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PARLIAMENT OF TASMANIA

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PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

**Short Inquiry into the Tasmanian Government's  
Proposed Tasmanian Fire and Emergency Services  
Funding Model**

**Members of the Committee**

**Legislative Council**

**Hon Ruth Forrest MLC**  
(Chair)

**Hon Luke Edmunds MLC**  
(from 21 May 2024)

**Hon Bec Thomas MLC**  
(from 21 May 2024)

**Hon Meg Webb MLC**  
(until 14 February 2024)

**Hon Josh Willie MLC**  
(until 27 February 2024)

**House of Assembly**

**Ms Lara Alexander MP**  
(until 14 February 2024)

**Mr Simon Behrakis MP**  
(from 14 November 2023)

**Dr Shane Broad MP**  
(until 14 February 2024)

**Mr Mark Shelton MP**  
(from 23 May 2024)

**Mr Josh Willie MP**  
(from 23 May 2024)

# Table of Contents

<b>Charter of the Committee</b> .....	<b>ii</b>
<b>Abbreviations and Acronyms</b> .....	<b>iii</b>
<b>Executive Summary</b> .....	<b>1</b>
<b>Summary of Findings</b> .....	<b>2</b>
<b>Summary of Recommendations</b> .....	<b>3</b>
<b>Conduct of Review</b> .....	<b>4</b>
<b>Background</b> .....	<b>8</b>
<b>Ministerial Responses</b> .....	<b>10</b>

## Charter of the Committee

The Public Accounts Committee (the Committee) is a Joint Standing Committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970* (the Act).

The Committee comprises six Members of Parliament, three Members drawn from the Legislative Council and three Members from the House of Assembly.

Under section 6 of the Act the Committee:

- **must** inquire into, consider and report to the Parliament on any matter referred to the Committee by either House relating to the management, administration or use of public sector finances; or the accounts of any public authority or other organisation controlled by the State or in which the State has an interest; and
  - **may** inquire into, consider and report to the Parliament on any matter arising in connection with public sector finances that the Committee considers appropriate; and any matter referred to the Committee by the Auditor-General.
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## Abbreviations and Acronyms

<b>AAV</b>	Assessed Annual Value
<b>Act</b>	<i>Public Accounts Committee Act 1970</i>
<b>Committee</b>	The Joint Standing Committee of Public Accounts
<b>Cth</b>	Commonwealth of Australia
<b>LGA</b>	Local Government Area
<b>MLC</b>	Member of the Legislative Council
<b>MP</b>	Member of Parliament
<b>PRR</b>	Pensioner Rate Remission
<b>RACT</b>	Royal Automobile Club of Tasmania
<b>TFES</b>	Tasmanian Fire and Emergency Services

## Executive Summary

The Committee responded to a letter from Mr Dean Winter MP drawing to the Committee's attention concerns about the modelling that had been used to develop the proposed funding model for Tasmanian Fire and Emergency Services (TFES).

The Treasurer Hon Michael Ferguson MP provided further information to the Committee which forms part of this Report.

During the process of this short inquiry the Hon Felix Ellis MP (Minister for Police, Fire and Emergency Management) made a determination not to proceed and stated this proposal was no longer Government policy.

The Committee determined to report the information that had been provided by the Treasurer and Minister Ellis.

The Committee made no findings or recommendations.



**Hon Ruth Forrest MLC**  
**Chair**

17 June 2024

## Summary of Findings

The Committee made no findings.

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## Summary of Recommendations

The Committee made no recommendations.

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## Conduct of Review

On 1 November 2023, the Tasmanian House of Assembly passed the following resolution:

*That the House calls on the Treasurer, the Hon. Michael Ferguson MP, to table all advice, financial modelling and any risk analysis received by him from the Department of Treasury and Finance between 8 April 2022 and 1 November 2023, regarding options for funding the Tasmanian Fire and Emergency Service by 5 pm on Wednesday 15 November, including the dates the advice was requested and received.*

On 14 and 15 November 2023, Hon Michael Ferguson MP (Treasurer) tabled documents in the House of Assembly in connection with the Tasmanian Government's proposed Tasmanian Fire and Emergency Services Funding model, which included a proposed levy.<sup>1</sup>

On 17 November 2023, Mr Dean Winter MP (Labor Member for Franklin) wrote to the Committee Chair stating:

*On Wednesday 15 November, the Treasurer of Tasmania, the Hon. Michael Ferguson MP tabled documents associated with the Tasmanian Government's proposed new fire tax.*

*The documents include several revelations, including that modelling released by the Government in relation to the proposed new taxation arrangements were not produced by the Department of Treasury and Finance, and did not fully fund the proposed new model.*

...

*As you will be aware, this proposed new tax has led to significant unease from local government, business groups and community members who are concerned about the financial impact of the changes. It is important any changes are properly scrutinised and I believe the Public Accounts Committee is well placed to do that.<sup>2</sup>*

The Committee through its 'own motion' resolved to conduct preliminary inquiries into the matter and write to the relevant Minister to seek further information with respect to the Tasmanian Government's proposed new fire levy including:

- the methodology and modelling used by Treasury and/or any other third party the Government had relied upon to inform them of the proposed Tasmania Fire and Emergency Services Funding Model, and
- the details of any meetings and/or communications between lobbyists and the Tasmanian Government with regard to the proposed Tasmania Fire and Emergency Services Funding Model.

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<sup>1</sup> See House of Assembly Tabled Papers 2023 (14 and 15 November 2023): [23.3 - \(3\) Department of Treasury and Finance Incoming Minister Briefing regarding 'State Fire Commission review – funding arrangements', dated 7 April 2022 and other papers related to the resolution of the House on 1 November 2023](#), [23.3 - \(1\) Correspondence dated 1 November 2023 from the Treasurer, Hon. Michael Ferguson MP, to Mrs Fiona Calvert, Acting Secretary of the Department of Treasury and Finance, in relation to the resolution of the House on 1 November calling for paper](#) and [23.2 - \(2\) Correspondence dated 8 November 2023 from Mrs Fiona Calvert, Acting Secretary of the Department of Treasury and Finance, to the Treasurer, Hon. Michael Ferguson MP, in relation to the resolution of the House on 1 November calling for papers and attaching a summary schedule of documents within scope of the request](#)

<sup>2</sup> Letter to Chair from Mr Dean Winter MP dated 17 November 2023



On 5 December 2023, the Committee wrote to Hon Michael Ferguson MP (Deputy Premier and Treasurer) and Hon Felix Ellis MP (Minister for Police, Fire and Emergency Management) with the aforementioned request for information and in line with the powers to summon the production of documents under both the *Public Accounts Committee Act 1970* (section 7) and the *Parliamentary Privilege Act 1858* (section 1), the Committee sought an unredacted copy of the documents that were tabled in the House of Assembly by the Treasurer on 15 November 2023.

With respect to the details of any meetings and/or communications between lobbyists and the Tasmanian Government, relating to the proposed Tasmania Fire and Emergency Services Funding Model, Minister Ellis replied by letter to the Committee (dated 15 December 2023).

The Treasurer replied to the Committee with respect to the remaining requests for information (dated 18 December 2023). Of note, the Treasurer was not prepared to share an unredacted copy of the requested documents citing:

*With regard to your third request, as you will note from the information tabled, and particularly the correspondence from Fiona Calvert, Acting Secretary of the Department of Treasury and Finance, the redactions consist of:*

- *Personal information of officers of the Department, to maintain privacy and ensure the duty of care to Treasury employees; and*
- *Cabinet information.*

*Consistent with established convention and practice, I am not able to share with your committee personal information of Department officers or Cabinet information. Maintaining the confidentiality of Cabinet decisions and deliberations is essential to a strong Cabinet system and effective public administration. It is my view that releasing this information to persons outside of the Cabinet would therefore be contrary to the public interest. The package of information provided to the House of Assembly was broad in scope with minimal redactions as described above.<sup>3</sup>*

On 22 December 2023, in considering the response provided with respect to the non-provision of the requested unredacted information, the Committee wrote to the Treasurer reminding him that:

*The reasons that you have provided for non-disclosure may be of merit in a public right to information setting but they bear no basis in a production of documents request under parliamentary privilege.*

*As with other in-confidence documents provided to the Committee from the Government and third parties in other Committee inquiries to date, the Committee will respect any request to keep the unredacted copy in confidence.<sup>4</sup>*

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<sup>3</sup> Letter to Chair from Hon Michael Ferguson MP dated 18 December 2023

<sup>4</sup> Letter from Chair to Hon Michael Ferguson MP dated 22 December 2023

On 9 January 2024, the Treasurer disagreed with the Committee’s aforementioned assertion but provided a less redacted confidential copy of the requested information (i.e., information that related to the personal information of officers of the Department of Treasury and Finance). Of import, the Treasurer stated (emphasis added):

*I note that these documents relate to options prepared by the Government for the purposes of public consultation, and that Minister Ellis has since stated that **these options will no longer be progressed with and are therefore not Government policy.***

*The Government is continuing to engage constructively with peak stakeholder groups to identify potential options for a fair and sustainable funding model to support an integrated Tasmania Fire and Emergency Service to protect Tasmanian lives and property.*

On 14 February 2024, Parliament was prorogued and the House of Assembly dissolved pending the outcome of the early Tasmanian election called for 23 March 2024.

On the same day, the following media statement was released by Minister Ellis:

***No new fire levy***

*The Rockliff Liberal Government has this morning paused the working group tasked with reforming the fire levies.*

*Importantly we remain steadfast in our commitment to progressing the important governance and structural changes to our fire and emergency service.*

*Minister for Police, Fire and Emergency Management Felix Ellis thanked representatives from business, industry, local government, unions and community leaders who have participated in the working group.*

*“We all agreed that fire, floods, and storms pose an increasing threat to Tasmania and that contemporary governance structures are required to deliver this,” Minister Ellis said.*

*“There is no unanimous agreement the design of a new funding model, despite constructive and positive conversations and engagement.*

*“We will always listen to Tasmanians and strive to be fair to households, fair to business, fair to our regions and also fair to our emergency services so they can save lives.*

*“We will not be changing the fire service levy model without agreement.*

*“We thank Tasmanians for their input through the consultation of the Fire and Emergency Services Bill.”<sup>5</sup>*

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<sup>5</sup> See Tasmanian Government Media Release, Felix Ellis, Minister for Police, Fire and Emergency Management (14 February 2024), No new fire levy, [https://www.premier.tas.gov.au/site\\_resources\\_2015/additional\\_releases/no-new-fire-levy](https://www.premier.tas.gov.au/site_resources_2015/additional_releases/no-new-fire-levy)

Upon commencement of the 51<sup>st</sup> Parliament of Tasmania, the reconstituted Committee resolved to cease its initial enquiries and table its final Report. This decision was based on two factors:

- the 9 January 2024 letter from the Treasurer noting Minister Ellis had since stated that these options would no longer be progressed with and were therefore not Government policy.
  - the 14 February 2024 media statement indicating the Government would not be changing the fire service level model without agreement. The media statement noted there was no unanimous agreement.
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## Background

The following extract from the documents tabled in the House of Assembly on 15 November 2023 provides background:

*In the lead up to the 2021 State election, the Tasmanian Government committed to undertaking full community consultation on the development of a contemporary new Fire Service Act.*

*In 2021, a review of the existing Fire Service Act 1979 was undertaken by Mr Mike Blake (the Blake Fire Service Act Review)<sup>6</sup>.*

*On 26 August 2021, the Blake Fire Service Act Review was released for consultation and included 45 recommendations for reform, including 16 financial management recommendations (Recommendations 10-25).*

*The Blake Fire Service Act Review recommended the following four funding models:*

- 1. Base case - continuation of the current model.*
- 2. A single property-based levy.*
- 3. A property based levy combined with a vehicle levy.*
- 4. Fully funded by annual appropriation.*

*At the time, the Government also committed that, as part of the consultation process, Treasury would release a separate Options Paper for consultation on potential funding models for the Tasmanian Fire Service and State Emergency Service to ensure that these services are funded in an equitable, transparent and sustainable way.*

*Treasury released an Options Paper in December 2021 which addressed the financial management recommendations of the Blake Fire Service Act Review and provided initial modelling for the four funding models recommended in the Blake Review.*

*The modelling presented in the Options Paper was very high level due to a significant number of limitations, including the inability to accurately model the impact of a change in the funding model for individual stakeholders.*

*Treasury does not hold the necessary information, as the existing Fire Service revenue is collected by third parties (i.e., local councils and Insurance companies). Therefore, any additional modelling beyond what was provided in the Options Paper will require significant resources and time.*

*...*

*Consultation on the Blake Fire Service Act Review and Treasury's Options Paper closed on 6 December 2021.*

*20 submissions were received, with 11 submissions directly addressed the funding*

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<sup>6</sup> A copy of the Blake Review of the Fire Service Act 1979 (October 2020) is available on the Department of Police, Fire and Emergency Management Tasmania website: <https://www.dpfem.tas.gov.au/pdf/REVIEW-OF-THE-FIRE-SERVICE-ACT-OCTOBER-2020.pdf>

*options examined in Treasury's Options Paper.*

*The majority of submissions were received from the insurance industry and commercial enterprises, with feedback indicating broad support for change to a sustainable funding model based on a property-based levy to replace the Fire Insurance Levy.*

*However, any change to the current funding arrangements is likely to be complex.*

*Even if a new funding model is implemented on a revenue-neutral basis, any change will shift the burden from one group to another, thereby creating winners and losers.*

*In general terms, a move to a property-based levy (options 2 and 3) would likely see the burden shift from businesses to individual taxpayers.*

*In the context of the current public debate around land tax, the imposition of increased property-based taxes at this time is likely to be contentious.<sup>7</sup>*

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<sup>7</sup> See [23.2 - \(2\) Correspondence dated 8 November 2023 from Mrs Fiona Calvert, Acting Secretary of the Department of Treasury and Finance, to the Treasurer, Hon. Michael Ferguson MP, in relation to the resolution of the House on 1 November calling for papers and attaching a summary schedule of documents within scope of the request](#)

# Ministerial Responses

## **Q1: The methodology and modelling used by Treasury and/or any other third party the Government has relied upon to inform them of the proposed Tasmania Fire and Emergency Services Funding Model**

Treasurer Ferguson provided the following response:

### **Overview**

*Treasury has developed a detailed excel-based model to estimate a range of funding options for the TFES.*

*The model has two main components:*

- 1. Funding requirement (TFES Operating Cost); and*
- 2. Revenue composition (Motor Vehicle Levy and Property Levy).*

*Modelling outputs only consider future scenarios as Treasury does not hold data in relation to the amount of insurance fire levy paid by individual businesses or the Fire Service Contribution amounts levied by individual councils.*

*Treasury is aware that the Fire Service Contribution is raised by local councils differently, leading to different rates being applied to property owners across the State. In some cases, the methodologies for collecting the Fire Service Contribution also differs. For example, when levying the Fire Service Contribution 'Council A' may use Capital Value and 'Council B' may use Assessed Annual Value (AAV).*

*Treasury's model therefore is not able to provide comparisons between the current model and any proposed new arrangements for individual properties.*

*As Treasury does not hold data in relation to insurance collections for individual businesses, the model is not able to provide information on any benefits of removing the insurance levy for those businesses, and how this may compare with any increased property levy.*

### **TFES Funding Requirement**

*A funding requirement of \$135 million has been assumed for the TFES. This figure is largely consistent with the 2023-24 State Fire Commission Corporate Plan which is available at <https://www.fire.tas.gov.au/userfiles/jackl/file/SFC/SFC%202023-24%20to%202026-27.pdf>.*

*The funding requirement consists of operating costs of the TFES that have been modified to remove some expenditure items which will not apply under the proposed model.*

*In addition, other revenue sources, such as revenue from the Australian Government and marketing activities, have been removed from the funding requirement.*

The below formula is then used to determine the amount of revenue or funding requirement that will need to be collected from the motor vehicle levy and the property levy.

$$\text{Funding Requirement} = (\text{Estimated TFES Cost} - \text{Adjustments}) - \text{Other Revenue}$$

### **Motor vehicle levy**

The model used a vehicle registration dataset provided by the Registrar of Motor Vehicles in August 2022. The dataset included the number of motor vehicle registrations liable for the motor vehicle levy (eg passenger and commercial vehicles), as well as those which are currently exempt (eg caravans, fire vehicles, horse floats, and motorcycles). It also included the number of vehicle registrations subject to a concessional motor vehicle levy (eg pensioner concession).

The following table provides a summary of the registration dataset:

<i>August 2022</i>	<i>Total</i>	<i>Concessional registrations</i>		<i>Non-concessional registrations</i>	
		<i>Liable</i>	<i>Exempt</i>	<i>Liable</i>	<i>Exempt</i>
<i>Registrations</i>	<i>691 298</i>	<i>121 104</i>	<i>36 811</i>	<i>382 493</i>	<i>147 890</i>

The number of concessional and non-concessional vehicle registrations and the 2021-22 motor vehicle levy rate of \$20 per vehicle (concessional rate of \$13) were inputs to determine the motor vehicle levy (see formula below). The rates are consistent with current arrangements.

### *Motor Vehicle Levy*

$$= (\text{Number of liable registrations} \times \text{MV rate}) \\ + (\text{Number of liable concession registrations} \times \text{MV concession rate})$$

### **Property levy**

#### Data adjustments

The model uses a de-identified PID dataset from the Valuer-General. The dataset contains around 283 000 rows of data which includes all properties available in August 2022 and their valuations including AAV for 2022-23.

The dataset modified by Lands Tasmania to include additional fields to ensure that Treasury can identify exempt properties. The additional fields are based on cadastral type data used in LIST map (eg Crown land/State forest).

The AAV data was then aggregated based on the Valuer-General's land classifications (commercial, community services, industrial, other, primary production and residential).

The 2022-23 AAV base was indexed to a 2024-25 value based on the long-term growth in Tasmanian AAV. The long-term AAV growth rate (6.2 per cent) is based on the 15 year compound annual growth rate (up to 2022-23).

The table below shows the AAVs by land classification used in the model:

<i>Land classification</i>	<i>Estimated AAV (4m)</i>
<i>Commercial</i>	<i>1 008</i>
<i>Community Services</i>	<i>114</i>
<i>Industrial</i>	<i>323</i>
<i>Other</i>	<i>1</i>
<i>Primary Production</i>	<i>708</i>
<i>Residential</i>	<i>5 758</i>

#### Concession adjustment

While Treasury does not have specific information linking properties in the PID dataset to concession status, a proxy has been developed to determine the value of concession payments for residential properties.

The proxy is based on pensioner rate remission (PRR) data and residential AAV by local government area (LGA). It is assumed that a homeowner receiving a PRR would also be eligible to receive a property levy concession.

The value of concession payments has been calculated using the property levy concession rate (30 per cent) and the estimated concessional AAV for each LGA. The property levy concession rate used in the model reflects a higher rate than the current 20 per cent discount.

It is important to note that the concession value reflects the growth in residential AAV. The concession is also built into the model to ensure the correct amount is being raised from the residential property classification. The model estimated approximately \$5 million in concessions using a concession rate of 30 per cent and residential property levy of 1 per cent.

#### *Residential Property Concession*

$$= \text{Concessional Residential AAV by Local Council} \times \text{Concession Rate}$$

#### **Model capability**

The property levy is ultimately calculated as the balancing item after all other revenue (marketing revenue, Australian Government funding and motor vehicle levy) is taken into account.

The model allows for different rates can also be developed for each land classification. Alternatively, a single rate can be applied for all properties. Where a differential rate is used, a higher rate in one category will result in a lower rate in another category (or categories).

Different concession rates can be reflected in the model.



*All variables are independent and can be amended as required to determine outcomes for a range of alternatives - this is done as a back-solving exercise to meet the agreed funding requirement.*

*The model aggregates this information across land classifications, taking into account residential concessions, to determine the total property levy amount as demonstrated in the formulae below.*

*Step 1 - Individual land classification calculations*

*Land classification levy*

*= Land classification AAV x Land classification rate – Concession\**

*\*The concession only applies to the residential land classification calculation.*

*Step 2 - Sum of land classification calculations*

*Property Levy =  $\Sigma$  Land classification levies*

*Step 3 - Total TFES Levy*

*Funding Requirement = Motor Vehicle Levy + Property Levy*

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**Q2: The details of any meetings and/or communications between lobbyists and the Tasmanian Government with regard to the proposed Tasmania Fire and Emergency Services Funding Model**

Minister Ellis, provided the following response:

*There has been no engagement with lobbyists who are included on the Register of Lobbyists by the Integrity Commission Tasmania: Register of Lobbyists – Integrity Commission*

*As part of the consultation process for the reforms there has been engagement with industry peak bodies ..., some of whom may be clients of lobbyists included on the Register of Lobbyists.*

The TFES Stakeholder Engagement was cited:

- Insurance Council of Australia
  - Local Government Association of Australia (sic)
  - Property Council of Tasmania
  - Royal Automobile Club of Tasmania
  - Shopping Centre Association of Australia
  - State Emergency Service Volunteer Association
  - State Fire Commission
  - State Fire Management Council
  - Tasmanian Chamber Commerce and Industry
  - Tasmanian Farmers and Graziers Association
  - Tasmanian Forest Products Association
  - Tasmanian Minerals, Manufacturing and Energy Council
  - Tasmanian Retained Volunteer Firefighter Association
  - Tasmanian Small Business Council
  - Tasmanian Volunteer Fire Brigades Association
  - United Firefighters Union
  - Government agencies
-