Submission
No 3

EMERGENCY SERVICES FUNDING REFORM

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I recently read with great concern the Treasury Models being considered to replace the Emergency Services Levy that is currently collected through insurers with what is in effect a land tax on property owners. As the Treasury spokesperson said, the current model is “unfair, inefficient and unsustainable”, but the proposal is just as unfair given significant users of these three emergency services agencies will effectively get a free ride at the expense of property owners.

The current NSW funding model is an anachronism dating back to the 1800s where insurers funded fire brigades to protect properties that they insured and this model was then legislated. In effect it was the owners of insured properties that bore the cost through additional charges on their premiums. Surely it’s time to recognize the wider nature of emergency services goes beyond Fire Rescue, RFS and SES and includes Police, Marine Rescue and Surf Live Saving and in turn they should all simply be funded by government out of normal revenues.

Given a common sense approach such as this is unlikely to gain traction based on the simplistic and narrowly focused Treasury models, then at least make the proposals equitable across the whole community instead of just a property tax on property owners.

In the current model, only insured properties pay the levy that seems to be around 10% of the premium and insured motor vehicles around 1% of the premium. Bearing in mind that a significant number of properties (15% and rapidly rising) and motor vehicles (15%) are uninsured, this means a disproportionate cost is borne by those taking out insurance. Logic would suggest that if all 3.75m properties and all 6m plus vehicles were to bear a fair proportion of the cost, the average cost would actually decrease and probably significantly.

Instead, the cost will be borne solely by property owners and other significant users of these services will get a free ride. For example 14% of FRNSW calls are rescues and extrications including attending motor vehicle accidents and it seems motor vehicle owners will no longer contribute directly to the cost of such services. Likewise some 39% of FRNSW calls are to false alarm calls to monitored fire alarms. Why is it that the owners of these businesses will also make no contribution? In fact, the cost of attending these false alarm calls has been problematic for FRNSW for many years both operationally and financially. A significant proportion of trucks that use NSW roads are registered under the national registration scheme yet no consideration of them contributing to the costs of emergency services that attend the many truck accidents and fires often with disproportionately high clean up and hazmat costs.

The current proposals are neither fair nor equitable and Treasury needs to be sent back to the drawing board instead wasting further time on this lazy and opportunistic proposal of slugging just property owners with what is effectively a land tax that unfairly cross subsidizes many other users of these services.