

Public Submission - Management of Rural Fire Services in Queensland

Public Accounts and Public Works Committee (Chairman - Mr. Wayne Wendt MP)

prepared and submitted by:

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ABBREVIATIONS

- A.O. - local Area Office in a Region of the Rural Fire Brigade in Queensland
- A.T.O. - Australian Taxation Office
- Brigade - includes individual Brigades and/or Groups (unless specified to the contrary)
- D.G.R. - Deductible Gift Recipient status with the A.T.O., resulting in all donations over two dollars becoming income tax deductible to the donor.
- Fire Act - Fire and Rescue Service Act 1990 (Qld)
- Group - a grouping of individual brigades within a single local government area for the purposes of coordinating rural fire brigade activities
- G.S.T. - Goods and Services Tax
- L.A.F.C.- Local Area Finance Committee
- Q.F.R.S.- Queensland Fire and Rescue Service
- R.F.S. - Rural Fire Service in Queensland

OPENING SUMMARY

This submission is from my personal perspective as someone who has been involved with the R.F.S. for almost twenty-five years, in either the role of an auditor of Brigades or as an active fireman.

The Report to Parliament No. 3 of 2008 - Management of Rural Fire Services in Queensland by the Auditor-General of Queensland (the Auditor-General's Report) is, in my opinion, a very thorough synopsis of the current status quo of the Rural Fire Service as I know and experience it. Therefore, for the sake of brevity, my submission will not regurgitate what has principally been said in his Report per se, but will rather seek to add to and provide some grassroot substantiation to the issues raised therein.

On the whole, the current framework structure and system of the R.F.S. in Queensland appears to be suitable for its efficient and effective management. However, there are two potential dangers that I see, namely:

- (i) the tendency to want to amalgamate some areas into fewer but larger areas (e.g. amalgamation of Miles into Toowoomba), which results in greater inefficiencies and frustrations where it matters most - at the Brigade level, and
- (ii) the possibility that the R.F.S. could end up having too many 'chiefs' in paid positions in comparison to tangible volunteer 'Indians'.

How things function *within* the framework and structure is more the issue. One key point, whilst often mentioned but often overlooked in practice, is that the R.F.S. is about volunteers - volunteers providing a service to their community. These volunteers are working people, whether unpaid work in the home or paid work in the community, who have busy everyday lives to live (e.g. spouses, children, aged parents, mortgages, education, etc.). Therefore, one is very cautious in suggesting a new form or new system, if it does not effectively streamline and reduce the time absorption required by the already existing paperwork and system. Extra systems and bureaucracy infringe on the already tight time constraints of the volunteers, and will only serve to alienate these people who otherwise have good intentions.

It is on this basis, especially bearing in mind that it is the volunteers who end up doing the hard yards, that I have tried to think of ideas and ways which will streamline the management and financial processes and make it easier for the functioning and operation of the Brigades. The complexity of these R.F.B. issues requires something universal to be developed so that as much as possible, a 'one size fits all' type approach can be applied to the four classes of rural brigades, viz. primary producer, rural, village and I-Zone. That in itself is very difficult.

This submission is divided into the following areas of concern:

- i) Legal status of Brigades
- ii) Membership (including Training) and Office bearers
- iii) Financial Recordkeeping and Reporting
- iv) Funding

LEGAL STATUS OF BRIGADES

At present under the Fire Act, brigades are part of the Q.F.R.S. and are not separate legal entities. This structure has inherent difficulties and benefits, some of which were alluded to in the Auditor-General's Report. In actual practise, brigades function at times as if they are part of the Q.F.R.S. entity, and at other times, as if they are a separate legal entity. The current G.S.T. treatment of assets, and the acquisition and disposal of assets, highlights this inconsistency.

Therefore, it must be decided if:

- (i) the brigades are part of the Q.F.R.S. entity - in which case the financial transactions of all brigades must be reflected in the consolidated financial statements of the Department which oversees the R.F.S. (similar to how branches of companies are reflected in the consolidated financial reports of the parent company), or
- (ii) the Fire Act be changed so that it reflects brigades as being separate entities for the purposes of financial and accountability requirements. That is to say, each brigade would become like a type of incorporated association within the larger organisation of the Q.F.R.S., but still retaining the insurance and other cover afforded by the Q.F.R.S. The latter would definitely require statute changes, and perhaps the former would too in order to clarify the exact status and responsibilities of the brigades and Q.F.R.S.

Opinion - option (ii) is preferred on the condition that greater management and financial accountability measures are introduced. Some of these issues are addressed in the Financial Recordkeeping and Reporting section.

MEMBERSHIP (including training) AND OFFICE-BEARERS

Membership

Too many brigades, it would seem, do not keep accurate membership records. There are three classes of membership, viz. firefighter, support member (catering, radio operation, logistics, etc.) and community member (provide fire education and management services to the community).

Especially in relation to firefighters, some Brigades are known to still have people listed as active members when in fact they either do not live in the district anymore or have become inactive as evidenced by their lack of attendance at meetings, training and incidents.

The smaller brigades (i.e. 'primary producer' and 'rural' classifications) are a lot less structured and more informal than the larger brigades (i.e. 'I-Zone' & 'Village' classified brigades) - because of the area they cover and the type and frequency of incidents. As such, monthly training and regular meetings are not anywhere near as important for them as what they are for the larger classified brigades. It is noted that some larger brigades actively leave people listed as firefighters in order to satisfy (on paper) the level of minimum numbers of firefighters required for that brigade. In practice, this means that at an incident (especially one which goes for more than 12 hours), there is not the personnel to ensure the continuity of crews. This is a most undesirable situation and should not be tolerated as it jeopardises the safety and wellbeing of fire crews who do attend. It also unnecessarily places undue hardship on the attending crews, as well as extends the time it takes to bring an incident to an end. Brigades in this position need to be given pro-active assistance to recruit new members, including organised media releases, letter box drops, et cetera.

One point that needs to be mentioned and understood is this: the higher the brigade classification (from 'primary producer' at the lower end to 'I-Zone' at the higher end), the higher the degree of accountability and responsibility of that brigade, as exercised through the Officers and Management Committee Office-bearers. Primary producer brigades can get away with say one meeting per year (because these brigades consist of owner occupiers of land, often with only a handful of farming properties in the brigade unit, and their fire fighting equipment consists of slip-on units &/or trailers), whereas I-Zone brigades require more frequent (e.g. monthly) meetings, management and training. I-Zone brigades also have more public assets at their disposal as well as receive more public funds, be the funds through rate levy collections or the State Government or the community itself.

Perhaps a rule should be introduced stating that for I-Zone brigades, if firemen do not attend at least say four training events (and I am assuming it is proper skills type competency based training) per annum, then they be removed from the firefighter class of membership. For firemen in village brigades, perhaps say at least two training events per annum and for rural brigades, at least one training event p.a. If this is implemented, then in the case of I-Zone brigades, the brigade Training Officers will have to be pro-active in developing proper and meaningful training plans.

Office-Bearers

The common commercial practice of slowly but surely turning over executive, needs to be implemented into brigades. Successful corporations do this so as to ensure a continuous input of new ideas and thoughts into their organisational board and to prevent the board from becoming 'stale'. It also serves to ensure that if someone becomes incompetent, they don't remain in their position too long to cause too many issues or to hold back the organisation.

The same attitude needs to apply to brigades. It seems to be that on one hand, you have some brigades who cannot get people to take on positions, yet some other brigades have people who hang onto their position and keep others out, all to the detriment of the whole brigade itself. As a result, new people are turned off from taking on a role, so that the status quo remains and a brigade does not do what it should and/or slides backwards.

I am a firm believer in mentorship, however that is a personal value which could not be forcefully implemented in brigades. Office-bearers can be told about it and how to do it, but at the end of the day, it is up to the individual. One down side though, is that incumbent office-bearers can 'chose their mates' and groom them for a future position, so that a brigade just ends up with new officer-bearers who continue to reinforce the direction and principles that the brigade has already been pursuing. What sometimes needs to happen is that brigades take on a new direction, and this can be thwarted by mentorship. However, one way to overcome this is to offer officer/office-bearer training (mentorship) to anyone who wants to take it on, and that way, it is up to the brigade members to decide who they would like in leadership and management roles.

I also believe it would be prudent to do what a number of community based organisations do, and that is to limit the number of years that a person can hold a position ('rotation of duties' is also a good internal control). I suggest a maximum of five (5) years. The person then becomes ineligible to hold that position, and in the case of brigade officers, a lower ranked position, for at least two(2) years, but at the expiration of that time, they are eligible to renominate.

FINANCIAL RECORD KEEPING AND REPORTING

The basis on which this is approached will be altered slightly by the outcome of the Legal Status of Brigades section.

Assets

If the brigade is not a separate legal entity to Q.F.R.S., then all assets are owned by Q.F.R.S. The cost, depreciation and proceeds on disposal should all be in the accounts of Q.F.R.S., not the individual brigade. An issue does arise though of what is done when a brigade buys an asset out of their own funds (i.e. funds from rate levies or fund raising, etc.) How are these accounted for? Technically, they also need to be recorded and depreciated in the books of Q.F.R.S. This is one of the reasons why, in my opinion, I believe the Fire Act be changed so that it reflects brigades as being separate entities for the purposes of financial reporting and accountability requirements. To account for assets in this way would be every Accountant's nightmare!

There needs to be much greater accountability by brigades for the assets under their control. Accountability by way of safety and maintenance of vehicles and equipment (e.g. annual roadworthy inspections; logs of when tyre pressures are checked; replacing tyres at the end of the manufacturer's stated life, even if there still is a lot of tread on them; etc.), and physical checks that all equipment is on hand (\$800 hand held radios can easily go missing, as can chain saws, small tool sets, traffic cones, fuel containers, axes and other hand tools, etc.). The brigade Equipment Officer and First Officer should have to sign a statement each year, which would form part of the brigade's financial reports, stating that all equipment has been physically checked and is on hand and is in proper operational order. Any small equipment disposed of or scrapped, should only be done so by the authority of a member's meeting, and the Minutes of that meeting will reflect this decision. It is far too easy for small assets to "just disappear"!

Currently, if certain members of a brigade want to dispose of a vehicle to an associate/friend, they can easily do this (and do do it) without following the necessary procedures in the Brigade Manual. How is this accomplished? Firstly, most members in a brigade don't know their Brigade Manual and therefore do not know that vehicles must all be put up for public tender. Secondly, Area Offices do not enforce the rules of brigades furnishing all the details to them when a vehicle is disposed of (too often, Area Offices are just too busy doing all the other work they need to do in a day and therefore things like chasing up vehicle disposals just slip through the cracks). These assets belong to the ratepayers and taxpayers, not to brigades. They are public assets, and their acquisition, maintenance and disposal must be fully transparent and open to scrutiny. But, this takes time, and time costs money. It really is a case of priorities, and I believe this should be made a priority by Departmental administrators.

In relation to assets, especially vehicles, whilst it is appreciated that the bag of government funds to buy equipment and vehicles is not bottomless, many firemen feel that vehicles and equipment are acquired on a “what is the cheapest thing available” basis. As a result, vehicles are fully loaded with a full compliment of crew, so small and sundry additional equipment (e.g. auxiliary pumps to be left at a dam, chain saws, etc.) cannot be added without putting the vehicle over its legal load limit. This is pointless, as auxiliary pumps, chainsaws and the like are often used in bushfires. As well, the vehicle pumps (including motors) are often of cheap quality and are difficult to start, keep breaking down, et cetera. “Penny wise, pound foolish” is how the saying goes, and brigades can get these lovely new vehicles (for which they are very appreciative - that needs to be known), but they are hampered with what they can do with the vehicles. By adding another few thousand to the price of a vehicle (for which the Brigades can be charged if need be), things like plumbing the pump fuel into the vehicle fuel tank can be done (saves carrying a separate fuel container just for the pump - a small monetary saving as well as a reduction in risk due to not having a separate fuel container on board) and the pump electric start can be wired into the vehicle electrical system (saves having to buy \$100 motor bike sized batteries all the time to attach to the pump - another saving).

Perhaps, when developing new vehicles, the opportunity should be offered to rural firemen (as the end users of vehicles and equipment), to inspect a prototype of proposed new vehicles (the vehicles could be taken to key regional cities like Toowoomba, Roma, Emerald, Charters Towers) and allow firemen to inspect and try out the vehicle before the decision is made to manufacture a bulk number of them. Yes there is a cost involved in doing this, but a better vehicle should result. This will save brigades having to spend money to make vehicles work better and more reliably (this saving offsets the cost of a prototype), and as well, makes the end user happier about the vehicle he has to work with and makes him more effective in his job.

Cheque Vouchers - refer Annexure “A”

Irrespective though of whether a brigade is or is not a separate entity, the basic record keeping and document retention will be the same. What is urgently required is greater accountability by brigades for the collection, retention and expenditure of funds. After consultation with some brigades, plus over 25 years of auditing community organisations and associations, I believe every brigade should use a cheque voucher system. The use of a “*Cheque Voucher*” system has a number of benefits and purposes. Not only does it ensure that all supporting documentation for payments is filed in strict cheque number order (which is handy for back referencing at a later date), but it serves to make sure that supporting documentation (tax invoice) is always obtained. As well, because the voucher must be initialled by the two people signing the cheque, the voucher provides additional assurance for all brigade and community members that the payment is proper, as well as providing peace of mind for the Treasurer because someone else has checked the authenticity of the payment before the cheque was signed. The vouchers will also facilitate the writing up of the Cash Book / input into a computer, in that it will provide an easy reference for the Treasurer to extract the type(s) of expense categories in order to correctly dissect the payment.

The vouchers are best kept in strict cheque number order in a lever arch folder with the first cheque for the year on the bottom and the last cheque written on the top. They are presented to the second signatory for review before he/she counter signs the cheque.

Manual Cash Book -v- Computerised Accounting Package

Most brigades write out very few cheques in a year and have very few receipts. Some of the bigger brigades (which are the small minority of brigades in number) could write out one hundred or more cheques in a year, but as said, these brigades would only be a small percentage of all brigades. Given that, I believe that for the greatest majority of brigades, the traditional manual bookkeeping system would be best, and in fact, I suggest that after appropriate consultation, Q.F.R.S. actually have the cash books printed up (one set for each financial year) and given to brigades. As an example of what such cash book would look like, please refer to Annexure “B” and “C”. The advantage of manual cash books is that they can be handed easily from one Treasurer to another.

As the years progress and with changes in computer technology and more and more people becoming conversant with computers, the reliance on manual systems will decrease. However, I don't see that happening for at least a decade. The reason for that is that when you have a small number of transactions, it is far easier and more convenient to do things manually than by computer. When the time comes for computerised brigade records, perhaps a few software businesses could be approached to tailor one of their accounting packages specifically and exclusively for the brigades. I would however suggest that in order to gain economies of scale, it would probably have to be something which every State and Territory would do together, and with one preferred software supplier.

For the bigger brigades, they may desire to use a computer accounting package. The question is - which one? Some might want Reckon, others M.Y.O.B., others Cashflow Manager, et cetera. The current Treasurer might prefer this software while the incoming Treasurer may prefer a different one. Herein is an issue. It would also require brigades buying a dedicated treasurer's computer for that purpose. Computers also require more stringent internal controls, as it is much easier to 'cook the books' on a computer system than a manual system. In addition, to the untrained mind (which would be all but a few brigade members), it is much more difficult to go through computerised accounting package reports to see and understand what is happening with the transactions. At least with a manual cash book, completed in biro, most people can have a glance and understand something of what has been happening. Therefore, the area of computerised accounting needs to be carefully considered, and stricter internal controls must be implemented.

Two other areas that need special consideration, and which will require the adoption of specific internal control measures, are electronic banking and the use of card accounts (e.g. fuel cards). It is not my intention to go into these in details in this submission, but rather to flag them as issues requiring attention.

To ensure that brigades regularly perform bank reconciliations, and to assist the Treasurer in this task, an example of a bank reconciliation statement and the procedural steps involved will be provided. Examples of these are in the [Annexure "D"](#).

For brigades who conduct raffles, [Annexure "E"](#) is a suggested 'Raffle Summary' schedule which the ticket sellers can complete and hand to the treasurer with the raffle proceeds. Examination of the Raffle Summary will reveal a number of key internal controls which have been embedded in its design. It will also allow for easier audit checking and provide confidence to all peoples that raffle proceeds are ending up where ticket buyers believe they are.

Budgets, 1 year Operational Plan and 3 year Management Plan

I have yet to see a brigade that does these properly, for the very reasons stated by the Auditor-General in his said Report. The example of Rangewood R.F.B. in Section 3.1 (figure 4) in the said Report is very good, and it is from this example that my Group has developed their own ([Annexure "F"](#)). My Group has also developed in spreadsheet format, an associated budget for the one year operational plan, and this is attached in [Annexure "G"](#).

Why are budgets and plans not being done ? Probably for a number of reasons, including there being no accountability forcing brigades to submit them, brigades not knowing how to do them (there aren't too many brigades with accountants amongst their ranks) and because R.F.B. Area Office staff are not accountants or bookkeepers and therefore are generally not that conversant with what could be required. This is where special training by accountants/bookkeepers should be offered, in the same manner as training is offered on fire extinguishers, etc. to firemen.

Audit of Brigades

This is an area which causes some confusion within brigades and with the people who actually perform the audits.

Due to the wide range in the number and types of transactions between the smaller brigades and the larger brigades, coupled with the cost of having an audit done, there is a need to clarify what is required by the audit and ascertain an affordable audit fee.

From personal experience of auditing small organisations over many years as beforementioned, one big factor faced by auditors is the inconsistency of recording and record keeping between brigades. This is one of the biggest cost factors with audits. I think I am right in saying that every auditor cringes when they are presented with a shoe box of receipts, some of which are missing, and cash books that are not added and which don't balance! If the R.F.S. can overcome these issues by implementing the procedures and practices mentioned in this section (i.e. common cash books and cheque vouchers, etc.), then the audit process will be much more streamlined, audit fees reduced and will hopefully secure more willing auditors.

To assist in the audit of brigades, I have prepared an Audit Programme for rural fire brigades. This is contained in the Annexure "H". I have provided this programme to fellow Accountants for feedback and changes, and what is contained in the said annexure is the result of many hours of refinement. The programme has been written so as to accommodate any size of brigade. Auditors who are Accountants will make easy sense of the programme, knowing how to apply it to small, large and in-between sized brigades. For auditors who are not accountants or who are not familiar with a formalised audit programme, an explanatory memoranda will probably need to be drawn up so as to assist them in the use of the programme and in the execution of their duties.

FUNDING

It is my opinion that the principles of the present model of funding coming from a combination of State Government funds and levies collected for local brigades by Councils on their Rate Notices is fair and equitable.

The State Government, through Q.F.R.S. provide subsidised vehicles, equipment and personal protective equipment/clothing to brigades, for without that subsidy, brigades would never be in a position to acquire them. Due to the large area of the state covered by the R.F.B. and the small percentage of population, the R.F.B. could not exist without State Government monetary support.

The main area I would like to concentrate on deals with the distribution of the levies collected for local brigades by Councils on their Rate Notices. In the Toowoomba Regional Council area, a "*Local Area Finance Committee*" (L.A.F.C.) comprised of R.F.B. representatives, staff from the Toowoomba Area Office and Council representatives, has been formed and meets to decide how the levy will be distributed between the various brigades. The amount of distribution is calculated from the actual financial statements, the one year Operational Plan & associated budget and the 3 year Management Plan submitted by Brigades. This brigade financial information is adjusted for specific policy and direction that the R.F.B. Area Office desire to pursue as part of the overall strategy for the area. It is also the role of the L.A.F.C. to advise Council what the levy should be for the ensuing year which Council charges on their rates notice. The amount of the levy is dependent upon the financial requirements of the brigades in the regional council area.

This appears to be a good working model, but it is hampered by brigades not providing, in a timely manner, all the financial reports they should. I believe close attention should be given to the Toowoomba Regional Council L.A.F.C. as a model on which to base the formation of L.A.F.C. for other Council areas.

Deductible Gift Recipient status

Q.F.R.S. should apply to the A.T.O. and do whatever is necessary to obtain D.G.R. status for the entire R.F.S. organisation. I personally believe, from what has been said to me by quite a number of people over time, that more public support by way of donations would be forthcoming if people could claim an income tax deduction. Presently, individual brigades have to apply separately just for their brigade.