

**Clarence City Council submission on the
Draft Tasmania Fire and Emergency Services Bill**

Comments on the proposed options for calculating the proposed property-based levy

	Summary	Council comment
<p>Option 1 & Option 2 Funding Models</p>	<p><i>Residential Properties - Option 1</i> Proposes setting a single rate across Tasmania by proposing all residential properties pay a fixed amount of 1%.</p> <p>This would result in some residential areas being negatively impacted. The State Government is proposing to introduce a Rural Transition Guarantee of \$100 to eligible regional households to support the transition years. This would initially be a fixed-term initiative.</p> <p><i>Residential Properties – Option 2</i> Set a two-tiered rate depending on whether the residential property is in a rural or urban area.</p> <p>This option would result in urban areas continuing to pay similar rates as they do now, but the rate would be standardised removing inequities between cities.</p> <p>Regional areas would see a smaller increase than option one, but equalisation would be met between rural areas.</p>	<p>Both funding models will see a significant increase to the overall Fire Levy collected in Clarence. Under Option 1 overall levy collected increases by 43% and Option 2 sees an increase of 48%.</p> <p>Residential properties in Clarence are the least affected of all land use codes. Under Option 1 properties currently classified in urban areas stay relatively the same, however due to the 4% rule for AAV it sees lower valued properties increase by around 20-30%. This will result in a disproportionate impact on those lower valued properties.</p> <p>Residential properties in current fire brigade areas of rural and district will see increases of 200-300% (option 1) and 70% (Option 2). The rural transition guarantee under Option 1 will help, however council requires further information on what is considered rural for this guarantee and if it applies to Clarence's current rural and district zoned properties. We note the rural transition levy was initially mentioned on the TFS website on the release date of the Bill, however it has since been removed, further information is therefore required.</p>

	<p><i>Non-residential properties – both options:</i></p> <p>Both proposals include different rates for other land use classifications. The highest rates are associated with commercial and industrial properties because the State Government consider that the fire and emergency services response at commercial and industrial premises are often of greater risk or complexity than residential property. The proposed rates on various land use codes range from 0.5% to 3.2%.</p>	<p>Current modelling indicates a significant impost on Commercial and Industrial properties in Clarence. Commercial and Industrial properties represent 7.47% of the rate base of Clarence and are currently contributing 6.88% towards the fire levy. Under the proposed funding models, Commercial and Industrial will contribute approximately 30% of the fire levy. The significantly impacted properties are those currently situated in Rural or District Fire Brigades. The average increase in these areas is 1700%. Based on modelling, one property would move from \$2,600 per annum to approx. \$46,000 per annum and another from \$967 per annum to \$20,000 per annum. Commercial and Industrial properties in urban areas are subject to significant increases of 250-300% but it is unknown at this stage if the savings they will be provided with, due to the abolition of the fire levy in their insurance, will offset these increases.</p> <p>Council questions the low value attributed to Land Use codes Community Services (P) and Land Use Code Other (S), which are proposed to be almost half the rate of residential properties. Land use code P and S properties include schools, airports, churches, medical facilities and many large sporting complexes and certainly contradicts the argument given for increasing commercial and industrial codes being “they are larger and more difficult fires”. Council would argue a fire at an airport or Bellerive Oval would take many resources to fight and be more complex than a residential property. These properties should have a similar rate as commercial and industrial.</p>
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<p>Preferred Model or alternative Model</p>	<p>Model 1 Model 2 or alternative council approach?</p>	<p>At this stage it is very difficult to choose either model or suggest council's own solution. Further modelling must be undertaken with State Government. This modelling will need to be based on what is required to fund the new amalgamated Tasmanian Fire Service and State Emergency Services. Without a funding total to work towards it is impossible to calculate accurate levy amounts at the individual property level.</p> <p>There also needs to be consultation and modelling with businesses to ensure the extra funds required are being offset with reduced insurance premiums.</p> <p>Both proposed models cause extreme impost on businesses in our city and without changes made to the land use code rates there would need to be rebates or consideration of phasing in these extra costs.</p> <p>Council is encouraged by the increased concession threshold to 30% and the rural transition guarantee of \$100 in model 1, but these need to be expanded across other land use codes.</p>

Comments on other sections of the Bill

Provision	Summary	Council comment
<p>Section 93(2) of the Local Government Act</p>	<p>New Bill proposes to levy rates against property AAV amounts</p>	<p>Council currently rates for their general rate based on a property's capital value, as provided by the Office of the Valuer General. Any service rates collected (the fire levy being a service rate) needs to also be based on the same category of value of land as the general rate is based on, that is, the capital value (section 93(2) Local Government Act). In 2013/14 Council moved its rating from AAV to Capital value, on the basis that the capital value is a fairer base to use for all rate payers. Council has concerns that the draft Bill requires council to collect the levy based on AAV as the Local Government Act, as currently drafted, would then require council to change its rating system to AAV.</p>
<p>Section 93A of the Local Government Act</p>	<p>Local Government Act requires councils to make a fire service rate for the contribution specified in a notice issued under Fire Service Act 1979</p>	<p>This will need amending in the Local Government Act as the information to be able to apply this levy will be provided by Treasury. This Bill transfers the responsibility to the Treasurer.</p>
<p>Fire Services Act 1979 and Clause 50 of draft Bill</p>	<p>Stipulates that council must receive by the 30th of April each year the contribution it must collect, however the draft Bill states that Treasury will determine AAV rates by 31 May each year.</p>	<p>31 May is too late in the budget process for councils to receive this information – it would need to be provided to councils by April at the latest.</p>

<p>Clause 49 of draft Bill</p>	<p>Head of power for council to collect new TFES-property levy</p>	<p>The current Fire Service Act specifically sets out exemptions for application of the fire service contribution; e.g. it does not apply to Crown owned land.</p>
		<p>The Bill creates a definition of “exempt property” which will be defined under Regulations. At this point, it is not clear what categories of land will be defined as exempt property. Further consultation is required to ensure that there is no significant impact to council and other entities which are currently exempt from paying the fire service contribution.</p> <p>The current Fire Service Act also specifically provides that a council may collect the fire service contribution under section 90 of the Local Government Act 1993, that is, through the collection of rates.</p> <p>The Bill does not make specific reference to the head of power council may rely upon to charge the levy. It is unclear what head of power council can rely upon to require a property owner to pay the levy.</p>
<p>General Comment</p>	<p>Is it still appropriate for council to be required to collect a State Government levy?</p>	<p>As the fire levy is simply a government-based tax, this should be raised by the State Government and not imposed on councils to undertake. Council currently receives 4% of the funds collected as a commission, however this amount needs to go to towards administration tasks involved in raising and collecting this levy. The total fire levy raised is currently paid to the State Fire Service fully in the year raised by four equal instalments. Council is currently carrying over \$250,000 of fire levy debt which requires further administration work and debt recovery costs to recover; this is incurred by council and not the State Government.</p>

		<p>With the levy set to increase significantly, especially for many small businesses in Clarence, it is likely there will be a significant increase in fire levy debt that will remain outstanding at year ends.</p> <p>The draft Bill has no prescribed payment intervals for the repayment of the levy collected and transferred to the TFES – if council is to continue to collect the levy quarterly payments to TFES must also continue.</p>
<p>Communication of new Bill</p>	<p>No information received on this yet</p>	<p>The current consultation process has been poor and further consultation is needed with councils and other stakeholders before this bill progresses for approval.</p> <p>There must also be joint communication from both State Government and Council's when the Bill is ready to be adopted. This is extremely important for the wellbeing of Council staff, as it is our front office staff that will have to deal with rate payer frustration and abuse. The communication needs to clearly explain the reason for increases and that it is a state tax and Councils role is simply collecting the levy.</p>