

PLEASE QUOTE

Your Ref:

Our Ref:

Enquiries: Bel Lynch



80 Wilson Street, Burnie Tasmania
PO Box 973, Burnie TAS 7320

ABN: 29 846 979 690

Phone: (03) 6430 5700

Email: burnie@burnie.tas.gov.au

Web: www.burnie.tas.gov.au

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1 December 2023

Department of Police, Fire and Emergency Services

Tasmania Fire and Emergency Service Bill

GPO Box 123

Hobart TAS 7001

Email: FES.Reform@dpfem.tas.gov.au

A hard copy will not be sent unless requested

To whom it may concern,

Draft Tasmania Fire and Emergency Services Bill and Funding Options Paper

The Burnie City Council has carefully considered the changes proposed to the current Fire Levy put forward as part of the funding options associated with the Draft Tasmania Fire and Emergency Services Bill.

While the Council recognises that the State Government have recently committed to re-evaluating their position on the proposal put forward, at its meeting of 28 November 2023 the Council determined to formally feed into the consultation process so that the concerns regarding the impact to our community, can be duly considered.

The Council livestreams its Council Meetings and as such the discussion that took place around this item can be heard by visiting our website. I have elaborated on the major aspects of the Council concerns as follows:

Genuinely inequitable system

The Burnie City Council has for many years advocated that the current fire levy system is flawed and needs to be contemporised. This is on the basis that in Burnie, many of our residents pay an inflated fire levy associated with having a City Fire Brigade, when properties outside our area, such as those on the other side of the bridge in Camdale in the neighbouring municipal area, are only required to pay a small proportion of fire levy.

This is despite the fact that now-days, the Burnie City Fire Brigade is the service that would ordinarily respond to an event in that area if needed.

The Burnie City Council remains supportive of the State Government determining a resolution to this inequity to ensure fairness and parity across Tasmanian ratepayers.

Revenue raising

While in part the State Government has announced it wishes to deal with the inequitable system, it has conflated the issue with wanting to substantially increase its income.

The inequity in the fire levy system should be the priority because this is negatively impacting families and businesses, and in particular in Burnie where we have one of the lowest socio-economic SEFA indexes in the State.

The two matters should be un-coupled and considered distinctly separately. If the State Government wishes to submit that the income generated from the Fire Levy, among the other sources of income and appropriations that the State Fire Commission and SES are provided, is not sufficient, then it should be open and transparent about this.

There should be evidence of what the income is that needs to be generated, along with what the shortfall is and the manner in which this shortfall is proposed to be collected in its entirety. It should necessitate the State Government having considered other revenue streams, or reallocating systemic annually underused capital expenditure to instead transfer this to operational funding, before it asks the community to contribute further.

Of the two options that have been proposed based on land classification, the following represents the actual additional income that would be generated from the City of Burnie alone.

- Option 1 will increase the fire levy for Burnie LGA by **\$675,000 per annum (29% increase)**.
- Option 2 will increase the fire levy for Burnie LGA by **\$797,000 per annum (34% increase)**.

Accordingly, this evidences that the impact of the additional income across the entire State would be significant. However, our resident's capacity to pay this is not.

Impacts to Burnie City ratepayers

There are 3 brigade areas within Burnie municipal area currently.

- Burnie Fire Brigade (Urban) (currently charged at 1.2879% of AAV)
- Ridgley Fire Brigade (currently charged at 0.317% of AAV)
- Rural Fire Brigade (currently charged at 0.296% of AAV)

For both options put forward, the most significantly impacted groups will be:

- Most ratepayers within the current Rural and Ridgley fire brigade areas.
- Properties with the Industrial, Commercial or Primary Production land use classifications.

The impact of the 2 options across our local government area is shown below:

Table 1

| Classification | Option 1 % | Current Levy \$ | Proposed Levy 1 | \$ Change | % increase | No of Properties |
|--------------------------|------------|------------------|------------------|----------------|------------|------------------|
| Commercial | 2.4% | 362,408 | 684,072 | 321,664 | 89% | 450 |
| Industrial | 3.2% | 237,869 | 598,184 | 360,315 | 151% | 188 |
| Other (Vacant & General) | 0.5% | 151,282 | 64,186 | - 87,096 | -58% | 800 |
| Primary Production | 2.4% | 42,623 | 305,943 | 263,320 | 618% | 375 |
| Residential (Rural) | 1.0% | 65,403 | 173,939 | 108,536 | 166% | 910 |
| Residential (Urban) | 1.0% | 1,478,006 | 1,186,561 | - 291,445 | -20% | 7,617 |
| Grand Total | | 2,337,591 | 3,012,884 | 675,293 | 29% | 10,340 |

Table 2

| Classification | Option 2 % | Current Levy \$ | Proposed Levy 2 | \$ Change | % increase | No of Properties |
|--------------------------|------------|------------------|------------------|----------------|------------|------------------|
| Commercial | 2.6% | 362,408 | 741,078 | 378,670 | 104% | 450 |
| Industrial | 3.4% | 237,869 | 635,570 | 397,701 | 167% | 188 |
| Other (Vacant & General) | 0.6% | 151,282 | 77,023 | - 74,259 | -49% | 800 |
| Primary Production | 1.2% | 42,623 | 152,971 | 110,348 | 259% | 375 |
| Residential (Rural) | 0.6% | 65,403 | 104,363 | 38,960 | 60% | 910 |
| Residential (Urban) | 1.2% | 1,478,006 | 1,423,873 | - 54,133 | -4% | 7,617 |
| Grand Total | | 2,337,591 | 3,134,879 | 797,288 | 34% | 10,340 |

Ratepayers within the current Rural and Ridgley fire brigade areas will be significantly impacted by the changes through large increases.

Table 3 – Ridgley and Rural impact overall – option 1

| Classification | Current Levy \$ | Proposed Levy 1 | \$ Change | % Increase | No of Properties |
|--------------------------|-----------------|-----------------|----------------|-------------|------------------|
| Commercial | 1,605 | 11,957 | 10,351 | 645% | 14 |
| Industrial | 1,111 | 9,946 | 8,835 | 795% | 11 |
| Other (Vacant & General) | 10,682 | 9,921 | - 762 | -7% | 198 |
| Primary Production | 38,022 | 297,368 | 259,346 | 682% | 358 |
| Residential (Rural) | 48,605 | 160,850 | 112,245 | 231% | 820 |
| Residential (Urban) | 11,047 | 33,165 | 22,118 | 200% | 214 |
| Grand Total | 111,072 | 523,206 | 412,135 | 371% | 1,615 |

Table 4 Ridgley and Rural impact overall – option 2

| Classification | Current Levy \$ | Proposed Levy 2 | \$ Change | % increase | No of Properties |
|--------------------------|-----------------|-----------------|----------------|-------------|------------------|
| Commercial | 1,605 | 12,953 | 11,348 | 707% | 14 |
| Industrial | 1,111 | 10,568 | 9,457 | 851% | 11 |
| Other (Vacant & General) | 10,682 | 11,905 | 1,223 | 11% | 198 |
| Primary Production | 38,022 | 148,684 | 110,662 | 291% | 358 |
| Residential (Rural) | 48,605 | 96,510 | 47,905 | 99% | 820 |
| Residential (Urban) | 11,047 | 39,798 | 28,751 | 260% | 214 |
| Grand Total | 111,072 | 320,418 | 209,346 | 188% | 1,615 |

Conversely the impact on the Urban Fire Brigade area will be less than Rural and Ridgley Brigade areas, but still represents an increase overall on the current levy, although some classifications do experience a small decrease.

Table 5 – Urban impact overall – option 1

| Classification | Current Levy \$ | Proposed Levy 1 | \$ Change | % Increase | No of Properties |
|--------------------------|------------------|------------------|----------------|------------|------------------|
| Commercial | 360,802 | 672,115 | 311,313 | 86% | 436 |
| Industrial | 236,758 | 588,238 | 351,479 | 148% | 177 |
| Other (Vacant & General) | 140,599 | 54,265 | - 86,335 | -61% | 602 |
| Primary Production | 4,602 | 8,575 | 3,974 | 86% | 17 |
| Residential (Rural) | 16,798 | 13,089 | - 3,709 | -22% | 90 |
| Residential (Urban) | 1,466,959 | 1,153,396 | - 313,564 | -21% | 7,403 |
| Grand Total | 2,226,519 | 2,489,678 | 263,159 | 12% | 8,725 |

Table 6 – Urban impact overall – option 2

| Classification | Current Levy \$ | Proposed Levy 2 | \$ Change | % increase | No of Properties |
|--------------------------|------------------|------------------|----------------|------------|------------------|
| Commercial | 360,802 | 728,125 | 367,322 | 102% | 436 |
| Industrial | 236,758 | 625,002 | 388,244 | 164% | 177 |
| Other (Vacant & General) | 140,599 | 65,118 | - 75,482 | -54% | 602 |
| Primary Production | 4,602 | 4,288 | - 314 | -7% | 17 |
| Residential (Rural) | 16,798 | 7,854 | - 8,945 | -53% | 90 |
| Residential (Urban) | 1,466,959 | 1,384,075 | - 82,884 | -6% | 7,403 |
| Grand Total | 2,226,519 | 2,814,461 | 587,942 | 26% | 8,725 |

The highest increase within our municipality overall at an individual level is 1304%.

The methodology of charging primary production and commercial properties a higher rate is questionable in our view. These classes of property are arguably those that are required to make the most investment in fire mitigation and response arrangements, moreso than residential properties.

Unknown trade-offs

The State Government cites a need for increased funding for emergency services, now and into the future as a means of managing increased events, due to climate change with longer response and recovery times.

The State Government has indicated that there will be a change to the current Motor Vehicle Levy to the new Motor Vehicle Fire and Emergency Services Levy and the fee is likely to increase as a means of generating additional income. There has been no transparency about how much income would be garnered from this change in approach.

The State Government has advised that they intend to abolish the Insurance Fire Levy. However, there has not been open and transparent guidance provided as to how or what the impacts of this are. Therefore, it has not been possible to ascertain any offset to those residents that will be met with significant increases under the two funding models.

The need to increase income so significantly has been linked to the climate change considerations for the future. It is not clear why these considerations are not already factored

into appropriations given that there has been awareness of climate change impacts for some time now. If this has not been the case and because these impacts will happen over time, it is considered more appropriate that any income increase should occur over time.

Additionally, it is reasonable to expect that if the State Government is going to generate this type of income uplift, that local government should be compensated for their role in managing an increased number of events, and our preparedness, mitigation work, emergency management and community recovery roles.

Furthermore, some Council's also have arrangements in place to support SES – in the case of Burnie City in the next two years we are expecting to need to replace two vehicles at a cost of \$163,000. Should these income increases go ahead then it would be expected that these costs would be borne from the increased income generated, rather than being borne by local government.

Once again despite the proposal being put forward, it doesn't appear that these considerations have been made.

Negatively impacting local government sustainability

Understandably most ratepayers do not understand that the Fire Levy collected each year on their annual rates notice, is in fact set by the State Government and paid to the State Fire Commission.

Therefore, if what is a very inequitable and significant impost to our residents was implemented, it would of course be Council employees that would be required to respond to these complaints. This is considered inappropriate and the State Government should carefully consider how any backlash may be addressed by the State Government itself rather than subjecting Council employees to this negativity.

The Burnie City Council have spent the last two years working hard and being disciplined in our approach as we work through our budget repair, in an effort to get our City back to long term sustainability for the future. This has meant crafting a revised long term financial management plan that take account of the desired rate increases we expect to need to apply over the next four years. We have done the work and consulted with our community on this basis for the past two years.

The proposal put forward will have a significant and sustained impacting to the Plan, without any prior notice that this would in fact be the case. If the Council was to need to implement these significant increases proposed by the State Government, it would negate Council's ability to lift its own rates on account of inflationary pressures and for other purposes, when taking account of our ratepayers capacity to pay.

Therefore, despite the State Government's recent review of local government where with little effort it can be substantiated that many Tasmanian local government jurisdictions are not sustainable now or over the long term, this process serves to undermine and exacerbate this reality and jeopardises the long term sustainability of local government.

In closing the Burnie City Council resolved the following motion:

- 1) *Receive and note the information provided regarding the impact of the proposed changes to the Fire Levy on properties within the Burnie City local government area; and*
- 2) *Authorise officers to make a submission as part of the current consultation process that includes:*
 - a) *An outline of the range of financial impacts for Burnie ratepayers.*
 - b) *A request for more open and transparent information regarding the proposed Insurance Fire Levy offset.*
 - c) *Concerns about the significant increase in the Fire Levy that will impact some rate payers in the Burnie community and the Tasmanian community overall, including:*
 - i) *That consideration be given to a more moderated financial approach, potentially staged over a number of years;*
 - ii) *The Burnie community's capacity to pay is less than other LGAs, on the basis of a higher-than-average SEFA index when compared to most other councils; and*
 - iii) *The impact on Tasmanian councils' capacity to increase rates and charges at a time when many are challenged by long-term financial sustainability.*
 - d) *A request to understand how the State Government plans to use the additional funds generated to enable Tasmanian councils' greater ability in their role of managing preparedness, emergency management and municipal recovery functions which too will require additional resourcing as the impact of increased emergency events is realised due to climate change."*

Please feel free to get in contact should you have any questions with regard to this submission.

Yours faithfully



Bel Lynch
DIRECTOR CORPORATE AND COMMERCIAL SERVICES