

Department of Police, Fire and Emergency Management

OFFICE OF THE SECRETARY

GPO Box 308 HOBART TAS 7001
Phone 1800 765 827
Email commissioner@police.tas.gov.au

Our ref: A24/10110



31 January 2024

Garry Swain
Secretary
Department of Treasury and Finance

Via email: c/o S36(1)

Dear Gary

2023-24 Budget Efficiency Dividend Savings Strategies

Thank you for the letter from your office dated 11 January 2024 (your reference 24/3318) in which you acknowledged the challenges faced by agencies in identifying strategies to achieve the required 2023-24 Budget Efficiency Dividend.

As noted in the Department's presentation to Budget Committee on 14 December 2023, the required savings represents a significant proportion of the agency's 'discretionary' funding.

Through discussion with our Minister's Office, we are of the understanding that there is to be no reduction in projected police numbers and that grants to the State Fire Commission are to remain as projected, thus reducing the available pool of funds from which savings can be generated.

In response to your question regarding capacity for efficiencies through the proposed changes to the Fire and Emergency Services funding model, if there is to be no reduction in Grants to the State Fire Commission, no efficiencies can be gained that will flow to the Department's appropriation.

In addition, as noted in our presentation to Budget Committee, the capacity to achieve budget savings is further compromised by the percentage of the budget which is allocated to the whole-of-government TasGRN commitment and the inclusion of funding for the Tasmania Fire Service.

Effectively the Department is thus required to generate budget savings from \$100.3 million, which consists of \$51.9 million in State Service and \$48.4 million in non-salaries funding.

The Department is seeking confirmation that the savings requirements remain as per the original allocation of \$3.9 million in 2024-25, \$7.8 million in 2025-26 and \$11.7 million in 2027-28 and beyond, noting that this effectively represents a savings requirement of 4% rising to 11%.

In the context of the requirement that the savings measures adopted do not adversely impact upon the front line, I am not able to provide any assurances that this will be the case. DPFEM is an agency of some 1444 police officers, 345 firefighters and approximately 5500 emergency services volunteers. In addition to State Service positions holding front line responsibilities (eg forensic scientists, prosecutors, front counter staff, radio dispatch officers) the remaining State Service employee cohort exists to directly support the front line. As such, any reduction will either require replacement with sworn officers or a reduction in service.

As evidenced from outcomes from the Commission of Inquiry, DPFEM handles some of the State's most sensitive information and is required to support some of the State's most vulnerable individuals. Reductions in support arrangements are likely to impact upon the capacity to maintain these capabilities.

In respect to the Department's plans to manage savings through natural attrition, this will be dependent on the quantum of savings required. As indicated through the earlier provided savings plan, to meet the Government's requirement, DPFEM would need to shed approximately 70 State Service positions thus strategies beyond natural attrition will be required and consultation with staff and representative bodies would need to commence immediately. As such, DPFEM needs to understand whether this strategy is accepted, and whether the quantum of savings allocated to this agency remains unchanged.

I look forward to your advice to enable the Department to resubmit its proposed savings strategy.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Jonathan Higgins', written in a cursive style.

Jonathan Higgins
ACTING COMMISSIONER OF POLICE

Department of Treasury and Finance

The Treasury Building
21 Murray Street HOBART TAS 7000
GPO Box 147 HOBART TAS 7001 Australia
Telephone (03) 6166 4444 Facsimile (03) 6173 0219
Email secretary@treasury.tas.gov.au Web www.treasury.tas.gov.au



Doc reference 24/75439

To: Accountable Authorities

Attention: Director Finance and Agency Budget Contacts

Key Dates - 2024-25 Budget Development and 2023-24 End of Year

The purpose of this memorandum is to advise you of the key dates and information required from agencies for the remainder of 2023-24 Budget Management processes and for the 2024-25 Budget Development processes.

2024-25 Budget- Key Dates and Information

The 2024-25 Budget will be delivered on 12 September 2024. The focus of the 2024-25 Budget Development process will be:

- Not Relevant
- allocation of the Budget Efficiency Dividend announced in the 2023-24 State Budget;
- Not Relevant
-

Not Relevant

Key new inclusions include:

- Not Relevant
- Agencies to recode ^{Not Relevant} and Budget Efficiency Dividend allocations in BIMS by 31 May 2024;
- Not Relevant
-
-

• Not Relevant

Not Relevant

Should you have any queries or require any further information regarding this matter, please contact Eleanor Patterson on [S36\(1\)](#)

Yours sincerely



for Gary Swain

Secretary

01 May 2024

Attachments:

1. 2024-25 Budget - Key Dates for Agencies.

Attachment I: UPDATED: 2024-25 Budget Reporting Key Dates for Agencies

Key Date	Action
Not Relevant	
31 May	BIMS Update - Not Relevant and Budget Efficiency Dividend Agency Recoding
Not Relevant	

Key Date	Action
Not Relevant	

*Dates may be subject to change

Department of Police, Fire and Emergency Management

OFFICE OF THE SECRETARY

GPO Box 308 HOBART TAS 7001
Phone 1800 765 827
Email secretary@dpfem.tas.gov.au

Our ref: A24/227906



14 May 2024

Mr Gary Swain
Secretary
Department of Treasury and Finance

Attention: Eleanor Patterson

Dear Gary

2024-25 DPFEM BUDGET EFFICIENCY DIVIDEND SAVINGS STRATEGIES UPDATE

I note that in your memorandum of 7 May 2024, requiring an update of the DPFEM's budget savings strategies, you have identified that the Department's Budget Submission in January 2024 did not contain revised Savings Strategies addressing the outstanding concerns that Treasury had identified at the time, namely:

- whether the proposed emergency services funding arrangements are intended to deliver an overall savings at a whole of government level and
- additional information to demonstrate that State Service Reductions would not impact on front line delivery.

In order to address the concerns you raised, Acting Commissioner Higgins wrote to you on 31 January 2024 (copy enclosed) seeking a further update on the quantum of savings required. This clarification followed on from the Department's presentation to Budget Committee on 11 December 2023 (copy enclosed) which clearly demonstrated that the quantum of savings identified could not be met without adversely affecting the frontline.

The content of this memorandum of 31 January 2024 remains valid, also noting that through the 2024 election, reforms to the Emergency Services levy have been removed from the legislative agenda.

In order to address the issues you have raised in your memorandum of 11 January 2024 and reiterated in your Memorandum of 31 January 2024, the Department is seeking confirmation that the original budget savings proposed remain unchanged.

Yours sincerely

Donna Adams
SECRETARY

S26 Cabinet Information



S26 Cabinet Information



S26 Cabinet Information

S26 Cabinet Information



S26 Cabinet Information



S26 Cabinet Information



S26 Cabinet Information



Right to Information

From: Clarke, Mandy
Sent: Friday, 15 March 2024 8:17 AM
To: Baker, Kathy; Wilson-Haffenden, Scott
Subject: RE: Budget Efficiencies - 2024/25 Budget Process

S35(1)



From: Baker, Kathy S36(1)
Sent: Wednesday, March 13, 2024 6:15 PM
To: Wilson-Haffenden, Scott S36(1)
Subject: Budget Efficiencies - 2024/25 Budget Process

Clarke, Mandy

S36(1)

Hi Haff and Mandy,

At today's Dep Sec Corporate & Workforce Sub-Committee Eleanor Patterson attended to provide information on the 2024-25 Budget process. These are the key points from that discussion:

- Budget Efficiency Dividend – Agencies have been advised of the allocation. Some Agencies haven't come up with strategies to meet this. Ongoing discussions with these Agencies, but the savings allocation is still expected to be met.
- Budget Committee have not endorsed strategies, but the allocation to Agencies was endorsed by Cabinet.
- Treasury are proceeding on the basis that the dividend will continue
- Up to Minister and Head of Agency to ensure that the strategies to achieve the Budget Efficiency Dividend is achieved.

Not Relevant

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-
-
-

S35(1)



Cheers,
Kathy

Kathy Baker

Executive Director, People and Business Services
Business and Executive Services | Department of Police, Fire and Emergency Management

S36(1) | GPO Box 308, HOBART TAS 7001

S36(1) | www.dp fem.tas.gov.au



I work flexibly to aim for work-life harmony. Please note that if you get this email outside of your hours, I have no expectation that you will respond outside of your normal hours.

Right to Information

From: Wilson-Haffenden, Scott
Sent: Tuesday, 7 May 2024 11:47 AM
To: Clarke, Mandy; Baker, Kathy
Subject: RE: Urgent: 2024-25 Budget Development Process
Attachments: 2024-25 Budget Development Process | Agency Savings Strategies Update

S35(1)

From: Clarke, Mandy S36(1)
Sent: Tuesday, May 7, 2024 8:57 AM
To: Baker, Kathy S36(1) Wilson-Haffenden, Scott S36(1)
S36(1)
Subject: Urgent: 2024-25 Budget Development Process

Hi both,

Have we received formal advice back from Treasury regrading our Efficient Dividend amount?

S35(1)

Thanks

Mandy

From: Budget Management Branch <BudgetManagement@treasury.tas.gov.au>
Sent: Wednesday, May 1, 2024 4:00 PM
To: S36(1)
S36(1)

S36(1)

Police <Commissioner@police.tas.gov.au>; S36(1)
S36(1)

Commissioner Of

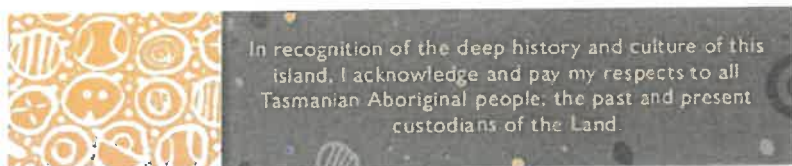
S36(1)

Subject: 2024-25 Budget Development Process

Good afternoon

Please find attached correspondence to Accountable Authorities to provide an update on the 2024-25 Budget Development Process.

Budget Management Branch
Department of Treasury and Finance
e Budget.Management@treasury.tas.gov.au
w www.treasury.tas.gov.au
21 Murray Street, Hobart, TAS 7000 | GPO Box 147, Hobart TAS 7001



Right to Information

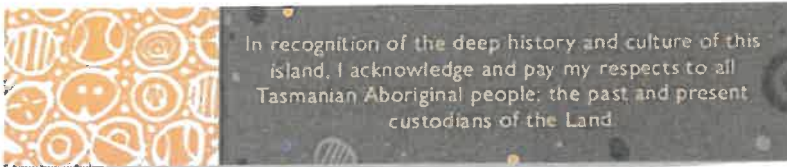
From: Budget Management Branch <BudgetManagement@treasury.tas.gov.au>
Sent: Tuesday, 7 May 2024 11:41 AM
To: Commissioner Of Police; Wilson-Haffenden, Scott
Subject: 2024-25 Budget Development Process | Agency Savings Strategies Update
Attachments: Memo to Department of Police Fire and Emergency Management - 2024-25 Agency Savings Strategies Update.pdf

Good morning

Please find attached correspondence relating to the Budget Efficiency Dividend Savings Strategies update required for the 2024-25 Budget Development process.

Kind regards,

Budget Management Branch
Department of Treasury and Finance
e Budget.Management@treasury.tas.gov.au
w www.treasury.tas.gov.au
21 Murray Street, Hobart, TAS 7000 | GPO Box 147, Hobart TAS 7001



Department of Treasury and Finance

The Treasury Building
21 Murray Street HOBART TAS 7000
GPO Box 147 HOBART TAS 7001 Australia
Telephone (03) 6166 4444 Facsimile (03) 6173 0219
Email secretary@treasury.tas.gov.au Web www.treasury.tas.gov.au



Doc reference 24/92479

Ms D Adams
Secretary / Commissioner
Department of Police, Fire and Emergency Management

Attention: Scott Wilson-Haffenden

2024-25 Budget Efficiency Dividend Savings Strategies Update

The purpose of this memorandum is to provide an update on the implementation of the Budget Efficiency Dividend (BED) across the 2024-25 Budget and Forward Estimates.

Agencies were provided with advice of their agency level BED allocations on 29 September 2023 and were subsequently required to provide Ministerially endorsed Savings Strategies for consideration by Budget Committee during December 2023. Agencies without fully compliant strategies were further requested to provide updates by 31 January 2024 as part of their 2024-25 Budget Development submission.

The Government remains committed to implementing the BED in the 2024-25 Budget. Budget Committee will reconvene in mid-June 2024 to further review agency savings strategies. To facilitate this process agencies are requested to resubmit Ministerially endorsed compliant Savings Strategies to Treasury by no later than 31 May 2024.

In relation to the savings measures identified by the Department of Police, Fire and Emergency Management, additional information was requested on whether the proposed emergency service funding arrangements are intended to deliver an overall saving at a whole-of-government level. Further, in relation to the State Service Reductions (Natural attrition) strategy, additional information was required to demonstrate that the measure will not impact on frontline service delivery.

As the Budget submission received from your agency in January 2024 did not include revised Savings Strategies as required, these should be included in this review and submission addressing the outstanding concerns.

Further information was also required on how salary savings will be implemented through vacancy control and natural attrition, including the abolishment of appropriate positions as they become vacant.

It is requested that these issues are prioritised and addressed in the revised Savings Strategies to be provided by the end of this month.

Please note agencies will be required to provide regular reporting on the delivery of their Savings Strategies and will receive separate advice on the reporting process following the finalisation of the 2024-25 Budget.

Should you have any queries or require any further information regarding this matter, please contact Eleanor Patterson on [S36\(1\)](#)



Gary Swain
Secretary

7 May 2024

S35(1)

From: Minister Ellis S36(1)
Sent: Tuesday, May 14, 2024 10:57 AM
To: Adams, Donna S36(1)
Cc: Ministerial <ministerial@dpfem.tas.gov.au>
Subject: Ms D Adams - Secretary/Commissioner - Department of Police, Fire and Emergency Management - Treasurer's Expenditure Control Authority

Good Morning

On behalf of the Minister for Police, Fire and Emergency Management, the Hon Felix Ellis MP, please find attached correspondence.

Kind regards

Eloise
Departmental Liaison Officer
Office of the Hon Felix Ellis MP

Minister for Police, Fire and Emergency Management
Minister for Housing and Planning
Minister for Skills and Training

S36(1)

www.premier.tas.gov.au



-----< Content Manager Record Information >-----

Record Number: MIN24/62259/5

Title: Ms D Adams - Secretary/Commissioner - Department of Police, Fire and Emergency Management - Treasurer's Expenditure Control Authority

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Ms D Adams
 Secretary / Commissioner
 Department of Police, Fire and Emergency Management

TREASURER'S EXPENDITURE CONTROL AUTHORITY

In accordance with section 28 of the *Financial Management Act 2016*, I authorise you, as the responsible Accountable Authority, to incur expenditure from the Public Account in accordance with the Treasurer's Expenditure Control Authority, as follows:

Department of Police, Fire and Emergency Management	2023-24		Total \$'000
	Operating Services \$'000	Capital Services \$'000	
Minister for Police, Fire and Emergency Management	372 781	37 832	410 613

The authority is for the period 1 July 2023 to 30 June 2024, or until another authority is issued.


 Hon Felix Ellis MP

Date: 7 / 5 /2024

Minister for Police, Fire and Emergency Management

cc. Department of Treasury and Finance

Right to Information

From: Baker, Kathy
Sent: Tuesday, 4 June 2024 4:10 PM
To: Hinkley, Ross; Wilson-Haffenden, Scott; Prenter, Kate
Cc: Harris, Marijke
Subject: Budget Efficiencies
Attachments: FW: URGENT - Outstanding Requests

Hi,

Treasury have advised that two of the ministerial endorsed budget efficiencies do not result in a decrease in appropriation for DPFEM and that we need to progress the development of alternative strategies and submit by COB Thursday, 6 June (copy of more detailed email attached).

The two are:

1. Removal of base government funding of \$1.806m to SFC – rejected as it is considered a cost shift.
2. COVID Offset \$1.187m – would not result in a reduction in appropriation.

I stress that these two have been rejected as specific advice was sought on how to reflect the adjustment in BIMS. ^{S35(1)}

S35(1)

S35(1)

Cheers,
Kathy

Kathy Baker

Executive Director, People and Business Services
Business and Executive Services | Department of Police, Fire and Emergency Management

S36(1)



I work flexibly to aim for work-life harmony. Please note that if you get this email outside of your hours, I have no expectation that you will respond outside of your normal hours.

Right to Information

From: Harris, Marijke
Sent: Tuesday, 4 June 2024 3:52 PM
To: Baker, Kathy
Cc: Prenter, Kate
Subject: FW: URGENT - Outstanding Requests

S35(1)

From: Fletcher, Brendan S36(1)
Sent: Tuesday, June 4, 2024 3:24 PM
To: Harris, Marijke S36(1)
Cc: Patterson, Eleanor (Treasury) S36(1); Blackwell, Rebecca (Treasury)
 S36(1) Wierenga Moore, Jordan (Treasury)
 S36(1)
Subject: RE: URGENT - Outstanding Requests

Hi Marijke

I've just discussed this one with Eleanor. Appreciate that you may need to escalate this response.

Unfortunately the two strategies that you have referred to below do not result in a decrease in appropriation for DPFEM. The first item is a cost shift, and the second one does not result in a reduction in existing appropriation.

DPFEM is required to submit its BED adjustment in a way that equals the amount specified in that adjustment.

As it is already past the due date for this process to be resolved, can you please progress the preparation of alternative strategies asap, and submit the BED reflecting these revised strategies by no later than COB Thursday 6 October.

Thanks
 Brendan

From: Harris, Marijke S36(1)
Sent: Tuesday, June 4, 2024 1:05 PM
To: Fletcher, Brendan S36(1)
Cc: Wierenga Moore, Jordan S36(1)
Subject: RE: URGENT - Outstanding Requests

Hi Brendan

I will send the first item, and just need to track down a couple of people for the other 2.

Budget Efficiency Dividend adjustment

- The two areas that will require some Treasury assistance or advice are:
 - o Adj 1: One of our permanent savings measures is that Treasury ceases to pay the SFC the State Government contribution of \$1.806M p.a.

S35(1)

- o Adj 2: The second variation is a permanent amount of \$1.187M to offset the 8 positions transferred to us from DPAC following the cessation of the Covid Coordination centre

S35(1)

S35(1)

DPFEM	2024-25	2025-26	2026-27	2027-28	2028-29
	- 3,914,000	- 7,827,000	- 11,737,000	- 11,737,000	- 11,737,000
Adj 1	+1,806,000	+1,806,000	+1,806,000	+1,806,000	+1,806,000
Sub total	-2,108,000	-6,021,000	-9,931,000	-9,931,000	-9,931,000
Adj 2	+1,187,000	+1,187,000	+1,187,000	+1,187,000	+1,187,000
Sub total	-921,000	-4,834,000	-8,744,000	-8,744,000	-8,744,000

S35(1)

Regards

Marijke

Marijke Harris
 Manager, Finance & Payroll Services
 Business and Executive Services

Department of Police, Fire and Emergency Management
 S36(1) 000

| <http://www.dpfem.tas.gov.au>

From: Fletcher, Brendan S36(1)
Sent: Tuesday, June 4, 2024 11:57 AM
To: Harris, Marijke S36(1)
Cc: Wierenga Moore, Jordan (Treasury) S36(1)
Subject: URGENT - Outstanding Requests
Importance: High

Hi Marijke

Sorry, I know you are very busy and short staffed, but I've just been asked to follow up the following:

- Budget Efficiency Dividend adjustment - this is required in BIMS ASAP. I note you had a number of issues in getting elements into BIMS. Can you please email with specifics and I will escalate for advice.

Not Relevant

Not Relevant

If you could get back to me asap in relation the above that would be greatly appreciated.

Thanks
Brendan

Brendan Fletcher | Specialist Agency Analyst
Budget Management Branch | Department of Treasury and Finance

S36(1)

www.treasury.tas.gov.au
21 Murray Street, Hobart, TAS 7000 | GPO Box 147, Hobart TAS 7001

S36(1)

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Right to Information

From: Baker, Kathy
Sent: Wednesday, 12 June 2024 7:32 PM
To: Hinkley, Ross
Subject: Fwd: Efficiency Dividend Methodology

Hi Ross,

S35(1)

In October 2023 Treasury advised that BC had approved the efficiency dividend methodology to include the GGS (General Government Sector).

The GGS is described below (extract from Budget Paper). This includes the SFC. S35(1)

S35(1)

General Government Sector

The General Government Sector comprises those agencies of government, the primary function of which is to provide public services which are mainly non-market in nature, for the collective consumption by the community, or which involve the provision of income support and are financed mainly through taxes and other compulsory levies.

This sector includes government departments and a number of other entities including the Inland Fisheries Service, Marine and Safety Tasmania, the Royal Tasmanian Botanical Gardens, the State Fire Commission, TAFE Tasmania, and the Nominal Insurer (a statutory entity created by the *Workers Rehabilitation and Compensation Act 1988*).

Table 6.1 identifies the entities within the Tasmanian General Government Sector.

Table 6.1: The Tasmanian General Government Sector

Government Departments	Other Government Agencies	GGs Statutory Authorities
Economic Development and Tourism	House of Assembly	Inland Fisheries Service
Education	Legislative Council	Marine and Safety Tasmania
Environment, Parks, Heritage and the Arts	Legislature-General	The Nominal Insurer
Health and Human Services	Office of the Governor	Royal Tasmanian Botanical Gardens
Infrastructure, Energy and Resources	Office of the Ombudsman	State Fire Commission
Justice	Tasmanian Audit Office	TAFE Tasmania
Police and Emergency Management	Legislature-General	The Nominal Insurer
Premier and Cabinet		
Primary Industries and Water		
Treasury and Finance		

Cheers,
Kathy

Sent from my iPad

Begin forwarded message:

From: "Harris, Marijke" S36(1)
Date: 5 October 2023 at 10:43:04 am AEDT
Subject: FW: Efficiency Dividend Methodology

Hi Kathy

I spoke to Brendan Fletcher yesterday and had said he hadn't been involved in doing the calculations on the efficiency – James McAvoy has sent this through, but I will speak to him when back in tomorrow to see if I can get some more detail.

Regards
Marijke

From: McAvoy, James S36(1)
Sent: Thursday, October 5, 2023 9:47 AM
To: Harris, Marijke S36(1)
Cc: Patterson, Eleanor (Treasury) S36(1)
 (Treasury) S36(1)
Subject: Efficiency Dividend Methodology

Fletcher, Brendan

Hi Marijke,

Not Relevant With respect to the allocation methodology for the Budget Efficiency Dividend, Cabinet approved allocations based on the GGS proportion of your agency's average appropriations in the 2023-24 Budget between 2024-25 and 2026-27 adjusted for:

1. Non-operating expenditure;
2. Appropriation funded Australian Government Specific Purpose Payments;
3. Administered payments; and
4. Controlled grants.

This proportion is cumulatively allocated for three years from 2024-25 to 2026-27 and then flat lined permanently.

An adjustment will be entered for your agency in the coming weeks to reflect this allocation.

Kind regards

James



James McAvoy | Assistant Director
Budget Management Branch | Department of Treasury and Finance
S36(1)

www.treasury.tas.gov.au
21 Murray Street, Hobart, TAS 7000 | GPO Box 147, Hobart TAS 7001

MINUTE

to the **Minister for Police, Fire and Emergency Management**



Our references: This document A24/241877
 Attachment 1 – A24/241877/1 – 2024-25 DPFEM Budget Submission – Implementation Plan
 Attachment 2 – A24/241877/2 - 2024-25 DPFEM Budget Submission - Budget Efficiency Dividend Implementation Plan

DPFEM 2024 – 2025 BUDGET EFFICIENCY DIVIDEND IMPLEMENTATION PLAN

Critical date: 31 May 2024 – due date for return to Treasury

<p>APPROVED / NOT APPROVED</p> <p>Signed:</p>  <p>Date: 31/5/2024</p>	<p>Comments:</p>
--	------------------

Recommendation

That you:

- Note and endorse the revised Department of Police, Fire and Emergency Management 2024-25 Budget Efficiency Dividend Implementation Plan which is required to be lodged with the Department of Treasury and Finance by 31 May 2024.
- Note that future years Budget Efficiency Dividend strategies are under revision.

Background

- The Department of Police, Fire and Emergency Management (DPFEM) comprises Tasmania Police (TasPol), Tasmania Fire Service (TFS), State Emergency Service (SES), Forensic Science Service Tasmania (FSST) and Business and Executive Services (BES).
- TasPol, FSST and BES are predominantly funded through appropriation whilst TFS receives some funding through appropriation (predominantly for specific initiatives) but is largely funded through levies. SES has a combination of funding from the State Fire Commission (SFC), State Government appropriation, MAIB and the Commonwealth and Local Governments.

Section 27(1)

- The total percentage saving allocation across the forward estimates does not accord with original advice provided in the 2023-2024 General Finance Budget Chapter.
- The 2023-24 Finance General Budget Chapter states:

A Budget Efficiency Dividend is included across the Forward Estimates period to ensure the sustainability of the Budget position and enable flexibility to meet potential future budget shocks. The Budget Efficiency Dividend is initially presented within Finance General, and the Government will work with agencies to identify the most appropriate approach to achieving this Budget adjustment. The Budget Efficiency Dividend required in 2024 25 is approximately 0.6 per cent of total expenditure with an incremental 0.6 per cent in 2025 26 and 2026 27. The Budget Efficiency Dividend over the Forward Estimates totals \$300 million.

Section 27(1)

Section 27(1)

- As illustrated in Table 3 DPFEM Appropriation Profile:
 - Approximately 70% of the annual DPFEM appropriation is allocated to employee expenses. This translates to fund 1,454 Police FTE and 542 FTE State Service positions.
 - Of the remaining 30%, the allocation is largely tied to fixed costs (communications and infrastructure purchases), and the remainder allocated to grants (such as PCYC, fuel reduction and volunteer grants).
- All areas within the total operating appropriation outlined in Table 1 have been thoroughly examined. The Department was not able to identify any reductions in fixed operating costs. As a result, the Department is limited to a significant reduction in employee expenses as outlined in Expense Strategy 2 below.
- Treasury has excluded the State Fire Commission (SFC) from the efficiency allocation, due to the efficiency allocations being based on appropriated revenue. However, it is the decision of DPFEM as to where and how efficiencies will be found across the Department. DPFEM has not proportioned the efficiency dividend to TFS's revenue that is raised through levies.

- Consultation regarding DPFEM's initial three Expense Strategies was undertaken with the SFC Chair as well as the Acting Chief Fire Officer, Executive Director - SES and Volunteers and Executive Director – Strategy and Capability.

Section 27(1)

³ Grant money is almost exclusively attached to TFS and SES projects.

⁴ Travel and Transport actual costs are over budget. They include fuel, vehicle parts and repairs, vehicle insurance, and towages. The actual travel component covers intra and interstate travel, including operations, training, meetings, and extraditions.

DPFEM BUDGET EFFICIENCY DIVIDEND IMPLEMENTATION PLAN

- The DPFEM Budget Efficiency Dividend Implementation Plan enclosed as Attachment A is centred on expense reduction strategies only.
- The Department has no capacity to generate revenue raising strategies.
- Following DPFEM’s brief to you on 22 November 2023, 27 November 2023 and 16 May 2024, DPFEM has refined the expense reduction strategies to three initiatives, and included one COVID-19 offset strategy, to deliver the required budget efficiency dividend.
- The following information provides a summary of the revised initiatives:

<p>Expense Strategy 1 Transfer of full cost of SES to SFC</p>	<p>Transfer of the full cost of SES to the TFS/SFC, in accordance with the intention of the Tasmania Fire and Emergency Service reforms (\$1.4 million per financial year).</p> <p>This totals a saving of \$2.5 million across the next three years.</p> <p>The SFC currently contributes \$2.9 million to meet the operating costs associated with the SES, which was agreed by the SFC to recognise the intent of an integrated organisation.</p> <p>Subsequent to this original agreement, additional costs for SES have been rejected by the SFC as a funding requirement from the SFC and have been met within the existing DPFEM allocation.</p> <p>Withdrawing Government funding and placing the full cost for SES funding within the SFC would not only comply with the intent of the TFES integration, but also simplify an overly complex funding arrangement.</p> <p>Capacity to fund within existing reserves would allow for this, or alternatively, an increase in the Fire Service Contribution could be considered to meet additional costs (noting the latter may require legislative amendment).</p> <p>There will be gradual implementation of this strategy over three years.</p>
<p>Expense Strategy 2 Removal of base government funding to the State Fire Commission</p>	<p>The <i>Fire Service Act 1979</i> provides that the TFS is funded by means of the Fire Service Contribution (property-based levy), Insurance Levy, Motor Vehicle Levy and User Charges and Tasmanian Government Funding.</p> <p>Traditionally the SFC has received little government funding outside a historical base contribution of \$1.806 million, with an expectation that the SFC would be largely self-sufficient from other funding sources.</p> <p>Over the past 10 years there has been a significant increase in program funding and capital funding by the State for the TFS. With the SFC now in a strong financial position it is likely that Treasury will question the need for ongoing “base” funding thus offering this up as a saving would avoid a loss of funding with no recognition.</p>

	Given the low levels of indexation applied to the Fire Service Contribution (3%) in the out years this could easily be recovered.
Expense Strategy 3 TasGRN abatements	The TasGRN contract between the State and Telstra provides for abatements to be levied on the service provider where it fails to meet Key Performance Indicators. Whilst meeting operational requirements, there are elements of the delivery (such as delayed site implementation) which have led to abatements of approximately \$1.2 million which can be used to reduce lease costs, hence reducing the funding requirement from Government across the next two financial years.
COVID-19 Offset Strategy	DPFEM is seeking an offset consideration from Treasury based on the Department having 8 FTE employees permanently transferred from the COVID-19 Coordination Centre establishment to DPFEM in 2021. This was not funded. This totals a saving of \$3.6 million across the next three years.

RISK ASSESSMENT OF THE EXPENSE REDUCTION STRATEGIES AGAINST CRITERIA

- All three strategies will comply with the previously outlined criteria one, three, four and five noting however that where items relate to the State Fire Commission, there will need to be agreement with the Commission thus may compromise criteria two.
- The recognition of offsets to COVID funding lies at the discretion of Treasury.

		Criteria 1	Criteria 2	Criteria 3	Criteria 4	Criteria 5
1	SFC to fully fund SES	√	X	√	√	√
2	Removal of base government funding to the State Fire Commission	√	X	√	√	√
3	TasGRN Abatements	√	√	√	√	√
4	COVID-19 Off-Set Strategy	√	X	√	√	√

IMPLEMENTATION PLANNING

- If the strategies are endorsed, a revised SFC Corporate Plan will be drafted to incorporate the changes and to allow for additional revenue capture if required.
- The revised plan would need to be endorsed by the Commission and subsequently by you and the Treasurer.
- If these strategies are not endorsed, then reductions in State Service positions would be the only alternative and would need to commence immediately which would necessitate:
 - Consultation with all DPFEM employees, the SFC, State Service Management Office (SSMO) and Unions regarding the implementation of budget efficiencies. Consultation in the first instance will focus on broad stroke information regarding the overall number of staff affected, as well as consideration of employee feedback.
 - Following initial consultation, DPFEM will identify specific staffing reductions for the first year of budget efficiencies, followed closely by detailed planning for reductions in the out years.
 - To ensure regulatory compliance, DPFEM will also need to undertake detailed workplace psychological hazard risk assessments for each affected area. This will entail workflow management and planning to assist DPFEM's decision making regarding services and/or projects that may be delayed and/or reconfigured in response to a reduced capability. An initial review of work areas has identified legislative, policy and COI impacts that have resulted in a significant uplift work requirements in business areas (eg Workers Compensation, RTI, Wellbeing Support and Prosecutions).
 - DPFEM advises of the foreseeable risks to service delivery and/or reductions in capability across the Department.

IDENTIFYING ADDITIONAL BUDGET PRESSURE CONSIDERATIONS

- DPFEM's financial health is currently compromised. Table 5 provides an overview of the fiscal challenges that are in addition to the Budget Efficiency Dividend.
- These matters include:
 - Budget deficit – this is driven predominantly by the impact of increases to DPFEM's workers compensation premium increases and unfunded helicopter costs.
 - Impact of workers compensation – workers compensation claims have continued to rise since the introduction of legislation to address presumptive recognition of PTSD and cancers and the removal of step-down provisions. This has seen both increases in the number of cases and absences from work resulting in higher premiums, larger claims and settlements, and increased overtime costs across the Department associated with backfill requirements. The Department's premium for 2024-25 is \$32 million against a budget of \$5.8 million.
 - Helicopter costs – DPFEM is currently funded \$600,000 for the provision of a rescue helicopter service. Costs in 2023-24 for this service to DPFEM were approximately \$6.6 million (with \$6 million

funded through a RAF). These costs are likely to increase substantially through the negotiation of a new contract.

- Unfunded indexation and superannuation guarantee contribution (SGC) – whilst the exact value of the underfunding of this is unknown due to the lack of visibility on indexation provided, it is apparent that DPFEM is required to absorb increases in the level of SGC CPI Indexation on non-salary items above Treasury funding (traditionally 2%).
- Unfunded time limited initiatives – DPFEM currently has a number of time - limited initiatives for which funding will cease, although there is a likely expectation of the need to continue these services. For example, multi-disciplinary centres (the Arch program), which are only funded for two years.
- Unfunded Award provisions - increases in salary and allowance payments above 2.5% are unfunded.

Table 5 - Fiscal challenges in addition to the Budget Efficiency Dividend

	2023-24	2024-25	2025-26	2026-27	2027-28
	\$'000	\$'000	\$'000	\$'000	\$'000
Budget Efficiency Dividend Required	0	3,914	7,827	11,737	11,737
S35(1)					
Unfunded Time Limited Initiatives (ex. TFS)	0	7,079	8,104	11,604	13,533
Unfunded award provisions	1,414	1,456	1,500	1,545	1,591

S35(1)

A handwritten signature in black ink, appearing to read 'Donna Adams', with a long horizontal flourish extending to the right.

Donna Adams

Secretary

30 May 2024