



17 July 2012

Mr Jim Casey
State Secretary
Fire Brigade Employees' Union of New South Wales
1 – 7 Belmore Street
SURRY HILLS NSW 2010

Dear Mr Casey,

Re: 2012/2013 Budget reduction requirements

I refer to our meeting on Monday 9 July 2012 and the meeting of your State Committee of Management, which I attended with Deputy Commissioner Smith, where possible strategies to meet the Government's Labour Cost Expense cap were discussed. Thank you for the opportunity to outline some of the early ideas about how Fire & Rescue NSW (FRNSW) can meet the mandatory labour cost cap that applies to all Government agencies.

I would like to reiterate that in all of the discussions and planning conducted by the Service in relation to the mandatory budget reductions I have directed that there be two over-riding priorities: firstly, that any impact on community safety be minimised, and secondly, that we fully explore all options before facing the prospect of reducing the size of the workforce. As you will appreciate, this will not be an easy task given the cumulative size of the budget reductions over 4 years; approximately \$ 64 million, however I remain committed to examining all possibilities, albeit some will be unpopular, before considering workforce reductions. The lists of possible measures at the end of this letter were compiled following extensive consultation by Area and Zone Commanders with crews in the various Commands. They contain numerous suggestions, and I am fully aware that some of these will be unpalatable to the FBEU. However I believe that it is vitally important to table any and all suggestions that might contribute to the 2 priorities I have outlined above.

As I indicated to you earlier this week, it is necessary to commence making savings immediately or face the prospect of more significant measures, including possible job losses, later this financial year. As also discussed with you, the biggest drivers of costs outside direct wages are overtime resulting from short term absences such as sick leave, personal carers' leave, consolidated leave and retained firefighter shortages. Indeed, an agreed cost offset from the 2008 Award was to reduce average sick leave per firefighter per year to 87 hours. This was not achieved. I have provided data to you showing that average sick leave hours (including personal carer's leave) have steadily increased since 2008 to a current level of about 120 hours per firefighter. You are of course aware that the Auditor General has identified FRNSW as having very high levels of sick leave compared to the rest of Government. Patterns of leave show that significant amounts of sick leave and personal carers leave are taken from Friday to Sunday nights, overwhelming FRNSW's ability to fill vacancies other than by recalling firefighters on overtime. Significant reductions in levels of



sick and personal carers' leave, particularly in these peak periods, would have a direct effect on costs through a reduction in overtime (which in 2011/12 exceeded the \$17M budget by more than \$7M).

As a result of widespread consultation conducted by Area and Zone Commanders with officers and firefighters, a range of possible measures have been identified and will be either pursued or further analysed. I am aware that taking identified permanent and retained fire stations off-line temporarily in the event of short term staff absences (also known as "TOLing") will be unpopular, yet no other savings measure, singularly or together with other measures, has to date been identified that will deliver cost reductions sufficient to avoid workforce reductions. It is my hope that changes in patterns and levels of sick and personal carers' leave may reduce the need for TOLing, however until that occurs there are no other options available that will ensure the required reductions are met.

Significant planning and analysis has taken place which has identified a small number of stations which can be taken offline temporarily without adversely affecting service delivery. The process that will be adopted is as follows: where a station's strength drops below SO & 3 due to staff absence and the vacancy cannot be covered by relief staff or out duty, the station will be temporarily taken off line. Remaining staff at the station will be redeployed to perform relief at alternative locations. If the station is not at an identified location that can be covered by adjoining stations, a "move-up" and/or "stand-by" by another station will be organised as required. Such an arrangement is considered to be fairer, in that personnel at the handful of "TOL" stations will not be continually allocated relieving duties.

To reduce the need for TOLing, improved attendance management is essential. You will note in the attached lists of possible measures, there are suggestions about providing more flexibility in the taking of leave and performing part change of shifts. It is important to recognise the feedback from station forums that whilst current leave arrangements are easily administered, they provide very little flexibility. I note that the Award provides for FRNSW to implement further measures if Attendance Management Protocols (AMP) do not achieve the agreed reductions in sick leave (ie, average of 87 hours). Because the AMP has not been successful, I will write to you separately to commence discussions about required changes aimed at better managing absenteeism. FRNSW is also mindful that employee morale and engagement can be a factor in absenteeism, and there has been significant feedback as part of the future planning and following my letter to all staff recently, that this must be an area of analysis and action. I would appreciate any views or suggestions you might have in this regard.

In addition to TOLing stations a number of other operational reforms that will generate savings have been identified. For example I will be writing to you separately seeking a meeting in order to outline how a system of selective deployment to incidents where there are both permanent and retained fire stations, and single pump response to certain identified Automatic Fire Alarm (AFA) calls would operate, as well as some proposed staffing changes.

At the State Committee of Management meeting which I attended, questions were asked about corporate services positions. I wish to confirm my advice at that meeting that FRNSW already benchmarks as having very lean and efficient corporate services – we have a ratio of just 1.1 corporate services people to each fire station. Budgets in all corporate services areas have already been subject to reductions and efficiency dividends, to the point that further reductions would adversely impact the ability to provide essential services to firefighters, for example payroll. Nevertheless, all areas are examining whether there may be further opportunities for possible efficiencies. As well as the reductions already in place in corporate services areas, I have decided to make savings by reducing the size of the Executive

Leadership Team through the deletion of the Senior Executive Service Level 3 position of Director Strategy and Innovation.

As indicated previously, consultation with officers and firefighters also identified a large number of possible changes and reforms that may assist in reducing labour costs. The following list is not exhaustive, and I seek the FBEUs views and input. I would also welcome suggestions on new and innovative solutions that will help to avoid workforce reductions and the need for TOLing. You will note that some of the listed suggestions have already been informally discussed between the parties. Obviously though, most will require extensive consultation, particularly where Award changes would be required.

Savings / Revenue measures being considered:

Short Term

- Filling of Retained Firefighter shortages by permanent and retained firefighters paid at single time rates.
- At stations with mixed crewing, Permanent Firefighters being supplemented / replaced by on call Retained Firefighters for short term absences to prevent the station being TOL'ed.
- Station Officers at Station Officer Only/Retained Stations becoming Relieving Officers within a defined area.
- Changed rosters at identified stations in Metropolitan North based on low workload, to free up firefighters for relief
- A new Personal Carers Leave Policy to be managed at Area Command level, and changed evidentiary requirements (medical certificates in most cases).
- Area Commands to also manage Long Service Leave (LSL) quotas and ballot for peak periods and making LSL available in one day lots e.g. 10 and 14 hours (as per previous correspondence sent to the FBEU seeking agreement)
- Cease the Annual Leave to Consolidated Leave trial and implement consolidated leave quotas, particularly on weekends.
- Reduce the Relieving Corps and add firefighter strength at key stations to provide "in-house" reliefs
- Remove payment of relieving allowances when at base stations.
- Review Permanent Award Clause 12.4 "Perform Relief duty outside Fire District".
- Remove the limit on Out Duties, and introduce roster system ("points system") to eliminate any possible disadvantage to individuals. Budgets devolved to station/zone level, so that each station/zone knows when the budget is about to be reached.
- Review the agreement regarding redeployed Katoomba and Wollongong Comms positions so that when the Wollongong water tanker is on line the appliance can be moved up to other permanent stations to keep the stations on line, or when the tanker is not fully staffed it can be TOL'ed and remaining staff utilised as reliefs. The water tanker not to be established at Katoomba, with the individuals instead attached to Katoomba Fire Station as inbuilt reliefs.
- A Change of Shift Pooling System whereby firefighters would work shifts to earn "credits" and then be "paid back" by somebody else in the pool (this simplifies the process for firefighters who sometimes have difficulty finding people to perform a part change).
- Ability for people on leave without pay to work part-time at single rates if available, eg firefighters on extended maternity leave who wish to work an occasional shift.
- Retained water tankers utilised to move up at permanent stations and supplement a crew when there are short term absences.

- Certain Operational Support positions being available to relieve at stations to maintain strengths and avoid TOLing.
- A more rapid transition to "global staffing" in the 2 Communication Centres (and consequential reduction in overtime), as enabled by the new VISION CAD platform.
- Move ups of permanent stations to cover retained shortages.
- Change Education and Training rosters and positions such as Regional Duty Commander to eliminate excessive overtime and allow flexible hours.
- Review of policy for replacement of firefighters/officers in Regional Areas.
- At regional 10/14 stations, once the overtime budget is reached, the permanent crew to move to the water tanker when there are shortages due to sick, carer's and other unplanned leave, with the retained crew staffing the Class 3 Pumper.

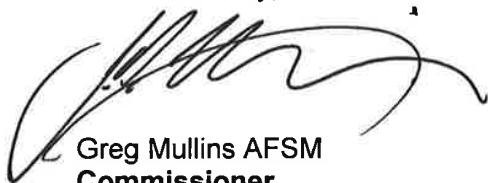
Mid Term – 6 Months

- Possible closure of identified retained stations in the Metropolitan Area
- Review Annual Leave policy for more flexibility; eg AL available to be taken in shorter lots outside the AL roster.
- Option to voluntarily cash out "38 hour week leave" each year
- Acting up and down by SFF's, Station Officers and Inspectors.
- Enable Alternate Duties staff to work as pumper drivers/operators (where their condition allows).
- "Unbundle" penalty rates in the Award and pay penalty rates on weekends
- Remove Operational Support positions from the Award and return to ranked positions with allowances.
- Increased focus on charging for services rendered, eg non fire related Hazmat
- Review the operations of ComSafe to increase revenue. Specifically, reopen discussions on a separate Award to eliminate overtime rates (which make ComSafe uncompetitive and unprofitable).
- Minimise Off shift training, moving to an on shift training model
- Rescind Commissioners Order 2001/17 – Station Redevelopments

I understand fully that many of the proposals are unprecedented and have created concerns within the workforce and the FBEU. However the challenges we face are unprecedented in recent history, and therefore require unique approaches. I therefore seek your urgent consideration, feedback and suggestions on the above, and urge the FBEU to work with me to avoid the prospect of workforce reductions. I reiterate my earlier advice to the FBEU and all staff that I have rejected any suggestions that the safe and effective crew size of SO&3 be examined, or that the 10/14 roster be changed. While I understand that one branch of the FBEU may have indicated interest in a trial of a 24 hour roster, I will not progress this unless requested by the FBEU and if advantages can be identified. I remain available to meet at short notice to discuss any or all of the above.

If you have any enquiries regarding these matters please do not hesitate to contact Deputy Commissioner Jim Smith on 9265 2932.

Yours sincerely,



Greg Mullins AFSM
Commissioner