



SIGNAL SEVEN

June 12 2019

A Positive ACT Budget for Firefighters

The ACT Budget announced last week contained a number of positive initiatives for firefighting, and in turn for the community. Foremost among the measures were a commitment to run 2 colleges of 18 firefighters in the financial year, and to allocate funds to City and Molonglo fire stations.

These measures are in addition to the announcement made pre-budget of a replacement major aerial appliance, which will be in addition to the aerial pumper (minor aerial appliance) funded in last year's budget. Also in addition is the funding already allocated for new helmets and personal protective clothing.

There were 2 important acknowledgements from Government in the budget media: first, that ACT Fire and Rescue is currently understaffed and second, that ACT Fire and Rescue needs to grow as Canberra grows.

The checklist referred to in the email above is attached to this edition of Signal 7. We encourage members to take up this offer.

We commissioned some analysis prepared by Emeritus Professor David Hayward, Professor of Social Economy and Public Policy of RMIT University. Professor Hayward concluded as follows:

“This is a good budget for the UFU and its members. It confirms that the Enterprise Bargaining strategy of pushing for strong growth in the number of firefighters is on the money in more ways than one. Not only does the budget provide funding to train 36 new firefighters and foreshadow funding for two new fire stations in fast growing suburbs, but it projects a sufficiently strong budget surplus in 4 years time to be able to fully fund even more new positions as anticipated by the UFU's bargaining position.

But expect the cost of the claim to be covered by further increases in the Fire and Emergency Services Levy, which is the Government's preferred means of funding its fire services. That makes a lot of sense, but let's hope that it is reviewed and restructured to make it fairer and more efficient first.”

Professor Hayward's analysis is attached. Members are encouraged to read it.

Authorised by Greg McConville, Secretary, UFU, A.C.T. Branch.

**This is an official Union document to be shared between members only
Read out at muster and pin on notice boards.**

ACT Budget 2019/20 Briefing Note for the United Fire Fighters Union

David Hayward¹

10 June, 2019

Introduction

The ACT Government delivered its 2019/20 budget a week ago, slap bang in the middle of the Enterprise Bargaining negotiations with the UFU. The Union's big ticket item is the claim for a substantial increase in crewing over the next four years. Is there enough money to pay the bill?

Budget strategy

This year's budget involves a shift in the Government's fiscal strategy. The emphasis is now on increased services and infrastructure to accommodate the Territory's above average economic (3-3.5% annual real increase) and population (1 ¼-2% annual increase) growth (running second to Victoria in the nation as a whole). The budget talks a lot about the demographic pressures and the need to make sure that Territorians come before arbitrary budget rules. And that makes a lot of sense.

It also happens to be entirely consistent with the UFU's Enterprise Bargaining position.

In broad terms, the budget is expansionary, with a substantial increase in the cash deficit from \$195m last year to an estimated \$510m next year, primarily to fund a big increase in capital spending.

Surpluses in the medium term, not always

The Government is now committed to running an operating budget surplus over the medium term and not always. This means operating deficits in 2019/20 and 2020/21 are ok, as long as they are covered by surpluses the years after. And that is exactly what this budget projects, with surpluses projected for 2021/22 and 2022/23 to more than compensate for relatively small deficits over the next couple of years. By 2022/23, the surplus is projected to hit \$413m.

Table 1: General Government Headline Net Operating Balance, 2017/18 (act.)-2022/23 (est.)

	2017-18 Actual outcome \$m	2018-19 Estimated outcome \$m	2019-20 Budget \$m	2020-21 Estimate \$m	2021-22 Estimate \$m	2022-23 Estimate \$m
Revenue	5,401.5	5,646.5	5,871.2	6,161.7	6,526.5	6,982.7
Expenses	5,482.5	5,799.3	6,158.0	6,440.6	6,618.6	6,813.3
Superannuation return adjustment	161.8	196.6	197.7	212.0	227.4	243.9
HEADLINE NET OPERATING BALANCE	80.8	43.8	-89.1	-66.8	135.2	413.3
Net cash from operating activities	523.6	353.4	240.9	525.9	781.7	1,054.8
Net debt (excluding superannuation)	1,302.2	2,181.7	2,713.9	3,257.6	3,363.5	3,019.2
Net financial liabilities	7,706.5	6,571.0	7,274.9	7,809.4	8,047.0	7,981.8

This is good news for the UFU, as the full cost of its claims don't max out until the last year of the agreement, when the budget papers show they can be fully covered from existing resources.

¹ David Hayward is Emeritus Professor of Public Policy and the Social Economy at RMIT University.

New initiatives

The budget contains \$77m of new service delivery initiatives for 2019/20 (compared to \$92.3m last year), and a total of \$192m of new capital initiatives (compared to \$99.6m last year).

The Government has committed to train an additional 36 firefighters in a welcome recognition that the UFU's case for more staffing has legs. Interestingly, the budget costs the increased staffing at a paltry \$678k, which is probably what it will cost to do the training. There is no funding allocated for next year and beyond. This suggests that any net increase in the number of firefighters will need to be paid for from some other source (presumably the Fire and Emergency Services Levy).

The budget also contains funding to begin planning two new fire stations in suburbs experiencing strong growth. This again reinforces the UFU's position on the need for more resources in a Territory going through substantial demographic growth.

Funding

The budget is light on information about how the Fire and Rescue Service will be funded (the ACT Government has a pretty poor track record on this score). We know the bulk of the funding is from the Fire and Emergency Services Levy. The budget confirms that is set for continued strong growth in the years ahead.

In 2018/19 it brought in \$84.4m. Next year it will raise \$87.4m, reaching \$97m by 2022/3. That means revenues from this source are set to grow by a massive 15% over the four years to 2022/3, and there is good reason to believe it is set for even stronger growth over the next few years after that.

Such a large increase begs the question of whether the Levy is fit for purpose, with its inequitable and illogical structure ensuring that those who pay are not necessarily those who can afford it, nor who need it most.

Conclusion

This is a good budget for the UFU and its members. It confirms that the Enterprise Bargaining strategy of pushing for strong growth in the number of firefighters is on the money in more ways than one. Not only does the budget provide funding to train 36 new firefighters and foreshadow funding for two new fire stations in fast growing suburbs, but it projects a sufficiently strong budget surplus in 4 years time to be able to fully fund even more new positions as anticipated by the UFU's bargaining position.

But expect the cost of the claim to be covered by further increases in the Fire and Emergency Services Levy, which is the Government's preferred means of funding its fire services. That makes a lot of sense, but let's hope that it is reviewed and restructured to make it fairer and more efficient first.