



## **BUDGET CUTS TIMELINE**

March 2011	Liberal O'Farrell government gets elected.
2011-2012 Budget	Labour expense cap was introduced. Frontline workers were exempt from the cap, except firefighters.
2011-2012	Fire and Rescue Annual Report – <a href="https://www.fire.nsw.gov.au/gallery/files/pdf/annual_reports/annual_report_2012_13.pdf">https://www.fire.nsw.gov.au/gallery/files/pdf/annual_reports/annual_report_2012_13.pdf</a> NOTE: Page 13 details the reduction in full time firefighters by 41. Firefighter numbers have been reduced ever since.
15 June 2012	Confirmation that the Liberal Government no longer classified FRNSW firefighters as a front line service and therefore would have their budget cut. <a href="http://fbeu.net/wp-content/uploads/2012/06/Letters-re-Budget-and-frontline-staff.pdf">http://fbeu.net/wp-content/uploads/2012/06/Letters-re-Budget-and-frontline-staff.pdf</a>
23 November 2012	Taking permanent stations offline commences. <a href="https://fbeu.net/2012/11/23/sitrep-452012/">https://fbeu.net/2012/11/23/sitrep-452012/</a>
2 April 2015- 23 January 2017	Gladys Berejiklian becomes Treasurer in the Baird Liberal Government. David Elliot becomes Emergency Services Minister.
2 December 2016	FRNSW writes to FBEU to outline \$22.3 million of budget cuts. <a href="http://fbeu.net/wp-content/uploads/2016/12/Letter-Out-Meeting-held-at-Union-Office-15-April-2015.pdf">http://fbeu.net/wp-content/uploads/2016/12/Letter-Out-Meeting-held-at-Union-Office-15-April-2015.pdf</a>
2019-2020 Budget	<a href="https://www.budget.nsw.gov.au/sites/default/files/budget-2019-06/Budget_Paper_3-Budget_Estimates-Budget_201920.pdf">https://www.budget.nsw.gov.au/sites/default/files/budget-2019-06/Budget_Paper_3-Budget_Estimates-Budget_201920.pdf</a>  Page 237-239  Revenue decrease by \$23 million. Employee costs down by <b>\$13 million.</b>

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103 air conditioning projects, 22 re-roofing and/or replacement roofs, and 85 roof compliance anchor systems.

### BUSINESS RISK INSURANCE

FRNSW is a member of the NSW Treasury Managed Fund which provides the insurance requirements of the State's inner budget sector agencies. Total deposit premium (excluding GST) paid by FRNSW to the NSW Treasury Managed Fund in 2011/12 was \$23.3 million.

This year, FRNSW paid hindsight adjustment premiums of \$9.1 million (excluding GST) for workers compensation cover for 2005/06 and 2007/08. Improved workers compensation and return-to-work performance are key priorities of FRNSW to facilitate redirection of funds from premiums to frontline service delivery.

### 2011/12 FINANCIAL OUTCOMES

See the Financial Statements and Accompanying Notes for details of FRNSW's financial outcomes for 2011/12.

### 2012/13 BUDGET

For 2012/13, FRNSW's total expenses excluding losses are budgeted at \$647 million, an increase of 1.4% on the 2011/12 budget. This includes \$14.9 million for the 2011/12 unspent Personal Protective Clothing Replacement Program funding carried forward to 2012/13.

Total revenues for 2012/13 are budgeted at \$636.4 million. This includes \$504.8 million contributions from local councils and insurance companies, \$86 million from the State Government and \$45.5 million in operating revenue.

The 2012/13 capital expenditure budget is \$48.5 million. This includes \$18.4 million for new fire stations and upgrades to existing fire stations and training facilities; \$5.8 million for replacement of fire engines, specialist fire engines and rescue appliances; \$3.7 million for SAP Fleet ICT system; and \$3 million for the replacement of radios and portable receivers. These capital works are being funded by a Government allocation of \$6 million, a contributors' allocation of \$34.8 million and \$7.7 million from FRNSW capital reserves and asset sales.

### FRNSW FUNDING

FRNSW's operations are currently funded by user charges and contributions from insurance companies, local councils and the State Government. Fire District Estimates are the means by which FRNSW recovers 85.4% of its net costs through statutory contributions from the insurance industry (73.7%) and local government (11.7%); see Appendices 1-3 for details. The Government contributes the remainder (14.6%) through NSW Treasury funding.

The NSW Government is reviewing the funding model for fire and emergency services, with the aim of spreading the costs beyond the traditional funding base of the insurance industry, local and state government. Public consultation was open until October 2012.

At 30 June 2012, there were 180 FRNSW Fire Districts. There were no variations (extensions and reductions) gazetted to Fire Districts during the year. With the exception of the Sydney, Lower Hunter and Newcastle Fire Districts, the local council in each Fire District contributed 11.7% of the estimated expenditure of FRNSW in that area. The level of contributions sought from councils increases from time to time, reflecting an overall increase in FRNSW's budget. In addition, the increases paid by individual councils can vary markedly from the average increase due to dissimilar incident and activity levels, staffing requirements, and specific building repairs and maintenance programs.

Contributions for the Sydney, Lower Hunter and Newcastle Fire Districts are apportioned between councils based on the aggregated five-year moving average of rateable land values provided by the NSW Valuer-General.

### LABOUR EXPENSE CAP

The Labour Expense Cap was approved by Expenditure Review Committee of Cabinet and is a key additional budget control measure introduced in the 2012-13 Budget. Fire & Rescue NSW, like all areas of government, is committed to achieving a range of savings with the Labour Expense Cap being one of these key strategies. The cap limits employee related and contractor expenses across general government sector agencies as well as selected public trading enterprises.

The Government has decided not to mandate the specific method for achieving employee savings. This provides Directors-General and agency CEOs the flexibility to develop and implement workforce strategies appropriate for the services being delivered. Strategies to meet the Labour Expense Cap include:

- Improving efficiency of staffing arrangements to better manage overtime
- Reviewing current contracting levels, needs and arrangements
- Applying more rigorous job evaluation processes to ensure jobs are properly graded to curb 'grade creep'
- Improving workforce management by reducing staffing through natural attrition and retirements
- Improving the alignment of staff resourcing with work demands, which may include increasing temporary, part time and/or casual staff for peak workload periods.



14 June 2012

Mr Greg Mullins AFSM  
Commissioner  
Fire and Rescue NSW

*By email*

Dear Mr Mullins,

I refer to your message to staff of 13 June 2012 headed "State Budget Announced".

There are numerous aspects of your message which have given cause for concern, not least your statement that "apart from commitments around the number of teachers, nurses and Police officers, the cap will apply to all Government agencies, including Fire & Rescue NSW."

This suggests that you understand the Government's commitment to the maintenance of so called "frontline" services and jobs to be limited to teachers, nurses and police only. Conversely, the Union has always understood the repeated reference to "teachers, nurses and police" to be merely indicative of the type of "frontline" worker who would be exempt from the Government's staff cuts, not an exhaustive list.

It would appear that one of us is wrong.

Can you please confirm, as a matter of urgency, the Government's position in this regard? This is a matter of acute interest to all firefighters and as such I intend to report to members on this issue, including your response, in tomorrow's Sitrep.

Yours sincerely,

Jim Casey  
State Secretary



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File No:

15 June 2012

Jim Casey  
State Secretary  
Fire Brigade Employees' Union  
1 – 7 Belmore Street  
SURRY HILLS NSW 2010

Dear Mr Casey,

**Re: State Budget**

I refer to your letter of 14 June 2012 regarding the 2012-13 NSW State Budget.

I would like to thank you for raising this important question because it is vital that collectively we all have a clear understanding of the budget and the implications for Fire & Rescue NSW's future funding levels.

In the Budget speech delivered on 12 June 2012 the Treasurer, the Hon Mike Baird MP, explained the difficult budgetary position faced by NSW, and the NSW Government's resolve to reduce costs. With regard to your question about exemptions, he said:

*A labour expense cap will be introduced as a new savings measure across the public sector.*

*We have a target of a 1.2 per cent per annum reduction in labour costs growth. This is a decision not taken easily but a decision that needed to be made.*

*Election commitments have been protected. Nurses, police officers and teachers in schools have been quarantined from this measure.*

**(Budget Paper No. 1 p6)**

I have confirmed that this cap applies to *all* public sector agencies, including FRNSW. As the government made an election commitment to increase the number of nurses, police officers and teachers, those occupational groups have been excluded from the labour expense cap. Similar commitments were not made with regard to firefighter numbers.

Agencies' budgets have been adjusted to reflect the labour expenses cap that now applies across government, as well as other required savings, for example in the area of procurement. What this means in practical terms is that FRNSW must work within its allocated budget, which over a 4 year period will be progressively reduced by a total of about \$70 million.

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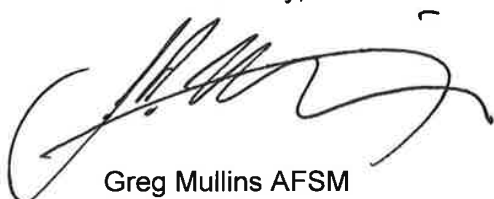
This of course is a major challenge to us all and whilst I clearly understand the Union's opposition to these and other budget measures (as reported in the media), I will be approaching you to discuss a range of possible measures aimed at meeting the budget savings requirements while protecting the jobs of firefighters and support staff. The Government has not directed agency heads to make the savings via job cuts, and there is latitude in how the savings can be made, albeit they must result in reduced labour costs.

It is appropriate at this juncture to reiterate my strong personal commitment to maintaining the safe and effective crewing level of SO and 3, and to the 10/14 roster, as I have already received questions on these aspects. I believe that there are ways to meet the budget requirements with minimal impact on staffing numbers, and without eroding service quality – albeit, the limited available options will no doubt be difficult and unpalatable to many.

I note that you intend to report my answer to your letter in today's "SITREP". I welcome this, as the question you have raised is of vital importance to all staff of Fire & Rescue NSW. To ensure maximum exposure of these issues, I will also publish your letter and my response on the intranet.

I suggest that we meet urgently to discuss these issues on Monday 18 June, and my office will be in touch with you today to arrange a suitable time.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Mullins', with a stylized flourish at the end.

Greg Mullins AFSM  
**Commissioner**



# SITREP 45/12

## **TOLing: Govt loads gun, Dept pulls trigger**

As members would be aware, the closure of permanent fire stations began this Monday at 1800 hours in response to the O'Farrell Government's vicious budget cuts.

Whilst there are many industrial issues associated with TOLing, and the Union is in the process of addressing these as they arise, the primary question here is community safety. This makes it an issue not only for 6,200 FBEU members, but rather one that effects every resident of NSW.

It will not be industrial action alone that stops these service cuts. We need to redefine and carry this as a political issue - one where every member of the NSW Parliament knows that their constituents are aware, and angry, that their fire protection is being seriously compromised for no good reason. This will not be a campaign sorted over a few weeks. It will be a longer fight, but one that is entirely ours to win.

In the interim, this week two main questions emerged regarding TOLing:

### **1. Can Station Officers be directed to perform outduties?**

The answer here is clearly no. In 1997 the Union and Department agreed to vary the Award so that Station Officers and Inspectors could no longer be directed to perform outduties. So this is not a Union instruction, it is a legal right.

Less clear at the moment (it has never arisen before) is whether a Station Officer can legally agree to perform an outduty? The Union's officials are continuing to monitor and seek member feedback on this, but in the absence of a clear legal and/or policy position, the answer until further notice is yes.

We are already aware of at least one Station Officer who was "spare" after their station was closed and their crew sent on outduties, who then acted for the rest of that shift as the Duty Commander's driver. This would require the Station Officer to work elsewhere and would therefore be an outduty, so consistent with the above advice, a Station Officer who did not wish to do this (or perform similar alternative roles at some other workplace) could lawfully refuse to do so. Or they could agree to do so.

One final and important point here.

It is an offence under Section 210(1)(e) of the *Industrial Relations Act 1996* for an employer to victimise an employee because they have claimed a benefit to which they are entitled under an Award. This means that a member cannot be coerced, stood over or threatened because they exercise their Award right to refuse to perform an outduty, and any member who feels that this has occurred should contact the Union.

### **2. Can Station Officers (or any rank) be directed to act-down?**

While the Department has advised us that it does not intend to do this, we are already aware of instances where it has occurred. Again, the Union's officials are monitoring and seeking member feedback on this issue, but pending a definitive ruling members are advised that acting-down is permitted provided that the member concerned agrees to do so and equally, that any member who refuses to do so will be full supported by the Union.



File Ref. No: FRN16/3  
TRIM Ref. No: D16/88746

2 December 2016

Mr Leighton Drury  
State Secretary  
Fire Brigade Employees' Union of New South Wales  
1-7 Belmore Street  
SURRY HILLS NSW 2010

Dear Mr Drury

I refer to my letter of 29 November 2016 and your response of 30 November 2016, concerning the application of the Labour Expense Cap (LEC) to Fire & Rescue New South Wales (FRNSW). I note the (needless) implied threat of industrial action therein, and further note that it is in both parties' interests to work together to identify savings that will not involve staff reductions.

FRNSW has identified several targeted strategies which were broadly discussed at the last JCC, which are:

- Overtime savings based on reduced absenteeism approaching previously agreed levels of sick leave (\$2.3M)
- Strategies to reduce Retained Shortages (\$500K)
- Communication Centre efficiencies (\$1.5M)
- Risk based response protocols (\$2M)
- Quarantine of \$2.3M from budget allocation

The targeted LEC breakdowns per Area Command/Directorate are as follows:

Area Command/Directorate	Savings
Metro East	\$453,271
Metro North	\$1,025,624
Metro South	\$775,763
Metro West	\$446,232
Regional South	\$440,040
Regional West	\$496,966
Regional North	\$565,340
Operational Capability	\$1,997,080
Education & Training	\$156,200
Community Safety	\$28,600



The above allocated savings targets are achievable if sick leave approaches levels previously agreed by the FBEU, and if targeted strategies to achieve other identified strategies are successful. As in the past, it is hoped that the FBEU will help, not hinder in achieving a reasonable savings. Despite the targeted savings, FRNSW still expects a shortfall of \$13m in meeting its LEC savings requirement.

FRNSW remains in discussions with Treasury regarding other LEC strategies.

As per my previous letter, Deputy Commissioner Field Operations Jim Hamilton AFSM is available at short notice should you wish to discuss these matters. Any other suggestions by the FBEU to achieve savings would of course be welcomed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Mullins', with a stylized flourish at the end.

Greg Mullins AFSM  
**Commissioner**

## 6.5 Agency Expense Summary

The 2019-20 Budget for the Department of Family and Community Services and Justice (and other agencies within the cluster) is listed in the table below.

In 2019-20, the Department of Family and Community Services and Justice will spend \$16.3 billion (\$15.5 billion recurrent expenses and \$870.1 million capital expenditure).

Stronger Communities cluster	Expenses <sup>(a)</sup>			Capital Expenditure		
	2018-19 Revised	2019-20 Budget	Change	2018-19 Revised	2019-20 Budget	Change
	\$m	\$m	%	\$m	\$m	%
<b>Department of Family and Community Services and Justice<sup>(b)</sup></b>	N/A <sup>(b)</sup>	9,839.6	N/A <sup>(b)</sup>	N/A <sup>(b)</sup>	870.1	N/A <sup>(b)</sup>
Cluster Grants .....	N/A <sup>(b)</sup>	5,635.2	N/A <sup>(b)</sup>	...	...	...
<b>Total Principal Agency</b>	<b>N/A<sup>(b)</sup></b>	<b>15,474.8</b>	<b>N/A<sup>(b)</sup></b>	<b>N/A<sup>(b)</sup></b>	<b>870.1</b>	<b>N/A<sup>(b)</sup></b>
<b>Agencies transferred from: Justice (GG) Cluster<sup>(c)</sup></b>						
Crown Solicitor's Office .....	66.5	60.3	(9.2)	18.6	0.7	(96.4)
Fire and Rescue NSW .....	787.2	774.3	(1.6)	80.4	51.9	(35.4)
Judicial Commission of New South Wales .....	8.2	6.7	(18.0) <sup>(d)</sup>	0.1	0.2	N/A
Legal Aid Commission of New South Wales ..	365.7	356.0	(2.6)	13.6	6.1	(55.4)
New South Wales Crime Commission .....	26.2	27.7	5.7	0.7	0.9	38.9
NSW Police Force .....	3,666.2	3,807.2	3.8	219.3	285.9	30.4
NSW Trustee and Guardian .....	88.4	89.0	0.7	9.7	14.0	44.4
Office of the Director of Public Prosecutions ..	163.5	173.7	6.3	2.9	3.3	13.6
Office of the NSW Rural Fire Service .....	551.0	524.3	(4.8)	66.3	16.4	(75.2)
Office of the NSW State Emergency Service ..	104.8	122.3	16.7	10.3	26.0	151.7
<b>Agencies transferred from: Family and Community Services (GG) Cluster<sup>(e)</sup></b>						
Home Purchase Assistance Fund .....	19.3	19.2	(0.9)	0.0	0.0	0.0
Multicultural NSW .....	24.7	32.6	32.1	0.6	0.3	N/A
Office of the Children's Guardian .....	39.2	52.8	34.7	1.0	5.4	N/A
<b>Agencies transferred from: Industry (GG) Cluster<sup>(f)</sup></b>						
Office of Sport .....	321.7	479.3	49.0	6.8	6.5	(3.9)
<b>Total Transferred In Agencies</b>	<b>6,232.5</b>	<b>6,525.5</b>	<b>4.7</b>	<b>430.2</b>	<b>417.4</b>	<b>(3.0)</b>
<b>Principal Agency abolished and absorbed from: Family and Community Services (GG) Cluster</b>						
Department of Family and Community Services .....	6,591.7	N/A	N/A	82.6	N/A	N/A
Cluster Grants .....	16.6	N/A	N/A	N/A	N/A	N/A
<b>Principal Agency abolished and absorbed from: Justice (GG) Cluster</b>						
Department of Justice .....	3,215.4	N/A	N/A	894.3	N/A	N/A
Cluster Grants .....	4,861.3	N/A	N/A	...	...	...
<b>Total Abolished Principal Departments</b>	<b>14,685.1</b>	<b>N/A</b>	<b>N/A</b>	<b>976.9</b>	<b>N/A</b>	<b>N/A</b>

**Balance Sheet**

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
<b>Assets</b>			
<b>Current Assets</b>			
Cash Assets	217,126	212,899	211,670
Taxes Receivable	...	...	...
Receivables	18,377	15,010	17,430
Inventories	2,066	2,020	2,020
Financial Assets at Fair Value	...	...	...
Other Financial Assets	...	...	...
Other	31	...	...
Assets Held For Sale	...	263	263
<b>Total Current Assets</b>	<b>237,600</b>	<b>230,192</b>	<b>231,383</b>
<b>Non Current Assets</b>			
Taxes Receivable	...	...	...
Receivables	...	...	...
Inventories	...	...	...
Financial Assets at Fair Value	...	...	...
Equity Investments	...	...	...
Property, Plant and Equipment -			
Land and Building	607,063	679,848	722,858
Plant and Equipment	230,512	243,228	241,489
Infrastructure Systems	...	...	...
Investment Properties	...	...	...
Intangibles	30,185	29,999	28,572
Other Assets	...	...	...
<b>Total Non Current Assets</b>	<b>867,760</b>	<b>953,075</b>	<b>992,919</b>
<b>Total Assets</b>	<b>1,105,360</b>	<b>1,183,268</b>	<b>1,224,303</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Taxes Payable	...	...	...
Payables	31,956	31,093	31,098
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	...	...	3,163
Provisions	95,334	151,241	151,216
Other	...	...	...
Liabilities Associated with Assets Held for Sale	...	...	...
<b>Total Current Liabilities</b>	<b>127,290</b>	<b>182,334</b>	<b>185,477</b>
<b>Non Current Liabilities</b>			
Taxes Payable	...	...	...
Payables	...	...	...
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	...	...	46,294
Provisions	218,130	166,909	169,329
Other	125	...	...
<b>Total Non Current Liabilities</b>	<b>218,255</b>	<b>166,909</b>	<b>215,623</b>
<b>Total Liabilities</b>	<b>345,545</b>	<b>349,243</b>	<b>401,100</b>
<b>Net Assets</b>	<b>759,815</b>	<b>834,025</b>	<b>823,203</b>
<b>Equity</b>			
Accumulated Funds	251,219	254,217	243,395
Reserves	508,596	579,808	579,808
Capital Equity	...	...	...
<b>Total Equity</b>	<b>759,815</b>	<b>834,025</b>	<b>823,203</b>

## Cash Flow Statement

	2018-19		2019-20
	Budget	Revised	Budget
	\$000	\$000	\$000
<b>Cash Flows From Operating Activities</b>			
<b>Payments</b>			
Employee Related	575,171	621,881	605,973
Personnel Services	...	...	...
Grants and Subsidies	...	...	...
Finance Costs	...	...	1,762
Equivalent Income Tax	...	...	...
Other Payments	93,102	96,295	92,046
<b>Total Payments</b>	<b>668,273</b>	<b>718,176</b>	<b>699,781</b>
<b>Receipts</b>			
Appropriation	...	...	...
Cluster Grant Revenue	683,669	723,029	699,612
Cash reimbursements from the Crown Entity	...	...	...
Sale Proceeds Transfers to the Crown Entity	...	...	...
Cash transfers to the Crown Entity	...	...	...
Sale of Goods and Services	12,796	15,863	13,024
Retained Taxes, Fees and Fines	...	...	...
Interest Received	3,068	4,815	3,122
Grants and Contributions	...	286	...
Other Receipts	36,978	62,348	37,601
<b>Total Receipts</b>	<b>736,510</b>	<b>806,341</b>	<b>753,359</b>
<b>Net Cash Flows From Operating Activities</b>	<b>68,237</b>	<b>88,165</b>	<b>53,578</b>
<b>Cash Flows From Investing Activities</b>			
Proceeds from Sale of Property, Plant and Equipment	...	...	...
Purchases of Property, Plant and Equipment	(71,225)	(83,370)	(46,522)
Proceeds from Sale of Investments	...	...	...
Purchases of Investments	...	...	...
Advances Repayments Received	...	...	...
Advances made	...	...	...
Other Investing	(3,666)	(4,949)	(5,347)
<b>Net Cash Flows From Investing Activities</b>	<b>(74,891)</b>	<b>(88,319)</b>	<b>(51,869)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from Borrowings and Advances	358	...	358
Repayment of Borrowings and Advances	(358)	...	(3,296)
Dividends Paid	...	...	...
Other Financing	...	...	...
Capital Appropriation - Equity Appropriation	...	...	...
Cash Equity Injection to For-Profit Entities	...	...	...
<b>Net Cash Flows From Financing Activities</b>	<b>...</b>	<b>...</b>	<b>(2,938)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(6,654)</b>	<b>(155)</b>	<b>(1,229)</b>
Opening Cash and Cash Equivalents	223,780	213,054	212,899
Reclassification of Cash Equivalents	...	...	...
Cash transferred in (out) as a Result of Administrative Restructuring	...	...	...
<b>Closing Cash and Cash Equivalents</b>	<b>217,126</b>	<b>212,899</b>	<b>211,670</b>