fit the entire State; it would have to be done region by region.

RUSSELL FITZPATRICK: I think there is a bit of a mix-up at times with who is in control. We have a rural fire controller but, a lot of the time, the orders to him are issued from either head office in Sydney in the firefighting situation, when the orders are better local. I think that is more where the argument is as to who is in control of the fire locally—whether it is the local rural fire controller or the New South Wales administration within the Rural Fire Service. From our council's point of view, we have a great relationship with our rural fire

controller. We work through them quite regularly. We meet with them for their presentation days, and our communication is always open around the native vegetation and fire reduction as to what happens. We have a good relationship with Local Land Services (LLS) as well, who also control farmland.

The CHAIR: What would happen now if one of your council residents were to say, "Look, the long grass in this area is just a menace. If a fire was to come through now, this would go up in smoke"?

RUSSELL FITZPATRICK: It happens regularly—happens daily, basically, in a rural council. It would be referred to the RFS for assessment, and they would decide and give orders on that. The problem is, with the orders, they take so long to be implemented from the time they're lodged or from the time the complaint is made. But the RFS would deal with that. They would say, "Yes, it's dangerous. It needs to be cleared up." But when that order is issued to clean it up there can be a considerable amount of time and excuses through the courts why it hasn't happened.

The CHAIR: So it goes from the resident to the council, the council reports it to the RFS and then the RFS, in whatever time frame, would action that.

RUSSELL FITZPATRICK: That's right.

DAVID McCANN: Not necessarily in all regions—again, this is probably a continuing point that I'll make today is that each region changes, and it depends on the fire control officer and the zone that is controlling it. The RFS has recently introduced an app, Hazards Near Me, where a landowner can go on and report that they're going to do a burn of their property. We've only since found out, by accident really, that reporting fires before they are ignited is a requirement dating back to 1947. It's never been enforced, but now the RFS are starting to enforce it. A lot of landowners are used to the permit system that has operated for a number of years where they apply to the RFS brigade for a permit to burn their paddocks before sowing. That's still in place. So there's a hotchpotch of systems now being developed. There are older book-related systems and there are app systems now—how you can report that you're going to light a fire to the RFS. Councils are in that grey area. If someone comes through the door and says, "I'm planning to burn a paddock"—or something like that—generally they would be referred off to the RFS through one of their systems.

The CHAIR: But do you agree—leaving the funding question aside—that provided the funding wasn't an issue, it would be appropriate, and sometimes more efficient, if councils were to deal with that issue themselves? But would there be the capability?

JULIE BRIGGS: Sorry, can I just add to that? Again, as Councillor McCann has said, this is very much a horses for courses kind of arrangement. In the REROC region, where it's mostly broadacre farming, farmers take care of their firebreaks, so that's already happening. In the Canberra region, where there's a lot of forestry, it's a whole different kettle of fish. Councils are part of a team that should make decisions about where mitigation occurs and what's the best way for it to occur. That team should be with the RFS and the LLS, and Parks and Wildlife if it's in that kind of area, and Crown Lands. We're all landowners. I think mitigation would work better if it was part of a team. Then how the mitigation occurs is probably best rested with the Rural Fire Service because that's where all of the assets and the firefighting equipment are based. The councils might own the assets, but they have absolutely no control over their use—none at all.

It would require such a change for councils to take that level of responsibility. For starters, we'd have to wrestle the equipment off the RFS to actually undertake large-scale mitigation. We get funding now to do some mitigation works, and that funding is provided by the RFS to us. It's obviously at a level where the councils are capable of doing it. But a large-scale responsibility, I think, is better served in a team environment with all the property landowners—like I said, LLS, Crown Lands, all of those together—and with the RFS taking a lead role in it because that's where the high-level equipment is and that's where the high-level training is. They are the organisation that's fit for purpose for this, rather than councils, which would require a lot more skilling up and a lot more resourcing and a lot more money—and, can I say, some duplication there. I think Councillor McCann alluded to this when he said that there is a duplication of effort about who does what.

SHARON HOULIHAN: Aside from the funding—which you've set aside from this discussion just for now—and also aside from the efficiency, there's the really important matter of the personnel safety. The organisation that is responsible for conducting the firefighting efforts needs to have primary responsibility for the fire-reduction efforts because it's about their personnel safety as well. If you've got someone else responsible for hazard reduction and then they're sending their firefighters—who are volunteers in many cases—into places to work on the fires, it's just something not quite right if they don't have that accountability and responsibility because they've got it for their safety. I think that's a really important point. But I do agree on the team aspects of what Ms Briggs just said, and that's alluding to my earlier comment around councils on committees.

Mr CLAYTON BARR: I just wanted to ask about the funding and the 11.7 per cent. Let's just talk about the global budget for the RFS. The 11.7 per cent needs to be made up from councils. How do they decide which councils pay what portion? Let's say it's \$100 million. Surely all councils don't pay the same amount equally. Small councils pay a bit less; big councils pay a bit more.

DAVID McCANN: It's based on your rate base.

JULIE BRIGGS: What they've done to date is Independent Pricing and Regulatory Tribunal (IPART), when they're determining the rate peg, take the Emergency Services Levy and they spread it as a number across everybody's—they incorporate it into the rate peg. The rate peg is meant to derive a revenue that allows councils to undertake business as usual. So what they have done up until recently is they have spread the cost of the whole Emergency Services Levy across every council in the State, even though the RFS component falls disproportionately on regional and rural councils. As a consequence of that, rural and regional councils don't get sufficient in the rate peg to cover the cost of the Rural Fire Services levy. That's obvious in the submission that we've made.

IPART has recently made a recommendation that the rate peg be changed and that the ESL component come out of the calculation of the peg itself and that the levy be put as a specific line item on the rate—and it comes on top of the rates, not as part of the rates—so that residents and ratepayers can actually see how much they're contributing towards the ESL. For regional and rural councils, that would be a far better result, because IPART is proposing that the amount of money that is collected in each Local Government Area (LGA) is exactly the amount of money that they're required to pay for their ESL. That would leave rural and regional councils in a much better position because they would be collecting what it costs. As things stand currently, what happens is councils paying the RFS take a disproportionate amount of money out of the consolidated revenue they raise from rates to pay the fee, because IPART has averaged it, the whole ESL, across the entire State, even across those councils that don't pay the RFS levy.

DAVID McCANN: The ESL itself is fundamentally flawed in the sense that, as you know, the breakdown from the insurance levy, the State Government contributes 14 per cent and local government the 11 per cent. More and more people are choosing not to take out the insurance, and it's becoming totally ineffective for people to get insurance in some areas. Our concern is that if the ESL continues to be the primary funding model, it's going to increase to a point that's going to break council, and our communities just won't be able to pay that money through their rates. It has to be looked at. It has to be reassessed as the whole-of-payment system for the RFS.

Mr CLAYTON BARR: I want to try to clarify. In table 1 on page 6 of your submission you talk there about overruns. Councils have been asked to budget for this amount of money; there's an overrun. I assume that the overruns come from decisions that are entirely outside of the council's control?

DAVID McCANN: Absolutely.

JULIE BRIGGS: That's correct.

Mr CLAYTON BARR: Those decisions are made at head office of RFS somewhere that they had to spend X amount of dollars, and then you find out about that later. When it's an RFS-specific overrun, is that applied to all councils in New South Wales or only councils that have RFS assets?

JULIE BRIGGS: Only councils that have RFS—my understanding is the RFS comes back and asks for additional funding to cover it.

DAVID McCANN: It's actually an interesting question. We may have to take that one on notice to go back and look at our own books. Again, each zone seems to have a different way of calculating that money and taking that money. We have no control and no input whatsoever into what our ESL draw from our rate will be each year. The budgeting process of the RFS is such that we, as a council, will sit down and complete our budget process, and then, after that's complete, we may or may not get the advice from the RFS in time to tell us how much we're supposed to take out of the rates. If we don't get it in time and our rate notices go out, we have to pay that, obviously, from our consolidated revenue and catch up the next year. Generally speaking, there's no coordination whatsoever, and we don't know how much that money's going to be from year to year.

Mr CLAYTON BARR: I see another hand up from Mr Fitzpatrick but I also want to give the other members a chance. I think Ms Leong—

The CHAIR: I think Mr Fitzpatrick wanted to answer your specific question.

Mr CLAYTON BARR: Yes. Could you answer that question, please, Mr Fitzpatrick.

RUSSELL FITZPATRICK: Just as I said in my opening statements, I concur with what Councillor McCann just said. There's got to be a better way. It's not for councils to be collecting the money through an ESL levy; it's to have a broad-based tax right across all property included in that, similar to the land tax. That's the option that we proposed in our submission.

DAVID McCANN: If I could add, the point I would make with that is there's approximately 48 per cent of the State which is not currently paying rates or collecting rates. Within a local government area there are a number of what we would call rateable land that isn't collecting rates because of its use. Following on from Canberra's point, we need to look at that land and derive an income from it to fund emergency services because, whilst they may be charitable or otherwise, or Crown lands and the like, they still burn and they still require firefighting efforts and flood rescue efforts to support them.

Mr CLAYTON BARR: For clarity, my question is around the current funding arrangement. I know the whole ESL question is being dealt with separately by the Government at the moment, but I'm trying to understand currently how the money flows.

JULIE BRIGGS: Can I say that RFS doesn't have a budget as such; it has a bid. It puts in a bid for an amount of money to run each year. It's not actually a budget. The bid is overviewed by the Treasurer and the emergency services Minister, and then it's approved. Then the money is asked for from the councils and the insurance industry. It's actually a bid so it's a bit more fluid than perhaps normal State agencies have. You can see from the changes that it's treated in a very fluid fashion as well. The first part of that is that it's not a budget; it's a bid. It's what they think they might need to run the RFS for the next 12 months, not a budget.

Ms JENNY LEONG: Thank you all for your submissions and for your evidence that you've given so far today. What is very clear from the submissions that we've seen and from what evidence we've heard from you today is that there are much bigger issues that need to be resolved around this beyond just the specific accounting elements. I wonder if you can give an indication of how best you think the Committee can recommend that the other issues that have been raised are dealt with, because obviously it's outside the scope of this Committee, and particularly to the point raised by yourself, Councillor Fitzpatrick, in relation to the bigger priorities. I wonder, do you see that as needing to be part of a review just of this legislation, more broadly of the emergency services, or specifically around emergency response in regional areas? Where do you see that heading? It's obviously beyond the scope of this Committee to address some of the bigger concerns, but what is becoming apparent is the accounting and assets management is, in a sense, giving an indication of what the other concerns being raised are.

RUSSELL FITZPATRICK: Firstly, I think the whole ownership—it needs to be acknowledged that local government don't own the red fleet. I think that's the first thing that needs to be acknowledged, and that accounting standard should just be taken away so we've not got qualified audits for it. We get a list of the assets; we can't confirm them. There's no ground-truthing that those assets are held in your RFS district, even. You're relying on each person to come back and say, "Yes, we've got that truck", or "We've got those", but that's just—if we're going to do accounting based on that, we're not ground-truthing anything. It's just ridiculous. So, in my eyes, the first thing that needs to be acknowledged is that the RFS red fleet is not owned by council, or not in today's language, anyway. In 1995 it may have been. And I totally agree. My father was a rural fire service volunteer back in those days. That's when people jumped out of pubs and hopped on the back of trucks to go and fight fires.

We've come a long way since the 1980s, in all honesty, which is a great thing. The way that fires are handled now is a lot better, and we can still get better but we need to have that autonomy and the Rural Fire Service, and they need to own the assets and they need to do their strategic planning about what's needed in areas. You've heard how different fires are here to, say, at Temora, where Julie and them are from, and out in the Riverina, where it's mainly grass fires. There's a lot different equipment required for those areas so it needs to be identified where the equipment is, and you can't do that without strategic planning of your assets to actually know. The Rural Fire Service needs to be in control of that. They do a wonderful job. The yellow shirts and the white shirts, as we refer to them, do a great job.

That's the first thing that needs to be done, then the whole legislation part, and where the payment comes from to monitor that is a Treasury decision on how we go about that. There needs to be a review to recommend a review of that because, as I think Councillor McCann said, only 48 per cent of people are now even insuring their properties, or 48 per cent is not even rateable, and they pay any insurance at all. My shire is 80 per cent national parks and State forests, who contribute nothing, so only 20 per cent of the people are paying for the fire service assets in the Bega Valley on 20 per cent of the rateable land. So there needs to be an adjustment so that it's equal for everyone across the board.

SHARON HOULIHAN: Just to add quickly, I think it would be very unfortunate if the only recommendation was around the accounting fix. It really would. There's an opportunity with the Rural Fires Act

to finish what it started in 2000, with the employment of officers moved from council to RFS but not so with the assets, and I think that that's the recommendation that we'd be looking for. I think it is within the scope of this inquiry to make recommendations around full asset management, not just the accounting side of asset management.

DAVID McCANN: I would support both of those comments, but I would like to suggest it be taken further. I would like to see a recommendation that asks the Government to consider emergency management across the State with a view to grouping it as one agency. We're in a situation in regional New South Wales where we have SES units, RFS units and volunteer NSW Fire and Rescue unit. In my town, Coolamon, we have all three agencies but our volunteer strength is very poor, so we often have the same people volunteering in three different agencies wearing three different uniforms depending on what situation it is they appear. I fear that in the future, with our ageing population, that we're not going to have the volunteers we need. There may well be a time when the emergency services need to be a paid force of some description but, at the very least, we need a review of emergency services across the board in the State with a view to streamlining one command structure so that regional New South Wales is going to get the best benefit from the volunteer force that is available.

JULIE BRIGGS: Can I add to what Councillor McCann said about the volunteers? This has come up a lot in our region about the ageing volunteer base, about the duplication of volunteers and then the duplication of training. The duplication of training makes it less attractive for people to volunteer in these places. Rural Fire Service now says it is a 24/7 operation, which makes it less attractive for volunteers. A lot of volunteers join to protect, if you like, home and hearth. They don't want to be deployed across New South Wales or interstate or even overseas. It becomes less attractive because it becomes more onerous to volunteer.

We have a recommendation in there, which our members support, which is the Rural Fire Service looking at tiers of volunteering so that within each tier you do training that is just for home and hearth or you do training that takes you all over Australia or international. There are definitely different people volunteering, and the Rural Fire Service needs to better recognise the different motivations people have for volunteering and reflect their volunteering experience with that motivation, and that motivation will be reflective of the training they take.

In some of our communities, it is a very short step from the Rural Fire Service shed to the aged-care facility, and we know for a fact that in some of our volunteer units the Rural Fire Service membership is the last thing people give up in the aged-care home. So we have some concerns about being able to resource emergencies because it would appear there is an inflated number of volunteers or an inflated number of people who are prepared to go to an emergency, and that a very focused attention on volunteering and a strategic look at it might be a good thing to have.

DAVID McCANN: If I could follow up on that point, the RFS in New South Wales currently states that it has something like 70,000 volunteers available within the service. I question that simply because of the brigade structure that exists. The brigades are like a club. They are a Lions Club or a Rotary Club. They have a president, secretary and treasurer. I think we heard in a previous session from witnesses who held those positions. They are there. They have life members; they have brigade members who have been there for something like 60 or 70 years. A lot of brigades have 80-year-old members. It is very easy to count those people in their figures, when in fact really what people need to know is what the operational strength of the organisation is. That is not a question that is really asked and it really does need to be.

Also I would like to just highlight some of the anomalies with this entire system. The previous witnesses that were here mentioned toilet facilities and things like that in fire sheds. The irony there is that in our zone just about every fire shed in our zone has had toilet facilities added to it. I am talking about sheds that don't need them because they are stuck out in the middle of nowhere, to be quite honest. When there is a fire, the farmers come, get in the truck and go and fight the fire and come back. I would suggest there has probably been no statewide consideration of the needs of the various zones and brigades. For me, it's very disappointing to hear that there are brigades who need those sorts of facilities—obviously because they do more work in their community than perhaps out in our area—that are not being serviced with those simple basic needs.

Dr DAVID SALIBA: Thanks very much for everything you have said. As it relates to these red fleets—we are looking specifically at the management of these red fleets by councils—what is the opportunity cost, if it's been quantified with respect to your stakeholders and councils, of the current regime? What I mean by that is has it been quantified to say, "Because we are managing this fleet, we can't provide rubbish bin services because aspects of our budget are being diverted into the excess residue spending requirements"?

JULIE BRIGGS: In reality, we are not managing the fleet.

DAVID McCANN: No.

JULIE BRIGGS: There is no aspect of what happens here that allows councils to manage a fleet. The previous emergency services Minister told us that we needed to do a review of the assets, and none of our councils have a key to a shed, to a piece of equipment. There is no management of the asset at all. All we do is put it on our books courtesy of section 119 of the Rural Fires Act, which vests that equipment in us. The opportunity costs for us are the cost of the depreciation on the sheds, on the water tanks, on the vehicles. That is the cost. Some estimate that councils are depreciating something like \$1.5 billion in Rural Fire Service assets over which we have absolutely no control. They sell it when they want to sell it. They build it where they want to build it. They send it everywhere in the State without asking us where it goes. From one day to the next, the council couldn't tell you where the equipment is.

Dr DAVID SALIBA: Just on that, I have noticed that some councils actually record those assets in their balance sheets and others don't, and they have been given qualified opinions pertaining to that. Do you have any commentary about that and what happens when council is just saying, "Hey, we've refused to put it on our books"?

DAVID McCANN: I can say that 83, I believe it was, rural and regional councils took a decision not to account on our books. That was a conscious decision that was taken by most at council meetings after the issues were discussed for the simple reason as Ms Briggs has outlined. It is simply ludicrous that we have to account for something we don't control. We don't control ambulances, police vehicles, that sort of thing. Because of the 1997 Rural Fires Act, we are stuck with the red fleet and it is just simply ridiculous.

Dr DAVID SALIBA: So 83 councils looking at \$1.5 billion worth of assets. I'd imagine that most of those assets would probably be in your LGAs, relative to city-based LGAs. Are you saying that there is, what, probably \$7 million, \$8 million or \$9 million worth of assets just unaccounted for on books?

JULIE BRIGGS: Yes.

DAVID McCANN: Yes.

JULIE BRIGGS: We would argue also that while councils are depreciating them, that means the Rural Fire Service is not managing them properly because part of good management and good accounting is the process of depreciating, knowing where your asset is up to, knowing when they need to be replaced. From an Australian accounting standard, there is no way that these rural fire assets meet the Accounting Standards that would require a council to put it on their asset register. We don't control it. We can't sell it. We didn't buy it. All we are doing is paying for these things that we have absolutely no control of.

DAVID McCANN: I think it is important also to mention the hidden costs, the costs that people don't see. Back to the service agreements that we spoke about earlier, they vary from LGA to LGA, zone to zone, again like most of the things with the RFS. In some LGAs, their service agreement has them servicing the RFS vehicles, so they will be taken to the council workshop, where they have a workshop, and they will service the vehicle for the RFS. That is a cost that is borne by the council but is taken into the council's general maintenance budget. In our area, we don't. The vehicles are taken to Wagga, a central location, and serviced by a dealer who the trucks are bought from. In other areas, councils buy the land that fire control centres or fire sheds are put on, so that cost is absorbed by council. In one case, I heard the other day of nearly \$4 million for land to put a fire control centre on. That is a cost that council will bear to support the Rural Fire Service. Not only are we paying through the ESL and our insurances and that, but we are also paying good money for things that we will never own.

The CHAIR: That is a cash cost. That's not a depreciation?

DAVID McCANN: No, a cash cost.

The CHAIR: Could I follow up on something that you mentioned, Ms Briggs, around council not knowing the location of the assets or their value. Do you believe the RFS has a comprehensive list of all of these assets and their values?

JULIE BRIGGS: I would be somewhat surprised if they did.

DAVID McCANN: I think they're trying to do it now.

The CHAIR: We had one of your peer organisations here and we asked the same question, so I would be interested in knowing from the councils that you represent. Is there a feedback loop? Some of your councils will account for the assets, so the RFS would look at that and go, "They have these assets and that is their written-down value." You'd assume that they would compare that with the list that they have and update their list if there is a discrepancy and talk to the councils if there is a discrepancy to try to bring the lists up to date, because, unless you do that, you will have two lists that are growing increasingly apart. Are you aware of any sort of feedback that goes between councils' accounting departments and the RFS to align those lists?

JULIE BRIGGS: No, I'm not aware of it. I have recently heard the story—and you will hear that story this afternoon, possibly—of a council that was advised that it had a ute and to put it on its asset list, which it did. That ute did not appear in the shed of the Rural Fire Service until four years later. It didn't actually arrive in the LGA until four years after it was advised. I don't think there's even any ground truthing that goes with any of the assets. That's why we say there's an estimated \$1.5 billion. I don't think anybody really has a list anywhere. Perhaps Councillor McCann has a better idea, but in my experience, no, nobody has a list.

DAVID McCANN: Yes, I'd have to say that I believe there's a conscious effort by the RFS now to try and identify those assets. I know that council has been involved in working with our zone to identify assets in our LGA and, of course, across the REROC footprint, but it's been a long time coming.

RUSSELL FITZPATRICK: If I could just add there, I want to go back to a couple of points. Just on the cost point from the previous member of the panel, there is a cost point and a cost to council because we have to include these on our insurance schedules. All the Rural Fire Service's sheds are actually in the council's insurance register, so we actually do pay for it. We're paying for the insurance for the RFS, which should be met by the RFS. We've got other costs that we're paying for as well. All the procurement does come through council, but we don't see it. We don't control them. We don't have the keys to those vehicles, but the procurement and accounting comes through council.

We're running the administration, or half the administration of all these assets for the RFS. There is a cost to council that's hidden away in certain ways, especially the insurance one. In Bega Valley we have 17 Rural Fire Service sheds, including our headquarters, which is actually a council premises. They're basically getting rent free as well on the council premises to run their Rural Fire Service. There's a whole heap of costs, and it will vary from council to council. We're trying to get a standardised approach to it so it's not there—it will be a substantial cost in some councils; other councils will be quite less. But it won't be the one-size-fits-all approach.

As for the assets, we have worked with the RFS trying to get those. We had a qualified audit. That was a decision we made as a council, but now there's been some legislation changes advised by our auditors to the wording of the accounting standard, which says that council staff must include—not "may" include—those assets. They're actually not following the accounting standard, our council staff, if they don't include them in our balance sheet. We're now working with the RFS to try and get it—but there is a difference, as you say. I think we had something like 72 vehicles; they had 79. There is a difference. It's not a great difference, but you'd like to know where the vehicles are and who's driving them around, or whether someone's got them sitting out in a paddock. It would be nice to know. I'm sure if council had those assets and they were sitting down in someone's paddock, there would be a ratepayer jumping down my throat pretty quickly.

DAVID McCANN: I should just say, too, as far as the assets go, fire sheds would probably be a problem. They are built on council land, they're built on Crown land and, in some cases, built on private land. The RFS's job of accounting for those assets is going to be quite significant.

The CHAIR: I'm conscious of time. If there are no other questions, we might wrap it up there. Thank you all very much for appearing before the Committee today. It's been very valuable for us. You will each be provided with a copy of the transcript of today's proceedings for any corrections. The Committee staff will also email any questions taken on notice today and supplementary questions from the Committee. I think there will be some supplementary questions. One of the things I think all of us find unclear is just how all the money flows. Any light you could shed on that would be really appreciated. We kindly ask that you return any answers to supplementary questions or questions on notice within 14 days.

(The witnesses withdrew.)

Mr DAVID WALSH, Chief Financial Officer, Northern Beaches Council, before the Committee via videoconference, affirmed and examined

Mr STEVEN HEAD, General Manager, Hornsby Shire Council, affirmed and examined

Ms FIONA LEATHAM, Director Infrastructure and Major Projects, Hornsby Shire Council, affirmed and examined

Mr MITCHEL WOODS, Chief Financial Officer, Sutherland Shire Council, affirmed and examined

Mr MARK MILLS, Manager Fleet and Logistics, Sutherland Shire Council, affirmed and examined

Mr WILL BARTON, Director Infrastructure Services, Hawkesbury City Council, affirmed and examined

Ms VANESSA BROWNING, Chief Financial Officer, Hawkesbury City Council, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you very much for appearing before the Public Accounts Committee today to give evidence. Can you each confirm you have been given the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

DAVID WALSH: Yes.

MARK MILLS: Yes.

MITCHEL WOODS: Yes.

STEVEN HEAD: Yes.

FIONA LEATHAM: Yes.

WILL BARTON: Yes.

VANESSA BROWNING: Yes.

The CHAIR: Do you have any questions about this information?

DAVID WALSH: No.

MARK MILLS: No.

MITCHEL WOODS: No.

STEVEN HEAD: No.

FIONA LEATHAM: No.

WILL BARTON: No.

VANESSA BROWNING: No.

The CHAIR: Would anyone like to make a brief opening statement before we begin questions?

WILL BARTON: I would, thank you. Firstly, I would like to thank the Committee for the invitation to appear here today. Council has made a submission to the inquiry. In that submission we have outlined the rather unique place that the Hawkesbury occupies with respect to bushfires; our significant fire history; a range of concerns and suggestions with the current mechanisms and models for funding, maintaining and accounting for RFS assets; and the arrangements between RFS and councils. These are not one-sided, only from the perspective of what suits council. As an organisation, we unequivocally support the aims and objectives of the RFS and its volunteers. Indeed, both myself and my colleague Ms Browning are volunteers of the RFS, with a combined 36 years of service, and we both hold senior positions within our own brigades.

The Hawkesbury must contend with what is surely one of the most significant fire risks in New South Wales. We have seen, in the last 11 years, some of the most devastating, fastest and largest fires in this State's history burn within our borders. By virtue of our geography and the characteristics of dangerous fire weather, we have extreme risk asset interfaces and, while no measure of this interface exists, to my knowledge, I would estimate that it is in the hundreds of kilometres. At the outset, we recognise the long and esteemed history of the service and how it has evolved over time from discrete, individual groups of volunteers, wholly supported by councils, through to the world-leading and centrally controlled State-led bushfire fighting agency that it is today. With this shift in control, the principle of councils continuing to have a vested interest no longer makes sense and, furthermore, has the unfortunate and unintended consequence of impacting on levels of service provided by councils—in our case, notably, the renewal of our own assets—but also constraining the RFS.

In our view, this gives rise to two untenable realities. One, unlike any other New South Wales Government emergency service organisation, a community's level of protection and servicing is in no small way dependent on its ability to pay, rather than the risk they face. Two, councils and, by extension, the communities they serve must trade off response capability to bush and other fire incidents against libraries, playgrounds, childcare centres, roads, sporting fields and a whole host of other services critical for communities to survive and prosper. To illustrate these points, as we have documented in our submission, in the Hawkesbury's context, for the 2023-24 financial year, the total contribution toward the RFS was \$3.5 million from general rates revenue of \$46.6 million. To be clear, in that financial year our ratepayers handed over 7.5 per cent of their general rate revenue to fund a New South Wales emergency service organisation. Over time the growth of these costs has directly impacted on service delivery to our residents.

Considering only the Emergency Services Levy, since 2013-14 council's contribution has increased by 63 per cent versus a rate peg increase of 24 per cent over the same time period. To fund this, council has, in the main, reduced its asset renewal funding. We have reduced spending money on roads, on our bridges, on our playgrounds, on our community buildings and recreation spaces. It is not only in respect of the recurrent costs to councils that the current arrangements are failing. The provision of new RFS premises by councils is no longer fit for purpose. In our own experience, this will ultimately lead to council acquiring a new fire control centre with an asset and land value approaching \$20 million. RFS have rightly determined the operational requirements and thus design of the centre, while council has very little ability to influence any aspect of the cost of what is to be our asset. Nor should we, for we are not the experts in operating a volunteer fire service. That expertise resides within our district staff and our district volunteers.

That brings me to the last point I wish to reiterate in this opening address, which is that the current model does not support the elevation of fire risk as the dominant driver of asset investment or capability uplift within the NSW RFS. Councils are already facing significant sustainability headwinds before one considers the funding of the RFS. By responding to the growing risk of climate-change-driven fire weather within the landscape, this is going to amplify the significant sustainability pressures facing local government. The current model will only hinder the RFS in meeting this challenge and place already stressed communities under greater pressure. The funding of the RFS across all facets must be decoupled from councils.

FIONA LEATHAM: We are grateful for the opportunity to provide comments to the inquiry. It should be noted that Hornsby Shire Council has an excellent relationship with the RFS local district, and we acknowledge the service and contribution of the RFS as a combat emergency service in our bushland shire. Hornsby Shire Council currently recognises RFS assets in its assets register, consisting of 15 fire brigade stations, district fire control centre, support station, catering station, 27 fire trucks, five fireboats, 36 RFS support vehicles and two fire spotting towers. This is all with a combined replacement value of \$25.9 million. Responsibility for the upkeep of RFS assets falls on local council. It has been identified in council's operational budget that a net cost of approximately \$785,000 in 2023-24 was provided by Hornsby Shire Council to meet Rural Fire Service activities. This is excluding the Emergency Services Levy of about \$1 million for Hornsby shire.

For the year ended 30 June 2023, the annual maintenance and repair of RFS stations and premises for Hornsby Shire Council was in excess of \$244,000. Our records indicate that the RFS district budget has been overspent in 2023-24 by approximately \$100,000, and this has been the case per year over the past seven years. We've got a proud history of being an active member of the combined Hornsby Ku-ring-gai Bush Fire Management Committee. The combined area spans 58,390 hectares. The urban-bushland interface has been identified as being at high to extreme risk of bushfire events. It is recognised that, into the future, natural disasters are likely to increase in severity and frequency. This places substantial pressure on local government in its role of mitigation, preparation, response and recovery across all natural disasters. This pressure requires a fresh approach to RFS funding models, and Hornsby Shire Council makes the following three recommendations.

Recommendation one is that the hazard reduction grant funding processes be streamlined. We would like the inquiry to acknowledge the critical need for targeted and risk-based funding by the New South Wales Government to ensure comprehensive support for strategic initiatives such as those outlined in our bushfire risk management plan and reactive measures in accordance with the hazard complaint process. Two issues noted with this are that hazard reduction funding is currently by application per activity, despite RFS having five-year hazard reduction plans outlined in the bushfire risk management plan. And consistent application of this grant funding—Hornsby Shire Council notes that in our most recent application for 15 APZ activities, only one priority one APZ was approved.

Recommendation two is the prioritisation and update of a service agreement that involves the collaboration of local government in its drafting and in its development. The service agreement needs to clearly delineate appropriate responsibilities between council and the RFS. The service agreement is fundamental to the cooperation and collaboration between the RFS and local councils by ensuring an appropriate level of service is

achieved to provide an effective emergency service for our communities. Recommendation three is that we believe the RFS fleet and building premises should fall under the complete care and control of the RFS to remove ambiguity and confusion related to the funding, maintenance and the operational use of these resources. Hornsby Shire Council is committed to an ongoing supportive relationship with the RFS and seeks to improve the financial arrangements to enable this to be sustainable.

The CHAIR: Are there any other opening statements?

MITCHEL WOODS: Nothing from Sutherland, other than that we value the work of the RFS and we welcome this inquiry.

The CHAIR: Before we begin questions, I inform the witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days of receiving the question. I will kick off with one question. I think I can speak on behalf of the whole Committee to say we have struggled to get our heads around the flow of money and the funding model. We wonder if any of you could outline for us, in a simple way, the way the money flows. Roughly, we understand that there is a district budget which councils do not have a lot of input into. You receive that district budget, and we do not really understand, but the RFS pays for stuff that is allocated to your LGAs out of that district budget. Councils are meant to maintain the equipment and there is a maintenance budget that is then distributed to councils through grants, but then there are often overruns that councils have to pay for. We do not really understand how that is all pieced together. Are you able to outline how it works, in a vaguely simple way?

VANESSA BROWNING: I think that is the main issue: There is no vaguely simple way. You will find that even RFS district members and district staff struggle to understand. Certainly, volunteers—I am a member of a local brigade—they do not understand. So there is quite a misconception as to who pays for what. I get a lot of flak because I'm the CFO at the local council—so "Why aren't you paying for more uniforms?" et cetera. As you explained, though, there's a district budget. They put together a budget that goes into First State to consider. The RFS generally—there's some haggling that goes on, from what I can understand, and there's a settlement on what is the district budget.

There are generally three columns associated with it. The first one is the State bid, where purchases are funded by what they call the SAP system—for the RFS budget, which is collected through the ESLs, through insurance and councils and the State budget allocation. The second one is what council pays for. If it's maintenance and repairs under the service district agreements, there is what's called M&R grant money that comes back that is meant to fund certain parts of vehicle maintenance, testing of radios et cetera. So you get that back. But, again, as you said, they generally overrun, particularly in building maintenance. Then there's the, basically, "Too bad, council. You're paying for the rest of this stuff"—the council budget. That's usually water, insurance, rates—

FIONA LEATHAM: Fuel.

VANESSA BROWNING: So they're covered by that. But it's a struggle, particularly during large emergency situations, as to who's paying for what, who's covering what—is it the SAP system? For RFS staff, they've got to go, "I'm putting this under the SAP system, through RFS", or, "I'm putting this through council's procurement system", through whichever provider that the councils are using. There are various different systems, so if they move districts they potentially have to learn the local council's financial policies, procurement policies and procurement systems. So a lot of economies of scale are being missed by that model. That's the vaguely simple way to explain it.

STEVEN HEAD: If I may, Ms Browning is entirely correct. The key issue is just this whole lack of clarity. It stems all the way back to the service agreements, which effectively are well and truly out of date and don't replicate the governance arrangements that we should have in place at this point. I don't think there's a council in New South Wales that wouldn't accept a degree of responsibility that they had to contribute to the funding for RFS. This volunteer service supports our own communities, so we all understand that there's a commitment that needs to be made there. But there's simply no clarity around what it is that we're supposed to fund and really how we're supposed to fund it.

Our own service-level agreement (SLA) is, I think, 10 years out of date, effectively. We're not sure. We overspend in almost every year. We had a reserve that was established for the purposes of those ad hoc overruns that might—but the reality is we are now funding an ongoing service partly from a reserve that was set in place to provide for some long-term stability when you have a year where you need to replace something or do some work that doesn't happen on an annual basis. The questions around the fleet and how that's managed—again, I heard the previous speakers in the session, and I'm sure you'll hear from other speakers here today, we don't understand how we have any control over those assets, and nor should we. But if we have no control over those assets, then why are we held accountable for them and why do we need to account for them? I think it's the

unpicking of these issues, which the Committee is here to better understand, is in fact where the solutions are going to lay for this. I think it's really going to be about designing the right system for the future that will allow you to answer the question around how the funding model works.

Mr ANTHONY ROBERTS: I have two broad questions. One is with respect to financial reporting around depreciation expenses. Would it be of assistance if the financial performance ratios were excluded from those expenses through the OLG? The second question I have is more broad—and you may not be able to answer this, but the feeling that I got certainly from the rural mayors is that you almost have two fleets. You have an RFS white-shirt fleet that's managed out of RFS. How many of those would be in your local areas, compared to the red fleet or the volunteers fleet that you manage? My argument is if they're already managing a fleet of a sizeable amount of vehicles, why can't they just take over the management of the red fleet?

STEVEN HEAD: Maybe first, Chair, I can proffer particularly on the second question. I think it's fair to say that the RFS have certainly been building up their capacity and their capability in terms of their asset management, and particularly their fleet management. They're probably at a point where the potential for them to be able to better manage the entire red fleet is probably either getting close or the capacity will be there in the very near future. My observations, and they're only anecdotal, are that the white fleet, as you mentioned, is significantly smaller in our region compared to the red fleet. We hold something like 65—approximately 70-odd vehicles, I think, are in their red fleet, if I can term it that way. Certainly the white fleet is a very small proportion of that.

As to your first question around the removal of the depreciation expenses from our financial KPIs, I think that would be helpful, but it won't solve the actual problem of where the cash needs to go ultimately. The reality is, as other speakers have mentioned, it's the works that we're not undertaking for the community—roads, bridges, building maintenance and those other critical services for our communities as well. Particularly, I would think, the rural areas must be suffering significantly more than us in the metro area.

WILL BARTON: If I may add to that, the other component, with respect to your second question, is the growing State mitigation fleet, which don't sit, to my knowledge at least, on any council asset registers. I think that's correct?

VANESSA BROWNING: Yes.

WILL BARTON: There's already a growing, if you like, red fleet component that sit with the organisation that is RFS. So I think it is less about a capability and, as Mr Head has alluded to, more of a capacity question.

MITCHEL WOODS: Just excluding the depreciation of the assets doesn't resolve the issue around the recognition of those assets and whether or not council actually controls those assets. Just by removing the depreciation from the performance ratio isn't going to rectify that issue.

The CHAIR: I understand there are also strange arrangements and inefficiencies in the administration. For instance, even though the RFS is paying for something, it goes through the council that raises the purchase order or the invoice and then it goes to the RFS that pays it. I assume that you don't get reimbursed for those costs. Can you clarify a couple of things? First of all, there were some submissions that said it's the RFS officers that access the council systems to do that, so is it RFS admin staff that does that or is it council admin staff that does it? If it's council admin staff that does it, is it possible to quantify or do you quantify that additional cost? And it's a cash cost in supporting this whole system.

VANESSA BROWNING: For Hawkesbury, we converted probably about 10 years ago where we gave them access to the system to be able to do the procurement exercise themselves through our system. Obviously there's still a cost associated with monitoring and approving the purchase orders raised, and we don't quantify those costs. We do via overheads, so we do charge the service overheads. Effectively, that's just a book entry, but that's an attempt to reflect the costs. For instance, there's a lot of attendance at meetings et cetera and liaisons with RFS to do with planning et cetera that is not captured also. For us, we've just undertaken a land acquisition process. Again, all the time that's undertaken from staff, attributable to that, is not captured, specific to that work. There are a lot of overheads, I guess you would call them, that are not captured.

FIONA LEATHAM: I would agree with Hawkesbury council. Similarly, we have access for RFS staff to access our system directly. However, there's a lot of support needed to do that to ensure that that's actually happening. We don't quantify that cost. We don't capture it anywhere. We do in our overheads, in terms of our budgets, as well. But that is a cost that's not captured currently at Hornsby Shire.

MITCHEL WOODS: At Sutherland, the RFS do not have access to Sutherland's systems, do not use the systems. The only bills that we pay for the RFS are those that are captured under the maintenance and repairs component of the service agreement. The same with the vehicles; they do not go through our procurement system.

The only bill that we are paying in terms of the RFS through our procurement systems are those captured under the service agreement and for the Emergency Services Levy.

DAVID WALSH: At Northern Beaches Council, we actually give them access to the system—that's for the raising of purchase orders—but we also provide them with credit cards as well. All of the approval of those purchase orders and credit cards are actually undertaken at an RFS level. We still make the payments through our accounts payable system.

Ms JENNY LEONG: Thank you all for your submissions and the evidence you've provided today. I'm particularly concerned in relation to the potential for these confusions around who is paying for what impacting on the emergency response on the ground when we are facing a crisis. I'm keen to unpick that a little bit more. Linked to that, it seems to be that there is a different approach with every single council that we've heard from in terms of how these things are done.

Recognising that this is a challenge with what has been a historical problem—so absolutely no critique of anyone here—are there clear guidelines and policies for how this would ideally be done or should be being done and, historically, it's been an ad hoc system where councils have done it in different ways and different regions have taken different approaches? Or is there a lack of any guidance to create a systematic view for how this might be done in terms of, for example, raising purchase orders versus credit cards versus paying things on systems and having access to council systems? It seems to me very concerning that all of this could be thwarting how quickly people can respond with the level of resourcing they need because it's not clear who they should be asking for the additional budget or funding.

VANESSA BROWNING: To touch base on that, it's not so much the funding because that happens after the fact on these. Once a section 44 is declared then everybody attempts to capture information as quickly as they can. There have been instances, though, where, because of the nature of the event, the council can't recover the costs. We've been landed with 60 20-litre drums of drip torch fuel, which is completely useless to council because it's a mixture of diesel and petrol but is really valuable for RFS members when we're undertaking backburns during emergency situations. Because we don't have the picking slip—what truck did it land on, which drip torch did it get put into and what fireground did it go to, which is completely impractical to capture—the recording becomes difficult. It's not so much the funding; it's which system the person uses.

For an event like Gaspers, where I was in the control centre for quite a bit—and not as a council role but as my volunteer role—the difficulties were associated with which system are we using, and you get multiple districts helping. You've got white-shirt staff and volunteers from multiple districts, who are unfamiliar with that particular council's way of operating. I'm not aware of a guideline that provides any guidance on how that works. Typically, we try and capture the best information we can at the time and then we have our little stoushes after the fact when we lodge our section 44s to try and recover the money back, which then get audited years down the track.

Ms JENNY LEONG: In terms of the immediate response, that's not causing an issue. It's actually after the fact in terms of who's left with footing the cost of that emergency or not, which goes to previous evidence we've heard—that it's not evenly spread across the State as to how that funding works versus where the emergencies are happening.

VANESSA BROWNING: Yes.

WILL BARTON: If I could add to that, I would agree entirely that it doesn't impact on the immediate and emergency response to incidents and so forth, but the lack of overarching strategic vision and planning and so forth for RFS facilities and the constraints that operating via a council places, I suspect will have an impact on our response capability in the future.

VANESSA BROWNING: Yes.

WILL BARTON: We have 23 brigades in the Hawkesbury and I don't believe all of them, for instance, have toilets for men, women and ambulant, or anything like that. There are these sorts of longer term impacts, which I think will have an impact on the RFS's capability to respond to incidents, and particularly to support long-running campaign fires, that the current model perpetuates.

STEVEN HEAD: Ms Leong, if I may, I think you raised a really interesting point around the declaration of a section 44—the emergency. Because we're uncertain as to the funding certainty, our first concern is our community, so ultimately we end up dropping whatever we need to do. Obviously we follow any directions that are given to us, but we're concerned for our community, so we want to do all we can. At the same time, you have to manage that with a view to what impact this is going to have on our funding into the longer term. We had a scenario following the floods—a slightly different issue to some of the RFS issues here—where council was in

debt to the tune of millions of dollars in its response at the time with no certainty of funding. In fact, it's taken multiple years before we've even received partial funding back. So, if nothing else, it colours the response that you're willing to give because, in the end, we're still accountable to an entire community for our funding level. Again, the overlap of RFS and section 44 arrangements and the funding around that is still a critical issue for us that does need more unpicking over a period of time.

The CHAIR: I want to change tack a bit. A number of submissions—this goes to funding and a reform of the funding system and the movement from the ESL system to a property tax or a property levy on property owners. What are your views on that? What impacts do you think that would have on ratepayers in each of your council areas? What impacts do you think that would have on the overall funding model for emergency services?

STEVEN HEAD: As a council, we don't have an adopted position around that, so I might preface that my comments are probably only my own in that sense. I think a more certain funding model for the RFS is going to be of benefit to us and great in terms of how the organisation can plan and can function and can be managed. In terms of speaking on behalf of our ratepayers, another charge on their land rates notice is not necessarily going to be a thing that they're all going to welcome in that sense.

Obviously these services need to be funded somewhere. We're facing now significant increase for most councils just on their normal land rates charges. Particularly within metropolitan Sydney, our domestic waste management charges are increasing almost exponentially as we face the challenges there. Start adding to that these other charges and I'd say, at the very least, they need to be identified very separately—not charged through council but identified as a completely separate charge. In a period of inflationary pressures, cost-of-living increases and challenges around housing, I'm not sure that anyone is going thank us for another charge going out on the land rates notice. Therein lies the challenge for governments all over about how we continue to fund these services.

MITCHEL WOODS: I think being on the fringe of metro—where we do have RFS and metro—having someone living on Cronulla Beach and paying an RFS levy on their rate notices can be quite confusing and hard for the staff to explain and justify to those ratepayers, even though they will, no doubt, be paying it through their insurance premiums or wherever else they're paying through. So that will add a complexity to it. At the end of the day, it also comes down to who's accountable for what—regardless of where the funding is drawn from, trying to figure out who's responsible for what in those service agreements, which in Sutherland's case was drawn up in 2008, so it's quite old. Those boundaries of who's responsible for what needs to be pretty clear.

Dr DAVID SALIBA: Just on these service agreements, I've noticed everyone saying, "Yours is 10 years late or 10 years outdated." So 2008—I'm assuming that's outdated as well. What's the reluctance, or what are barriers for the renegotiation of these for contemporary circumstances?

FIONA LEATHAM: It's my understanding that we're waiting for a template from the RFS to be granted. We've been waiting for that for some time. Councils don't have any input into that template, nor do they have any input into the actual service agreement, is my understanding, historically. I believe that it's imminent, is all we've been told, but we don't have that template.

Dr DAVID SALIBA: How long have you been waiting for it, if you don't mind me asking?

Mr CLAYTON BARR: How long has it been imminent?

FIONA LEATHAM: I've been with Hornsby Shire Council for just over a year and it has been imminent all that time.

VANESSA BROWNING: I think it has been something they've been working on for at least five to six years, and they've actually come out saying that because of the inquiry they've delayed it further, which probably makes sense if there are recommendations that would lead to that. Some of the disparities that you see in terms of how it operates in councils is to do with the negotiation capabilities of local government once it's served and how they operate. They could be the same wording but the councils will operate it differently as well.

Dr DAVID SALIBA: Who are the parties to this service agreement; just the RFS and council?

FIONA LEATHAM: Correct.

Dr DAVID SALIBA: Is it a transparent process whereby you can see other service agreements to see the lay of the land, so to speak?

FIONA LEATHAM: I believe it is a standard template, but I understand that other councils have negotiated different things within their service agreement.

Dr DAVID SALIBA: It's not a standard agreement, though, so the reality is that when you sign it—

FIONA LEATHAM: No. For us, it is a standard agreement.

Dr DAVID SALIBA: Every council would have different terms and conditions.

VANESSA BROWNING: Based off a template with some tweaks. That's my understanding.

WILL BARTON: I suppose the answer is we don't know because we can't see other councils' agreements.

Dr DAVID SALIBA: Would you prefer to make that a transparent process?

STEVEN HEAD: I think it is certainly fair to say there should be justification if there are deviations from it. I would be disappointed to hear that another council which was facing a similar risk profile to us in terms of bushland had, say for instance, a significant degree of their request for funding to support their hazard reductions taken, yet we were sitting there with a similar risk profile and we were getting very, very little. We would wonder why that might be the case. My colleagues referred earlier to the fact that we've only had one proof. I think we've got to get to a point—the service agreements need to be fit for use. Just delivering us a template is not going to deliver a fit-for-use document. I would like to see that there should be engagement at least at a sector level with local government so that we can get some understanding of what's driving the agreements, and then the capacity for us all to understand how those funding models assist us all into the future.

Dr DAVID SALIBA: What is the most contentious clause in the service agreement, if you don't mind me asking?

VANESSA BROWNING: I would say the vesting of assets.

FIONA LEATHAM: Yes, 100 per cent.

STEVEN HEAD: And funding long term.

Dr DAVID SALIBA: What's the variance there? What could the variance be between different LGAs that have different relationships to the RFS? We've heard before that if you're someone's favourite, there's a bit more of a beneficial situation relative to—

STEVEN HEAD: I think whilst you've got a template agreement, it's how the funding is then supported under that agreement. For instance, the case-by-case seeking of approval for the funding of the hazard reduction, the template needs to set in train what's the funding model for us over an extended period so that we can start to plan with some certainty.

Dr DAVID SALIBA: The concern I have is that you've said that it's 10 years out of date, and you're in Hornsby?

STEVEN HEAD: Yes.

Dr DAVID SALIBA: The population of Hornsby has changed dramatically over the past 10 years and the environmental profile has changed as well because of the man-made environment that's derived from it. With these clauses, is there a provision there to say, "This must be renegotiated"? Are there any timelines?

FIONA LEATHAM: That's in perpetuity.

MARK MILLS: Can I just add, Sutherland is 16 years old now. We've been pursuing for the last three years to renegotiate that SLA. We're also waiting for that promised new template, but probably some of the challenges that we're facing is the lack of clarity now. With changing of technologies, obviously the capacity for council to be able to fund certain things and also too for the service to fund things that—and particularly around bushfire mitigation works. So again, council has probably got one of those unique circumstances where we've got an agreement through that SLA that Rural Fire Service performs a substantial amount of that mitigation work on our behalf and they pay for that. But because of the age of the agreement, that's often getting challenged by the service, by the agency, and it sort of probably compromises to a certain degree those mitigation works being completed.

Dr DAVID SALIBA: It seems like the genesis of effectively the dislocation between council and the RFS relates to this service agreement. Is there an adjudicator when it comes to this negotiation? There is no—okay. So we've got the current state, yes, and there's a proposed future state from all the different stakeholders. The theme seems to be that we want to divest from these duties, so to speak. What are the transitional barriers to reach that future state? What should the State Government consider, what should the RFS consider, what should councils consider as the transitional barriers to go to this proposed state?

Mr CLAYTON BARR: If.

Dr DAVID SALIBA: If, of course.

MARK MILLS: The Rural Fire Service Act 1987 is way outdated. Where it refers to vested assets with council, the relevance of that is probably not relevant anymore. That's probably priority number one to have that updated to reflect the management of those assets and the relationship between councils and the agency.

The CHAIR: I suspect that a bunch of the complexity relates back to the original provisions of the Act where councils and the RFS have shared responsibility for certain bushfire prevention. And then you go, alright, well, if councils outsource that to the RFS, then there's a value in that for it. So I guess a lot of this complexity is interrelated. I guess a question we've asked other council representatives, and I wanted to hear your views as well, is do you feel there is a legitimate ongoing role for councils in bushfire management and what is that role?

WILL BARTON: Certainly on the basis of a land manager, absolutely, without question. The Bush Fire Management Committee, of which we're a member along with other significant landholders in the LGA, is I think a very powerful and valuable structure. The planning, the collegiality, the tenure-blind approach to managing risk on behalf of communities is something that should be upheld and preserved absolutely. With respect to response capability, I think that there's certainly a role for councils to provide input as a stakeholder. We are the closest form of government to the people; we are very connected with our communities. If we didn't have a seat at the table—and in Hawkesbury's situation, I sit on the senior leadership team of the Hawkesbury district to provide a level of input. That, I think, also provides value as well. So there is certainly a role that remains for council to continue to support our communities in responding to and preparing for bushfire risks.

Mr CLAYTON BARR: When there's an expectation to go out and do an asset check and take an inventory or take stock—whatever we want to call it—does someone from council physically go out and do that or do you allow the volunteers to sort of check off what's meant to be on the list and just get it back to you?

VANESSA BROWNING: I begrudgingly talk about the Hawkesbury experience. We're lucky in terms of the red fleet and the white fleet. We purchased the white fleet through our purchase systems. They purchased it through our procurement system so we have oversight on that. We also maintain the vehicles, so we do inspections of the equipment on those vehicles and the equipment themselves as they're maintained and checked. When it comes to the building and contents, as a volunteer, I have been the volunteer that looks at the list and been part of the discussions and arguments with brigade management where we don't want to record something on there because then they'll know we've got it and we might not get another one.

So as a volunteer, that's the discussions that are held, and that could lead to under-insurance, which we've experienced with the flooding, where we don't know all the contents in the building. So therefore there's an accounting issue because there are multiple different ways that brigades can acquire equipment and contents within a building. We've had brigades alter buildings because they've not waited for council to be able to fund it or to be able to do it, and they've fundraised. Obviously we can't project-manage at the drop of a hat. We've got a whole portfolio of buildings to look after, so the priorities could be different.

Some of the volunteers will go and do it because they're qualified tradesmen. They'll go do it and we find it after the fact. There's a whole range of issues. We don't know because, again, donations—they go and fundraise, get an air conditioner, put a hole in the wall so they can run an ice machine out the front to sell bags of ice—all sorts of things. We cover almost 3,000 square kilometres. We have keys because we do go and do works at the buildings. They will talk to us and we'll try and assist, but if it doesn't move quick enough, sometimes they move themselves.

Mr CLAYTON BARR: Could I ask the other councils the same question? Do you physically have someone go out and check through the list?

MARK MILLS: For Sutherland, it's probably a multilayered validation of that. Because of the accounting standard, we do request RFS to provide us evidence and account of those assets. Because we maintain those assets, we do a visual check and we've got the maintenance records to validate that, but also the fuel validation checks as well. The transactions against those vehicles are validated so we know those assets are valid and still current.

MITCHEL WOODS: The Audit Office makes sure that for the persons who are providing that information, the information's reliable and accurate. We've made sure that we've got council representatives as part of that process. In terms of the buildings, they fall into our buildings re-evaluation cycle. We've got third-party building valuers who will put a value on those RFS buildings. In terms of putting values on the RFS red fleet, in the first year that was a bit of a struggle because, unlike Hawkesbury, they don't come through our procurement. Trying to find some values for those vehicles was difficult. We were relying on some information that was provided by the RFS. We did need a fair bit of work in verifying that data.

FIONA LEATHAM: From a Hornsby point of view, this conversation brings to the surface the inconsistency of how this is done. We don't procure our vehicles through our system, either. The exercise of

double-checking through finance records, through our asset records and through our RFS access, cross-checking and making sure we've got everything can be time-consuming. From a building point of view, it is very similar to what the other councils have said. We might have some brigades doing their own alterations without DAs. Internally that's okay, but we find out when we get there and do our inspections. That's incredibly difficult as well. I guess the inconsistency we're raising here is how that all works across the different councils and what's the right model for that to work more efficiently.

DAVID WALSH: At Northern Beaches we're very proactive in terms of the buildings because we account for those buildings. In the case of the red fleet, that is all managed by the RFS, but we actually seek information from them, such as registration certificates, to verify that the assets actually exist.

Mr CLAYTON BARR: I'll ask one final question, which I think is straightforward. A long time ago I worked at council. One of the people on our team was the fire officer person. I don't know the title, but essentially they were the liaison between—they worked inside of council but they had that broader RFS remit around the sheds, the gear and all that sort of stuff. Does that role still exist inside of each of your councils?

FIONA LEATHAM: You may be talking about the LEMO, the Local Emergency Management Officer?

Mr CLAYTON BARR: No, I'm talking about a much lower level employee.

VANESSA BROWNING: I believe that the introduction of the SLA took out of the council staff that was the liaison rolled out. That got changed in 2008, where the actual role, where it used to sit in council, was removed.

STEVEN HEAD: Certainly at Hornsby, we don't have a dedicated role. Generally, within Ms Leatham's team there are people who are looking after the vehicle assets in terms of maintenance—and separately for the building assets—and then our liaison is usually through one officer that works, usually, more broadly than just the emergency services and will work across a number of functions.

Mr CLAYTON BARR: I know I said that was going to be my last question. Under the legislation do you not have a responsibility to establish the brigades and allow them to exist? For community halls and stuff—are they called 355 (b) committees or something?

STEVEN HEAD: We don't have any of the 355 committees in place any longer. We moved away from those quite some time ago.

Mr CLAYTON BARR: Do you have any line of sight on each of your brigades and, one, that they exist, and two, that each year you get an update about the president, the secretary, the treasurer and all that sort of stuff?

WILL BARTON: No.

VANESSA BROWNING: No, we don't.

STEVEN HEAD: We don't receive a formal correspondence of the existence of each brigade and members. Most of our communication is generally taken through the professional staff—or the formal communication is through the professional staff in the district office.

FIONA LEATHAM: The district liaison officer.

STEVEN HEAD: Yes.

Mr CLAYTON BARR: In regional areas, the white-shirt formal officer might be several hundred kilometres away.

STEVEN HEAD: Yes, but it's not so much for—Hawkesbury, Sutherland and Hornsby are quite large, but relative to some of the rural councils the furthest away for us is about an hour's drive at most.

Mr CLAYTON BARR: Thank you, I appreciate that.

Dr DAVID SALIBA: You're a stakeholder in the process by virtue of your service agreements. You're paying a fee, so to speak, to build capability. What's the consideration for that? Clayton's just spoken about what work the RFS does. Is there any form of reporting in terms of their key outputs over the year?

STEVEN HEAD: It's a very interesting question. In Hornsby's case, the service-level agreement established a liaison committee. Its formal meeting, it's probably fair to say, has been rather haphazard over the years and the formal reporting back to us as a council has not been, in that sense, all that great. One of the discussions Ms Leatham and I had after she started was that I wanted greater visibility for the community around

the benefit that we're getting out of what's a not-insignificant investment in the RFS. We support them entirely—there is no question about that—but I think, on behalf of being transparent to the community about where their dollars are going, having an understanding of exactly what their functions are, how they go about performing them and establishing some quite robust KPIs should be inherent in all of the agreements that we have.

Dr DAVID SALIBA: Are there any KPIs?

STEVEN HEAD: Most of the KPIs actually fall on council. For instance, we will ensure that complaints are sent through to the RFS within a certain period of time, that we provide funding no later than such and such—those kinds of things. I feel that the KPIs fall more formally on us, in that sense.

The CHAIR: I'm just conscious of time, everyone. Are there any other questions, or things that the witnesses would like to say or bring to our attention? If not, thank you all very much for appearing before the Committee today. It has been super valuable. You will each be provided with a copy of the transcript of today's proceedings for any corrections. Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. We kindly ask that answers be returned within 14 days. Thank you very much.

(The witnesses withdrew.)

(Luncheon adjournment)

Councillor DAVID McCANN, OAM, OAM (Mil), Mayor, Coolamon Shire Council, sworn and examined

Mr TONY DONOGHUE, PSM, General Manager, Coolamon Shire Council, affirmed and examined

Ms KAITLIN SALZKE, Chief Financial Officer, Murrumbidgee Council, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you very much for appearing before the Public Accounts Committee today to give evidence. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

DAVID McCANN: Yes.

KAITLIN SALZKE: Yes.

TONY DONOGHUE: I can confirm that.

The CHAIR: Would anyone like to make a brief opening statement before we begin questions?

KAITLIN SALZKE: Good morning, Chair and members of the Committee. Thank you for the opportunity to speak today. I would like to begin, as many others have, by saying how much Murrumbidgee Council values the work of the NSW Rural Fire Service and its volunteers, and we also value our close working relationship. However, the current legislative framework, particularly section 119 of the Rural Fires Act, which vests firefighting equipment in council, presents a serious disconnect between responsibility and reality. One of the most concerning consequences of this arrangement for council is the impact on our financial audits. The NSW Audit Office has repeatedly issued us with qualified audit opinions due to its interpretation, or misinterpretation, of this section.

These opinions cast doubt on the financial integrity of councils, undermine public confidence, and have wasted countless amounts of time and energy for all involved. Another impact of this section is the circular and unnecessarily complex administration it causes. This is more than just a bureaucratic anomaly; it's a burden for councils and, ultimately, for our ratepayers. We are forced into a convoluted loop where we contribute to the Rural Fire Fighting Fund, receive funds back and then spend beyond those funds, all while being held accountable for assets that, in truth, are managed and utilised entirely by the RFS. I must reiterate that we do not have access to these assets. We have, in recent years, attempted stocktakes, but these have only been possible with the assistance of the RFS group captain.

On a day-to-day basis, we do not know where these assets are or when they are purchased or disposed of. The situation is not just inefficient; it also lacks the transparency and clarity that our communities deserve, as does the solution proposed by Treasury and the Audit Office to recognise only some, not all, of these firefighting assets in our accounts. We propose a simple, logical solution: Empower the RFS to directly own and manage its assets by amending section 119 of the Act. This change would align accountability with operational control and reduce unnecessary administrative burdens. It's the solution that reflects the reality on the ground. Murrumbidgee Council is committed to working collaboratively with all stakeholders to find a more effective approach to managing the assets and premises that our communities depend on.

TONY DONOGHUE: Thank you for the opportunity to speak. We would also like to acknowledge and appreciate the frontline workers when they are fighting fires, and the RFS volunteers and staff. As you can see from our submission, this has been a topic of interest for Coolamon Shire Council for such a long time. It's basically a generational council issue. I'm here representing past general managers, and my mayor is doing the same. Our concerns are many and varied. The red fleet and its accountability is just one small part of that. We believe it's an easy fix and that it incorrectly falls on our councils to account the books. In addition to that, our submission talks about accountability, transparency and the budget process. Building a budget from zero and what appears to be unconstrained is very hard on local government.

The structure of the whole emergency services—we believe there's a whole-of-emergency-service review required. The sustainability and the funding is currently not appropriate. Fires and floods do not discriminate, but who pays for it does. We could speak in great detail on each of these topics and give concrete examples but, for the sake of expediency, we will just answer the questions that the Committee is seeking for further information. We think that our submission speaks to these concerns. What we want to make the Committee aware of is that we think there is need for a complete and total review of all aspects of emergency management, and RFS accounting is just one of them. Our communities need and deserve this.

The CHAIR: Before we begin the questions, I wish to inform the witnesses that they may take a question on notice and provide the Committee with an answer in writing within 14 days after receiving the questions. I might start with a question. It has been asserted to us that, outside of a section 44 emergency, councils can prevent the RFS Commissioner from moving red fleet assets out of the LGA that owns them—or, at the very least, the RFS Commissioner needs to consult with councils before that happens. Is that your experience, or have you had any experience with situations like that? What's your understanding of that situation?

TONY DONOGHUE: I have never had that experience at all. I would even contend that trucks within our fleet are taken to wherever they're needed, and no-one ever contacts us in regard to where they will be going or why they are needed to attend.

The CHAIR: So you're saying that, outside of a section 44 emergency, the trucks can be moved anywhere, including outside your LGA, and they are, in fact, moved outside your LGA without any notification or consultation or permission from the council?

TONY DONOGHUE: Absolutely. That is absolutely correct.

KAITLIN SALZKE: I would agree that that has been our experience as well. On the other side of that, when we attempted to undertake a stocktake here in Murrumbidgee, we certainly, on the ground, saw assets that were from other local government areas. I think there was something that came across from Griffith. In fact, it was on the list that the RFS gave us that it was our asset, but on the ground the RFS volunteers were telling us, "No, that's not ours; it's here from Griffith because we're waiting for another appliance to be constructed or delivered" or whatever the situation was. Certainly, we had no knowledge of that. I suspect that Griffith also would not have had any knowledge that that was in one of our sheds.

Mr CLAYTON BARR: In my mind, that is a pretty significant breach of the law—the way it's written and the way it's intended to work et cetera. Can I clarify, in your experience, are these one-off, rare, unusual instances, or is it pretty typical and common—it's not at all unusual; it just happens?

DAVID McCANN: I would suggest that it's a case of what we don't know, we don't know.

Mr CLAYTON BARR: Yes, good answer.

DAVID McCANN: They don't consult with us, so we really can't be sure about the frequency of the vehicles that might be moved out of the LGA, but we are certainly aware that it happens.

KAITLIN SALZKE: You questioned the legislative framework that allows for that to happen. Certainly, in reading the Act—although my understanding is that out-of-area deployments do require, in theory, that council grant that permission—moving firefighting apparatus within the district, which may still be across local government area boundaries, doesn't require that permission from councils under the Act, certainly. Now, what service agreements might say may be different to that but, certainly under the Act, within the district the fire control officer has that authority.

Mr CLAYTON BARR: Within the district?

The CHAIR: Not within the LGA but within the district that purchased them?

KAITLIN SALZKE: Yes.

The CHAIR: But if they were moved outside of the district, strictly, under the terms of the Act, that would require permission?

KAITLIN SALZKE: That's my understanding of the Act, yes.

The CHAIR: We have heard submissions from a number of people today, and we have been discussing a number of the issues that have been raised in your submission. One of the things you talk about is the additional expenses that council incurs, just from the administration of payments and the administration costs that come with this. It was asserted to us that, again under the Act, it's council's responsibility to do bushfire prevention, including back-burns, hazard reductions et cetera, and that the RFS does that for councils for free and that there's significant value in that. I think the implication in that assertion is that the value that the RFS provides in helping councils meet their obligations under the Act is more than offset by admin fees and other cash expenses over budget that councils incur. I wanted to hear whether you had any comments on that.

DAVID McCANN: I think it probably would be important to note there that that's a zone-by-zone arrangement, I would suggest. Speaking for our zone, I am unaware of those sort of operations being conducted in any planned or regulated system. There's certainly no communication between the RFS and council in regard to that sort of hazard reduction. In our area, there's a heavy reliance on State mitigation teams to do that work, which are independent of not only council but also the RFS zone. There is very little communication or control.

TONY DONOGHUE: I can add to that that we also get funding to do roadside spraying or slashing or whatever to provide corridors that support asset protection zones (APZ). We work cooperatively, as we should, with the RFS to make sure that our areas are appropriately protected. I don't want to be trying to imply that everything is bad. We do undertake cooperation to ensure that we protect our community assets.

DAVID McCANN: I would add to that too that the funding that Mr Donoghue speaks of that we receive for mitigation—it was mentioned by the Minister for Local Government in the House that that's a donation from the RFS to council. It's not a donation; it's mitigation funding.

TONY DONOGHUE: We do the financial management for our whole zone. What comes to Coolamon Shire Council would look in the records as though we get a lot of money, but we distribute that on a percentage basis across originally five other local government areas but now four. We just do the book work for the whole zone.

The CHAIR: Do you charge for that book work?

TONY DONOGHUE: We do. There is a charge for that book work, but that is only by agreement from within the zone. There has been a debate over that. We have continued to operate it due to an agreement from within the zone that stems back to—I will take it on notice. It's 2008 or something like that.

The CHAIR: Is it your assertion that, even though you do charge for that, these activities still leave council significantly out of pocket?

TONY DONOGHUE: It would not be worth what we recoup for that. Yes, I agree with you.

Dr DAVID SALIBA: Obviously every zone is different. If we were to make an assumption that there would be some medium there, how much would back-burning cost year by year?

TONY DONOGHUE: Back-burning is not undertaken very regularly out in our district. We have predominantly managed land—the farmer manages the land. There are not large areas of forest or whatever. It's all agricultural land that is cropped and, therefore, minimal areas require back-burning. Back-burning can only be done during the winter periods. The couple of times we've had it, we've had complaints raised about the smoke and whatnot. But it has been done by predominantly the RFS through their processes.

Dr DAVID SALIBA: I don't know if it's in the Act or a source document, but I'm assuming it's the same for a fire management plan—prepare, plan, respond, recover. In terms of the planning and preparation phases, apart from back-burning, is there anything else that council—not council; the RFS take care of that—should or shouldn't be doing in those phases?

DAVID McCANN: We have certain policies within our shire in relation to the provision of fire breaks on land, which are enforced by council still at this stage. There's a requirement for land bigger than four hectares to have a three-metre fire break put in. Other than that, as Mr Donoghue said, the farmer primarily is looking after their land for fire reduction.

Dr DAVID SALIBA: I'm trying to find out what's the best deconfliction moving forward. With respect, you have the RFS, you have councils, you have private landholders and probably other stakeholders. What's the best way to deconflict duties moving forward? Obviously that would nest within the service agreement, and then there's obviously finance and governance arrangements across it all. I'm trying to figure out that initial planning and preparation phase. What are the big pain points there?

TONY DONOGHUE: The reason it gets difficult to give you an answer to that is because a private landowner needs to either be directed by the RFS or council. If council are making the direction, it's not under the fires Act; it's under a messy yard or whatever. If you're getting down to that level of detail, it's nearly site specific about how you handle that. If you're talking about how do you prepare an APZ, an APZ is provided to the community as a defined area that will be managed and that management will then depend on who the landowner is. We will normally default back to the RFS on how best to do that, be that a burn, be that a slash, be that chemical. You need all three to ensure you can continue that APZ because, if you just do chemical forever, it will eventually not work. If you do slashing forever, it will not work. You need to manage that over a series of years.

KAITLIN SALZKE: I would also suggest, in terms of you talking about deconflating the duties, that, really, as council, our obligation under the Act is the same as it is for any other owner or occupier of land in terms of hazard reduction. It's just that we have more of it. I would suggest that, as council, we are already in a position where we have a strong working relationship with the RFS. I don't see that there's necessarily an issue that we have that responsibility, and we liaise with the RFS and work with the RFS to achieve those objectives on that land. There are no issues with that being a collaborative exercise.

Dr DAVID SALIBA: I have asked the previous people that came in here, what do you think are the biggest pain points as it pertains to these service agreements? Obviously I have seen the upkeep requirements being quite burdensome, in terms of the submissions. What do you think are the biggest pain points there?

TONY DONOGHUE: They don't reflect what happens. We are being asked to sign something that does not reflect the reality at all.

Dr DAVID SALIBA: Can you give examples?

TONY DONOGHUE: We have no control over the asset yet we're signing something that says that we do. In signing it we're putting an onus on the council, and ultimately the general manager, as to the liability of that asset, and it's just not right.

Dr DAVID SALIBA: Have there been any examples over the past, say, 10 years, about where there has been that gap and there has been a legal issue or some other matter?

TONY DONOGHUE: We have asked for our insurer to give their take on it. They believe we are exposed, but no-one has—I'm reluctant to say here that we're exposed but we don't know by how much.

KAITLIN SALZKE: As far as the service agreements go, in practice, on the ground here in Murrumbidgee, I would say they're almost disregarded in many respects because they are so old. In fact, our service agreements are—I'm just trying to find the date. In 2011 and 2012 they were originally signed. Those agreements are in actual fact with the previous Jerilderie Shire Council and Murrumbidgee Shire Council because in that time we've had an amalgamation of the two councils. Those councils in which that agreement was originally signed no longer exist. Equally, as a result of that proclamation, the fire districts have also been merged into one. So we've got two zones in our LGA, which were sort of merged, but then we've subsequently signed a memorandum of understanding with the RFS to basically continue to operate them as two from an operational perspective.

I would suggest that, to the extent that we have worked with the service agreements, they really are just trying to get around the fact that the legislation has this clause that says that we own the assets. Without that, if the legislation just said that the RFS was responsible for the maintenance and upkeep of them, then a large portion of that service agreement would not be relevant or required. It's really all just trying to work around that little bit of leftover legislation that is still sitting in the Act and causing us all headaches.

Mr ANTHONY ROBERTS: In your case, you were depreciating assets that you didn't even know that you had or had asked for, potentially. There's an issue around that. How do you depreciate vehicles that you don't know you have? Secondly, let's put the service agreements to one side momentarily. The best way forward here is to deal with the depreciation issue that everyone seems to have, work out who actually runs the fleet and to have the fleet or those assets underneath the RFS. Is that the simple, logical solution to all of this?

KAITLIN SALZKE: Yes, I would agree with that assessment. To the point of depreciation, Murrumbidgee Council has taken the position—and has always taken the position, with the support of our councillors, Audit Risk and Improvement Committee (ARIC), our general manager and senior finance staff—that we do not control the assets, so under the accounting standards, we won't recognise them. We haven't recognised them to date. In our financial statements, we don't have a depreciation expense currently. That has meant that we have received qualified audit opinions from the Audit Office for the previous two years, but we didn't receive them previously. Nothing has changed in that time except the Audit Office's interpretation of the legislation. I understand that there has been a change in the New South Wales Auditor-General and the way that they are assessing materiality. My understanding is that it's likely the we will sidestep the problem this year by virtue of a reassessment of what the materiality threshold is.

We land in a sort of ridiculous position where we've changed nothing about how we account for these assets, or don't account for these assets. For years, we had no qualified audit opinion. Suddenly, we have a qualified audit opinion for two years, and this year it will probably fall off again. It makes very little sense. Also, there's a change this year that has prompted some councils to change their position and to begin to recognise the assets. I heard some speakers earlier today referring to changes in the accounting standards, which is not entirely accurate. The accounting standards themselves have not changed; it's the Code of Accounting Practice that is released by the Office of Local Government that has changed. They're basically reflecting the Audit Office and the Treasury's view that we control these assets, which we obviously disagree with.

DAVID McCANN: Could I just quickly speak to the point that was raised about risk and liability? This is a serious concern to us. We have sought for a number of years a determination on where we, as a council, would stand in the event of a serious accident or incident involving one of the vehicles which is deemed to be ours. We've seen a number of examples where accidents have occurred due to out-of-area deployments—in some cases, where

vehicles and crews have been taken from our LGA to fight in other LGAs on the fireground for 12 hours or so, and then have to turn around and drive home after that and an accident has occurred. We have policies and procedures within our council that would prevent our staff driving heavy vehicles under those conditions. We are unable to enforce those with the RFS, although the assets are ours. Up to this point, we still haven't been advised whether we carry that risk, but we have a really great fear that councils could be held liable should accidents or other occur. To us, it's a very important point that needs to be stressed.

KAITLIN SALZKE: We have a similar concern, obviously. But even just in terms of when an asset goes missing, what are the consequences of that? Is our general manager responsible for that? Certainly, when we undertook our stocktake, we began with the list that was provided by the RFS through LGNSW, and we had to verify some of those assets on the ground, which itself was a time-consuming process. It was two days of driving around. That was only to cover one of our districts, one of our areas, not the other half. In doing that process, we found that there were assets on that list that were not on the ground. It may not be that they're missing, as such; it's more likely because these assets are not sitting in RFS sheds where you could go to each shed on the list and tick them off. They're sitting in hay sheds on private property or where there is no shed. They're remote enough that that's where they're sitting.

While most of the red fleet—the fire trucks themselves, the category 1 appliances and things like that—we were able to identify and verify, there were definitely trailers and things like that on the list that we didn't know where they were, and the RFS volunteers that were with us were unaware of where they would be either. They were probably sitting next to a harvester or something like that on a farm somewhere ready for use. We don't have that visibility. We can't control that.

TONY DONOGHUE: Further to that, I can give an example. I think it was 2018 that we were given a vehicle at \$60,000. It was supposed to go into our books. We didn't put it on our books because we've taken the stance not to. That vehicle didn't arrive in our shire until the 2021-22 financial year. When we received it, it was a \$10,000 ute. The difference between two to three years of having an asset and it being put on your books at \$60,000 and actually arriving at \$10,000 is mismanagement. When the RFS has been buying new vehicles and rolling out those older vehicles to the least-used areas, they come up as a purchase on our bid. We're buying a vehicle from, say, the eastern seaboard to come into our shire, and we're basically purchasing an already bought vehicle. I can understand if you want to have that as your written-down value that you're assessing, but I don't understand how an organisation can buy a vehicle twice.

The CHAIR: Could you unpack that a bit more for us?

TONY DONOGHUE: If you're buying a brand-new vehicle for Borambola, and you take the 15-year-old Borambola vehicle and give it to Marrar, they will buy the original one at \$600,000 and the rolled-out one would come to us at \$300,000, yet it's already a single purchased item.

Dr DAVID SALIBA: They're passing you older cars.

The CHAIR: The RFS is passing on older cars.

DAVID McCANN: They're moving the vehicles.

TONY DONOGHUE: They're moving the red fleet around. The older vehicles are going to the least-used brigades, but they're coming at a price.

The CHAIR: Do you account for them? In accounting for them, are you accounting for them as the new vehicle or the depreciated vehicle?

TONY DONOGHUE: We're not accounting for them. We're asking how would we account for them if that was the way you're pushing your fleet around the State of New South Wales?

Dr DAVID SALIBA: I understand the logic here for them. At a State level, it's in the public interest to use those new assets in high fire areas and pass on the residue vehicles. I understand the broader public interest.

TONY DONOGHUE: Same here.

Dr DAVID SALIBA: Have they given any other reasoning? I'm assuming that's what it is.

TONY DONOGHUE: I've written and I've received no answers.

Dr DAVID SALIBA: Can you elaborate on what's the downside for you, apart from the accounting purposes?

TONY DONOGHUE: In the old days, bids were constructed for each zone, and those bids went up to create the total State budget. That budget was then delivered or provided, and then the money went back to each

zone to do that. What was in that bid was the vehicles we were purchasing. Back then we were purchasing new vehicles because we all had old vehicles and we were trying to up our fleet management. That bid process is still getting pushed up as a cost to the total budget for the RFS. Yet, it's already a purchased vehicle under the RFS. Do you get me?

Dr DAVID SALIBA: I get you. I'm not an accountant. Both of you sound pretty switched on when it comes to accounting. How does that relate to the accounting practices—the guidelines? Is there any impact there at all?

TONY DONOGHUE: I've asked and I haven't been given an answer.

KAITLIN SALZKE: In theory, if we were to account for that—just to take it back one step. I assume that what is being referred to here is the notification in the allocation letters, which we receive from the RFS. It's basically a projection of what they're intending to spend in the district. Again, that has been a point of some contention with the Audit Office because they were trying to tell us that was what had been purchased or was some sort of notification from the RFS that that's what had happened. In reality, as has been said already, plans change and budgets change everywhere, so it may not actually be what ends up happening. Certainly within that allocation letter, there is notification of what appliances are anticipated to be purchased or constructed or sent to the area.

Just looking at the most recent one we've got, there is also a space for a value of a replaced appliance. I'm assuming that what you would be looking at doing—again, I'm taking a few leaps here. Assuming that the allocation letter was accurate, assuming that that's what actually happened and assuming that you were going to account for the assets as though you did control them—even though we don't and we're not accounting for them—you would be recognising that as the disposal value of the asset, so it would have an accounting impact. The ones that we've got in front of us—we've got some assets where the allocation allows for those assets to be replaced. The replacement value or the disposal value is listed as nil.

TONY DONOGHUE: Zero.

KAITLIN SALZKE: Zero dollars. We find it difficult to believe that there would really be no disposal value. I imagine that, and I'm only speculating, from an accounting perspective, assigning a second value to those second-hand assets—there should be a corresponding replacement or disposal value in the original LGA's notice that they get, but we would have no way of verifying that either.

TONY DONOGHUE: Just on that, we know they're sold. We have local landowners who have bought those assets, so to tell us it's zero is fanciful.

DAVID McCANN: A good example that was given to us only recently by a local landowner was that he was able to purchase at auction part of a disposed RFS vehicle. When I say "part of", it's the tank part at the back. He was aware that a number of the vehicles were being sold and purchased for ludicrously low prices, pulled apart, engines removed and shipped overseas. He purchased the tank part of the truck. When he got it home, he opened it up and it was still full of all the associated firefighting equipment. Those are separate assets in themselves; they're not part of the truck. I guess it goes to what we're saying: If we, as a council, have to be looking at these sorts of assets, it would not happen that way.

TONY DONOGHUE: If we had control of them it wouldn't happen like this.

The CHAIR: There's a lot in that and I'm trying to get my head around it. Are you saying that the RFS, whether it's local or district management, is taking vehicles and selling them on the private market? Do you know where the funds from those sales are going?

DAVID McCANN: No.

TONY DONOGHUE: We've asked and have not received an answer.

The CHAIR: Of course, there's no transparency with the asset lists, so you don't know if they've disappeared. Are you required to then write that asset off your books?

TONY DONOGHUE: We've taken the position that, same as Murrumbidgee, they're not our assets.

The CHAIR: You don't account for them.

TONY DONOGHUE: In 2002 we just said we have no control over these in accordance with the accounting standards. I'm of the belief that the accounting standards are supposed to be flexible enough that they move with the times and how things are pragmatically managed as opposed to how laws are written, which is why we defer to the accounting standards and not to the term "vesting" because, if it's not an accurate description of how the asset is managed, we should then be leaning to the accounting standards.

Ms JENNY LEONG: At the end of the day, I'm really concerned about the fact—and we covered this in an earlier part of the inquiry—that there seems to be a list provided to councils of the assets, but there's no correlation between the list of assets provided to the councils and what assets are actually available on the ground. In well-meaning circumstances, they just can't be located because, as was the example given, they're on private property in someone else's shed. There is also the possibility—because we're talking about assets like vehicles, utes, trailers et cetera—that they are being purchased for public use and it may have been unintentionally forgotten that they were originally an RFS asset that has then been used.

To go to that concerning factor, what would you suggest are the recommendations around how that would be addressed? Leaving aside where the ownership of the assets sits, how would we go about getting the house in order, if you like, so that there is a clear asset list going on? What would the recommendations be around that? It is concerning that there are resources on the ground that people can't access or, indeed, aren't being maintained because no-one can access them or know where they are.

DAVID McCANN: I think the simple solution already exists with other emergency services. If I take the New South Wales police as an example, they have a fleet management section that is responsible for the management of the police fleet statewide.

TONY DONOGHUE: I'm going to add to that and just say the situation has arisen because no-one controls the asset. We are trying to say that, for the sustainability of the emergency service, which is the RFS, they should be in control of the assets that they use. We have moved so far since 1997 that the RFS should be treated no differently to New South Wales police, NSW Ambulance or Fire and Rescue NSW. Know where your assets are, manage them and account for them properly.

Ms JENNY LEONG: Ms Salzke, did you want to comment?

KAITLIN SALZKE: The NSW Audit Office actually released a report in 2023 entitled *Planning and managing bushfire equipment*. They conducted a performance audit on that. In that, they indicated that the RFS do have a fleet management system, which records the location and status of all of their assets, including maintenance records, where they are now—all of that sort of thing. I obviously can't, myself, personally verify that, but I'm assuming the Audit Office report to be correct in that regard. I'm assuming that that's where the list that has, in the past, been provided to the councils—again, I heard mentioned earlier that that's provided to councils annually. I've only ever seen it once, and that was amidst all this back and forth with the Audit Office about whether we were going to recognise them in the first place. This was one of the main objections: that we just didn't have the information. I've only ever seen that list provided once. I certainly haven't seen it on an annual basis.

I would suggest that, from an asset management perspective, a lot of it is probably already being undertaken by the RFS. That might be a relatively recent development—I'm not sure; I couldn't speak to that. But it's the logical place for that to be managed. I think the gaps in the information that we've observed may—and again, I'm speculating to some degree but, based on the conversations that I have had with RFS volunteers locally, I suspect that there may be a bit of a communication gap between the brigades on the ground and whoever is conducting fleet management at a higher level in the RFS where those trailers, for example, that we couldn't identify may have been sold and just not reported back or just disposed of. They're now obsolete and no longer used. They may not be good for anything, but they've just stopped using them rather than actually notifying whoever needs to be notified. It may be that when they were disposed of those processes weren't in place, and they are now. I don't know. I'd be, as I said, speculating.

The CHAIR: But what happened to the money when they were sold?

Ms JENNY LEONG: Yes. There's that element, Chair. I think the other element is this concern that there's equally potentially usable equipment that has been purchased with public money and would assist in the work of the RFS. Nobody knows where it is, but it could be used. I agree that there's a chance that some of it is obsolete and outdated, but there's also equally a chance that there's additional equipment that could be used but no-one can access it or knows where it is.

DAVID McCANN: That's absolutely correct. On a number of occasions, landowners have attempted to purchase obsolete or older pieces of RFS equipment but were denied that option. It's only recently that the RFS have looked at returning privately owned firefighting equipment and allowing it onto the fireground. Up until a year or so ago, they had actually banned privately owned firefighting equipment on the fireground. Common sense says that a perfectly usable fire appliance owned by a farmer is a very handy piece of equipment to have if they can afford to buy it.

The CHAIR: Just to be clear, can I ask if there is any evidence or suspicion of any corruption in this process?

DAVID McCANN: I don't believe so.

TONY DONOGHUE: I'm not in a position to make any comment on that. All I'm saying is where does the money go? I ask questions. How is it managed? An example is, in their last report, they have approximately 1,200 employees and they have 2,500 light vehicles. That's two cars for every employee. I don't understand how that is. Even if you took that there's 45 zones and there are two volunteers with vehicles in those zones, then that's another 90. We're talking about 1,300 people who should have cars.

The CHAIR: I think there is a risk if nobody knows who owns vehicles and they're not on any particular list and nobody accounts for them. To me, logically, it is a risk that somebody sees an opportunity to sell those vehicles. Nobody sees that it is gone. It doesn't disappear from a list, and nobody really knows where the money has gone.

KAITLIN SALZKE: I think there's an issue too in effectively having two lists—which I think is the position that we would be in if we agreed that council is to control and manage the assets, which we obviously disagree with. Having the RFS, as they currently do, recognise some of those assets on its books but not all is, at best, confusing. Even from an insurance point of view, my understanding is the RFS insures its red fleet, but council is responsible for insuring the kinds of vehicles that we've just spoken about—the white fleet that are used by the group captains, the utes and those kinds of things. We organise the Compulsory Third Party (CTP) and insurance on those. Even just yesterday I was having a conversation with our finance manager, and we're not quite sure if we've actually got insurance on all of these vehicles. We need to review that. Because we don't actively manage that fleet, it's really hard for us to monitor that in the same way we would if they were the same as the rest of our council fleet that we can more actively manage and control.

DAVID McCANN: I'd be very surprised if the RFS didn't have a disposal policy for their assets. I would imagine that that process is proper, but it is not widely known. Going back to the basis of the argument, we as councils who are deemed to be responsible for those assets certainly don't know what that policy is.

The CHAIR: Thank you very much for giving evidence. You will each be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions on notice and any supplementary questions from the Committee. We kindly ask that you return these answers within 14 days.

(The witnesses withdrew.)

Mr MATTHEW CORRADIN, Acting Director, Environment and Planning, Central Coast Council, affirmed and examined

Ms PENELOPE GOODWIN, Assets and Data Analysis Officer, Gwydir Shire Council, before the Committee via videoconference, affirmed and examined

Mr ANGUS BARNES, Local Emergency Management Officer, Eurobodalla Shire Council, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Public Accounts Committee today to give evidence. Can you each please confirm that you've been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

ANGUS BARNES: Yes.

MATTHEW CORRADIN: Yes.

PENELOPE GOODWIN: Yes.

The CHAIR: Do you have any questions about this information?

ANGUS BARNES: No.

MATTHEW CORRADIN: No.

PENELOPE GOODWIN: No.

The CHAIR: Would any of you like to make a brief opening statement before we get to questions?

MATTHEW CORRADIN: Thank you for the opportunity to address this inquiry on behalf of Central Coast Council. I'd like to open at the outset by outlining that council's submission to this inquiry in no way reflects our productive working relationship with the emergency services operating within and across the Central Coast local government area. Given the emergencies that our local government area has faced over the past 10 years—whether that be fires, floods, east coast lows, the COVID pandemic, agricultural emergencies or major transport accidents—we respect and appreciate the work our emergency services do in protecting life, property and the environment while assisting our community to prepare for and respond to such events.

Our submission, like the majority of submissions provided to this inquiry, relates to our opinion that there are obvious flaws regarding the recognition of the RFS as a truly State-based entity; the ongoing falsity that local councils are somehow still establishing brigades in their local areas; flaws regarding the funding of the RFS; and flaws regarding the management and/or vesting of premises, the fleet and other appliances with local councils and the flow-on effects that has to council and, ultimately, our ratepayers. In addition, the existing arrangements are highly bureaucratic and inefficient. They are far from best practice when considering other jurisdictions, which are properly and fully accounted for, that show the true life cycle cost to be much higher than currently provided to local councils under the Rural Fire Fighting Fund.

These issues are well known and have been discussed at length for many years. A report commissioned by the New South Wales Government—that was prepared by Colin Parker of GAAP Consulting in 2018 but never finalised—identified that the very issue of primary concern to Central Coast Council and the local government sector more generally has been the vesting of the red fleet in local councils, despite the fact that local councils have no control over or use of the red fleet, and the need to account for that fleet in our financial statements, including the substantial depreciation costs. This is despite relevant accounting standards indicating this accounting treatment is inappropriate. The solutions to these issues are also known and have been presented in many forums over time.

It is somewhat disappointing that the New South Wales Government submission to this inquiry does not address these core issues. In our opinion, the RFS should be responsible for managing its own complex operations—including the provision of premises and the supply and management of the red fleet—under the Rural Fires Act, similar to the way Fire and Rescue NSW operates. This would remove the inefficient and ineffective involvement of local government, properly reform the way the RFS is funded and facilitate more collaborative, efficient and effective emergency management across local and State government to best serve the New South Wales community. Thank you, and we appreciate the Committee's time in exploring this issue.

ANGUS BARNES: I am the local emergency management officer for Eurobodalla Shire Council. This is a new full-time role established to reflect the importance council places on emergency management. My former role was district manager for the NSW Rural Fire Service Far South Coast district, so I understand the

dysfunctional and unfair relationship that the RFS relies on to have a large amount of its administrative and financial management work carried out by council at no cost to them.

Over and above the key points that council outlined in its submission, namely, the material financial impact on council due to RFS assets it is obliged to own and maintain but has no control of, I would like to draw your attention to the impost on council resources of the processing of locally raised purchase orders, processing of CTP insurance, management of fuel cards for the red fleet, administrative processing of roadworthy inspections, annual fleet servicing, guardian entries, management of maintenance for fixed assets, and a myriad of other tasks that are productivity losses and associated labour costs imposed on council that can't be charged to the RFS cost centre, as would be the case on internal projects. This is additional to the almost \$2 million annually attributed to the combination of the emergency services levy and depreciation of RFS assets.

Following the 2019-2020 fire season, the processing of RFS section 44-raised purchase orders involved several months of administrative work, with the loss of productivity on a community-facing project again being borne by council, at a time when the focus was recovery and the community would have been better served with all staff available to focus on them. The NSW RFS is happy to portray itself as a modern-day emergency service, with state-of-the-art equipment, but it is reliant on antiquated financial arrangements to manage some of its administrative functions, to the detriment of service delivery to the community. The recently signed 2024-2027 intergovernmental agreement seeks to address this. However, until such time as the Rural Fires Act is reviewed and rewritten to reflect the scale of the evolution of the Rural Fire Service since 1949, it's not fully achievable.

The CHAIR: Thank you. Ms Goodwin, did you have a statement that you would like to make?

PENELOPE GOODWIN: Yes, I do, just a brief one. Good afternoon and thank you for the invitation extended to my organisation to participate in this inquiry. I am the assets and data analysis officer for Gwydir Shire Council. In my role, I am responsible for trying to accurately reconcile the Rural Fire Service red fleet assets for my council. I hope that today I can offer a practical overview of just how difficult it is to accurately account for assets without the appropriate access and evidence. Gwydir Shire Council enjoys a very positive working relationship with our local Rural Fire Service brigades. However, we do note a few issues that could be corrected for improved efficiency. Our primary concerns are the recognition of red fleet assets in council's financial statements and the burden of administrative processing on behalf of the Rural Fire Service. We are hopeful that eventually the Rural Fires Act 1997 can be amended to ensure that red fleet assets are vested in the Commissioner of the Rural Fire Service, as outlined in the bill introduced by Adam Marshall. We believe that it is essential for local government organisations to be involved with the Rural Fire Service at a strategic level, but operational functions should solely be handled within the RFS hierarchy. Thank you.

The CHAIR: Before we begin the questions, I inform witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days after receiving the questions.

Dr DAVID SALIBA: I will start questions with Angus. Thanks very much for your service over the years. I want to get your insight. We have spent the past couple of hours talking to different stakeholders about the asset list and transparency in terms of what the asset list looks like, its effective supervision and oversight, and disposal of assets as well. Do you have any advice or clarity about how that's managed? All the councils are telling us they don't have oversight.

ANGUS BARNES: Yes, councils don't have oversight. The NSW RFS manages its red fleet using a software package called Red Fleet. All the work relating to every vehicle gets entered into that database so that it can be viewed from a variety of different tiers of management. Council's only involvement in the red fleet is when the infrastructure person at the fire control centre contacts the council workshop and arranges the fleet servicing schedule, so that there is adequate fire suppression coverage across the entire LGA when vehicles are in the workshop getting serviced. That's pretty much our involvement, but then a council staff member spends an entire day entering all the pink slips into the Service NSW website so that the vehicles are roadworthy.

In regard to the disposal of vehicles, there is a process. The district manager, through consultation with the volunteers, will develop the fleet management plan and then, at the end of the useable life of the vehicle, a request for disposal form is completed. It goes to the area command for approval, then it goes to Engineering Services in Sydney for approval. Once approval is given for that vehicle to be disposed of, Engineering Services collects the vehicle from the district and takes it to auction. That's the last the RFS sees of it. Where the money goes, I don't know, because the process has changed significantly over the past few years.

Dr DAVID SALIBA: What about all the other ancillary assets? We have heard from other fire brigades that there are assets that are not on the official asset list and the stocktakes are a bit varied.

ANGUS BARNES: Yes, there are some bits and pieces—and I only speak from my experience in the regional office when we were chasing around after stuff. At one point, RFS decided that tanker trailers were a

dangerous thing because people were sitting on trailers and hurtling through paddocks, being towed by a four-wheel drive, and it was leading to accidents. They preferred not to use those and to use firefighting appliances. There were a lot of cases where the landowner who was storing that particular tanker trailer liked it and decided to keep it, so they hid it so it couldn't be taken away and disposed of.

Outside of firefighting, some people were using them for other purposes—drenching or spraying or whatever. There were a lot of tanker trailers that they couldn't find for that very reason. The comment made earlier about the white fleet, that there are 1,200 staff but 2,500 vehicles, those white fleet vehicles are also the group officers' vehicles. On the Far South Coast I had 12 group officers. Each one of those has an operational white fleet vehicle for managing fires in their particular area, plus there is a staff vehicle. So that accounts for all of those.

Mr CLAYTON BARR: It was just an out-loud thought, because when the previous witness indicated that, I thought, "How is it you have over 2,000 vehicles for 1,200 workers?" I have asked this next question throughout the day and ask each of you: When your local council is asked to do a stocktake, does someone from council physically go to check what is there?

ANGUS BARNES: No.

Mr CLAYTON BARR: Do you rely on the volunteers in each of the brigades to say, "Yes, we've got all that stuff", or, "No, we're missing one or two of those things"? How does that work?

MATTHEW CORRADIN: I'll speak for Central Coast Council. The way it worked for us was we did an audit of both premises, and fleet and some appliances as well. To do that properly, if you're going to make it an independent audit, then we're obviously required to go out and do that work ourselves. If we're going to verify the things that we're saying are there, then we can't rely on the brigades or volunteers to do that. It's nothing against them, it's just that we don't want to put our hand on our heart and sign off on saying these things are there, based on anecdotal information. For us it meant that we had to spend weeks of work, between ourselves and the RFS, to identify what our asset registers said—we have separate asset registers for premises, separate asset registers for fleet—and then trying to correlate that. The first desktop exercise took an inordinate amount of time because, particularly for the red fleet and some of the white fleet assets, we didn't have the same assets on those same lists. There was a lot of back and forth between us and the RFS to try to get the lists sorted in the first instance, and then we had to go out and audit those in person, on the ground.

We couldn't attend all 35 premises across the coast, given some of the time frames that we were following, so we had to do, essentially, a random audit. We picked about 10 premises to look at and then the assets that were associated with those premises. We had staff physically go there and meet RFS staff or volunteers to help assist with access to the sites and then answering some of the questions. We found, as I heard some of the previous councils state, that those assets aren't always at those localities. They may be out on deployment. They may have been moved to another premises. We're not necessarily kept up to date with what those movements are. When we're out in the field, we're not necessarily finding those, so there is another significant piece of work to then verify where that actually went to and what its home location is.

PENELOPE GOODWIN: At Gwydir, we have a very large physical area, but a very small number of staff compared to the other councils. So far, we have not been able to conduct a physical stocktake of all the RFS red fleet assets. We rely solely on the spreadsheet that is sent from the RFS every year, because we just don't have the time at the end of financial year to go out and physically inspect all of these vehicles. That's where we have the biggest issue. We haven't got any cooperation from the RFS in doing that stocktake in the first place, and we are just unable to do it ourselves.

ANGUS BARNES: My involvement in the audit was I was still on the RFS side of the fence the last time it was done, so I had a staff member allocated to go out and do that. I don't know whether or not they interacted with both of the LGAs that I was responsible for.

MATTHEW CORRADIN: This whole issue of not accounting for the proper life cycle costs, I think there must have been about four different units in council that were involved in what seems like a simple stocktake: finance, the plant and fleet, facilities and asset management—and then my unit, which kind of operates a concierge service for the RFS, then helps to divvy up that work within council. So what sounds simple on paper in terms of visiting a locality and verifying the location of assets, there is an inordinate amount of work in the background across different units in an organisation the size of our council. We've got about 2,000-plus employees to try and make sure we are doing this properly. Similar to what was said by Gwydir council, we didn't have staff allocated. We had to pull staff in to assist with that. Those staff are working additional hours on top of their normal business as usual to get that work done.

The CHAIR: I think, Central Coast, you said that you would work closely with the RFS to align the lists. Were you aware that, having done that work, RFS have updated their lists and your two lists are actually now aligned?

MATTHEW CORRADIN: I think, yes, in going through this process, part of that was because we hadn't done that verification piece previously. We are more confident now that our internal asset management lists and the RFS lists are much more like for like. The deficiencies that were there before, we've been able to verify some of those on the ground to see whether there was one that might not have come on our list or vice versa. But I think at this point in time they are much better.

Mr ANTHONY ROBERTS: Matthew, in your submission council estimated it was almost a million dollars out of pocket for operating expenses and another \$100,000 for capital expenses. Can you outline what expenses the council incurs and why some aren't covered by the New South Wales Rural Fire Fighting Fund, those contributions?

MATTHEW CORRADIN: It predominantly relates to employee time and expenses, and then overheads related to those employees. For example, in managing plant and fleet, there is a considerable amount of time in managing those asset lists. That asset list management is not accounted for. We have, then, about four or five different asset lists covering facilities, plant, insurances, our land register, where we have leases to help provide access to RFS facilities. Council is responsible for managing and paying for leases on private land. There is one other at the top of my head that eludes me, but we have about five different registers of some kind to help manage RFS activities. None of the time and costs associated with employees is accounted for in that.

There is also indirect and direct overheads. For example, in managing our procurement system, we pay licence fees to that every year. Those licence fees, the RFS then uses that same system for purchase orders, for example. We provide access to our IT systems for that. None of those costs are captured, either. So primarily it relates to employee costs, and then those indirect and direct overheads.

Dr DAVID SALIBA: Gwydir council, I'm just curious, you're receiving fire trucks through press releases?

PENELOPE GOODWIN: Yes.

Dr DAVID SALIBA: Notification through a press release. Can you elaborate on that, firstly, please? It happens to me a lot, too, don't worry.

PENELOPE GOODWIN: That year, that was two years ago when we first were bringing the red fleet assets into our asset register, there were four major items of equipment that were being brought in that year, and that was mentioned on our allocation letter that we received from the Rural Fire Service. When I pressed the Rural Fire Service to show me some invoices or some sort of information that would satisfy the audit requirements for bringing such a large item into our asset register, they weren't able to give me invoices. I couldn't track down who to even talk to about it, to be honest. Just through googling I was able to find a press release from Adam Marshall, where he had details and photographs of the new items of plant. That was how we were able to provide enough evidence for the Audit Office to show that these assets actually exist.

Dr DAVID SALIBA: All the hours spent probably chasing that down as well would have cost council money too, obviously?

PENELOPE GOODWIN: Yes, definitely. There is a huge administrative cost of investigating all of this stuff.

The CHAIR: Penelope, is that largely due to lack of management systems within the RFS, where they weren't able to provide you with that information? Was it just not being able to find the right person, or they didn't have the information on hand? Is it a management failure?

PENELOPE GOODWIN: To be honest, I think that the RFS aren't really aware of this situation. They seemed to be sort of confused and didn't understand that council needed information about their assets. In their minds, they control these assets. They own these assets. They use them. They have sole responsibility for buying and selling them. They don't seem to comprehend that because of this "vested in council" line in the Act, that we must have this information.

The CHAIR: That's very interesting.

ANGUS BARNES: There is also some background stuff. For a long time, the RFS, in the budget, when they put the allocations out they'd say, "You're getting this new fire truck." But the builders of the trucks were that far behind, it took four or five years for those trucks to arrive. Since that process commenced, there was a lot of a change of staff who weren't aware of the process and the like. So they were just getting the vehicles out of the

workshop and sending them to districts for the local member and the fire control officer to get their photo with the happy brigade captain. That's when council found out about it. For all intents and purposes, the RFS believed that they'd notified council in the estimates letter they got saying, "You're going to get this fire truck." But they didn't tell them when it actually arrived. It just turned up.

Dr DAVID SALIBA: This is linked to another question that relates to this. I imagine in the RFS, just like every other massive institution, there is changeover in command, there is sometimes not the best of HOTOs, handover/takeovers, and so there is a pipeline worth of logistical work that has to get done and it slips through the cracks. It's a nesting point to you, Penny, just about your submission point about access to essential paperwork and data from the NSW Rural Fire Service. Are you able to elaborate on that and talk about those points? What data sets are you missing to enable you to do your job?

ANGUS BARNES: I think within the RFS it's because there are multiple business units looking after the management of fleet procurement. So there is the finance people who look after it, there is the procurement people who purchase the cab chassis, there's engineering who organised the build, and they don't talk to each other very well. Then it's just the last minute thing of "Come and get your truck."

Dr DAVID SALIBA: What about you, Penny? From council.

PENELOPE GOODWIN: Also from an audit process perspective, the Audit Office require councils to have very strong fraud control measures around procuring assets. Particularly if we were to buy a large piece of equipment, we have to provide them evidence of that vehicle. We have to show them an invoice and show them our internal processes that show that this vehicle was procured properly and has been paid for. The issue is that we can't really make the RFS hand over invoices. They are buying and selling these vehicles, and not forwarding the supporting information to us that would satisfy the Audit Office requirements.

Dr DAVID SALIBA: That brings me back to my initial point before about where is the accountability then?

PENELOPE GOODWIN: That's it. We're being held accountable, but we physically cannot get hold of the information we need.

MATTHEW CORRADIN: You touched on one of the other points, the changeover of staff. Our relationship with the district staff is usually pretty good. What we have found, for example, is that because this is a convoluted process, we find that some staff that might come into the district office don't know what the various processes they need to follow are, and therefore they don't get followed, but that then impacts us. For example, we have procurement rules around purchase orders: when they have to be raised and how they're managed throughout the life cycle of that purchase. Sometimes staff in the RFS will go and purchase those goods anyway without following that process, either because they're not aware of it or they're not aware of the specific council requirements regarding that.

The same as the management of RFS buildings—so staff at the RFS will see a problem with the building and go and organise to have that problem fixed, but don't follow our own processes for maintenance of that building, which is essentially a council asset. We can do that work. We've got our own tradespeople that charge significantly less than, for example, contractors, but because staff either aren't aware of that or because they see it as their asset and therefore manage it, they are bypassing processes that we are responsible for.

Dr DAVID SALIBA: What are the benefits of the existing system?

ANGUS BARNES: I can tell you, from my perspective from when I worked with the RFS, I didn't have to do as much as council did. If one of the brigades notified that they had a leaking roof on the station, I'd ring the council property assets bloke and say, "The station's got a leak. Go and fix it." That was the end of my involvement.

MATTHEW CORRADIN: From a council perspective—and I've only been in this space for two years, so you'll probably have to take me as knowing less than—

Dr DAVID SALIBA: I've been an MP for a year.

MATTHEW CORRADIN: All right, we're in the same boat. I don't see there being much benefit to council at all. We're duplicating and triplicating processes that could be just dealt with in house in the RFS if they operated like any other large organisation. They could manage this themselves. It would be much more efficient: time efficient and money efficient. It goes on. From my perspective, what I have seen, there is no benefit to council in these existing arrangements. The relationship element—the only thing that we've ever flagged as being what is important is the relationship building. But we have those relationships through the fact that we help to manage the emergency operations centre when there are events and the fact that we deal with emergency services as part of an incident, almost as like a functional support agency. That relationship-building side would exist anyway outside

of these arrangements, so I personally don't think there's any benefit to council. There's definitely a benefit to the RFS.

The CHAIR: You might have heard this from the evidence from the previous witness when we asked the question, but it has been asserted to us that outside of a section 44 emergency the RFS Commissioner has to ask the permission of councils before they can move red fleet assets out of—there was some confusion whether it was out of the LGA or out of the district area. What has been your experience with that?

MATTHEW CORRADIN: My experience has been that the RFS make that determination internally. I've never seen anything come across to this council, in the two years that I've been here, requesting our approval to move an asset. I'm happy to check that to make sure that's true and correct. But, anecdotally, I've never seen a request of that nature. We've been told that assets have been moved or, as part of those section 44 declarations, we'll be advised of what is going on outside of the region, but I've never seen a request for approval come through to council.

ANGUS BARNES: In 21 years in the Rural Fire Service, I never once asked council for permission to move a fire truck around. If I needed a fire truck to go somewhere, I sent it. I used to work in State Operations. I used to do major incident coordination in there, so we were organising fire crews from all over the State to go to fires all over the State or interstate. Never once did I ask the council if I could take a fire truck from their LGA. I spoke to the district manager and said, "We need five trucks. Get them on the road tomorrow."

Dr DAVID SALIBA: To be fair, there's a public interest in that because there is a fire that has popped up. As a commander, you've got a million things going on and the last you want to do is "Hey, I need to overcome this administrative/logistical barrier" whilst there's time-critical requirements to get out somewhere. I get that.

Mr CLAYTON BARR: But it's the law.

Dr DAVID SALIBA: Okay, I accept that.

ANGUS BARNES: It's dependent on the circumstances. If a neighbouring local government area is conducting a large hazard reduction and they're struggling to get resources on the day to do it, for the benefit of the community to get that hazard reduction burn done a neighbouring local government area or district will send crews to support them, or they'll use the mitigation crews. I'll clarify on the mitigation crews, if you like, a little bit. They work for area command. The district and the council have absolutely no control over what they do. Their tasking is allocated by the next tier of management above the district.

Mr CLAYTON BARR: Angus, I'm asking you to put your old hat on. Does a list of the assets and the destination where they're intended to be exist?

ANGUS BARNES: Once they're where they're supposed to be, that list exists. It probably exists in RFS headquarters somewhere. There would be a build program—and there's a variety of different build programs. There's the new-build program and there's the second-hand replacement program where trucks that are still serviceable go and get a refit and then get reallocated to another district that can't afford a brand new truck. That question would have to be asked of the Rural Fire Service assets and infrastructure section because they're the only ones who will know what's coming in the future. The district, once the vehicles land there, knows what's in their district because they manage the servicing and maintenance of them.

Mr CLAYTON BARR: As best you can, are you able to explain to me why it would be such a problem to get a list from RFS across to the local government that has the product vested in them? Because that sounds like a really difficult thing to happen.

ANGUS BARNES: It shouldn't be a problem at all. Multiple databases exist. It's just a matter of getting the right communication process in place so that the council knows who to speak to in the RFS. There are four tiers of management in the RFS. There's local district that manages one or more local government areas, there's area command that looks after five or six districts or zones, there's area operations that look after two or three area commands and then there's RFS headquarters—so somewhere in that.

Mr CLAYTON BARR: Just for clarity, are a district and a zone the same thing?

ANGUS BARNES: Yes, dependent on—they used to use "zone" and "team". When they first started amalgamating LGAs operationally, it was just after 2001 when the staff came across. Many of the staff were part-time dog catchers or weeds inspectors who were fire control officers (FCOs) a couple of days a week. They were trying to be, for one local government area, the master of everything. They were trying to be everything to everybody and the RFS recognised it was a challenge, so they started teaming or zoning. Zoning was where the councils agreed to put all the money for operating the RFS in the same bucket and let the district manager do whatever he wanted with it. Teaming was where the LGA said, "No, we're not going to let you spend our money

on the neighbouring LGA. You will run two separate budgets with one lot of staff." It doubled the number of staff that could look after.

Mr CLAYTON BARR: That was the late '90s, early 2000s?

ANGUS BARNES: That was 2002, 2003 that started—that process. And then they just dropped those terms because it got too confusing and they just became districts.

The CHAIR: Angus, I think you mentioned hazard reduction burning. Has the RFS ever done hazard reduction burning for council?

ANGUS BARNES: Yes, quite regularly. On council asset protection zones that we have a responsibility to maintain sections of council-owned bushland on the interface, where the community has concerns about the potential impact of a bushfire on them, the Bush Fire Management Committee—and it's important to understand that council has a place in that and it needs to remain because that's where the priorities for hazard reduction work get identified—will then call on the Rural Fire Service to go and do the burning because at the end of the day they know what they're doing and have the resources to do it. Council isn't qualified, trained, experienced or equipped to be burning large sections of bushland and not lose control of it. That's the job of the Rural Fire Service. They have people who are appropriately trained and qualified to write a burn plan to do the burn in a controlled manner that reduces the fuel without creating environmental damage or burning down people's homes.

The CHAIR: Does the RFS ever charge council for that work?

ANGUS BARNES: No.

The CHAIR: We've heard the assertion that the RFS does that work for councils without charge, and that that at least compensates for some of the overcharging. I mean, it's not transparent and it's not a perfect system but it kind of balances out in the end. We've heard that assertion. Do you have any comment on that?

ANGUS BARNES: The process of undertaking hazard reduction burns is designed to provide security for the community. Most of the volunteers have joined the organisation for that same reason. They're happy to go out and do it. They enjoy the opportunity. It's a training experience. It's an opportunity to upskill some members and their levels of supervision or their prescribed burn supervisor or whatever. So they embrace the opportunity to do it. To the best of my knowledge, I don't even know of an occasion where the RFS has asked to be reimbursed for the cost of doing a hazard reduction.

The CHAIR: Is it at least partly the responsibility of councils to conduct hazard reduction burning?

ANGUS BARNES: Yes, council does maintenance of APZs. They don't do hazard reduction burning because that's not in our remit. We'll do stuff mechanically, so we'll get council employees to go out with hand tools and clear sections of area, remove vegetation; or we'll do it mechanically with slashers or triters. Council contributes to the hazard reduction process. There are multiple ways of reducing the hazard. Fire is not the only way to do it. The removal of fuel is one of them. That's the tool that we use to do it on council-managed land.

The CHAIR: I think the argument is that, under the Rural Fires Act, it's actually the responsibility of council to do the land management, thus the hazard reduction burning.

ANGUS BARNES: It is council's responsibility and Rural Fire Service will issue council with a section 66 notice telling them they've got to maintain their asset protection zone because it has been found to not comply. Council will have a look and go, "We can't do it mechanically because of the topography or the amount of vegetation. We'd rather burn it", and then they put forward a proposal to the RFS to develop a burn plan and go out and burn it. It's all done in cooperation.

The CHAIR: I'm conscious of time. We've gone well over our afternoon tea time. Thank you very much for all of the evidence. It's been extremely helpful. You will each be provided with a copy of the transcript of today's proceedings for any corrections. Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. I kindly ask that you return these within 14 days.

(The witnesses withdrew.)

(Short adjournment)

Ms HAILIE RYZAK, Director Strategy and Corporate Services, Blue Mountains City Council, before the Committee via videoconference, affirmed and examined

Mr PETER BELSHAW, Program Leader, Emergency Management, Blue Mountains City Council, before the Committee via videoconference, affirmed and examined

Ms SHERRILL YOUNG, Manager of Financial Services, Tamworth Regional Council, before the Committee via videoconference, affirmed and examined

Mr MURRAY RUSSELL, Manager of Transport Operations, Tamworth Regional Council, before the Committee via videoconference, affirmed and examined

Mr ANTHONY McMAHON, Chief Executive Officer, Bega Valley Shire Council, before the Committee via videoconference, affirmed and examined

Mrs ILIADA BOLTON, Director Business and Governance, Bega Valley Shire Council, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Public Accounts Committee today to give evidence. Can you each please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses? Thank you. Do you have any questions about this information? No? Everyone good? Would anyone like to make a brief opening statement before we begin questions?

SHERRILL YOUNG: Yes, please. The submission of Tamworth Regional Council is endeavouring to make a point that, whilst over the last 30 years there has been a positive and successful change in the provision of emergency management, the legislation supporting these operations has failed to keep up with the reality that is the modern-day RFS. Tamworth Regional Council is one of many councils that has refused to incorporate the RFS red fleet into its asset register. The Auditor-General, in letters dated to council on 23 June 2022, feels that, because the State and the NSW RFS have themselves determined that they do not control the equipment, the only logical solution is that the respective councils must control these assets.

Tamworth Regional Council disagrees with this convenient logic and will once again not be recording RFS red fleet assets in its 2023-24 financial reports. It is time that the legislation is amended to ensure that all NSW RFS assets reside in one asset register and all financial transactions in one set of financial reports. How can the RFS operate effectively if the financial reporting requirements of this arm of the New South Wales public service traverses two levels of government? The assets utilised by the respective brigades are crucial in saving lives, property and the environment. Surely, sound asset management residing within one source must be of the highest priority. Likewise it is time to review the funding strategy for this crucial service. Ideally, any funding for emergency services would come directly from all New South Wales property owners and income collected through Service NSW. Having access to one source of truth that encapsulates all RFS assets would be essential to future resource planning and funding requirements.

PETER BELSHAW: Blue Mountains City Council acknowledges that the current relationship between councils and the Rural Fire Service reflects the history of the RFS and the fact that bushfire brigades—as they were formerly known—were once managed by local government. But, while the Rural Fire Service has evolved and matured, the governance arrangements have largely remained static, with many touchpoints remaining between the two organisations. As a strategic issue, Blue Mountains City Council believes that these arrangements require comprehensive review and modernisation. We note that the inquiry's terms of reference are broad and we've endeavoured to provide feedback across a range of subject areas in our written submission. The sustainability of contributions to the emergency services is of particular concern to council, as is the accounting for RFS assets and the need for review and updating of service agreements. Ultimately, we believe that the era of councils being interwoven into the operations of the RFS is long past and the time is now for fundamental reform.

Finally, we'd like to make clear that the content of our submission and any comment we make here today should not be interpreted as council being critical of the RFS or RFS volunteers. Blue Mountains City Council understands better than anyone the role that RFS volunteers play in ensuring the safety of our communities, and it is our desire to see RFS firefighters provided with the highest level of support through the simplification and clarification of the statutory arrangements that enable the RFS to operate. We're pleased to be assisting you with this inquiry.

The CHAIR: Thank you very much. Would anybody else like to make an opening statement?

ANTHONY McMAHON: From a Bega Valley perspective, we're happy to spend the time answering questions. We gave a comprehensive submission and think the time is probably better used answering questions.

The CHAIR: Before we begin the questions, I wish to inform witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing within 14 days after receiving the question.

Mr CLAYTON BARR: Can I start by asking the questions I've been asking throughout the day—to all three councils, please. When you're required to do a stocktake of what is supposed to be under your control from RFS, do council staff physically go out and work through that list of what is supposed to be there? Or do you rely on the volunteers from those different brigades to do that work for you? How does it work for each of you? I might start with Blue Mountains.

HAILIE RYZAK: I believe we have been doing stocktakes. I don't know if we go down to the level of detail of all the equipment, but definitely for the larger assets, we do a stocktake, and we physically visit sites to do that.

SHERRILL YOUNG: Tamworth Regional Council has refused to undertake a stocktake. We have 40 brigade sites across our local government area and some of those reside on private land. To coordinate visiting all of those sites would be an administrative nightmare and take an estimated two to three weeks of council staff time. So we point-blank refuse.

ANTHONY McMAHON: From a Bega perspective, in recent years we've been receiving an asset schedule from Local Government NSW that they've been receiving from the RFS. We then haven't been able or, in a similar vein, willing to go and try to physically verify this list that we've had given to us from the RFS in the first place. So we don't maintain that register at all.

Dr DAVID SALIBA: I've noticed a number of the submissions pertaining to the different councils here relate to how RFS should be recognised as a standalone emergency response agency, just like the police, ambos and NSW Fire and Rescue. When I look at the emergency management sphere and the plan and prepare phases of EM, is there a big difference in terms of the work that the RFS do in that phase with respect to your LGAs, relative to, say, police and ambos—for example, back-burning and other duties?

MURRAY RUSSELL: As the local emergency management officer for Tamworth council, I don't see that there's a difference there. Essentially the council engages through a local emergency management committee. All of the agencies are active on that. They meet at least every three months. We're also active with other agencies through direct committees. For example, I've just attended the Bush Fire Management Committee and that engages with the National Parks and Wildlife, New South Wales forests, Local Land Services and ourselves as local landowners. Essentially, as we've said in our submission, the RFS effectively acts as a State-level coordination agency. Council has a role in interacting with that agency, but we don't have the driving coordination function of the Rural Fire Service.

ANTHONY McMAHON: I'd like to add Bega's perspective. We have had extensive natural disasters here for a long time now, which you're probably aware of. Reiterating some of the points there, we have bush fire management committees in existence. They are a State-driven initiative that does bushfire risk planning, which you could say is pre-emptive preparedness. We then also have our local emergency management plans, which are that emergency response driven thing when we start to get into declared events—from a bushfire perspective, section 44, or a flood natural disaster declaration. Certain arrangements kick in then. Then there's also what you might call the day-to-day emergencies that each of the different emergency services agencies respond to. It could be a bushfire that the RFS deal with solely, without reliance on other emergency services.

Then what we've now got happening is that the NSW Reconstruction Authority is in existence and starting to develop disaster adaptation plans, which play another role in this whole space. There's another inquiry happening into that at the moment; we will be speaking at that on Friday. But trying to draw this together, there is a little bit of confusion from my perspective, within government overall, including local government and our communities, on how all this is meant to happen and who is responsible for what. From our experiences, it has changed every 12 months or so for the last five years as to who is responsible for what and when, who deals with what and when is something an emergency or a disaster, or day-to-day business as usual for emergency services agencies. From my perspective, it's not clear how all this is meant to mesh together.

PETER BELSHAW: From the Blue Mountains perspective, we would very much see the Rural Fire Service as being the lead agency with respect to all aspects of bushfire risk management. The Rural Fire Service is nominated as providing the executive support for bushfire management committees and has a very significant role there. These days it has a lot of expertise in the business of prevention, preparation and emergency response. When we talk about that comprehensive approach to emergency management, recovery is a separate body of work and probably outside the scope of this conversation. But we would certainly see that the RFS has a very significant

role to play, given their expertise and positioning in the public domain as the lead agency in that space and as a trusted source of information in terms of preparedness for the broader community.

Dr DAVID SALIBA: Today, I've been hearing all these things. I'm trying to wrap my brain around why the existing regime is the existing regime. The one thing that I think about is whether or not the RFS have the capabilities to manage the logistics of what they have, relative to those other agencies. For example, if you look at the SES and RFS, the RFS have a red fleet, which has a significant administrative and logistical burden compared to, say, SES fleets. Given that they're predominantly a volunteer organisation with 70,000 volunteers—and you've heard submissions about how it may not be as high as that. It's a full-time workforce of 1,000 to 2,000 people, as in full time equivalent (FTE). I question whether or not they do have that logistical capability, hence the reason why they're leveraging LGA networks to enable them to project and do their operations, maybe. That's the reason why I mention that.

PETER BELSHAW: I can respond to that. I think a parallel here would be the State Emergency Service which, going back probably more than a decade now, was structured in a very similar way to the way the RFS currently is. All of their fleet used to be owned by local government and the SES committed to a process of acquisition. Council transferred the ownership of all of those SES fleet vehicles across quite some years ago, and the SES have taken on complete management of that since that time. The RFS is probably a different story. They have a significantly larger number of appliances and support vehicles. In order for them to take over the full management of that, including asset management and accounting, would be a significant task. I dare say it would require some sort of transition plan, whether it be two, three or five years, for all of those assets to be transferred across and for the RFS to gear up accordingly, in order to be able to manage that additional workload.

Dr DAVID SALIBA: Has anyone given any thought about what the workforce footprint would be for that? It wouldn't be volunteers; it would be an FTE.

ANTHONY McMAHON: Can I make a comment here? To be clear, there are eight New South Wales government employees in the RFS who do quite a bit of administration. Then you've got the volunteers that get on the gear. From a practical perspective, the RFS are managing these things now; it isn't local government. They are the ones that are organising where these things are going. They organise the purchasing of them; they organise the disposal of them. We don't get a say in any of that, practically. They actually are doing quite a bit of the administration, except for the fact that it all runs through our finance systems, basically, and is meant to comply with our local government procurement systems within our organisations, which means we are getting our procurement staff involved in helping, particularly around decisions on purchases or construction of sheds and that type of thing. It is not so much on the fleet side. From my perspective, they're already doing it. The point is that local government doesn't have this capacity, like you may be alluding to could be within us. We don't have that. We don't have the resources. Some larger outer metropolitan councils may be able to absorb something like this, but not smaller rural and regional councils. The capacity is not there.

MURRAY RUSSELL: I'd have to concur with that. Tamworth is obviously a large area. We cover a large number of brigades. There's nobody within Tamworth Regional Council that has the knowledge of what trucks to purchase, how they should be configured and what their servicing requirements are. All of that is already done within the professionals of the RFS at the district level. Essentially, they decide what trucks they need. They just tell us what they're doing. They organise the servicing of those vehicles in anticipation of the fire season and then they organise the disposal of it. Really, we don't have any part in that, and their professional staff are the ones that are already doing that function.

Dr DAVID SALIBA: So the footprint is minimal, then, in terms of the increase? For example, if this were to be handed over to the RFS, in your opinion, the manning footprint wouldn't be huge?

MURRAY RUSSELL: I don't think so. When you look at the RFS in relation to a similar organisation to, say, the police, yes, there is a large number of volunteers that work for the RFS, but they are the people that are in the field, just as the police have police in the field. There is an administrative function associated with the police department, and there's already an administrative function within the RFS. That's what their professional staff do. Yes, there are some portions of that function that may need to be upgraded. I think it was suggested by the Blue Mountains that there might be a transition involved in that, but I don't think that that's going to be something that's impossible to do.

SHERRILL YOUNG: Murray might correct me if I'm wrong, but a lot of their vehicles aren't actually even registered. The oversight—

PETER BELSHAW: Again, in terms of the ownership of those vehicles, I couldn't tell you whether they are registered or not.

SHERRILL YOUNG: No, just due to the nature of the vehicle, the fact that they are off-road. At the end of the day, as Murray said, they are paying for the goods, so they might as well put them in their own asset register. They're disposing of the goods, so they might as well go the next step and put that information in their balance sheet.

HAILIE RYZAK: The Blue Mountains City Council actually does all the maintenance of all the RFS vehicles. We might be in a slightly different situation from some of the other councils. We feel that there is a little bit of a transition required to be able to pick up some of the functions that we're performing. But it's those inconsistencies between councils and what they are providing to the RFS, and the inconsistencies in the service agreements and what's developed over time that is part of the challenge for councils.

Dr DAVID SALIBA: How old are your service agreements?

PETER BELSHAW: For Blue Mountains, ours was signed in 2012. We have actually requested on a number of occasions that that be reviewed, but the RFS has not been receptive to that. We actually wrote officially to the Commissioner in 2017. In 2018 they responded, saying that the template for service agreements was under review and it would be premature to revise our agreement at this time. We've been waiting since then for any further feedback and there has not been any.

Ms JENNY LEONG: Apologies I wasn't here at the start. Can you let us know when you heard that they were putting it under review to have a new format for the service-level agreements?

PETER BELSHAW: The letter I have in front of me from the Commissioner indicating that that review might be premature was dated 6 February 2018.

Ms JENNY LEONG: You haven't had an update since then?

PETER BELSHAW: No.

Ms JENNY LEONG: Is anyone aware of any update to that, or have you got similar dates in terms of service-level agreements, currently?

MURRAY RUSSELL: I'd have to take the question on notice. I don't have the document in front of me, but I think our experience would be similar to the Blue Mountains, where our service-level agreement would be very old.

Ms JENNY LEONG: That would be helpful. Thank you.

ANTHONY McMAHON: From a Bega perspective, ours is 2010. From experience in the South West Slopes Zone previously, I know that there had been a push from local government since before 2016 to get a comprehensive review of the templates done. This approach that we are experiencing again now has consistently been applied, where there has been an excuse as to why the timing isn't right just yet, "but it's coming, but it's coming". That's 10 years I've been experiencing that answer in different locations.

The CHAIR: I might jump in with a question now about funding. We've struggled to get our heads around the whole funding system for the RFS assets vis-a-vis the councils. Maybe you might be able to shed some light. Do councils have any input to the district budgets and how are they set? How are the individual allocations to LGAs within those districts determined?

ANTHONY McMAHON: I'm happy to start on this one, having a bit of history with this.

The CHAIR: Sure, and then we will go to Blue Mountains. Thanks.

ANTHONY McMAHON: From my experience, now we don't have any say in this. Historically there was a point in time where we were, and the whole funding model changed. I believe it was around 2016 when the change occurred. There used to be a direct link between how much each council contributed towards the RFS, which related to the amount that their zone had allocated. There was this link. What happened at a point in time, though, was the State decided they would consolidate the overall budget and then figure out how they distributed it back out to the districts, and that wouldn't then, going forward, affect the amount proportionally how much each council contributed to their district. They did a backwards-looking calculation on typically what was happening in certain zones, drew a line in the sand and then said, "Going forward, we're now going to manage this at a State level and just ask local government overall to contribute 11.7 per cent, and they will get their budgets back out, irrespective of how much they contribute up." How the pie was allocated changed.

The CHAIR: It is averaged out across all the districts now on an equal basis. Is that what you're saying?

ANTHONY McMAHON: No, definitely not. What was looked at was at a point in time what the typical average budgets had been for a period of time, and then that was used to start projecting year on year. But then

within that the State does some adjustments in different zones, depending on if they think there's an increased need in one area over another.

The CHAIR: This is the new system. Is that right?

ANTHONY McMAHON: Yes, the new system. In the past, local governments, with their zone managers, would typically have a bit of debate about how much the budget might go up by. They might say, "Well, we need brand-new uniforms for all of our volunteers this year. As a result, our budget needs an additional allocation of this much and we need you to contribute this much more as council to make that happen." All of that got changed.

PETER BELSHAW: To build on that comment, I did actually make some notes here to try to chase the bouncing ball in terms of how this funding system works. Just bear with me while I try to step through this. Obviously the process starts with the RFS district manager preparing bids for the coming financial year. As Mr McMahon mentioned, previously there was a negotiation process, and that is actually still reflected in our service agreement, that there should be a negotiation process. But given the update to the way the funding is now being calculated, that no longer occurs. There is no further council involvement in the preparation of those bids. Obviously that's all consolidated across all districts at State level. Then the Minister will determine the overall rural fire brigade funding target for the year and then, within that, determine the allocation to each rural fire district across the State.

Once those allocations have been determined, the council in that area is required to contribute 11.7 per cent of a set percentage of the overall RFFF allocation, the Rural Fire Fighting Fund allocation. For Blue Mountains here, again, as Mr McMahon spoke to, the backward-looking calculation was that from about 2016 forward we will pay 11.7 per cent of 2.505 per cent of the overall Rural Fire Fighting Fund allocation for the year, so that being the methodology by which that's calculated. Then from that allocation to our rural fire district, a further amount is actually allocated back to the council for the maintenance of what's termed "district equipment". That's the fire appliances, the firefighting equipment and various other bits and pieces. The reasoning for that is because those things are vested in council's ownership and, technically speaking, as per the Act we are required to maintain them, that maintenance and repair allocation is directed to us.

And then, through the framework of the Rural Fire District Service Agreement, the RFS are provided with access to that money. Then they use that to administer those functions of maintenance and repair of district equipment on our behalf on a day-to-day basis. Of course, that's a little bit convoluted, in a way, because we are required to provide the RFS—and when we say "the RFS", we mean RFS district staff—with direct access to our council systems to enable them to do that. We provide remote access offsite into our systems—primarily our finance and purchasing systems.

As Ms Ryzak mentioned previously, some of the services in relation to maintenance and repair of district equipment are actually being provided by council, so there is a further circulation of funds through various accounts and, again, in context, that would be things like fleet servicing and building maintenance. The final point to make there is that we probably are not capturing all costs of providing those services to the RFS through that maintenance and repair allocation. Because of the complexities of the funding system and money going through so many sets of hands, so to speak, before services are actually delivered, it's actually very difficult to account for the full cost of these services, and we would probably require a forensic audit of what we are doing to support the RFS to determine whether that maintenance and repair funding is actually covering the full cost, which I suspect it isn't.

The CHAIR: Just to be clear, are there multiple LGAs within a district, or are they pretty much one-for-one?

PETER BELSHAW: They certainly can be but, in the Blue Mountains, we stand alone.

The CHAIR: So the LGA is the district, but that varies.

PETER BELSHAW: Correct.

The CHAIR: So if there are multiple LGAs to a district, then there is another calculation about how much each LGA will be allocated from the district budget.

MURRAY RUSSELL: Yes, that's correct.

The CHAIR: I have one more question. We noticed in some of the submissions that there was a real issue with the timing of the notification of the allocations. Councils had already done their budgets, then—bang!—the notification drops and it is different from what you budgeted, so you have just got to wear it.

SHERRILL YOUNG: Absolutely.

The CHAIR: Can you clarify when do councils generally do their budgets? When do you normally do your budgets, or when is the budget locked in?

SHERRILL YOUNG: Budget preparations in Tamworth start in about February, and they have to be finished or completed by approximately the end of May for adoption in June by council.

HAILIE RYZAK: In Blue Mountains we start our budgeting in about October and finalise those budgets in March to go on exhibition.

ANTHONY McMAHON: We have got very clear processes that dictate why it takes so long that are in the Local Government Act.

The CHAIR: When are the notifications of the bushfire allocations? When does that generally happen?

MURRAY RUSSELL: I could take that question on notice.

ILIADA BOLTON: Around November. It can be November-December.

MURRAY RUSSELL: Of the current financial year, not the prior one when you're preparing your budget.

The CHAIR: So you have gone through your budget—at least the financial years are aligned. Blue Mountains, you are doing your budget from October to March, so if the allocations drop in November to December, you have still got that time.

HAILIE RYZAK: No, of the following year.

The CHAIR: Of the following year?

HAILIE RYZAK: All councils are required to have their budgets adopted with their operational plan in June, and it's the November following that, roughly, that we will get the budgets from RFS.

SHERRILL YOUNG: You get the budget in November for the financial year of that financial year that the budget is applicable. So you've already operated for five months of the year before you get the information from the RFS with regards to the budget.

Mr CLAYTON BARR: Looking at the service agreement for Bega, there is an assurance that the Commissioner will provide to you, no later than 28 February each year, a probable allocation of the expenditure for the districts for the next financial year. Does that happen, ever? There is shaking of the heads. For the sake of Hansard, shaking of the heads means no. Does anyone want to say that it does happen?

ANTHONY McMAHON: As a broad statement, I'll say there are a number of aspects of these service-level agreements that the RFS are meant to meet that they don't.

Mr CLAYTON BARR: It is actually really interesting reading, Bega council, and thank you so much for providing that. With all the submissions we have had from other councils, this is the only one that I can recall seeing. I wonder if the other councils that are with us right now might take on notice, if it suits you, sending through a copy of your service agreement as well. We can keep it confidential, if you want. Just give us an indication if that is possible. We want to see if we can get a sense of whether, historically, there has been a real template approach here with some minor adjustments here and there, because it is quite an extraordinary document about overriding the law.

Mr ANTHONY ROBERTS: I am cognisant of the time. These answers probably will have to be brief or at least to the point. To each of the councils, what would you like to see happen out of this inquiry?

MURRAY RUSSELL: If I could suggest, from Tamworth Regional Council's point of view, it's similar to what Blue Mountains mentioned earlier. I think we recognise the RFS as an outstanding emergency response agency. There is no doubt that they are now one of the premier fire response organisations in the world.

Mr CLAYTON BARR: Agreed.

MURRAY RUSSELL: Effectively, what we are seeking is to recognise that fire response doesn't sit with local government anymore. We don't have the expertise, we don't have the knowledge and we don't have the talents that they have. It's time to recognise the RFS as a genuine State agency and have them stand on their own two feet in the same way that Fire and Rescue do, the same way that the Ambulance does and the same way that the police do, and essentially break this tenuous financial arrangement that makes local government appear to be the agency that's responsible for rural fire response.

HAILIE RYZAK: We would like an uncoupling of all the governance arrangements. They are operating separately yet running everything through our books and involving us. It's a duplication of effort and it's

unnecessary. It also artificially and unnecessarily reduces our financial performance every year through the depreciation of their assets. Why should we have a reduced financial performance based on something that is out of our control? We find that unnecessary, and I think that it would be perfectly capable to operate separately.

ANTHONY McMAHON: From a Bega perspective, we made very clear written recommendations and endorse everything that's been said here. I think the mechanism to do what we are saying is a change to legislation, and that's the easiest, cleanest and clearest way to do it.

The CHAIR: I thank all of our witnesses very much for appearing before us today. We are really grateful for your insights; they have been extremely valuable to us. The Committee staff will provide you with a copy of the transcript of today's proceedings for any corrections and may also email you any questions taken on notice and any supplementary questions from the Committee. We kindly ask that you return those answers within 14 days.

(The witnesses withdrew.)

The Committee adjourned at 15:45.