

Request for Costing an Election Commitment

Name of policy proposal:	Boost to Critical Firefighting Resources (13 September 2016)
Person requesting costing:	Alistair Coe MLA, Shadow Treasurer
Date of request:	10 October 2016
Summary of proposal:	The Canberra Liberals will acquire an additional Bronto for ACT Firefighting.
Issue the proposal will address:	The need to boost critical firefighting resources.

What are the key assumptions that have been made in the proposal?

Note: The costing will developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

Costs have been assumed as follows:

- The capital acquisition cost of the Bronto is \$2.3 million. This is based off verbal advice from the Firefighters Union and advice from NSW who purchased a Bronto in 2005 at a cost of \$1.3 million.
- The cost of capital has been calculated at 2.5% as per Treasury advice.
- Depreciation has been calculated using the straight line method for plant and equipment, with no resale and a useful life of 15 years.
- Advice provided to the Canberra Liberals is that a team of 12 firefighters (spread over different locations) would be on call to man the Bronto over a 24 hour period. This is a conservative estimate as advice from NSW indicates that only 8 additional firefighters would be required.
- A provision of 12 additional firefighters has been included to ensure a consistent ratio of staff is provided when the new Bronto is acquired.
- Salary costs are based off Treasury advice for a standard firefighter, indexed at 2.5%.
- Additional crew costs per year have been factored in, consistent with Treasury advice for a standard crew cost per year. This has been indexed at 2.5% and is conservative as it covers 16 firefights and includes another overtime provision which has already been included in the average salary cost.
- An operating provision for fuel has also been included at \$50,000 per year.

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2016-17	2017-18	2018-19	2019-20	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)					
Expenses^(a)	0	-1,265	-2,535	-2,595	-6,395
Capital	0	-2,300	0	0	-2,300
Depreciation	0	00	-151	-151	-302

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

No.

Where relevant, is funding for the proposal to be demand driven or a capped amount?

Capped.

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements (for example, does an education proposal add to or redirect NERA funding)?

No.

Will funding/the cost require indexation?

Yes. Funding for salaries has been indexed at 2.5% as per Treasury advice.

Who will administer the proposal?

Emergency Services ACT.

How will the proposal be administered?

Emergency Services ACT will be responsible for tendering, acquiring and maintaining the Bronto in addition to the recruitment and training of the 12 additional firefighters.

Is the proposal part of a broader package?

No.

Has an allowance been made for expenses necessary to support the implementation of this proposal?

- If no, will the government agency be expected to absorb expenses associated with this proposal?
- If yes, please specify the key assumptions.

No. Implementation of this proposal will be met from within existing resources.

Will the proposal generate savings or offsets?

No.

Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?

No.

What are the community impacts associated with the proposal? Who and how many people will be affected?

Community impacts are expected to be positive from increased firefighting capabilities.

Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?

No.

What is the intended implementation date of the proposal?

1 July 2017.

When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc?

It is assumed that the Bronto will be acquired in the first half of 2017-18, with the additional 12 firefighters coming online in the second half of 2017-18.

Will the proposal cease, and if so, when?

The proposal is ongoing.

Is there any additional information relevant to this proposal?

No.