



13 May 2019

SUPPLEMENTARY AGENDA:

- (1) **MAYORAL MINUTES**
 MM8/2019 Emergency Services Levy Increase 2019-202

Mayoral Minute

Report No. MM8/2019

General Manager's Unit



MAYORAL MINUTE No. MM8/2019

SUBJECT: EMERGENCY SERVICES LEVY INCREASE 2019-20

RECOMMENDATION

1. That Council notes:
 - a. that last December, the NSW Government enacted laws to provide better workers compensation coverage for firefighters who are diagnosed with one of twelve specific work-related cancers
 - b. that in many areas of NSW, fire services are made up of elected and staff members of local government, and that local governments strongly support this expanded workers compensation scheme
 - c. that as a result of these changes, the State Government has decided to implement the new scheme by charging local governments an increased Emergency Services Levy, without consultation
 - d. that the expected increase in costs to local governments will be \$19m in the first year alone, and that there is little or no time to enshrine this charge in Council's 2019-20 budget
 - e. that Local Government NSW has long advocated for the Emergency Services Levy to be significantly modified to ensure it is transparent, equitable and accountable.
2. That Council supports Local Government NSW's calls for:
 - a. the NSW Government to cover the initial additional \$19m increase to local governments for the first year and
 - b. the NSW Government to work with NSW local governments to redesign the funding mechanism for the scheme to ensure fairness into the future.
3. That the General Manager liaise with Local Government NSW on:
 - a. the impact on council budgets and
 - b. Council advocacy actions undertaken.
4. That Council:
 - a. write to the Premier and Interim Opposition Leader, Minister for Customer Services, Minister for Emergency Services, Minister for Local Government and Shadow Minister for Local Government, and State Member for Cessnock to:
 - i. call upon the NSW Government to fund the 12 months of this extra cost rather than requiring councils to find the funds at short notice when budgets have already been allocated
 - ii. explain how this sudden increase will impact council services / the local community.
 - iii. highlight that councils were not warned of the increased cost until May 2019, despite the new laws being passed in November 2018

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- iv. **explain that the poor planning and implementation of the increase is inconsistent with the Government's commitment to work in partnership with the sector**
- v. **ask the Government to work with local governments to redesign the implementation of the scheme to ensure it is fairer for councils and communities into the future.**
- b. **provide a copy of the above letter to Local Government NSW.**

REPORT/PROPOSAL

As highlighted to Councillors in the Weekly Circular on 10 May 2019, there has been a change to the emergency services levy. The contribution for Council (funding SES & FRNSW) has increased from \$404,315 in 2018-19 to \$448,567 in 2019-20, an increase of \$44,252. Some of this impact on Councils draft budget 2019-20 has been attenuated as the draft contained a budget estimate of \$438,000 for Council contribution, this will mean an additional \$10,500 will need to be provided in 2019-20. This does not include any impacts on Councils insurance policies, the RFS operational budget and expected future impacts have not been quantified.

Each year, the NSW Government collects payments from councils and insurers to fund emergency services agencies in NSW, with councils required to pay 11.7 per cent of the budget required by NSW Emergency Services. These charges are embedded in council rates and insurance premiums.

From 1 July 2019 the NSW Government plans to collect an additional \$160 million in 2019/20 from NSW councils, communities and those paying insurance premiums to provide better workers' compensation coverage for volunteer and career firefighters who are diagnosed with one of 12 specific work-related cancers.

Councils were sent bills with a letter from Revenue NSW in May 2019, saying NSW council contributions will increase by \$19 million in 2019/20. The letter also foreshadowed increases in the following year, but not the amount.

Council received an invoice from Revenue NSW for \$448,565.59 for its emergency services levy contribution. This is \$44,252 more than last year's levy, a 10.9% increase, while at the same time Council is restricted by rate pegging legislation which limits Councils general rate increase to 2.7% and the 10.9% increase is well above any reasonable allowance in our draft 2019-20 budget. This will mean council will need to find additional funds and/or cut planned initiatives or services.

Council supports career and volunteer firefighters in NSW – as it does all emergency services workers and volunteers. Indeed, many NSW council staff and Councillors are volunteers. We also support the Bill passed in November 2018 to address what was a workers' compensation shortfall.

However, the sector was at no point advised that it would be required to cover the cost via significant increases to the emergency services levy, or what this cost would be.

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Local Government NSW is calling upon the NSW Government to fund the first 12 months of this extra cost and work with local governments to ensure the implementation of the funding mechanism is fairer into the future. To this end Council staff have already provided financial information to Local Government NSW of the impact and noted Councils objections in regards to the lateness of the funding contributions change.

ENCLOSURES

There are no enclosures for this report