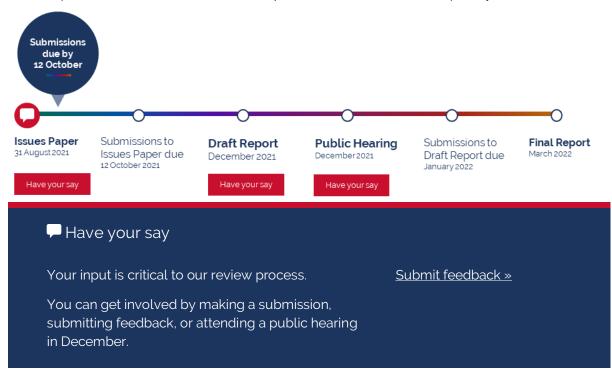


Review of Fire and Rescue NSW's fees and charges

31 August 2021

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is reviewing Fire and Rescue NSW's fees and charges. Our review will recommend which of FRNSW's services should have user charges; and how FRNSW should recover the costs of providing those services. Our recommendations will inform a review of the *Fire Brigades Regulation 2014* (FB Regulation), and any new charges should apply from 1 September 2022.

This information paper provides an overview of our review and key issues we seek your comments on. Your views will inform our recommendations. Let us know what you think about the 5 steps we outline below or find more questions in the full Issues Paper, by 12 October 2021.



IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging. We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

We are reviewing charges for some FRNSW services that have, or could have, separate charges

Services in this review 🗸





Attending hazardous material incidents



Providing fire safety advice for building development such as reports, inspections, and other advisory services



Attending automatic fire alarms that are false alarms



Providing services to other government agencies



Any other FRNSW's services such as attending community events and reptile handling



We are **not** reviewing funding for FRNSW's key tasks of:

- Attending fires in its fire districts
- Rescues
- Community education around fire safety

Emergency Service Levy (ESL) funds these services. We are not reviewing ESL.

FRNSW's charges have not changed for several years

FRNSW's charges have remained the same for several years – in fact, some charges have remained the same since 2006. FRNSW's operating costs have increased over time, so it is timely to review its charges.





How much FRNSW's operating costs have increased since 2006 (after inflation)



Some charges have not changed since 2006

This review is timely to ensure charges reflect current efficient costs.



We take a principles-based approach to setting charges

We will balance principles such as cost-reflectivity, equity and simplicity.

New charges should protect the community and FRNSW

The Emergency Services Levy funds FRNSW's services in attending fires and undertaking rescues.

FRNSW is the only provider of most of its other services. It is important to protect consumers from monopoly power and ensure FRNSW can recover the efficient costs of providing its services. Where a particular group of individuals create the need for FRNSW's services, they should pay for those services.

We will take 5 steps to decide on charges for services that should have user charges

1. Which services should have user charges?



To answer this question, we propose to consider

- Can we identify groups who created the need for it and those who benefit from it?
- Would charging provide the right price signal?
- Would charging provide an incentive to mitigate risks?

Should those charges be set out in the Regulation?



For each service that FRNSW provides, we propose to look at whether:

- FRNSW is the only provider; or
- Customers can choose a provider.

3. What pricing methodology should we use?



We propose to

- · assess efficient costs of providing services
- · review charges for 5 years
- recommend charges for the first year and update them using an index.

 What charging structure should we adopt?



We are considering various charging structures

- Fixed charge
- · Variable charge
- Call out fee plus timebased charge
- Admin fee plus timebased charge

5. What regulatory framework is best?



We are considering ways to improve the current charging framework by:

- making the basis for charging simple, consistent and cost reflective
- · giving FRNSW more flexibility around charging
- including a cost index in the FB Regulation.