



SITREP 13/17

The Fire and Emergency Services Levy - Berejikian's new billion dollar tax

The Berejiklian Government claims its new Fire and Emergency Services Levy (FESL) is not new, just fairer. Neither is true.

The FESL is not merely tinkering at the edges. It is a new billion dollar tax on property owners and will cost many NSW households hundreds of dollars more each year.

At present around three quarters of the funding for our two fire services and the SES comes from a levy on insurance companies. Most (but not all) insurers pass on the cost of this levy to their policy holders.

NSW Treasurer Dominic Perrottet says this levy is currently costing the average fully-insured household \$233 per year, which will no longer be paid under his new FESL.

So insurance will become cheaper. The Treasurer also claims that the average fully-insured residential property owner will save \$47 per year (the remaining \$186 being the cost of the new FESL).

The problem is that the Government's FESL will be based on unimproved land values set by the Valuer-General and the \$47 saving is based, by our reckoning, on an unimproved residential land value of about \$330,000. To put that into context, the Valuer-General's average unimproved residential land value across NSW is \$572,000, and in Sydney it is \$902,000.

The FBEU has estimated that the FESL on \$572,000 will cost about \$249 per year, and the FESL on \$902,000 about \$335. If we are even close to correct then the Treasurer's \$47 saving has suddenly blown out to an extra \$100 cost for thousands of households. Ironically, it is the residents in the Liberals' own north shore, northern beaches and eastern suburbs heartlands that will be hit the hardest of all.

The bottom line is that if you own a residential property without contents insurance then you will probably pay more and if your unimproved residential land value is over \$500,000 - or if you live in Sydney - then you will almost certainly pay more.

The Treasurer promised that *"from May 1, property owners will be able find out how much they will pay"*. Great, but the Government already pushed the Bill through the lower house of Parliament last night.

Our figures are the result of an attempt to understand and model the impact of the Government's Bill before it is too late. We are confident they are correct, but the public should not have to rely on the FBEU for the truth about this new billion dollar tax.

The Government and Treasury were given our calculations yesterday for comment. A spokesman for the Treasurer is quoted in today's Sydney Morning Herald as saying that the FBEU's figures *"do not appear to accurately reflect the amount of FESL that property owners will pay"*, but released no figures of their own. Why? The Berejiklian Government should release the actual cost of the FESL to property owners now, before the FESL becomes law.

Leighton Drury
State Secretary

Wednesday 29 March 2017

Union claim Reform figures wrong

Homeowners face \$471 annual fire service bill

Sean Nicholls
State political editor

Sydney homeowners face average annual bills as high as \$471 under a new system for funding the state's fire and emergency services, an analysis suggests.

The figure, based on NSW fire fighters' union analysis, is 2½ times the \$185 average touted by the state government when it unveiled the reform earlier this month. The analysis reveals homeowners in North Sydney, Mosman and the northern beaches face paying the higher average levy as they prepare to vote in the North Shore and Manly by-elections on April 8.

Treasurer Dominic Perrottet has introduced legislation to Parliament that shifts the bulk of the funding of the \$950 million annual fire and emergency services budget from a tax on insurance contracts to a levy on all NSW land from July 1.

Homeowners will be able to calculate the exact size of the levy from May 1 after the fire and emergency services budget is set.

But announcing the reform, Mr Perrottet said the average bill for residential property owners would be \$185. The government says for fully-insured homeowners the fire services levy contribution should drop from an annual average \$233, for a saving of \$47 a year.

However, the Fire Brigade Employees Union analysis shows the highest residential payments will on average be \$471.

It says homeowners in areas including Parramatta, Canterbury, Ku-ring-gai, Bankstown, Burwood, Canada Bay, Hornsby, Ryde and Strathfield face annual bills of \$361.

For homeowners in Sydney's west, including Liverpool, Penrith,

The Hills, Campbelltown, Fairfield, Hawkesbury, Blacktown, Blue Mountains and Camden, the bill is estimated at \$224.

A spokesman for Mr Perrottet said the union figures "do not appear to accurately reflect the amount of FESL that property owners will pay" but did not release government estimates.

The union also argues the burden of funding will shift towards residential land owners and away from business under the reforms.

A 2011 Insurance Council report said residential property owners contributed 45 per cent to the three-quarters of the fire and emergency services budget raised through insurance contracts under the existing system. Commercial property owners contributed 49 per cent.

'[It's] a new billion-dollar tax on property owners.'

Leighton Drury, FBEU

Under the changes, the residential component is 58 per cent and for commercial land 26.6 per cent.

Mr Perrottet's spokesman said the government figures were based on "far more rigorous and comprehensive data" than the "estimates" in the Insurance Council report.

FBEU state secretary Leighton Drury said the levy was "a new billion-dollar tax on property owners that will cost many NSW households hundreds of dollars more". He said a government promise that land owners can calculate the exact amount of their levy from May 1 was too late as "the Berejiklian government is trying to ram this through the Parliament now".