

6 December 2021

Department of Treasury and Finance  
Via email- [act.review@fire.tas.gov.au](mailto:act.review@fire.tas.gov.au)

## **SUBMISSION TO THE REVIEW OF THE FIRE SERVICES FUNDING**

Thank you for the opportunity to provide feedback as a part of the Fire Services Act 1979 Review and in response to the Department of Treasury and Finance's Options Paper: Fire Service Funding Arrangements.

Council supports the review of the funding model to provide greater certainty, equity and sustainability for Fire and Emergency Services in the state and acknowledges challenges with the existing funding model.

Council supports the inclusion of State Emergency Services (SES) in any future funding model. The inclusion of capital and operational funding for Emergency Services will provide greater certainty and equity for this vital service into the future.

Council is concerned about the lack of transparency within the existing model. The current model lacks accountability for increases in the fire levy. Over several years, significant increases above CPI have occurred without explaining why the increase is required.

### **1. Do you support retaining the current arrangements? If not, why?**

Council is comfortable retaining the current funding arrangement. Being a rural area, the Waratah-Wynyard community would most likely be disadvantaged by moving away from the current funding model. Whilst Council acknowledges problems with the existing model; it does not consider any of the alternative options presented to be viable.

### **2. Does the Insurance Fire Levy act as a disincentive to your business being appropriately insured?**

The Insurance fire levy has not been a disincentive to Council purchasing insurance. Council does agree that the insurance fire levy is an inefficient method of funding due to the ability of some insurers to structure their schemes to avoid payment of the levy.

Council supports the removal of the insurance levy as a funding source for fire and emergency services.

### **3. Do you consider that a single property-based levy would provide a more stable, simple and equitable approach to funding an integrated fire and emergency services function?**

A single property-based levy is likely to be more stable and simplified when compared to the current funding model but is not more equitable.

Property valuations have always been considered the best available method of assessing a property owners' capacity to pay. The current use of a variable levy based on a property's AAV with a minimum charge is more aligned with the ability to pay and is therefore considered more equitable.

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The options presented in the paper propose a fixed charge with an additional variable charge based on a property AAV. A move to a fixed charge and variable rate would shift some burden of the levy to lower-valued properties that are likely to have a lower capacity to pay.

If a single property-based levy were introduced, Council would seek a guarantee that decreases in the insurance fire levy would be passed on to policyholders.

The challenge in implementing a change to the funding model is explaining the changes to property owners. Whilst the model would provide a more stable and simple funding model, it would create instability and uncertainty in the short term, with the changes difficult for property owners to see and understand.

**4. If so, do you support a standard single-fee structured property-based levy as proposed in options 2A and 3A, or the differential rates based on a property's classification as proposed in options 2B and 3B?**

Council does not support a single property-based levy, including the use of a differential rate based on a property's classification.

**5. If differential rates based on a property's classification are adopted, which classifications do you think should have higher rates when compared to others?**

Council does not support the use of land classifications for a differential levy. While there is some merit in the increased fire risk posed by some commercial and primary production properties, having a differential rate for the levy based on land classifications would be difficult to justify and explain to property owners.

A differential levy for properties in bushfire-prone areas (BPA's) is transparent and easy to explain and is supported by Council.

**6. Do you support the use of a bushfire prone area charge for higher risk fire areas?**

Council supports the use of a bushfire prone area charge for properties in higher-risk fire areas. This option is less subjective than the proposed differential rate based on the property classification. A differential charge based on BPA is likely to be better understood and accepted by property owners.

**7. If a property-based levy was introduced, is it also appropriate to retain the Motor Vehicle Levy?**

Council supports the retention of the current motor vehicle levy as part of the funding model. As motor vehicle incidents make up a portion of the workload for both the fire and emergency services, it is fair for motor vehicle owners to contribute to the funding for those services.

**8. Should an integrated fire and emergency services function receive dedicated funding each year rather than being subject to annual budget processes?**

Council supports the inclusion of SES in an integrated levy rather than the current model of SES funding being sourced from local councils. The current model does not provide certainty to the SES, and the funding and support provided by local councils can vary greatly. The inclusion of both capital and operational funding will provide clarity, consistency, and certainty for both the SES and Councils.

**9. Which of the proposed funding model options in this paper do you prefer, and why?**

Council acknowledges that there are issues with the current funding model, but the options considered in the paper are not supported alternatives. For this reason, Council supports retention of the current funding model.

**10. Are there any other funding models which you would propose instead?**

Council supports retention of the current funding model with some changes to provide more transparency and certainty. Changes supported include:

- Inclusion of SES operational and capital funding in the funding model, either through recurrent State Government funding or a separate emergency service levy applied to properties.
- Greater transparency and accountability for annual increases in the Fire Service Contribution and independent oversight of future increases, by a body such as the Economic Regulator.

**11. Are there any other sources of funding that haven't been considered?**

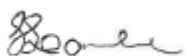
No.

**12. Do you have any other feedback for the Government in relation to the funding model?**

No.

In conclusion, Council supports the review of the funding model to provide greater certainty, equity and sustainability for Fire and Emergency Services in the state. Change is likely to be complex, and for this reason, Council recommends that transitional arrangements include clear and consistent messaging from the state to property owners.

Yours Sincerely,



Samantha Searle  
Director Organisational Performance