

EMERGENCY SERVICES FUNDING REFORM

Organisation: Forbes Shire Council

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Ms Jacquie Scruby MP
Chair
Legislative Assembly Select Committee on
Emergency Services Funding Reform

**Subject: *Submission to Legislative Assembly Select
Committee on Emergency Services Funding Reform***

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Dear Ms Scruby

Forbes Shire Council welcomes the opportunity to make a submission to the Legislative Assembly Select Committee on Emergency Services Funding Reform.

Council's view is that as is clearly stated in the Emergency Services Funding Reform Options Paper (the Paper), the current system of emergency services funding is unfair, creates perverse incentives where people who pay insurance are subsidising people who don't, and puts a significant cost burden on councils who are forced to pay a large portion of their limited rates revenue to fund state government services.

Rural councils are hit much harder with this burden as the cost of these services are often significant in rural areas, especially when compared to rural councils' limited rates base. For example, Forbes Shire Council, with a rates revenue of just \$8.9m in 2024/25 paid \$525k in Emergency Services Levy or 6% of its total rates revenue.

Forbes Shire Council agrees with the case for reform and recognises that the current system unfairly punishes people who are doing the right thing by taking out insurance. The system requires review and Council commends the State Government for work done to date to replace the current ESL as part of the NSW Government's announced reform of the emergency services funding system.

Council has reviewed the Emergency Services Funding Reform Options Paper, and provides the following commentary:

- 1. The case made for reform in the document is sound and Council agrees with the majority of the points made in the paper.** Council agrees with all the reasons provided in section 1.2 for the reform, and also agrees with the Levy Design Principles outlined in section 2.3, with the one change being that the levy principle of cost recovery should ensure that ALL costs are recovered from property owners, and Local Government be removed completely as a source of funding for the ESL (see point 3 below for details). Council also agrees with levy concessions pensioner discounts and for vacant land as detailed in section 4.1 of the Paper.

2. **Any future system needs to be equitable and remove the perverse incentives of the current system.** Council agrees with the findings of the Options Paper, that the burden of the provision of emergency services needs to be spread across all property owners, not just the property owners who are doing the right thing by taking out insurance. As mentioned above people who pay insurance are subsidising those who are not doing the right thing. All Levy Model options investigated in the Emergency Services Funding Reform document achieve this outcome;
3. **Local government should not be hit by the burden of funding ESL.** Any future system must remove local government from the mix and end the cost shifting of this service to councils. This is unfortunately not addressed in section 4.3 of the document, which seems to indicate that Council will still continue to fund 11.7% of the ESL going forward, further threatening the financial sustainability of local government. As mentioned above, rural councils are hit much harder with the burden of the ESL as the cost of these services are often significant in rural areas when compared to rural councils' limited rates base. For example, Forbes Shire Council, with a rates revenue of just \$8.9m in 2024/25 paid \$525k in Emergency Services Levy or 6% of its total rates revenue. This is a significant cost for small rural councils who are already struggling to make ends meet. The Options Paper is missing a great opportunity to reverse cost shifting and stop the financial death by a thousand cuts of the local government sector by not addressing local government's share of the ESL funding via these proposed reforms.
4. **The administration and collection of the ESL should be the responsibility of the State Government.** Collection and administration of the ESL should not be "shifted" to Council, but should remain the responsibility of the State Government through Revenue NSW, not local councils who are already dealing with significant red tape from the state government. If Council's are forced to manage the ESL collection, this will further breakdown the trust between local councils and their rate payers, many of which would just assume that councils have raised rates on their own accord, not due to the State Government passing on the collection of the ESL to cash strapped under resourced councils.
5. **Any future system needs to be easy to administer and as simple to understand as possible while meeting equity principles as best as possible.** The Options Paper outlines 5 different levy options, each of which "align differently to the principles of equity and simplicity". Council has provided a short review of each of the five options below:

Option A – This option is simple to implement but ignores the relative disadvantage of regional areas;

Option B – Per option A above;

Option C – The 6 tiers of fixed charges although ensuring a higher degree of equity do increase complexity, and Council is therefore not in favour of this model;

Option D – Although this option adds a degree of complexity by introducing regional discounts, it does recognise the economic disadvantage faced by rural Australians in every aspect of daily life, and hence the increased complexity is more than offset by the broader equity argument (for regional areas). This Option is Forbes Shire Council's preferred option;

Option E – This option appears overly complex from the start, although it does rank well from an equity perspective.
6. **Transition Arrangements** - Forbes Shire Council does not have a strong opinion on transition arrangements, however, any transition should be no longer than two years, to ensure the reforms can be implemented within a reasonable timeframe.

Our Preferred Levy Option

Council's preferred levy is Option D, the option that presents a rural discount. Although this option may be slightly more complex than options A and B, it recognises the economic disadvantages faced by rural Australians and is therefore Council's preferred option.

Thank you again for providing Forbes Shire Council with the opportunity to make a submission to the Legislative Assembly Select Committee on Emergency Services Funding Reform, and feel free to contact myself, Stephen Dunshea, or [REDACTED] our Director Corporate Services if you have any questions on this submission.

Yours Sincerely

[REDACTED]

Stephen Dunshea
GENERAL MANAGER