

Our Ref: CEO

30 November 2023

Tasmania Fire and Emergency Service Bill
GPO Box 123
HOBART TAS 7001

By email: FES.Reform@dpfem.tas.gov.au

Dear Minister Ellis,

West Tamar Council acknowledges and agrees with the intent of the Tasmanian Fire and Emergency Services Bill (**the Bill**) to provide an equitable funding model for the newly created Tasmania Fire and Emergency Service. It appreciates the opportunity to provide a submission on the potential impacts of the Bill on the West Tamar Municipality.

Further Council acknowledges and appreciates that the Government has announced that the current funding model proposals will not go ahead and is commencing further consultation on this important issue.

Council does however wish to put its concerns in relation to the originally proposed funding models on the record. West Tamar Council looks forward to working positively with the Government as it consults on any new proposed funding models.

It is Council's view that the funding models proposed by the Bill appears to be an unacceptable cost shift to Council's ratepayers.

Notwithstanding the Bill proposed the removal of the Insurance Fire Levy funding stream. This revenue stream is collected by insurers who are required to levy a prescribed fee on prescribed insurance policies. While this should have the impact of reducing insurance premiums for some members of the community there is no information to analyse the particular impacts on Council ratepayers.

Funding Model Outcomes for West Tamar Council

Modelling of both options have identified significant increases in the amounts many ratepayers will need to pay. As outlined in the following table Option 1 would require Council to levy and collect a total fire service contribution of \$3.003 million and Option 2 would require Council to levy and collect a total fire service contribution of \$3.070 million. An uplift of \$1.431 million and \$1.498 million respectively or in terms of the total rates billed an increase of 6.1% or 6.4% respectively.

| Grouping | Count | Current Levy \$'000 | Option 1 Levy \$'000 | Option 2 Levy \$'000 | Option 1 Levy Shift | Option 2 Levy Shift | Option 1 Total Rates Shift | Option 2 Total Rates Shift |
|--|---------------|------------------------|-------------------------|-------------------------|---------------------|---------------------|----------------------------|----------------------------|
| Commercial | 142 | 48 | 226 | 245 | 373% | 412% | 24% | 27% |
| Community Services | 104 | 8 | 7 | 7 | -15% | -9% | -2.6% | -1.6% |
| Industrial | 56 | 9 | 85 | 90 | 856% | 916% | 38% | 41% |
| Other | 78 | 18 | 18 | 21 | 0% | 17% | 0.0% | 1.2% |
| Primary Production | 512 | 55 | 405 | 203 | 631% | 266% | 27% | 11% |
| Residential (Rural) | 1,759 | 122 | 352 | 213 | 188% | 74% | 7.6% | 3.0% |
| Residential (urban) | 9,840 | 1,312 | 1,910 | 2,291 | 46% | 75% | 3% | 5% |
| Permanent Brigade | 4,365 | 1,024 | 958 | 1,132 | -7% | 10% | -1% | 1% |
| Volunteer Brigade | 5,853 | 394 | 1,382 | 1,509 | 250% | 283% | 10% | 11% |
| Volunteer Brigade to residential (urban) | 5,098 | 312 | 941 | 1,129 | 202% | 262% | 7.5% | 9.7% |
| Volunteer Brigade to residential (rural) | 424 | 31 | 96 | 58 | 210% | 87% | 8% | 3% |
| General Land | 2,273 | 154 | 663 | 429 | 332% | 179% | 13% | 7% |
| General Land to residential (rural) | 1,292 | 78 | 245 | 148 | 213% | 90% | 7.9% | 3.3% |
| General Land to primary production | 433 | 42 | 314 | 157 | 654% | 278% | 27% | 11% |
| Overall | 12,491 | 1,572 | 3,003 | 3,070 | 91% | 95% | 6.1% | 6.4% |

As mentioned above there is no information to analyse whether these modelled increases are offset by a comparable reduction in Insurance Fire Levy so it is difficult to ascertain whether ratepayers will be better or worse off overall.

At an individual property level there are some extremely large Fire Service Contribution increases to a number of properties, particularly commercial property.

As an indication of the impact on residential properties the following table provides the impact on specific examples.

| Classification | Total Rates Levied 2023-24 | Current Fire Levy | Option 1 Levy | Option 2 Levy |
|-------------------------------|----------------------------|-------------------|---------------|---------------|
| Residential Urban - Permanent | \$1,800 | \$203 | \$184 | \$221 |
| Residential Urban - Volunteer | \$1,800 | \$68 | \$220 | \$264 |
| Residential Urban - General | \$1,800 | \$57 | \$196 | \$235 |
| Residential Urban - Permanent | \$2,500 | \$283 | \$256 | \$307 |
| Residential Urban - Volunteer | \$2,500 | \$78 | \$252 | \$303 |
| Residential Urban - General | \$2,500 | \$86 | \$296 | \$355 |
| Residential Rural - Permanent | \$1,800 | \$208 | \$188 | \$113 |
| Residential Rural - Volunteer | \$1,800 | \$68 | \$220 | \$132 |
| Residential Rural - General | \$1,800 | \$57 | \$196 | \$118 |
| Residential Rural - Permanent | \$2,500 | \$283 | \$256 | \$154 |
| Residential Rural - Volunteer | \$2,500 | \$95 | \$308 | \$185 |
| Residential Rural - General | \$2,500 | \$86 | \$296 | \$178 |

As with any change in funding model there are properties that will experience a reduction in the proposed Fire Service Contribution such as those highlighted above. The number of properties experiencing a decrease are much fewer than those experiencing an increase and are primarily located in the permanent brigade areas. The amount of any decrease is also not to the same extent as the large increases being experienced by many. A summary of the total number of properties expecting an increase or decrease is outlined in the following table.

| Property Classification | Total Properties | Option 1 | | | Option 2 | | |
|-----------------------------|------------------|--------------------|--------------------------------|--------------------------------|--------------------|--------------------------------|--------------------------------|
| | | Modelled Increase | Properties with Increased Levy | Properties with Decreased Levy | Modelled Increase | Properties with Increased Levy | Properties with Decreased Levy |
| Residential Urban | 9,840 | \$597,892 | 5,441 | 4,264 | \$978,791 | 9,743 | 0 |
| Residential Rural | 1,759 | \$230,074 | 1,661 | 43 | \$90,799 | 1,580 | 43 |
| Primary Production | 512 | \$349,428 | 506 | 0 | \$147,445 | 480 | 0 |
| Commercial/Industrial/Other | 276 | \$254,098 | 216 | 18 | \$281,503 | 222 | 18 |
| Community Services | 104 | -\$1,127 | 7 | 5 | -\$709 | 7 | 5 |
| Total | 12,491 | \$1,430,365 | 7,831 | 4,330 | \$1,497,831 | 12,032 | 66 |

It should be noted that Council currently provides financial and in-kind support to the West Tamar Volunteer SES Unit. This support includes the provision and maintenance of vehicles, the provision of accommodation and the maintenance of plant and equipment. It is not clear whether the proposed funding model will replace this arrangement.

While only indirectly impacting Council's revenue and expenditure streams there is potential for Council to carry an increased level of overdue debt if ratepayers have difficulty in paying the increased contribution. This will also carry an additional administration burden. Although Council receive a commission to cover some of this burden there appears to be no mention of whether 4% will remain the relevant rate.

Council would consider separate Fire Levy invoices to ratepayers to differentiate this additional cost imposed by the State and so a different overdue debt account can be managed. Such a proposal would also come with additional administration costs to Council and it believes that the Government should look at compensating Local Government for the additional administrative burden.

Yours faithfully



Kristen Desmond
CHIEF EXECUTIVE OFFICER