



NSW Government
McKell Building
2-4 Rawson Place
Haymarket NSW 2000

20 May 2024

Ref No: F2024/00401

Submission – Reforming the emergency services funding system

Dear Sir/Madam,

Randwick City Council welcomes the NSW Government reform of the Emergency Service Levy (ESL). Randwick City Council agrees with the longstanding position of the LGNSW that the ESL on councils is inequitable and does not apply consistently, fairly, or transparently across councils. Council welcomes the reform and the consideration that the NSW Government will assume the role of collecting the Emergency Service Levy (ESL) through Revenue NSW and absorbing the 11.7% council contribution into an integrated property-based levy.

A reform of the funding arrangements for NSW's emergency services is needed to address the three key objectives as outlined in the consultation paper:

1. Reduce insurance costs for households by spreading the levy across all property owners;
2. Protect pensioners and vulnerable members of the community; and
3. Ensure a revenue-neutral model that sustainably funds our emergency services agencies.

1: Do you agree with the design principles of cost recovery, equity, efficiency, simplicity, and sustainability for the replacement levy?

Yes, these design principles represent an optimal application of general taxation principles.

The levy's formulation should aim at equitable distribution, ensuring that the burden is shared fairly among all beneficiaries of emergency services. This entails a system where individuals with greater financial capacity contribute proportionally higher amounts, while also accommodating exemptions or reduced rates for vulnerable community groups such as pensioners.

The levy should be structured to minimise administrative costs and maximise the portion of funds that directly support emergency services. This might involve streamlining collection processes and avoiding unnecessary bureaucracy. The levy structure should be transparent, with clear explanations of how funds will be used to support emergency services. Transparency helps build trust and accountability among ratepayers. The levy should be sustainable over the long term, ensuring stable funding for emergency services without reliance on other revenue sources. Given the variability in Fire and Emergency funding needs due to natural events and unforeseen circumstances, it may be prudent to collect slightly more than the immediate cost to establish a financial reserve based on the design principles. This reserve would serve as a financial buffer during periods of excessive and unpredictable costs, enhancing the resilience of emergency service provision.

2: Which of the four revenue base models – capital improved values (CIV), unimproved land values (ULV), gross rental values (GRV), and a fixed charges model – should be used to design the replacement levy?

A fixed charge model plus ad valorem component depending on the land category would be favourable. The fixed based component will provide a reliable and stable revenue stream regardless of changes in land values, while the

addition of the ad valorem component ensures an equitable burden distribution, especially for those where demand for emergency services is higher such as in regions prone to flooding or natural disasters.

Both CIV and ULV have their shortcomings when assessing equitability. CIV better lends itself to ESL, as emergency services relate more to property improvements than to vacant land. CIV better underpins the taxation principles of efficiency and simplicity. CIV would allow for a more reasonable distribution of the residential burden as units will pay more (or a fairer share). Just over half the properties in the Randwick Council local government area are residential units.

The ULV model is less equitable in that it taxes landowners based on the inherent value of the land rather than the value of buildings or improvements.

GRV may provide a more stable revenue base, as it is less dependent on fluctuations in property values. However, it may be more complex to administer, especially for properties with varying rental incomes.

3: Which of the current revenue sources for emergency services agencies should be replaced?

Insurance premiums and local government contributions should be replaced, with the NSW Government assuming complete responsibility for the levying and collection.

Insurance contributions can provide a reliable source of funding, however, they disproportionately burden individuals or businesses with insurance policies, while those uninsured contribute nothing, yet benefit from services being available to them. Replacing insurance-based revenue with a new revenue source could mitigate these inequities and ensure a more equitable distribution of the funding burden.

Local government contributions should also be replaced. Local government revenue streams are already limited. The additional burden of funding emergency services with no mechanism to recover costs means councils are forced to divert funding collected from ratepayers away from planned projects or services that have been committed to the community. The removal of the ESL subsidy in 2023-24 by NSW Government further exasperated the council's budgetary constraints. In addition to the emergency service levy, local Councils already extend support to the Rural Fire Service and State Emergency Services through various additional means.

Replacing insurance companies and local government contributions with an alternative funding source, such as a dedicated emergency services levy on all property owners, may help address the funding gaps and ensure more consistent support for emergency services.

4: Should different levy rates be applied to: • different property types, such as residential, commercial or farmland, or • properties in different locations?

Yes. To ensure equity, it is imperative to apply different rates to different property types such as residential, commercial, and farmland. Different property types have varying levels of ability to pay. Applying different rates can ensure the burden is distributed fairly based on a property owner's capacity to pay. This will however require careful consideration of land classifications across the State.

Properties in different locations are subject to varying degrees of risk, such as exposure to natural disasters. Adjusting levies based on these risk factors can ensure that areas with higher emergency service demands contribute proportionally more towards funding those services. Service usage can vary for property types and locations, with highly populated areas, industrial zones, or regions prone to natural disasters such as flooding and bushfires experiencing a higher frequency of incidents requiring emergency response. Implementing different levies can reflect the differential use of services.

5: What protections are necessary for pensioners and other vulnerable cohorts?

Exemptions or rebates for pensioners and low-income individuals can help alleviate the financial burden of the emergency service levy. Clear and transparent communication about the levy, its purpose, and eligibility criteria for exemptions or rebates is crucial. This ensures that pensioners and other vulnerable groups understand their rights and can access available support without confusion or difficulty. Offering flexible payment options, such as instalment plans or deferred payments, can help ease the financial strain on pensioners and others facing financial hardship.

6: How should a levy collected each year reflect changing funding needs for emergency services?

Employing a full cost recovery approach enables the levy to be flexibly adjusted annually, considering specific cost drivers and referencing actual expenditures from the previous year. Continual evaluation of risk factors within community areas, particularly those susceptible to natural disasters, may necessitate increased funding to adequately support emergency services. Regular review periods are essential to assess changes in demographics, infrastructure, and other factors influencing emergency service needs.

Adopting an annual adjustment of the levy, aligned with any fund balance from previous years and anticipated future requirements, represents a prudent strategy to ensure the sustained adequacy of emergency service funding.

7. Should revenue from a replacement levy be collected by local governments or by the State Government through Revenue NSW.

Councils already bear a substantial responsibility for revenue collection for regulatory services on behalf of the NSW Government, encompassing fees such as Department of Planning reform fees, contaminated land management charges, protection of environment operations fees, and companion animal fees. Introducing the Emergency Services Levy (ESL) would further compound the workload, including the associated reporting and reconciliation obligations, alongside its governance costs.

The role of Council as the sole intermediary collector of the levy presents inherent challenges. Councils across NSW utilise diverse systems, necessitating system reviews to implement a uniform approach to levy collection. Addressing staffing shortages and skill deficiencies to enact these changes would present significant hurdles. Disparities in debt collection policies among councils would affect collection treatment and procedures, while the potential for councils to hold debts on their books not directly attributable to their operational activities introduces additional complexities.

The NSW Government and Revenue NSW are better positioned to manage the implementation and ongoing collection of the levy, which funds state-controlled emergency services. A centralised collection and enforcement point could potentially yield economies of scale and administrative cost savings while ensuring consistent management of associated debts.

8. What arrangements should be put in place to ensure that the removal of the current Emergency Services Levy is passed on in lower insurance premiums? How long should the transition take? What other transitional arrangements should be considered for the reform?

Clear guidelines and oversight mechanisms must be established and enforced to ensure that the savings resulting from the removal of the levy are passed on to policyholders through reduced premiums. Transparency and accountability in the pricing policies of insurance companies necessitate regular reporting on premium adjustments. A phased-in approach, with pro-rata adjustments by insurance companies over a reasonable timeframe, should be implemented to allow for the adaptation of pricing models, communication of changes with policyholders, and procedural adjustments.

Enforcement of penalties for insurers engaging in unreasonably high premiums or deceptive conduct is crucial. Additionally, transitional arrangements may include providing financial support to insurance companies to offset initial operational costs associated with premium adjustments. Public awareness campaigns and educational initiatives can help policyholders understand the changes and their impact on incurred costs. Collaboration among stakeholders can further facilitate a seamless and efficient transition process.

Yours faithfully,



Stephen Wong
Chief Financial Officer
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<p>English</p> <p>If you need help to understand this letter, please come to Council's Customer Service Centre and ask for assistance in your language or you can contact the Telephone Interpreter Service (TIS) on 131 450 and ask them to contact Council on 1300 722 542.</p>	<p>Greek</p> <p>Αν χρειάζεστε βοήθεια για να καταλάβετε αυτή την επιστολή, παρακαλείστε να έρθετε στο Κέντρο Εξυπηρέτησης Πελατών της Δημαρχίας (Council Customer Service Centre) και να ζητήσετε βοήθεια στη γλώσσα σας ή τηλεφωνήστε στην Τηλεφωνική Υπηρεσία Διερμηνέων (Telephone Interpreter Service — TIS) τηλ. 131 450 και να ζητήσετε να επικοινωνήσουν με τη Δημαρχία τηλ. 1300 722 542.</p>	<p>Italian</p> <p>Se avete bisogno di aiuto per capire il contenuto di questa lettera, recatevi presso il Customer Service Centre del Municipio dove potrete chiedere di essere assistiti nella vostra lingua; oppure mettetevi in contatto con il Servizio Telefonico Interpreti (TIS) al 131 450 e chiedete loro di mettersi in contatto col Municipio al 1300 722 542.</p>
<p>Croatian</p> <p>Ako vam je potrebna pomoć da biste razumjeli ovo pismo, molimo dođite u Općinski uslužni centar za klijente (Council's Customer Service Centre) i zatražite pomoć na svom jeziku, ili možete nazvati Telefonsku službu tumača (TIS) na 131 450 i zamoliti njih da nazovu Općinu na 1300 722 542.</p>	<p>Spanish</p> <p>A la persona que necesite ayuda para entender esta carta se le ruega venir al Centro de Servicios para Clientes [Customer Service Centre] de la Municipalidad y pedir asistencia en su propio idioma, o bien ponerse en contacto con el Servicio Telefónico de Intérpretes ["TIS"], número 131 450, para pedir que le comuniquen con la Municipalidad, cuyo teléfono es 1300 722 542.</p>	<p>Vietnamese</p> <p>Nếu quý vị không hiểu lá thư này và cần sự giúp đỡ, mời quý vị đến Trung Tâm Dịch Vụ Hướng Dẫn Khách Hàng của Hội Đồng Thành Phố (Council's Customer Service Centre) để có người nói ngôn ngữ của quý vị giúp hay quý vị có thể liên lạc Dịch Vụ Thông Dịch qua Điện Thoại (TIS) ở số 131 450 và yêu cầu họ liên lạc với Hội Đồng Thành Phố (Council) ở số 1300 722 542.</p>
<p>Polish</p> <p>Jeśli potrzebujesz pomocy w zrozumieniu treści tego pisma, przyjdź do punktu obsługi klientów (Customer Service Centre) przy Radzie Miejskiej i poproś o pomoc w języku polskim, albo zadzwoń do Telefonicznego Biura Tłumaczy (Telephone Interpreter Service — TIS) pod numer 131 450 i poproś o skontaktowanie się z Radą Miejską (Council) pod numerem 1300 722 542.</p>	<p>Indonesian</p> <p>Jika Anda memerlukan bantuan untuk memahami surat ini, silakan datang ke Pusat Pelayanan Pelanggan (Customer Service Centre) Pemerintah Kotamadya (Council) dan mintalah untuk bantuan dalam bahasa Anda, atau Anda dapat menghubungi Jasa Juru Bahasa Telepon (Telephone Interpreter Service - TIS) pada nomor 131 450 dan meminta supaya mereka menghubungi Pemerintah Kotamadya pada nomor 1300 722 542.</p>	<p>Turkish</p> <p>Bu mektubu anlamak için yardima ihtiyaciniz varsa, lütfen Belediye'nin Müşteri Hizmetleri Merkezi'ne gelip kendi dilinizde yardım isteyiniz veya 131 450'den Telefonla Tercüme Servisi'ni (TIS) arayarak onlardan 1300 722 542 numaradan Belediye ile ilişkiye geçmelerini isteyiniz.</p>
<p>Hungarian</p> <p>Amennyiben a levél tartalmát nem érti és segítségre van szüksége, kérjük látogassa meg a Tanácsház Ügyfél Szolgálatát (Customer Service Centre), ahol magyar nyelven kaphat felvilágosítást, vagy hívja a Telefon Tolmás Szolgálatot (TIS) a 131 450 telefonszámon és kérje, hogy kapcsolják a Tanácsházat a 1300 722 542 telefonszámon.</p>	<p>Czech</p> <p>Jestliže potřebujete pomoc při porozumění tohoto dopisu, navštivte prosím naše Středisko služeb pro veřejnost (Council's Customer Service Centre) a požádejte o poskytnutí pomoci ve vaší řeči anebo zavolejte Telefonní tlumočnickou službu (TIS) na tel. číslo 131 450 a požádejte je, aby oni zavolali Městský úřad Randwick na tel. číslo 1300 722 542.</p>	<p>Arabic</p> <p>إذا أردت مُساعدة لفهم هذه الرسالة، نرجوك الحضور إلى مركز خدمة عملاء المجلس وأطلب المُساعدة في لغتك، أو يُمكنك الاتصال بخدمة الترجمة الهاتفية (TIS) على هاتف رقم 131 450 وأطلب منهم الاتصال بالمجلس على رقم 1300 722 542.</p>
<p>Chinese</p> <p>如果你需要人幫助你了解這封信的內容，請來市政會顧客服務中心要求翻譯服務，或者與電話傳譯服務 (TIS) 聯繫，號碼是 131 450。請他們幫助你打電話給市政會，號碼是 1300 722 542。</p>	<p>Russian</p> <p>Если Вам требуется помощь, чтобы разобраться в этом письме, то, пожалуйста, обратитесь в Муниципальный Центр Обслуживания Клиентов и попросите оказать Вам помощь на Вашем языке или же Вы можете позвонить в Телефонную Службу Переводчиков (TIS) по номеру 131 450 и попросить их связаться с Муниципалитетом по номеру 1300 722 542.</p>	<p>Serbian</p> <p>Ako vam treba pomoć da razumete ovo pismo, molimo vas da dođete do Centra za usluge mušterijama pri Opštini (Customer Service Centre) i zamolite ih da vam pomognu na vašem jeziku, ili možete nazvati Telefonsku prevodilačku službu (TIS) na 131 450 i zamolite ih da vas povežu sa Opštinom na 1300 722 542.</p>