

Item 3.2

Emergency Services Levy Increase

File No: S051491

Minute by the Lord Mayor

To Council:

Council supports career and volunteer firefighters in NSW – as it does all emergency services workers and volunteers. We also support the Bill passed in November 2018 by the NSW Government to address what was a workers' compensation shortfall.

Each year, the NSW Government collects contributions 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 funded through council rates and embedded within insurance premiums.

From 1 July 2019, the NSW Government plans to collect an additional \$160M (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 \$19M in 2019/20. The letter foreshadowed further increases in the following year, but did not disclose the amount.

The City of Sydney has now received its Council Contribution Assessment Notice from Revenue NSW for \$4.487M for its emergency services levy contribution. This included a more than 14 per cent increase over last year's levy, equal to an increase of \$561,000.

Council were not advised that it would be required to cover the cost via significant increases to the emergency services levy, or what this cost would be, until after the draft budgets were formulated, balanced and submitted for public exhibition.

The City of Sydney manages its financial resources to ensure council's long term sustainability, and demonstrates this to its community through public exhibition of its 10 year long term financial plan, as part of the NSW Government's Integrated Planning and Reporting requirements. Given the late notice of this significant increase, the City will be forced to increase its annual expenditure budget by \$0.441M for 2019/20, and reduce its planned operating surplus, a surplus that is used to fund its capital works commitments to the City's community.

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 implementation of the funding mechanism is fairer into the future. Unless the funding mechanism is revised, the additional impost over the 10 years of our current long term financial plan, will be in excess of \$5M for the City alone.

Recommendation

It is resolved that:

- (A) Council note:
- (i) that last December, the NSW Government enacted laws to provide better workers compensation coverage for firefighters who are diagnosed with one of 12 specific work-related cancers;
 - (ii) that in many areas of NSW, fire and emergency services are made up of elected and staff members of local government, and that local governments strongly support this expanded workers compensation scheme;
 - (iii) 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;
 - (iv) 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 absorb this charge within Council's 2019/20 endorsed draft budgets; and
 - (v) that Local Government NSW has long advocated for the Emergency Services Levy to be significantly modified to ensure it is transparent, equitable and accountable;
- (B) Council support Local Government NSW's calls for:
- (i) the NSW Government to cover the initial additional \$19M increase to local governments for the first year; and
 - (ii) the NSW Government to work with NSW local governments to redesign the funding mechanism for the scheme to ensure fairness into the future;
- (C) the Chief Executive Officer be requested to liaise with Local Government NSW to provide information on:
- (i) the impact on council budgets; and
 - (ii) Council advocacy actions undertaken;
- (D) the Lord Mayor be requested to:
- (i) write to NSW Minister for Customer Services, NSW Minister for Emergency Services, NSW Minister for Local Government and NSW Shadow Minister for Local Government, and local state members to:
 - (a) 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;
 - (b) explain how this sudden increase will impact council services / the local community;
 - (c) highlight that councils were not warned of the increased cost until May 2019, despite the new laws being passed in November 2018;

- (d) explain that the poor planning and implementation of the increase is inconsistent with the NSW Government's commitment to work in partnership with the sector; and
 - (e) ask the NSW 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; and
- (ii) copy the letter referred to in (D)(i) above to Local Government NSW.

COUNCILLOR CLOVER MOORE

Lord Mayor