



Draft charges for Fire and
Rescue NSW's fire safety
services

Information Paper

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The Independent Pricing and Regulatory Tribunal (IPART) is reviewing Fire and Rescue NSW (FRNSW)'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 sets out our draft recommendations on charges for FRNSW's fire safety services, and is structured as follows:

- Section 1 summarises our draft recommendations on FRNSW's charges for fire safety services
- Section 2 provides an overview of FRNSW's fire safety services and current charges
- Section 3 explains our approach in making our draft recommendations
- Sections 4 to 7 provide our analysis of the efficient costs of FRNSW's fire safety services, assessment of charging options, and the impact of our draft recommendations.

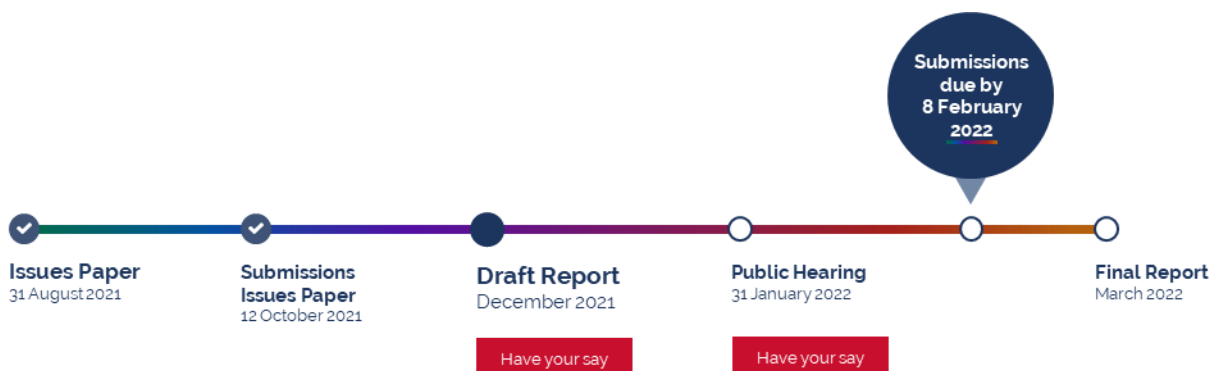
This Information Paper is supported by our [Draft Report](#). Separate Information Papers contain our analysis and draft recommendations on [charging for false alarm call-outs](#), [attending hazardous material \(hazmat\) incidents](#), [automatic fire alarm management and system service](#) and [FRNSW's other services](#)

 **Have your say**

Your input is critical to our review process. [Submit feedback >](#)

You can get involved by making a submission, or attending a public hearing. [Attend the public hearing >](#)

Timeline for this review



1 Summary of our draft recommendations

Table 1.1 sets out our draft recommended charges for FRNSW's services. These charges would allow FRNSW to recover the costs of:

- administration, risk assessment and service overheads for most services through an application fee
- providing highly variable services through a charge per hour of labour
- providing services with a low to medium degree of variation through fixed charges
- excess travel through an hourly charge per hour of labour
- any fire safety service that does not have a charge otherwise specified in the FB Regulation through an hourly charge per hour of labour.

Draft recommendation

-  8. FRNSW charge for its fire safety services in accordance with Table 1.1.

Table 1.1 Draft recommended charges for fire safety services (\$2022-23, ex-GST)

Service	Charge (\$) ^a
Initial fire safety report (IFSR)	
Application fee	270
Charge per hour of labour	160
Advisory, assessment and consultancy services	
Application fee	270
Charge per hour of labour	160
Fire engineering brief	
Application fee	270
Fixed service charge	1,260
Final fire safety report	
Application fee	270
Fixed service charge (including 2 hours of travel time for 2 people)	2,140
Fire safety system report	
Application fee	270
Fixed service charge (including 2 hours of travel time for 2 people)	2,140
Attendance at a fire safety meeting	
Application fee	270
Fixed service charge (including 2 hours of travel time for 2 people)	1,745
Review of emergency plans ^p	
Fixed service charge (no application fee)	490
General fire safety inspection or assessment (not specified above)	
Charge per hour of labour	155

Service	Charge (\$) ^a
Travel time to provide fire safety service	
Charge per hour of labour	155
Consumables	
At reasonable cost	Reasonable cost

a. If a charge is on an hourly basis, the charge specified is prescribed for each hour, or part of an hour.

b. Charge only applies where FRNSW reviews and provides comment on an emergency plan; no charge for lodgement only.

We are also making recommendations to help FRNSW manage the increasing demand for its fire safety services and improve its efficiency.

2 FRNSW's fire safety services and charges

FRNSW's services for fire safety in the built environment are part of a regulatory regime that is intended to manage the fire safety risks in buildings and other structures. Many of FRNSW's fire safety services are mandated by the *Environmental Planning and Assessment Regulation 2000*; development proponents and/or building certifiers must request these services at the design and construction stages for new and modified buildings and structures. FRNSW undertakes risk assessments to determine which requests require detailed inspection, assessment, report or meeting. The proportion of completed services varies considerably across the individual services.¹

FRNSW charges for some of its fire safety services. Current charges recover most of FRNSW's costs for the services that are specified in the FB Regulation, however individual service charges are not cost reflective. FRNSW does not recover the costs of providing fire safety services that are not specified in the FB Regulation.

FRNSW advised that it is insufficiently resourced to undertake all requested fire safety services. It considers that this resourcing issue is influenced by the current charging structure and level of charges for fire safety services, i.e., it does not recover the full costs of providing these services.

FRNSW and local councils also conduct compliance and enforcement activities to ensure ongoing fire safety compliance in the built environment.

2.1 Current fire safety services and charges

FRNSW is the monopoly provider of the fire safety services outlined in Table 2.1, with charges for these services set out in the FB Regulation. The basis for charging varies across the different services.

 <p>Charges based on the cost of development</p> <p>Initial fire safety report</p>	 <p>Charges based on a fixed fee</p> <p>Assessment of Building Code of Australia Category 2 fire safety provision</p>	 <p>Charges based on hourly or daily rates</p> <p>Fire engineering brief</p> <p>Final fire safety report</p> <p>Fire safety system report</p>
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Table 2.1 Current FRNSW fire safety services and charges

Service	Charge or basis for charge
Initial fire safety report (IFSR) (prior to issue of construction certificate)	Charge based on the cost of development, with minimum charge of \$500
Assessment of Building Code of Australia Category 2 fire safety provision (service provided as part of IFSR and FFSR)	\$180 per fire safety provision
Final fire safety report (FFSR) (prior to issue of occupation certificate)	Initial inspection: \$215 for first 2 hours (including travel time); \$200 for each additional hour or part of an hour. Re-inspection: \$430 for first 2 hours (including travel time); \$200 for each additional hour or part of an hour. FRNSW currently charges for inspection time only; it does not charge for report writing time.
Fire safety system report (FSSR) (prior to issue of occupation certificate)	Hourly rates of between \$66 and \$200 per hour, depending on rank of fire brigade member. Minimum two fire brigade members. FRNSW currently charges for inspection time only; it does not charge for report writing time.
Attending a fire safety meeting associated with development	\$200 per hour or part of an hour
Providing advisory, assessment or consultancy services for State significant infrastructure, Crown building work or other development (including the performance-based design brief or fire engineering brief (FEB))	\$2,600 per day or part of a day
Other services, for example inspecting installed fire safety measures as part of a maritime lease	Hourly rates of between \$66 and \$200 per hour, depending on rank of fire brigade member. Minimum two fire brigade members.

Source: *Fire Brigades Regulation 2014*, cls 46 and 48, Schedule 2, Schedule 3.

Appendix A provides a brief overview of each of FRNSW's current services.

FRNSW performs other activities and services related to fire safety in the built environment which currently have no specific charge in the FB Regulation, including:

- assessing fire safety complaints relating to buildings or structures²
- undertaking joint inspections with councils of the fire safety provisions of an occupied building³
- providing comment to consent and regulatory authorities on a fire safety matter, development condition, compliance issue or order applying to an occupied building⁴
- issuing compliance orders⁵
- receiving annual fire safety statements and supplementary fire safety statements⁶, notifications of radiation gauges⁷ and impairment notices
- receiving and reviewing emergency plans for major hazard facilities, manifest quantity workplaces and explosives sites.⁸

FRNSW does not currently charge for these activities and services.

2.2 Charging approaches for fire safety services in other jurisdictions

The charging approaches of other jurisdictions for fire safety services vary considerably, as outlined in Table 2.2. These different approaches may reflect different weightings or priorities given to pricing principles such as simplicity and cost-reflectivity, and the broader funding policies of these jurisdictions for the relevant fire agencies.

Table 2.2 Charging approaches for fire safety services in other jurisdictions

Jurisdiction	Approach
Victoria	All activity charged on an hourly or part thereof basis, with minimum and maximum charges for various services
Queensland	Charges reflect a combination of fixed fees, fees dependent on floor area and/or number of specified installations and sub-systems, hourly rates plus travel costs and number of assessments
South Australia	Charges reflect a combination of fixed fees, hourly rates and per page or copy fees for documents and reports
Western Australia	No charges for inspections, reports or advice on building fire safety matters
Tasmania	Charges based on an hourly rate
ACT	Charges based on an hourly (or part thereof) rate
Northern Territory	Charges reflect a combination of fixed fees, fees dependent on floor area, hourly rates plus travel costs and number of assessments.

Sources: Victoria: *Fire Rescue Victoria (General) Regulations 2020*, Part 4, [Notice of Fixing Fees](#), Fire and Rescue Victoria [Consolidated Fee Schedule](#); Queensland: see [Building Owners and Occupiers](#); *Building Fire Safety Regulation 2008*, Schedule 2; South Australia: Fire and Emergency Services (Fees) Notice 2020, in *The South Australian Government Gazette*; Tasmania: *Tasmania Fire Service Fees and Charges 2021/2022*; ACT: *Emergencies (Fees) Determination 2001*; Northern Territory: [Schedule of fees](#)

3 How we made our draft recommendations

We took the following steps in making our draft recommendations on fire safety services:

1. Assessed whether FRNSW's fire safety services should have user charges and whether those charges should be set out in the FB Regulation based on the principles outlined in Box 3.1
2. Estimated the efficient cost of FRNSW's fire safety services using a cost build up approach described in Box 3.2
3. Determined the most appropriate charging structure for FRNSW based on 7 pricing principles outlined in Box 3.3
4. Considered the impact of our recommendations on FRNSW and its stakeholders.

This approach is broadly in line with our overall approach for the review and ensures we take consider all matters required by our Terms of Reference (see our Draft Report). In Sections 4 to 6, we describe how we have implemented these steps to reach our draft recommendations and findings.

Box 3.1 Principles for assessing user charges and having charges set out in regulation

We identified whether fire safety services should be subject to user charges based on the following principles:

- **Equity** – Where identifiable individuals create specific demand for FRNSW's services, they should pay for them. This includes FRNSW's regulatory activities.
- **Efficiency** – Where charging for a service ensures scarce resources are better allocated, FRNSW should charge for it.
- **Risk mitigation** – Where charging for a service provides an incentive for individuals to mitigate risk, FRNSW should charge for it; and where FRNSW undertakes activities that better mitigate risk, FRNSW should charge for them.

Where we determined FRNSW's services should have user charges, we then decided whether charges should be set out in regulations based on whether it is a monopoly service.

Box 3.2 Cost build up approach and capital allowance

We used a 'cost build-up' approach to estimate total efficient costs. Under this approach, we assess efficient operating, maintenance and depreciation costs. We then add an appropriate capital allowance to compensate FRNSW for committing capital investment, to arrive at the total efficient costs.

To estimate the efficient operating, maintenance and depreciation costs, we:

- analysed information provided by FRNSW on its historical and projected operating costs and activities
- engaged consultants, the Centre for International Economics (the CIE), to review information provided by FRNSW and provide expert advice on efficient operating costs of providing fire safety services.

We then added a capital allowance of 10% to account for a share of the cost of purchasing capital items such as buildings and equipment.

Our estimated capital allowance is based on the average Earnings Before Interest and Taxes (EBIT) margin for selected proxy industries, which are comparable to FRNSW in terms of its chargeable activities. These industries included fire and security alarm installation services, investigation and security services, fire protection services and hazardous waste hauling services. The Draft Report provides our analysis of the capital allowance in more detail.

Box 3.3 Principles for recommending charges

In recommending charges for FRNSW's fire safety services, we assessed available options against the following pricing principles:

- **Transparent** – key information about the charges should be readily available, such as the authority to charge, charging rates, and, where relevant, the basis of the charges
- **Cost-reflective** – charges should reflect the efficient cost of providing the service
- **Equitable** – charges should be equitable and affordable
- **Create positive incentives** – where relevant, charges should incentivise risk mitigation

Box 3.3 Principles for recommending charges

- **Simple** – charges should be straightforward, practical, easy to understand and collect
- **Flexible** – charges should be easily applicable to any new activities FRNSW undertakes in future
- **Consistent** – charges should be consistent between similar activities conducted by FRNSW and consistent with charges for similar activities conducted by other NSW agencies, where relevant.

4 User charges for fire safety services

The first step in our approach for recommending FRNSW's fees and charges is to identify which FRNSW's services should have user charges and have charges set out in the FB Regulation.

We have conducted a comprehensive review of FRNSW's non-core services and determined whether each service should be subject to user charges, and, if so, whether it should have charges set out in the FB Regulation. The key principles we have applied are:

- Whether there is an identifiable impactor who creates the need for the service in question. Our view is that the impactor or risk creator should pay the costs associated with providing the service.
- Whether the service in question is a monopoly service to decide whether it should have charges set out in the FB Regulation. If FRNSW is not the monopoly provider of the service in question, customers can choose to engage FRNSW or other service providers in the market. In this case, charges for the service do not need to be set out in the FB Regulation.

We have assessed that FRNSW's fire safety services should have user charges set out in the FB Regulation. This is because FRNSW is the monopoly provider of the services and there are identifiable impactors.

5 Efficient costs for fire safety services

FRNSW's costs to provide fire safety services are primarily labour costs associated with:

- administration
- risk assessment
- preparation work
- travel
- inspection or meeting
- reporting
- follow up on any issues from the service.

The mix of tasks varies by service. FRNSW may also incur costs associated with travelling to premises to conduct inspections or attend meetings, such as vehicle, accommodation and meal expenses, where relevant.

The CIE reviewed the activities involved in delivering each service, and estimated the average staff time to deliver each service, the cost of the average service based on the number of hours and mix of personnel required to deliver it, and the variation in the staffing hours required. For some fire safety services, there is a high degree of variation in the staffing hours required, and therefore the cost of providing the service. This is shown in Table 5.1.

Table 5.1 Degree of variation of service time and average time per service

Service	Degree of variation	Factors causing variation	Hours for average service	Cost of average service ^a
Charge specified in regulation				
Initial fire safety report	High	<ul style="list-style-type: none"> • Report length • Complexity of building and issues • Number of performance solutions 	37.75	\$5,244
Advisory, assessment or consultancy services	High	<ul style="list-style-type: none"> • Report length • Complexity of building and issues • Number of performance solutions 	37.00	\$5,134
Fire engineering brief	Medium	<ul style="list-style-type: none"> • Report length • Complexity of building and issues • Number of performance solutions 	9.75	\$1,290
Attendance at fire safety meeting	Medium	<ul style="list-style-type: none"> • Travel time • Meeting duration 	12.00	\$1,647

Service	Degree of variation	Factors causing variation	Hours for average service	Cost of average service ^a
Final fire safety report	Low	<ul style="list-style-type: none"> • Travel time • Complexity of building and issues 	16.25	\$2,023
Fire safety system report	Low	<ul style="list-style-type: none"> • Travel time • Complexity of building and issues 	16.25	\$2,023
No charge specified in regulation				
Providing comment to consent and regulatory authorities	Low	<ul style="list-style-type: none"> • Travel time • Complexity of building and issues 	12.25	\$1,469
Reactive compliance (assessing fire safety complaints)	Low	<ul style="list-style-type: none"> • Travel time • Complexity of building and issues 	14.25	\$1,713
Proactive compliance audits of fire safety	Low	<ul style="list-style-type: none"> • Travel time • Complexity of building and issues 	14.25	\$1,713
Issuing a compliance order	Low	<ul style="list-style-type: none"> • Travel time • Complexity of building and issues 	9.25	\$1,096
Review of emergency plan	Low	<ul style="list-style-type: none"> • Length and complexity of plan 	2.50	\$287

a. Costs based on current staff costs (not the hourly rates specified in schedule 3 of the FB Regulation).

Source: The CIE, *Efficient operating costs of providing Fire and Rescue NSW's services*, Draft Report, December 2021, Chapter 7.

The CIE notes that for services with a high degree of variation, the variations are not systematic. This would make it difficult to assign a different charge based on risk classification, building class or another category.

6 Recommended fire safety charges

The third step in our approach for recommending fire safety service charges is to consider different charging options, assess the options against the 7 pricing principles outlined in Box 3.3 (Section 3) and determine the most appropriate charging structure.

Our proposed charging structure and list of fire safety services reflects the services that FRNSW currently provides and how it provides these services. It also provides flexibility for FRNSW to charge for other fire safety services and activities within the categories provided by the Act through a simple standard charge per hour of labour.

The sections below outline the charging option we consider is appropriate for each service and our modelling approach to determine the level of the proposed charge. We have also recommended actions that FRNSW could take to improve its efficiency in providing fire safety services.

6.1 Fixed application fee for most fire safety services

FRNSW undertakes administration tasks for all fire safety services, and risk assessment tasks for most to prioritise requests with higher levels of risk. FRNSW also undertakes policy-related work that is directly associated with providing fire safety services, including producing general information for each service type, templates, guidelines and technical information sheets. We refer to this work as “service overheads”.

FRNSW does not currently recover the costs associated with administration, risk assessment and service overheads. We consider that FRNSW should recover these costs.

CIE identified that the cost of administration, risk assessment and service overheads varies somewhat across the service types, based on FRNSW's estimated average service and allocation of service overheads.⁹ We consider that the variation is not sufficiently significant to justify a different application fee for each service. A single fixed application fee for all relevant services provides simplicity for FRNSW and its stakeholders and is the most appropriate charging option.

Our assessment of this charging option against the pricing principles is shown in Table 6.1.

Table 6.1 Assessment of fixed application fee against pricing principles

Fixed application fee: Covering admin and risk assessment tasks

Cost reflective	~	Broadly cost-reflective
Equitable	✓	Those who need the service pay the associated costs
Right incentives	✓	Fixed charge encourages efficiency from FRNSW
Transparent	✓	Actual charge known at time of application
Simple	✓	Easy to understand and deliver
Flexible	✗	Charge relates to specific services
Consistent	✓	Consistent across all relevant fire safety charges

To determine the level of the fixed application fee, we:

- calculated the average cost of administration, risk assessment and policy work across all the relevant fire services
- added a capital allowance of 10% to account for a share of the cost of purchasing capital items such as building and equipment
- rounded to the nearest \$5.

6.2 Variable charges for fire safety services with a high degree of variation

Two of the fire safety services are highly variable in the time it takes FRNSW to complete them. These services are:

- Initial fire safety report (IFSR)
- Advisory, assessment and consultancy services

FRNSW assesses each request for an IFSR or advisory, assessment or consultancy services and prioritises those involving greater risk and occupancy impact. FRNSW does not currently provide an IFSR or full service for all requests; no charge applies if FRNSW does not provide an IFSR or full service.

The variation in service time for the IFSR and advisory assessment and consultancy services is associated with:

- the length of any report provided by FRNSW
- the complexity of the building and any issues.

The number of performance solutions¹⁰ also influences the variation in service time for IFSRs.

As CIE notes, there are no systematic reasons for the variation in service time for the IFSR and advisory, assessment and consultancy services. Therefore, a single fixed charge is not suitable for these services.¹¹ However, FRNSW undertakes standard administration and risk assessment tasks for all these services.

Given the nature of service provision for the IFSR and advisory, assessment and consultancy services, we propose the following charging structure:

- A fixed application fee for all service requests (covering administration, risk assessment and service overheads)
- A time-based charge (charge per hour of labour) for the variable service components beyond administration and risk assessment.

We also propose to establish a separate FEB charge given this is a distinct service with a medium degree of variation (compared with the high degree of variation associated with providing advisory, assessment and consultancy services). This separate charge is outlined below.

Our assessment of the time-based charge for the IFSR and advisory, assessment and consultancy services against the pricing principles is shown in Table 6.2.

Table 6.2 Assessment of time-based charge against pricing principles

Time-based charge: Service elements with highly variable service times

Cost reflective	✓	Charge varies according to cost of service
Equitable	✓	Those who need the services pay the associated costs
Right incentives	~	Risk of discouraging performance solutions that require greater assessment time
Transparent	✗	Actual charge not known until service provided
Simple	~	Easy to understand but more complex to administer
Flexible	✓	Charging structure can be applied to existing and new services
Consistent	✓	Consistent with other proposed fire safety charges – based on FRNSW’s time to provide service

To determine the level of the charge per hour of labour, we:

- calculated the average hourly cost for a typical service across the IFSR and advisory, assessment and consultancy services
- added a capital allowance of 10% to account for a share of the cost of purchasing capital items such as buildings and equipment
- rounded to the nearest \$5.

6.3 Fixed charges for fire safety services with low-medium degree of variation

There is a low to medium degree of variation in service time for most of FRNSW's specified fire safety services, including:

- Final fire safety report (FFSR)
- Fire safety system report (FSSR)
- Fire engineering brief (FEB)
- Attendance at a fire safety meeting.

The FEB is not currently identified as a separate service in the FB Regulation. FRNSW uses the category of "Providing advisory, assessment or consultancy services for State significant infrastructure, Crown building or other development" when charging for this service. FRNSW has advised that a change to the National Construction Code that came into effect on 1 July 2021,¹² has resulted in a significant increase in the number of requests for FEBs. We have recommended a separate fee for the FEB service, reflecting its increased importance as a discrete service.

As with the services with a high degree of variation, FRNSW assesses each request for a FFSR, FSSR, FEB or attendance at a fire safety meeting and prioritises those involving greater risk and occupancy impact. FRNSW does not currently provide a full service for all requests; no charge applies if FRNSW does not provide a full service.

Most variation in the service time for these services relates to travel time for FRNSW to conduct an inspection and/or attend a meeting and the complexity of a building and fire safety issues. For the FEB, variation in service time may also be influenced by the number of performance solutions.

Given the nature of service provision for these services, we propose the following charging structure:

- A fixed application fee for all service requests (covering administration, risk assessment and service overheads)
- A fixed charge for each full service, covering the costs of:
 - inspection, assessment, report writing and follow up activities
 - 2 hours of travel time for 2 FRNSW staff for the FFSR and FSSR services.

Two hours of travel time will cover most travel within the Sydney metropolitan region. For any travel in excess of 2 hours, FRNSW can charge the hourly travel charge per person (see section 6.1.5). This ability to charge for excess travel time addresses the most significant cause of variation in service time for the FFSR, FSSR and attendance at a fire safety meeting. Other variations in service time are not sufficiently significant to justify variable charges for these services.

Services such as the FFSR and FSSR may require further inspections beyond an initial inspection. A re-inspection is essentially a new service; where a re-inspection is required, FRNSW should charge a new application fee and fixed charge.

Our assessment of the fixed charge for the FFSR, FSSR, FEB and attendance at a fire safety meeting against the pricing principles is shown in Table 6.3.

Table 6.3 Assessment of fixed charges against pricing principles

Fixed charges

Cost reflective	~	Broadly cost-reflective
Equitable	✓	Those who need the service pay the associated costs
Right incentives	✓	Fixed charge encourages efficiency from FRNSW
Transparent	✓	Actual charge known at time of application
Simple	✓	Easy to understand and deliver
Flexible	✗	Charge relates to specific services
Consistent	✓	Consistent across all relevant fire safety charges

To determine the level of the fixed charges for each service, we:

- calculated the average cost, including 2 hours of travel time for 2 FRNSW staff
- added a fuel and toll allowance for the FFSR, FSSR and attendance at a fire safety meeting services
- added a capital allowance of 10% to account for a share of the cost of purchasing capital items such as buildings and equipment
- rounded to the nearest \$5.

6.3.1 Fixed charge for review of emergency plans

FRNSW receives copies of the emergency plans for manifest quantity workplaces, major hazard facilities and explosive sites. It may provide advice on these plans and the relevant operator must take this advice into account in revising its plan. FRNSW does not currently charge for this service. We recommend that the FB Regulation specify a charge for this service.

FRNSW reviews only a portion of the emergency plans lodged with it. It incurs minimal administration costs for all other emergency plans, for which it acknowledges receipt.

The nature of service provision for review of emergency plans suggests that a fixed charge that includes the costs of administration, risk assessment and service overheads, is most suitable. No charge would apply for lodging an emergency plan; the charge would apply only where FRNSW reviews a plan and provides comment to the lodging party.

A fixed charge provides transparency and certainty for stakeholders and is simple for FRNSW to administer, while still being broadly cost-reflective. Our assessment of this charge is shown at Table 6.4.

Table 6.4 Assessment of fixed charge against pricing principles

Fixed charge

Cost reflective	~	Broadly cost-reflective
Equitable	✓	Those who need the service pay the associated costs
Right incentives	✓	Fixed charge encourages efficiency from FRNSW
Transparent	✓	Actual charge known at time of application
Simple	✓	Easy to understand and deliver
Flexible	✗	Charge relates to specific services
Consistent	✓	Consistent across all relevant fire safety charges

To determine the level of the fixed charge for review of emergency plans, we:

- calculated the average cost,
- added the costs of administration, risk assessment and service overheads (known as the application fee for other services)
- added a capital allowance of 10% to account for a share of the cost of purchasing capital items such as buildings and equipment
- rounded to the nearest \$5.

6.4 Separate charges for travel time to provide fire safety services

FRNSW should be able to recover the costs of travel to provide fire safety services from the impactors who request or require a service. These costs are not being recovered through many of the current fire safety service charges.

For some services, FRNSW incurs costs to travel to and from inspections and/or attending meetings. This travel is mainly associated with services with low to medium variation for which we have recommended fixed charges. These fixed charges include the costs of 2 hours of travel time for 2 FRNSW staff. This allowance for travel time within the relevant fixed charges should cover the cost of most travel within the Sydney metropolitan region.

We recommend a travel charge per hour of labour to apply for any travel in excess of 2 hours, to account for variation in travel time based on service location. This flat charge per hour of labour would apply to all relevant fire safety services. For any services without travel time built into the fixed cost, or any new fire safety services, the hourly travel charges would apply for all travel time.

Our assessment of a travel charge per hour of labour against the pricing principles is shown at Table 6.5.

Table 6.5 Assessment of hourly travel charge against pricing principles

Travel charge: Hourly charge per person

Cost reflective	✓	Charge varies based on travel time
Equitable	✓	Those who need the service pay the associated costs
Right incentives	✗	No incentive for FRNSW to minimise travel time
Transparent	~	Actual charge not known until service provided
Simple	~	Easy to understand but more complex to administer
Flexible	✓	Charging structure can apply to all locations
Consistent	✓	Consistent across all relevant fire safety charges

To determine the level of the travel charge per hour of labour, we:

- calculated the average hourly cost across all services that typically incur travel time (FFSR, FSSR, attendance at fire safety meetings and general fire safety inspection or assessment services)
- added an allowance for fuel and tolls
- added a capital allowance of 10% to account for a share of the cost of purchasing capital items such as buildings and equipment
- rounded to the nearest \$5.

6.5 Separate charges for consumables, including associated with longer distance travel

FRNSW incurs costs for consumables for a small portion of fire safety services, that are not currently recovered. These costs may include airfares, accommodation and meal allowances for longer distance travel. They are likely to be highly variable, depending on service location.

FRNSW should be able to recover these costs from the impactors who request or require a service. Given the variability of any costs for consumables for a fire safety service, we recommend that FRNSW directly pass the reasonable costs on to the service recipient.

Our assessment of the direct pass through of the reasonable cost of consumables related to fire safety services against the pricing principles is shown at Table 6.6.

Table 6.6 Assessment of consumables charging against pricing principles

Consumables: Including costs associated with overnight travel

Cost reflective	✓	Direct pass through of reasonable costs
Equitable	✓	Those who need the service pay the associated costs
Right incentives	~	Risk of discouraging service requests for more distant locations
Transparent	~	Actual charge not known until service provided but transparent at time of billing
Simple	~	Easy to understand but more complex to administer
Flexible	✓	Charging structure can apply to all services and out of pocket costs
Consistent	✓	Consistent with other charging of consumables

6.6 General inspection and assessment charge for all other fire safety services

As outlined above, FRNSW performs other activities related to fire safety in the built environment that have no specific charge in the FB Regulation, including inspection and compliance activities. FRNSW does not currently charge for most of these activities and services so they are effectively being funded through the Emergency Services Levy.

FRNSW considers that its capacity to undertake proactive work to improve fire safety in the built environment is limited by these funding arrangements. It considers that the current charging structure does not allow it to charge an impacting party for proactive or reactive activities to ensure fire safety in the built environment outside the specific service charges prescribed by the FB Regulation.

Section 42(1) of the *Fire and Rescue Act 1989* (the Act) provides that FRNSW may charge, on request by or on behalf of any person, for categories of service that include many compliance-related activities, including:

- inspecting any premises
- inspecting, testing, servicing or repairing any equipment
- furnishing advice or a report concerning fire prevention or protection, fire fighting equipment or other matters.

The charges for any unspecified services that fall into the above categories are currently provided in Schedule 3 of the FB Regulation, comprising hourly charges by officer class.

The broad categories of service provided by the Act give FRNSW the flexibility to adapt its fire safety services and activities to accommodate any future changes to its regulatory roles and to support its existing roles, while maintaining the ability to charge impacting parties. However, FRNSW may be constrained by the requirement that it be requested to provide a service. This may be an impediment to FRNSW recovering the costs of undertaking more proactive fire safety work programs. We have recommended an amendment to the Act to address this impediment. This is discussed in the Draft Report at Section 4.5.

We also recommend a single charge per hour of labour for all other fire safety inspection and assessment services and activities that is simple for FRNSW to administer and easy for stakeholders to understand. This hourly charge would replace the charges by officer class that are currently provided in Schedule 3 of the FB Regulation. It would enable FRNSW to charge for fire safety services that do not currently have a charge specified in the FB Regulation. It would also support the flexibility FRNSW requires to adapt its services and activities and provide a basis for charging for more proactive fire safety work.

Our assessment of the single charge per hour of labour for fire services that do not otherwise have a prescribed charge, against the pricing principles is shown in Table 6.7.

Table 6.7 Assessment of hourly charge for other fire safety services and activities against pricing principles

Hourly charge per person: For all other fire safety services and activities

Cost reflective	✓	Charge varies according to cost of service
Equitable	✓	Those who need the service pay the associated costs
Right incentives	✗	No incentive for FRNSW to be efficient
Transparent	~	Actual charge not known until service provided but transparent at time of billing
Simple	~	Easy to understand but more complex to administer
Flexible	✓	Charging structure can apply to any new services
Consistent	✓	Consistent with other proposed fire safety charges – based on FRNSW's time to provide service

To determine the level of the charge per hour of labour, we:

- calculated the average hourly service cost including
- added an allowance for administration, risk assessment and service overheads
- added a capital allowance of 10% to account for a share of the cost of purchasing capital items such as buildings and equipment
- rounded to the nearest \$5.

6.7 Other draft recommendations

Draft recommendation

9. To manage the increasing demand for its fire safety services and improve its efficiency, FRNSW:
- implement automated risk assessment processes for high volume application types
 - refine its application forms and templates to ensure all necessary information is captured and can be easily identified
 - pursue opportunities for greater utilisation of the NSW Planning Portal, including for lodgement of Annual Fire Safety Statements and Emergency Plans and notification of radiation gauges.

We have identified opportunities for FRNSW to improve its efficiency in providing fire safety services. We also note the potential for further efficiencies that could be achieved through greater utilisation of the NSW Planning Portal for:

- lodgement of requests for fire safety services
- lodgement of other statements, plans and notifications, such as the Annual Fire Safety Statement, Emergency Plans and notification of radiation gauges
- recording the actions of FRNSW and other consent authorities.

FRNSW has explained that it currently has insufficient resources to conduct reviews and inspections for all fire safety applications. This is because the current fees and charges for fire safety services do not cover all of FRNSW's costs. With insufficient resources, FRNSW undertakes risk assessments to ensure that all applications receive a high level review and the highest risk applications receive thorough review and/or inspection, as relevant. FRNSW only charges applicants who receive a report; it does not recover the costs associated with processing applications and undertaking risk assessments.

An update of fees and charges in the FB Regulation based on the recommendations of our review should help FRNSW recover the efficient costs of providing fire safety services. In time, this should ensure that FRNSW has the resources it needs to fully assess a greater proportion of requests for fire safety services.

In the meantime, it is important that FRNSW has efficient application and risk assessment processes to maximise the availability of resources for fire safety services. It has an established automated risk assessment process for some of its fire safety applications, but only manual processes for others. This was appropriate for FRNSW's fire safety workload in the past. However, a change to the National Construction Code on 1 July 2021 has resulted in FRNSW receiving significantly more applications for consultation in the performance-based design brief (PBDB)/ fire engineering brief (FEB) process.¹³

FRNSW has also explained that it is not automatically notified through the NSW Planning Portal of all relevant planning matters for which it would have a potential fire safety interest or concern. FRNSW considers there are opportunities for it and other consent authorities to improve the efficiency of fire safety service provision and interaction through greater use of the NSW Planning Portal. This could include using the portal for:

- lodgement of Annual Fire Safety Statements (AFSS)
- lodgement of Emergency Plans
- notification of radiation gauges.

Greater use of the NSW Planning Portal in this way would be consistent with a recommendation we made in our review of local government compliance and enforcement activity in October 2014.¹⁴ In that review, stakeholders identified a regulatory burden in having to lodge an AFSS with both the relevant council and FRNSW.¹⁵ We recommended that the then Department of Planning should enable building owners to submit an AFSS online for access by councils and the Commissioner of the Fire and Rescue Service.¹⁶

At least some NSW councils charge an administration fee for lodgement of an AFSS.¹⁷ We consider that it would not be appropriate for FRNSW to similarly charge an administration fee for lodgement of an AFSS. Consistent with the NSW Premier's Priority of increasing the number of services where citizens only need to "Tell Us Once" by 2023,¹⁸ FRNSW should pursue greater utilisation of the NSW Planning Portal for lodgement of all similar statements, plans and notifications. This would reduce regulatory burdens on the community and significantly reduce any administration costs associated with FRNSW's current receipt of these items.

7 Impact of our draft recommendations

The last step in making our draft recommended charges is to consider the impact on customers and FRNSW.

Our draft recommendations would result in decreased charges for some services, such as the IFSR and FEB, and increased charges for others, such as the FFSR and FSSR. These differences result from changing the basis of charging (in the case of the IFSR) and from setting cost-reflective charges for other services. For review of emergency plans, we have recommended the FB Regulation prescribe a charge for this service for which FRNSW does not currently charge.

Table 7.1 compares our recommended charges with the current average charges for fire safety services.

Table 7.1 Comparison of recommended charges and current average charges

Service	Recommended charge type	Recommended charge (\$) ^a	Current average charge (\$) ^b
Initial fire safety report	Application fee	270	12,008
	Hourly service charges	5,920 ^c	
Advisory, assessment or consultancy services	Application fee	270	4,475
	Hourly service charges	5,760 ^d	
Fire engineering brief	Application fee	270	2,702
	Fixed charge, incl 2hrs of travel	1,260	
Final fire safety report	Application fee	270	1,105
	Fixed charge, incl 2hrs of travel	2,140	
Fire safety system report	Application fee	270	563
	Fixed charge, incl 2hrs of travel	2,140	
Attendance at a fire safety meeting	Application fee	270	691
	Fixed charge, incl 2hrs of travel	1,745	
Reviewing emergency plans	Fixed charge	490	Nil
General fire safety inspection or assessment service	Charge per hour of labour	1,240 ^e	Nil
Travel to provide fire safety service	Charge per hour of labour	155	Nil
Consumables, incl accommodation and meal expenses for overnight travel	Reasonable cost	Reasonable cost	Nil

a. Recommended charges are in \$2022-23, ex-GST.

b. Current average charges are based on FRNSW's average revenue for each service for the past 4 financial years (ex-GST) and the average number services FRNSW provided in the same period.

c. Indicative recommended charge based on an average service length of 36.5 hours, not including administration and risk assessment that are charged through the application fee.

d. Indicative recommended charge based on an average service length of 36 hours, not including administration and risk assessment that are charged through the application fee.

e. Indicative recommended charge based on an average service length of 7.25 hours.

We have also estimated the impact of our recommended charges on FRNSW's revenue, assuming service levels remain constant. Our proposed pricing structure and charges would allow FRNSW to recover more of the costs associated with providing fire safety services, including costs for administration, risk assessment, service overheads and travel. It would also allow FRNSW to recover the costs of reviewing emergency plans, which is a service that currently does not attract a charge.

We have not included any revenue amount for general inspection and assessment services as the service level and time for this category is uncertain. Therefore, FRNSW's revenue from fire safety services would be higher than our estimate if it charges for the services in this category that are not specified in the FB Regulation.

An increase in revenue will allow FRNSW to engage more fire safety staff and undertake a greater proportion of requests for its fire safety services.

Table 7.2 Estimated revenue under current and recommended charging models

	Current (\$) ^a	Recommended (\$) ^b	% change
Initial fire safety report	588,392	440,930	-25
Advisory, assessment or consultancy services	317,690	494,550	56
Fire engineering brief	1,758,951	1,014,390	-42
Final fire safety report	312,824	737,650	136
Fire safety system report	59,636	336,190	464
Attendance at a fire safety meeting	40,100	122,540	206
Reviewing emergency plans	0	71,540	-
General inspection or assessment	0	- ^c	-
Travel for fire safety services	0	- ^c	-
Totals	3,077,593	3,216,790	5

a. Recommended estimated revenue is in \$2022-23, ex-GST.

b. Current estimated revenue is based on FRNSW's average revenue for each service for the past 4 financial years (ex-GST).

c. We have not estimated any revenue amount for this service as the service level and time for this category is uncertain.

A Overview of FRNSW current fire safety services

Table A.1 provides a brief overview of FRNSW's current fire safety services.

Table A.1 Overview of FRNSW's current fire safety services

Service	Description
Initial fire safety report (IFSR)	The EP&A Regulation provides that a certifier must request an IFSR from FRNSW for building works that include a performance solution involving any Category 2 fire safety provision, prior to issuing a construction certificate. The IFSR identifies whether FRNSW is satisfied that the performance solution will meet the performance requirements it is intended to meet, fire hydrants are accessible, and hose couplings are compatible with FRNSW. ^a
Assessment of Building Code of Australia Category 2 fire safety provision	FRNSW undertakes assessments of BCA Category 2 fire safety provisions as part of its IFSR and FFSR services. The FB Regulation currently prescribes a separate charge for these assessments. ^b
Final fire safety report (FFSR)	A certifier is required to request a FFSR from FRNSW and consider any findings before issuing an occupation certificate for a building that includes a performance solution. ^c The FFSR identifies whether FRNSW is satisfied that: <ul style="list-style-type: none"> • building works comply with the performance solution for Category 2 fire safety provisions identified in the construction certificate • fire hydrants are accessible • all couplings in the fire hydrant system will be compatible with FRNSW.^d FRNSW conducts inspections with at least 2 staff to assess whether the building works are satisfactory. ^e
Fire safety system report (FSSR)	A certifier is required to request a FSSR from FRNSW and consider any findings prior to issuing an occupation certificate for a class 2 or 3 building that includes building work on a relevant fire safety system, such as: <ul style="list-style-type: none"> • a fire hydrant system • a fire hose reel system • a sprinkler system • any type of automatic fire suppression system of a hydraulic nature • a fire detection and alarm system • a mechanical ducted smoke control system. Where an FSSR is required, FRNSW attends the building and provides a report to the certifier within 10 days of the request. The FSSR is a written report specifying whether FRNSW is satisfied that relevant fire safety systems are capable of performing to at least the standard in the current fire safety schedule. ^f
Attending a fire safety meeting associated with development	An applicant can request a meeting with FRNSW on any fire safety matter outside of any formal assessment or consultation. FRNSW provides advice to the applicant through the face-to-face meeting; no formal written assessment is provided. ^g
Providing advisory, assessment or consultancy services for State significant infrastructure, Crown building work or other development (including the performance-based design brief or fire engineering brief (FEB))	An applicant can request that FRNSW provide advisory, assessment or consultancy services on the fire safety of any development, unless the service is otherwise prescribed. ^h This group of services currently encompasses fire engineering briefs (FEBs), written report requests, and various building types (e.g., railways, tunnels, groundworks, crown buildings, metro stations, warehouses with dangerous goods).
Other services, for example inspecting installed fire safety measures as part of a maritime lease	The holder of a maritime lease may be required to have FRNSW inspect the installed fire safety measures as a condition of the lease agreement. A maritime lease inspection is carried out by two Fire Safety Officers who assess whether the installed fire safety measures are adequate and/or being properly maintained. ⁱ FRNSW have advised that it has not provided this service since 2017, when Transport for NSW changed the terms of maritime lease agreements.

- a. Fire and Rescue NSW, *Initial Fire Safety Report*, accessed 25 November 2021; *Environmental Planning and Assessment Regulation 2000*, cl. 144.
- b. FB Regulation, clause 46(3); CIE, *Efficient operating costs of providing Fire and Rescue NSW's services*, Draft Report, December 2021, p 87.
- c. EP&A Regulation, clause 152.
- d. FRNSW, *Final Fire Safety Report*, accessed 25 November 2021.
- e. FRNSW, *Final fire safety report (FFSR) process Technical information sheet*, p 2, cl 6.2, accessed 25 November 2021.
- f. EP&A Regulation, clause 152A and FRNSW, *Fire Safety System Report*, accessed 1 December 2021
- g. FRNSW, *FRNSW Meetings*, accessed 1 December 2021.
- h. FB Regulation, clause 46(5)
- i. FRNSW, *Request a Maritime Lease Inspection*, accessed 8 December 2021.

- ¹ The CIE, *Efficient operating costs of providing Fire and Rescue NSW's services*, Draft Report, December 2021, pp 76-77.
- ² *Environmental Planning and Assessment Act 1979 (EP&A Act)* s 9.32(2)(c).
- ³ *EP&A Act*, s 9.32(2)(a).
- ⁴ *EP&A Act*, s 9.32; *Environmental Planning and Assessment Regulation 2000 (EP&A Reg)*, cl. 144.
- ⁵ *EP&A Act*, s 9.35(1)(d).
- ⁶ *EP&A Reg*, cls. 177 and 180.
- ⁷ Australian Radiation Protection and Nuclear Safety Agency, *Radiation Protection Series No. 13 - Code of Practice and Safety Guide for Safe Use of Fixed Radiation Gauges*, 2007 (updated January 2015), s 3.1 (FRNSW is the fire authority for the purposes of that section).
- ⁸ *Work Health and Safety Regulation 2017*, cl. 361 and 557; *Explosives Regulation 2013*, cl 90.
- ⁹ The CIE, *Efficient operating costs of providing Fire and Rescue NSW's services*, Draft Report, December 2021, p 92, Table 7.4.3.
- ¹⁰ Under the National Construction Code Building Code of Australia Volume 1, a Performance Solution is one which complies with the Performance Requirements (i.e. the minimum level of performance that buildings and building elements must meet) other than by a deemed-to-satisfy solution. The NCC enables a proponent to meet the performance requirements through a set solution of what, when and how to perform (the deemed-to-satisfy provisions) or through a more flexible performance solution approach where the proponent is able to demonstrate to an approval authority that the design complies with the relevant performance requirements. In the context of fire safety, an example of a performance solution may be to allow an extended distance of travel to an exit by enhancing the detection system. National Construction Code *Building Code of Australia 2019 Amendment 1, Volume 1*, Part A2.
- ¹¹ The CIE, *Efficient operating costs of providing Fire and Rescue NSW's services*, Draft Report, December 2021, p 106.
- ¹² See *Performance-Based Design Brief/ Fire Engineering Brief Consultation* and *The NCC provision for developing Performance Solutions*, accessed 1 November 2021.
- ¹³ See *Performance-Based Design Brief/ Fire Engineering Brief Consultation* and *The NCC provision for developing Performance Solutions*, accessed 1 November 2021.
- ¹⁴ IPART, *Local Government Compliance and Enforcement, Regulation Review – Final Report*, October 2014.
- ¹⁵ *EP&A Reg*, clause 177.
- ¹⁶ IPART, *Local Government Compliance and Enforcement, Regulation Review – Final Report*, October 2014, p 311.
- ¹⁷ See, for example, City of Sydney, *Register your annual fire safety statement*, accessed 10 December 2021.
- ¹⁸ NSW Government, *Premier's Priorities: Government made easy*, accessed 10 December 2021.