

**ADDENDUM TO ORDINARY MEETING OF
GREATER HUME SHIRE COUNCIL TO BE HELD AT
COUNCIL CHAMBERS, BALFOUR STREET, CULCAIRN
HOLBROOK ON WEDNESDAY, 16 DECEMBER 2015**

PART A – FOR DETERMINATION - GOVERNANCE

1. NSW RURAL FIRE SERVICE – 2015/2016 ALLOCATION

Report prepared by General Manager – Steven Pinnuck

REASON FOR REPORT

To further update Council on the NSW Rural Fire Service (NSW RFS) allocation for Greater Hume Shire Council for the 2015/2016 Financial Year and advise of the introduction of the Emergency Services Levy by the NSW State Government.

REFERENCE TO DELIVERY PLAN ACTIONS

Strategy 5.6 To improve the availability of policing, emergency and ambulance services.

Action 5.6.01.1 Lobby the Government for increased policing, emergency and ambulance presence.

DISCUSSION

Contribution to NSW Rural Fire Fighting Fund

Further to the Governance Agenda item No. 3 REVIEW OF THE HUME ZONE BUDGET has resulted in a reallocation of the Volunteer and Statewide Services (VASS) charges between AlburyCity and Greater Hume resulting in a decrease in Council's contribution of \$31,025.63

The table below outlines the revised overall impact.

	2015/2016 Estimate	2015/2016 Actual	Variance
Contribution	\$384,021.00	\$274,568.23	\$109,452.77
Reimbursement of 11.7% of VASS costs	\$125,355.99	\$60,281.66	-\$65,074.33
Net contribution	\$258,665.01	\$214,286.57	\$44,378.44

Whilst the above table indicates that the revised saving is \$44,378.44, Council will only be receiving one 6/10 year old truck rather than five. The cost of the 11.7% of the four additional trucks (if supplied) would have been \$97,680. This figure includes the cost of 4 trucks @ \$11,907 for a total of \$47,628.00 and the contribution to VASS charges of \$50,052. In real terms Council is effectively \$53,302 (\$47,629.30-\$13,262.81) worse off.

The two major contributors to this outcome is a continuing rise in VASS costs and the Commissioner using his discretion not to refund the full 11.7% of VASS charges in full.

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NSW RURAL FIRE SERVICE – 2015/2016 ALLOCATION [CONT'D]

On Friday 11 December Local Government NSW (LGNSW) supported the tone of the writer's report by issued a media release raising extreme concerns over sky rocketing contributions and disproportionate increases in some costs. A copy of the media release is included as **ANNEXURE 1**.

Introduction of the Emergency Services Levy

On Thursday 10 December 2015 the NSW State Government Treasurer, Gladys Berejiklian and the Minister for Emergency Services, David Elliott issued a joint media statement advising that, effective of 1 July 2017 the NSW Government intended to abolish the Emergency Services levy and replace it with an Emergency Services Property Levy (ESPL). A copy of the media release is included in **ANNEXURE 1**.

The media release states that under the current funding model, NSW property owners who insure their properties are subsidising those who don't.

It is also stated that the average insured property owner will be \$40 per year better off, the ESPL will be revenue neutral and therefore will not raise any additional income for the NSW State Government.

LGNSW responded with a media release cautiously welcoming the proposal, but called for careful and transparent implementation so the move does not end up making the system more expensive and less fair. A copy is included for councillors' information also at **ANNEXURE 1**.

LGNSW are seeking clarification of how the system would work particularly in relation to:

- Council's collection responsibilities
- Whether the local government contribution (currently 11.7%) would be removed
- The weighting system between business and other properties as business properties currently make up about 55% of emergency call outs and
- How it would impact on pensioner rebates.

A further communiqué issued by LGNSW on Tuesday 15 December indicates that the announcement of the ESPL has significant opposition from NSW Farmers, the Property Council and a range of other industry associations including the Rural Fire Service Association.

BUDGET IMPLICATIONS

The short term implication is a saving of \$44,378.44 in the 2015/2016 budget, however longer term increased costs are likely unless structural changes are made to funding rural fire services in NSW.

CONCLUSION

The NSW Fire Fighting Fund allocation received by Council is very disappointing indeed with four replacement tankers not being funded, combined with disproportionate increases in Volunteer and Statewide Service charges and lower than estimated reimbursements.

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NSW RURAL FIRE SERVICE – 2015/2016 ALLOCATION [CONT'D]

Accordingly, it is recommended that Council strongly object to disproportionate increases in Volunteer and Statewide Service charges and lower than estimated reimbursements by forwarding correspondence to Minister for Emergency Services, the Hon. David Elliott MP, the NSW RFS Commissioner Shane Fitzsimmons, the Member for Albury Greg Aplin. Further, that Council forward copies of relevant correspondence to LGNSW.

RECOMMENDATION

That Council:

1. strongly object to disproportionate increases in Volunteer and Statewide Service charges and lower than estimated reimbursements by forwarding correspondence to Minister for Emergency Services, the Hon. David Elliott MP, the NSW RFS Commissioner Shane Fitzsimmons, the Member for Albury Greg Aplin
2. forward copies of the relevant correspondence to LGNSW.
3. convene a Workshop on Wednesday 3 February 2016 to discuss the following issues:
 - NSW Rural Fire Service funding
 - 25 year tanker replacement program
 - Other capital works including Brigade Stations and provision of Group Captains/Captains vehicles.
4. Seek clarification from the NSW State Government Treasurer and Minister for Emergency Services on the implementation of the Emergency Services Property Levy

Further, NSW Rural Fire Service, District Manager Patrick Westwood be invited to make a presentation to the Workshop on the forthcoming 2016/2017 NSW Rural Fighting Fund estimates and capital expenditure programs.

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Media Release: Local Government concerned over skyrocketing contributions

11 December 2015

The Local Government sector has expressed serious concerns over skyrocketing contributions to Rural Fire Services.

LGNSW President Cr Keith Rhoades AFSM said the contributions included increases of more than 300 per cent for some categories, like radio communication.

"No-one would argue with the importance of having a properly funded emergency services system, which is why councils currently contribute 11.7% of the NSW Rural Fire Service (RFS) budget, Cr Rhoades said.

"The real concern is that councils' contribution keeps going up and up, while revenue for NSW Councils continues to be squeezed by Government with minimal rate capping increases.

"It leaves Councils with no option but to investigate where they can reduce other community services and programs in order to fund the RFS increases, and that's just not good enough."

Cr Rhoades said Councils budgeted out four years in advance, to ensure there were no surprises for the communities they served.

"The problem is that the RFS is billing Local Government for much more than the amounts Councils agreed to and budgeted for following discussion with their local RFS regions," he said.

"Local communities face drastic increases to contributions for 2015/16. For example, Councils are reporting increases of 105% for Aviation and 327% for Radio Communication categories alone."

Cr Rhoades said he was particularly concerned about the absence of discussion or consultation with Local Government around these increases, and the overall lack of visibility and transparency about the archaic RFS budget process

"Let me emphasise that this issue is not about the RFS volunteers, or their incredible work to protect their local communities," he said.

"These people do an amazing job, both in preparing for emergencies and during times of crisis.

"The sector's concern is about serving communities, by seeking to identify ways in which we can avoid the continual, unexpected and unsustainable increases in Council contributions that put other important community services at risk of being withdrawn."

Cr Rhoades said LGNSW had written to the Minister for Emergency Services David Elliott, seeking urgent discussions on this critical issue.

"The Minister and Member for Baulkham Hills may be unaware of the very real impact these budgeting debacles are having on rural and regional communities, and we welcome the opportunity to highlight impact this issue is having outside the city," he said.

Media Enquiries

LGNSW President, Cr Keith Rhoades AFSM: 0408 256 405

Media Toni Allan 0412 774 441



Gladys Berejiklian

Treasurer
Minister for Industrial Relations

David Elliott

Minister for Emergency Services

MEDIA RELEASE

Thursday, 10 December 2015

NSW MOVES TO A FAIRER SYSTEM FOR FUNDING FIRE AND EMERGENCY SERVICES

NSW will move into line with all other mainland states and introduce a fairer system of funding fire and emergency services that will also help reduce the high levels of underinsurance across the State, Treasurer Gladys Berejiklian announced today.

From 1 July 2017, the NSW Government will abolish the Emergency Services Levy (ESL) on insurance policies and replace it with an Emergency Services Property Levy (ESPL), paid alongside council rates.

The reform will mean the burden of funding these services will no longer fall only on those with property insurance but all landowners.

"Under the current funding model, NSW property owners who insure their properties are subsidising households who don't purchase contents or building insurance," Ms Berejiklian said.

"Fire does not discriminate and the community rightly expects that firefighting and SES services will be available to everyone in their time of need. It is also fair to expect all property owners to pay their share for these vital services."

The Government anticipates that the vast majority of insured residential property owners will be better off under the ESPL, with the average insured property owner saving around \$40 per year.

Modelling suggests property insurance premiums will fall by around \$200 on average every year under the change while the average cost of the ESPL will be around \$160.

The ESPL will be budget neutral and will not raise any extra revenue for NSW.

"This fairer model for funding fire and emergency services will reduce the cost of insurance and encourage more people to insure their properties," Ms Berejiklian said.

The introduction of the ESPL will not in any way reduce levels of funding to the State's fire and emergency services.

"This long overdue reform has been recommended by recent reviews into State taxes, including the Henry Review, and shows the NSW Government is committed to tax reform," Ms Berejiklian said.

The Government will also appoint Professor Allan Fels AO as Emergency Services Levy Insurance Monitor to ensure that insurers pass on the cost savings to consumers. Prof Fels will have powers to seek pecuniary penalties from Insurance Companies of up to \$10 million for unreasonable prices from today through to 31 December 2018. Professor David Cousins AM will also be appointed as Deputy Monitor.

Minister for Emergency Services David Elliott said the ESPL will support the State's emergency services and ensure they have the resources they need to protect homes and save lives.

"The safety of our communities is what matters most and our frontline emergency service workers will show up at your house regardless of whether you are insured or not," Mr Elliott said.

"This reform will ensure we all share the cost of that life-saving service."

Following extensive public consultation in 2012, the NSW Government will now consult with key stakeholders, such as the insurance industry and local government, on the implementation of the reforms.

The new levy will be based on unimproved land values and will be collected by local government on behalf of the State. Different property-levy rates will be applied to different categories of land. The Government is considering appropriate land classifications such as residential, commercial, farmland and public benefit land.

Victoria abolished its insurance-based fire services levy and introduced a property levy in July 2013 – a reform prompted by recommendations of the Royal Commission into the 2009 bushfires with the goal of reducing the level of under-insurance.

Legislation to enact the reforms will be introduced in the first half of 2016. There will be discounts in place for pensioners and concession cardholders.

MEDIA: Ehssan Veiszadeh | Treasurer | 0418 986 206
Katherine Danks | Minister Elliott | 0437 428 715

Home > News > Media Releases > Media Release: Devil is in the detail of new Emergency Services Property Levy

Media Release: Devil is in the detail of new Emergency Services Property Levy

10 Dec 2015

The Local Government sector has welcomed a State Government proposal to replace the current Emergency Services Levy with a more broadly-based property tax, but has called for careful and transparent implementation so the move doesn't end up making the system more expensive and less fair.

NSW Treasurer Gladys Berejiklian today revealed plans for new Emergency Services Property Levy, reported to cost an average of \$160 per year, which will replace a similar charge currently applied to home and contents insurance premiums.

The NSW Government argues that the new tax is fairer than the insurance levy because it means everybody pays, rather than just those people who take out insurance – and that insurance premiums will go down as a result.

"For many years the local government sector has been calling for the abolition of the Emergency Service Levy on both insurance companies and councils," Local Government NSW President Cr Keith Rhoades AFSM said.

"It's true that the change, properly executed, has the potential to make the system a lot more fair - but as always, the devil is in the detail.

"Unless the new property-based levy also replaces the current Emergency Services Levy imposed on councils, property owners will end up being taxed twice for the same thing. "They'll be paying the new Emergency Services Property Levy as well as the Emergency Services Levy embedded in council rates."

Cr Rhoades said LGNSW had also warned the Government that it was important to ensure the new levy was designed to maintain the proportionality of contribution between families and business.

"Business make up more than half of all emergency service call-outs – about 55 per cent," he said.

"They should continue to be responsible for their fair share of the total via a proportionate weighting system.

"The new levy would be horrendously unfair if these businesses were in future subsidised by families, many of whom carry heavy mortgages that already put them under financial stress."

Cr Rhoades said the sector had other questions about the new Levy, including how it would work with pensioner rebates.

"Local Government supports the principle of pensioner rebates, but this is a welfare measure that should be funded from the Baird Government's consolidated revenue," he said

"We know that Government cost-shifting already costs NSW councils more than \$670 million each year – concessions and administration can't just be two more costs they pass on to local government without providing the funding to support it."

Cr Rhoades said the sector would work closely with the Government on the design and implementation of the new levy, to help ensure it delivered the benefits promised.

Media Enquiries

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