

Information Paper

Fire Services Levy (FSL)

June 2011

PURPOSE

The purpose of this Information paper is to update members on the Governments progress with planned changes to the Fire Services Levy. (FSL)

HISTORY

Discussion of the FSL has a long history dating back to 2001.

In November 2002, the Victorian State Treasurer John Brumby M.P. announced a comprehensive review of the funding of the Victorian fire services.

In July 2003, the Government released a report from the Review and the Treasurer indicated that the Government would retain the current insurances – based funding system, while boosting its transparency and efficiency.

A renewed focus has come about due to Recommendation 64 of the Victorian Bushfires Royal Commission:

Recommendation 64

“The State replace the Fire Services Levy with a property-based levy and introduce concessions for low-income earners.”

The Coalition Government announced prior to its election that it intended to adopt ALL of the recommendations of the Victorian Bushfires Royal Commission, and this was reaffirmed once they took office.

On the 14th May 2011, the Coalition Government announced a timetable for introduction of a new fire services funding model.

Government Announcement

“The Coalition Government will introduce a new levy that at long last ensures all Victorian property owners pay a fair contribution to our fire services, while ensuring Victoria’s fire services continue to operate equitably and with sufficient resources.

TIMETABLE

The Government will release a position paper in June 2011, (yet to be received) and will engage in a comprehensive public consultation process on the propped design and implementation of the new levy and transition arrangements.

The Government intended to introduce legislation in early 2012 and there will be a transition period that will commence on 1 July 2012 to allow insurers to phase out the FSL prior to full implementation from 1 July 2013.

VFBV RECENT SUBMISSIONS

In December 2009, the Victorian Bushfires Royal Commission issued a discussion paper on the Fire Service Levy that raised a number of specific questions in relation to the future funding of the fire services and the application of the levy on insurance premiums as the primary component of the funding regime.

VFBV used the opportunity to highlight our concerns at the inequity of the present arrangements between the insured and the un-insured or under insured, and we made a submission dated 23rd December 2009.

After learning that the CFA Board had decided not to make a submission to the Fire Services Funding Review, VFBV made a further submission on 14th July 2010 to the Fire Services Funding Review reaffirming our position.

KEY MESSAGES

VFBV submits that the following principles are fundamental to the construct of any approach to fire service funding. The approach for funding the fire services in Victoria should:

- Ensure that everyone who benefits from the services provided, contributes to the funding of these services;
- That funds collected for the provision of fire services are allocated wholly and directly for the funding of the fire services;
- Be established in such a way that provides ongoing funding stability and reliability to ensure that essential service provision is not subject to fluctuations or changes in public policy;
- There are sufficient funds, capable of meeting the requirements of modern fire services;
- Recognise the relationship of risk to relative contribution and encourage risk reduction;
- That the funding collection mechanism is efficient in terms of administration and its reliability to capture monies due;
- Broadening the funding base of the fire and emergency services to better provide equity, efficiency and budget stability;
- Ability to flexibly and efficiently manage resources to ensure best value from finite funds is critical to ultimate funding burden;
- Recognition that a Volunteer based model is a major contributor to the funding of fire services, core to shared community responsibility and essential for Victoria service capacity. Further, ensure as a critical outcome/measure for any new funding system must be to ensure that Volunteer contribution is not diminished but is rather enhanced; and
- Contributions/charges from serving emergency service volunteers could be discounted or waived to recognise the unpaid contribution they make to their fellow Victorians and to assist with the personal costs they necessarily incur as volunteers

Furthermore, VFBV have pointed out that reviewing the fire service funding mechanism is only one part of the equation. More importantly the cost of the services needs to be managed effectively & cost drivers managed by the CFA Board, without external interference.

UPCOMING ACTION

Following the Governments release of its Position Paper in June 2011, we will make a further submission via the government's public consultation process to ensure these principles are understood and are factored in to the Governments final position.