



AUSTRALIAN INDUSTRY
GROUP

Australian Industry Group submission

Victorian Fire Services Property Levy

23 November 2011

Introduction

The Australian Industry Group welcomes the opportunity to provide a submission to the Victorian Government in the design of the Victorian Fire Services Property Levy (VFSPL).

Ensuring businesses and households have access to ongoing high quality fire services in Victoria is an important objective and the Australian Industry Group welcomes the move to a property-based levy. We also place great importance on the VFSPL being implemented in a way that minimises the costs on businesses across Victoria, including the costs borne by businesses associated with complying with the administration and collection of the VFSPL.

The Australian Industry Group fundamentally believes fire services are essentially a 'public good' which should be funded using broad means in an efficient and least cost way. Within the context of this position, this submission outlines the Australian Industry Group's responses to the questions and proposals outlined in the *Victorian Fire Services Property Levy Options Paper* (June 2011) released by the Victorian Department of Treasury and Finance.

Components of the statutory contributions model to be replaced by a property levy

The Australian Industry Group supports:

- Replacing statutory contributions from insurers, State and local Governments with a property levy.
- The State Government should continue to make a contribution through a levy on State Government property.

Tax base

The Australian Industry Group supports:

- A property levy on real property, including non-rateable property and property owned by the State and local Governments.
- The evaluation base should be on site value (i.e. the value of land only) as this is an economically efficient tax base.

Revision of the funding requirement and levy

The Australian Industry Group supports:

- The property levy rate being determined at the time of implementation and fixed, subject to biennial review.

Application of fixed and variable charge

The Australian Industry Group supports:

- The levy at a single rate.

Use of differential levy for geographic areas and by property type

The Australian Industry Group supports:

- The property levy at a single state-wide rate rather than differing by geography.

- Also, different levy rates should not apply to different property classifications.

Concessions

The Australian Industry Group supports:

- Concessions to holders of Health Care Cards, Pensioner Concession Cards and Department of Veterans Affairs gold cards. A fixed dollar amount discount is supported.

Collection agency

The Australian Industry Group supports:

- The State Revenue Office as the levy collection agency, given its existing expertise and efficiency in tax administration.

Transition arrangements

The Australian Industry Group supports:

- The tapering approach to phase out the insurance contributions before the introduction of the property levy.

Monitoring

The Australian Industry Group supports:

- Subject to the Essential Services Commission having the necessary powers, to be appointed to independently monitor the Fire Services Levy (FSL) transition process to ensure the insurance premium reductions from the abolishment of the existing FSL are passed on, including producing a public report on progress.

Conclusion

The Australian Industry Group welcomes the adoption by the Victorian Government of a property based levy to replace the existing fire services funding arrangements.

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