



## PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

**Referred by:** Australian Labor Party **Proposal No:** C1221  
**Date Referred:** 24/01/2023 **Date Published:**  
**Proposal Title:** Hire 600 new firefighters  
**Cluster:** Stronger Communities

### General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	7,991	16,103	26,871	50,965
Depreciation	-	-	-	-	-
Less: Offsets	-	7,528	17,417	29,754	54,699
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(463)</b>	<b>1,314</b>	<b>2,883</b>	<b>3,734</b>
Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	-	-	-	-
<b>Net Lending/(Borrowing):</b>	-	<b>(463)</b>	<b>1,314</b>	<b>2,883</b>	<b>3,734</b>

  

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
<b>Net Lending/(Borrowing):</b>	-	<b>(463)</b>	<b>1,314</b>						<b>3,734</b>

### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(463)</b>	<b>1,314</b>	<b>2,883</b>	<b>3,734</b>
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### Notes and costing assumptions:

This policy seeks to hire an additional 600 firefighters in Fire and Rescue NSW (FRNSW) in increments over the following financial years:

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
<i>Number of new recruits</i>	40	50	60	80	80	90	100	100	<b>600</b>

The policy specifies the cost of these recruits will be made through the General Government Sector, rather than the Emergency Services Levy (insurance levies – see background).

The net cost of hiring an additional 600 firefighters in the increments specified in the policy would be \$131.2 million to 2030-31, with net savings \$3.7 million over the forward estimates.

The cost of the policy is broken down as follows.

<i>\$ million</i>	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Expenses from recruitment	8.0	16.1	26.9	41.7	57.3	75.7	97.3	120.1	443.1
Savings from overtime (offsets)	(7.5)	(17.4)	(29.8)	(46.8)	(50.7)	(51.9)	(53.2)	(54.6)	(311.9)
<b>Total</b>	<b>0.5</b>	<b>(1.3)</b>	<b>(2.9)</b>	<b>(5.0)</b>	<b>6.6</b>	<b>23.8</b>	<b>44.1</b>	<b>65.6</b>	<b>131.2</b>

### Key Assumptions

Under current legislation, insurance companies and local government make a contribution to the cost of emergency services agencies (see *Background*). Hence, legislative changes would be required for the policy to be funded through only the General Government Sector.

## Notes and costing assumptions continued:

### ***Cost of recruitment***

FRNSW advised that the cost of hiring additional firefighters, in the increments specified in the policy, has been calculated by way of the following.

- The key expense of this policy relates to the salaries and wages for new recruits.
- Wage rates at October 2022 have been used as the basis for calculation, escalated annually in line with the current wages policy.
- Oncosts on salaries and wages are related to superannuation, payroll tax and worker's compensation.
- The cost from 2024-25 onwards includes the ongoing salary and wages for recruits hired the year before each respective year.
- Other expenses for new recruits include the cost of uniforms, equipment, travel, accommodation, and medical checks.
- The cost for additional training staff has also been considered. Based on current operations, FRNSW advised that training staff would need to be increased to accommodate additional recruits. Trainers will be employed on a full-time basis over the four-year recruitment period. Training and associated costs would commence on 1 January of each calendar year.

### ***Offsets***

The cost of hiring 600 additional firefighters will be offset by reduced overtime payable to existing FRNSW firefighters, \$311.9 million over the life of the policy.

FRNSW advised that overtime savings have been calculated on the basis that all new recruits will be added to the general reliever pool to offset overtime of existing firefighters.

This allocation of new recruits to the general reliever pool ignores current operational service delivery requirements as of December 2022, specifically:

- New stations required in Oran Park and the Western Sydney Aerotropolis, which requires around 89 firefighters.
- 60 to 70 "overstrength positions" currently not funded as part of the FRNSW Budget (used to meet service delivery requirements).

The costing has assumed that all new recruits would be used to offset overtime in order to compare the proposed policy to the status quo.

However, on implementation of the policy, FRNSW is unlikely to allocate all new recruits to the reliever pool. Rather, new recruits would be allocated to planned new stations and reducing the unfunded staffing load carried by FRNSW. The costs of allocating these new recruits to meet these operational service delivery requirements are roughly equivalent to the savings from reduced overtime.

### **Background**

#### ***Emergency Services Levy (ELS) Act 2017***

The Emergency Services Levy ("the Levy") was established by the ESL Act in July 2017. Under the Act, the cost of emergency services agencies is met from insurance companies, local government, and the State Government. The following proportions of the cost of emergency services agencies, including FRNSW, are paid back by local government and insurance companies:

- Local government: 11.7 per cent.
- Insurance companies: 73.7 per cent.

Where the cost of emergency services is collected back from insurance companies, there is also a stamp duty impact (under the *Duties Act 1997*). Increased insurance premiums due to increased costs of FRNSW would result in higher stamp duty payments from insurers under the current legislation.