

# City *of* **HOBART**

## Response to Fire and Emergency Service Act Reform

# About the City of **HOBART**

The City of Hobart is the local government body covering the central metropolitan area of Lutruwita/Tasmania's capital city Nipaluna/Hobart.

The present-day council entity was legislated in 1852 with the role of Lord Mayor created in 1934.

As enshrined in legislation, the key function of local government is:

- To provide for the health, safety and welfare of the community;
- To represent the interests of the community; and
- To provide for the municipal area's peace, order and good government.

The City of Hobart delivers a range of services to over 56,000 residents and employs over 550 staff.

## Key issues

The City of Hobart understands that the current legislative framework is aged and welcomes reform in this area.

Climate change is altering the risk and hazard profiles for local governments and communities, with more frequent, more extreme weather events intensifying the risk posed by existing and evolving natural hazards. The increasing complexity of extreme weather and the additional risk faced by communities due to the impacts of climate change, demonstrates the necessity of appropriately resourced and coordinated emergency preparedness and management.

In this context, the City is supportive in principle of the proposal to formally bring together the Tasmania Fire and State Emergency Services under one entity and the proposed harmonising of functions performed across the Tasmania Fire Service and the State Emergency Services to manage risk and respond to emergencies.

The City is also supportive of steps to ensure those with responsibilities in preparing for and managing emergencies are appropriately resourced to do so. This includes the TFS and SES, as well as other agencies and local government.

### **Importance of collaboration**

Given the expected increase in likelihood and complexity of natural disasters and emergencies driven by climate change, it is critical that agencies across all tiers of government, as well as community and non-profit organisations work constructively to both build preparedness and resilience, as well as respond and recover from emergencies.

As the level of government closest to our community, the City of Hobart's view is that better collaboration between local government and state emergency agencies will lead to better outcomes for the community. This is particularly evident in community engagement programs. The City of Hobart encourages the reforms to look at providing appropriate resources and incentives for greater collaboration between agencies, councils and the community.

### **Equity & Fairness, Capacity to Pay, Simplicity**

The City of Hobart's approach to rating is driven by key taxation principles including equity and fairness; capacity to pay; and simplicity. In designing a new property levy raised by councils through rating, it is important that the proposed property levy model is consistent with key taxation principles.

The City acknowledges the differential approach to the initial funding options and notes that different groups of ratepayers have different capacity to pay increased rates and this is reflected in the higher differentials for industrial and commercial properties in particular. It is also noted that these properties may receive additional or more complex services given the nature of commercial and industrial properties in an emergency.

However, the City does not consider that community services, which are predominately public enterprise properties, many of which are in the Hobart CBD, should pay 50 per cent less of the property levy than a residential property. From an equity and capacity to pay perspective, public enterprise properties should pay an equitable contribution of the property levy. It is also noted that in the 'other' category would be quarry & mining, sport and recreation and vacant land. It is also noted that the initial options had properties with these land uses also paying 50 per cent less than a residential property. The City recommends that more work be done on the differentials to determine the benefit received from the property levy and a fair and equitable distribution of the property levy burden across the different types of ratepayers.

With the funding options initially proposed there would be a 'bill shock' of increased rates for those ratepayers who live in the Fern Tree and rural areas, who currently receive a remission of the fire levy because they don't live in an area with a permanent brigade. While the City acknowledges that these properties would receive a fire and emergency service from the State and from an equity perspective should pay a fairer contribution of the rate burden. Some sort of transitional arrangements need to be put in place so there is a more gradual increase in rates payable for impacted properties not in receipt of the pensioner discount.

Based on City of Hobart modelling, the initial funding options would lead to approximately \$3.9 million more in rates levied across City of Hobart ratepayers annually. While an increase in rates collected in and of itself is not contrary to the taxation principles, when assessing the relative impact by property type, as outlined above, there is an inequitable distribution of the rate burden across land uses.

It is also valuable to consider how the proposed changes impact across suburbs. The modelling undertaken by the City shows the impact by suburb across the City of Hobart.

This shows the discrepancy in burden and highlights the significant impost on central Hobart. Given this modelling, it's important that the State consider how the spatial distribution of impacts from this approach might affect things such as economic development and vibrancy of the Hobart CBD as the state's major economic and employment district.

### **Proposed use of AAV**

In addition to our concerns with the balance of the differential rates to be levied, we would like to highlight that the City of Hobart has recently determined to move to a Capital Value (CV) approach to valuation and rating of properties. This CV approach is used by a number of councils across the state. We note that the options paper proposes using Assessed Annual Value (AAV) as its valuation approach. Further information is required to understand how this proposed AAV approach would work in harmony with the CV approach used by a number of councils across the state.

The City would be unable to raise the property levy using AAV and the rest of its rates using CV. This would be inconsistent with rating legislation and pose system and administrative difficulties.

### **TFES – Property Levy**

In s49(3) of the draft Tasmania Fire and Emergency Service Bill 2023 (the Bill) - TFES – property levy, it is a requirement that if the property levy arising from the calculation in that section results in an amount which is dollars and cents, then the amount is to be rounded to the nearest whole dollar. This is inconsistent with the Council's current practice to levy rates and would present administrative and system difficulties. Rates are levied to the dollars and the cents and not rounded. The City of Hobart encourages the removal of this section.

### **Property Levy – Commission Amount - Confirmation**

The Council currently receives a commission in return for administering the current fire service contribution from ratepayers. This amount is required by Council to cover the costs of levying and collecting the Fire Levy on behalf of the State Fire Commission. The City seeks to confirm that this commission will continue at its current rate to ensure the City has funds available to collect the property levy on behalf of the State Government.

### **Treasurer to determine AAV rates - Timing**

In s50 of the Bill – Treasurer to determine AAV rates, it is stated that before 31 May in any year, the Treasurer is to publish in the *Gazette* the AAV rate determined in respect of each land classification for the following financial year. The lateness of this advice of the rate to Council would provide a number of issues for the City, given the City's budget and rates is considered by Council in June each year in order for rates to be levied for the new financial year on 1 July.

Advice on 31 May would mean that the City would have insufficient time to settle its rates and budget for the new financial year.

It is therefore proposed that this advice is provided no later than 30 April in any given year. This is consistent with the timing of advice in relation to the Fire Service Contribution that the State Fire Commission provides councils now. While 30 April is later than the City would like to be advised of the rate and hence the monies to be raised for the new financial year, it is content for the rate to be provided by 30 April to reflect the current advice.

### **Proposed Increase to Pensioner Discount**

The City notes the intention in the proposed funding model to increase the discount for eligible pensioners from 20 per cent of the property levy to 30 per cent of the property levy. The City supports this approach to assist those with least capacity to pay in the community with increased financial support. Particularly those ratepayers who previously lived in Fern Tree and Rural areas, who under the proposed funding models will not receive a remission of rates which under the current fire service contribution model reduced the fire levy payable to the minimum fire service contribution.

### **Community education and communication campaign**

Regardless of the ultimate approach taken, it is critical that the State take responsibility to deliver a well-funded broad community education and communication campaign that clearly states the reason why the State has taken this decision, what the levies collected are used for, and that councils are collecting these levies on the State's behalf. As the interface with communities, councils are likely to see increased queries and community angst as a result of the proposed changes. It is critical that the State takes steps to proactively manage this.

It is also critical that the State provides an ongoing community education and communications campaign so that each year the community understands any increases to the Property Levy in a timely manner, what the increases are and what they will be used for.