

INQUIRY INTO FIRE AND EMERGENCY SERVICES LEVY

Organisation: Volunteer Fire Fighters Association

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Volunteer Fire Fighters Association

"The Voice of Volunteer Firefighters in NSW"

PO Box 123, Clarence Town NSW 2321



August 17, 2018

Portfolio Committee No. 4 – Legal Affairs
Parliament House
Macquarie Street
SYDNEY
NSW 2000

The Director

Inquiry into the fire and emergency services levy

The VFFA has elected to make this document a public submission that can be published in full.

I am happy to be named and be referred to in the committee report.

I would also like to be given the opportunity to give oral evidence to further support this submission.

Introduction

My name is Michael (Mick) Holton.

I have worked as a NSW firefighter in a number of capacities as follows:

1. I worked as a Retained Firefighter with NSW Fire Brigades (now Fire and Rescue NSW) for approximately 18 months at Lake Cargelligo.
2. I worked as a full time (permanently employed) Firefighter with NSW Fire Brigades (now Fire and Rescue NSW) for approximately 20 years in various roles and locations.
3. I worked as a full time Learning and Development Officer with the NSW Rural Fire Service for approximately 4 ½ years with the Monaro Team (Bombala, Cooma Monaro and Snowy River Fire Districts).
4. I now serve as a NSW Rural Fire Service (RFS) Volunteer Firefighter with approximately 10 years of service and I am attached to the Dry Plain Rural Fire Brigade (RFB).

I am the President for the Volunteer Fire Fighters Association (VFFA).

The VFFA has been formally recognised by the NSW State Government.

Terms of Reference

This submission is focusing upon the following Terms of Reference:

- a) The policy process and financial modelling underlying the provisions of the *Fire and Emergency Services Levy Act 2017*,
- b) The policy and financial implications for all stakeholders of repealing this Act,
- c) Alternative models for ensuring that fire and emergency services are fully funded in a fair and equitable manner; and
- d) Any other related matter.

Background

The VFFA published an article in the Summer 2012 edition of our magazine, the volunteer fire fighter.

Volunteers for community and the environment

In the magazine article, we stated that we believed the funding model, a levy on private insurance, used to collect the emergency services levy should be replaced by a broad-based property levy based on the West Australian model.

This levy would be imposed on all property with variations to allow for the vastly different property values in urban and rural areas.

The advantages are:

- The levy would be spread across the entire population rather than being paid only by those who choose to insure in Australia.
- The broad spread of the levy would mean that the cost to each person would be relatively low.
- The levy would be more evenly spread across the beneficiaries-those who use emergency services.
- There would be less burden on local government.
- Individuals and corporations who choose not to insure or insure offshore would contribute to the services they access in times of emergency.

There is an efficient collection mechanism already in place, in the form of the local government rating system, which could be used to collect the levy. People who pay rates directly or indirectly through rent payments would contribute via a surcharge on their rates bill. This system would require a cap system similar to the present differential rating system to ensure that rural land holders are not charged excessive amounts. One of the clear advantages of this collection method is that those people and corporations with large property holdings would pay more for emergency services.

The cost of this additional collection mechanism to councils could be offset by the payment of a collection fee.

This levy system would be much fairer and transparent than the current unwieldy, haphazard system where insurance companies levy those who contribute to the wellbeing of the community by privately insuring their assets.

This levy system would remove a significant disincentive to private insurance in the present emergency services levy based on private insurance premiums.

There are no significant disadvantages to this method of sourcing the funding necessary for our emergency services.

This change to the system of collection of funds for this purpose is overdue and will contribute significantly to easing the burden on those who contribute to the well-being of the community by choosing to insure their assets.

The VFFA believes that this change to the funding model was fair and workable as can be seen in the other Australian states which use this method of collection.

The NSW state government was commended by the VFFA for seeking to change a system which is unfair and unworkable to one which spreads the burden across all members of our community.

The VFFA strongly supported this initiative and urged all members to contact their respective members of parliament and urge them to support it as well.

The policy process and financial modelling underlying the provisions of the Fire and Emergency Services Levy Act 2017

The VFFA continues to support the change to a broad-based property levy, but we are concerned that the financial modelling is flawed.

The VFFA strongly urges the NSW Government to review the financial modelling because the principles of this system will create a fairer system if properly implemented.

The VFFA recommends that the Fire and Emergency Services Levy Act 2017 is amended to reflect a new, fairer financial modelling system.

The policy and financial implications for all stakeholders of repealing this Act

The VFFA recommends that the Fire and Emergency Services Levy Act 2017 is amended (rather than repealed) to reflect a new, fairer financial modelling system.

If the Act is repealed, the VFFA recommends that a fairer, broad-based property levy is established with a new financial modelling system and a new Act is created to support such a system.

Alternative models for ensuring that fire and emergency services are fully funded in a fair and equitable manner

There are two ways of ensuring that the financials of any business or organisation are healthy:

- a) generate more income, or
- b) spend less

The VFFA believes that this issue needs to consider emergency service expenditure as being a valid element of debate when considering how emergency services are funded.

We are seeing an increase in the frequency and intensity of wildfires. Dealing with these incidents comes at a cost. The VFFA believes that these costs can be considerably reduced.

The VFFA encourages this committee to identify the link between pre-disaster spend (mitigation) and potential post-disaster spend.

Please see the attached report titled "Building our nation's resilience to natural disasters", a Deloitte Access Economics report, dated June 2013.

The NSW Government must take a proactive approach to emergency risk management, the current reactive approach is too costly.

One good example of a low-cost solution is a return to Indigenous land management practices.

The current practices surrounding hazard reduction are not being implemented in a cost-effective manner.

This situation needs urgent review.

The VFFA can expand on this matter as required.

Regards

Michael Holton

President

Volunteer Fire Fighters Association