

# **FIRE SERVICE AMENDMENT BILL 2009**

## **SECOND READING SPEECH NOTES**

Mr President,

Following concerns raised by the Local Government Association of Tasmania and a number of Councils in regard to large yearly rises and falls in individual Councils' Fire Service Contributions I instigated a Review in June 2008 to address their concerns.

The purpose of the Review was to identify the reasons for the large rises and falls and to recommend changes that would assist in alleviating these inconsistencies.

The Review Committee comprised a representative from a southern Council (Clarence), the Local Government Association of Tasmania, the Local Government Division of the Department of Premier and Cabinet, the Office of the Valuer-General and the Tasmania Fire Service (TFS).

In order to determine the Fire Service Contribution that each Council must collect each year the Commission requests from Councils their yearly assessed annual values of land. Each council may have from one to four different categories of land. The Commission is also required to request from the Valuer-General an adjustment factor for each different category of land for each council. The Commission is then required to apply the adjustment factor(s) for a particular council to that council's assessed annual values of land. Once adjustments have been made to the council's assessed annual values of land the Commission then sums all land values for a particular category and then divides the sum by the proposed Fire Service Contribution to be collected in order to determine a State rate in the dollar for that category of land. The rate in the dollar is then used to determine how much a council is required to collect from individual property owners by multiplying the adjusted assessed annual value of land by the rate in the dollar for that category of land. As there are four different land categories this process is repeated for each category.

The adjustment factors are applied to existing Government valuations in between the current six-yearly revaluation cycle and are designed to minimise the big fluctuations in valuations that can occur between revaluation cycles. The adjustment factors are determined every two years for assessed annual values of land. The Review Committee highlighted the importance of the Valuer-General's adjustment factor and considered it to represent the single most influential variable affecting the outcome of the Commission's calculations and hence the amount each Council is required to collect.

The Review Committee noted that a new methodology to determine the adjustment factor had recently been introduced by the Valuer-General. The Committee was concerned, however, that in applying the new adjustment factor(s), the Commission was still unable to significantly smooth out significant annual fluctuations in individual Council contributions. The major problem appeared not to be the determination of the adjustment factor(s) for an individual Council but the requirement under the Act to sum all individual council adjusted land values for a particular land category and then determine a State rate in the dollar. This process leads to significant year to year fluctuations in the amount that individual councils are required to collect.

The Review identified that the formula in the *Fire Service Act 1979* and the interrelationship between the various components in the formula had a major impact on some Council's Fire Service Contribution calculation. As a consequence a number of recommendations were made to mitigate the large movements in individual Council yearly contributions.

The Bill seeks to smooth out significant annual fluctuations in individual Council Fire Service Contributions, by including a six year rolling average of adjusted assessed annual values of land and an adjustment rate that will allow for a maximum yearly percentage increase or decrease in the Fire Service Contribution. This will ensure that no individual Council's Fire Service Contribution will increase or decrease from year to year by more than a pre-determined percentage. The overall yearly percentage increase or decrease will be determined by the State Fire Commission as part of the budget process and be subject to approval by government. This process will not generate any more income for the Commission but it will make individual Council contributions more equitable.

In reviewing the calculation of the Fire Service Contribution the Review also recommended a number of other minor changes to the Act and these have also been incorporated in the Bill.

The minor changes include a more realistic reporting timeframe for Councils and the Commission, abolition of the gazettal of the Commission's minimum assessed annual value of land calculation, as Councils individually calculate this, and the annual reconciliation by Councils of land value information with that of the Valuer-General prior to submission to the State Fire Commission. Councils will be required to furnish their assessed annual values of land, which are determined as at 1 July each year, to the Commission by 30 September in that year instead of 15 April in the following year. The Commission will be required to notify Councils, by 30 April each year instead of 1 June, of the Fire Service Contribution that they are to collect in the following financial year.

I commend the Bill to the House.