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Media release - Communities lose as state government hikes emergency levy to cover workers compensation shortfall

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Communities across NSW are facing a reduction of council services, and NSW councils are facing significant, unplanned budget shortfalls after being hit with unexpectedly large charges from Revenue NSW this week to help fund the NSW Government's new measures to provide better workers' compensation coverage for volunteer and career firefighters who are diagnosed with one of twelve specific work-related cancers.

The changes begin on 1 July this year.

Local Government NSW (LGNSW) President Cr Linda Scott said while councils strongly supported the new workers' compensation coverage, the NSW Government had chosen to pass on these significant additional charges to councils and communities by increasing the emergency services levy, rather than identifying savings in the state government's budget.

"Across NSW, many volunteer firefighters are also elected councillors or staff of local governments.

"Local government fully supports moves to ensure fair workers' compensation for volunteer and career firefighters in NSW.

"The NSW Government's decision to pass on significantly increased costs to councils and communities via their rates will mean councils need to make a difficult choice about which vital services they reduce or discontinue for their communities."

Each year, the NSW Government collects payments 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 embedded in council rates and insurance premiums.

When the Bill was passed late last year, the 128 councils in NSW were not informed or consulted about the NSW Government's decision to fund these changes via the emergency services levy, and as a result the financial implications were unknown until councils received invoices from Revenue NSW this week.

The NSW Government will now collect an additional \$160 million from councils, communities and those paying insurance premiums from 1 July 2019 to pay for its new workers' compensation provisions for firefighters.

This week, local governments received a bill and letter from Revenue NSW saying council contributions alone would rise by \$19 million in 2019-20, of which \$14 million is to support volunteer and career firefighters diagnosed with cancer. The letter also advised councils that there will be even further increases the following year but not what they will be.

Estimated costs for the City of Sydney Council are as much as \$221,000 in 2019/2020 alone.

"Many councils are in the final stages of setting their budgets for the coming year and had no warning of these additional costs to cover an unfunded commitment by the NSW Government," Cr Scott said.

"Regional and rural councils will be hardest hit – many are drought affected so the last thing they need is an unexpected hit to their budgets, and therefore the services they can offer communities.

"Regional councils are facing levy increases of more than 20 per cent - which in some cases is almost \$200,000 extra to either find or cut from their existing budgets.

"This will likely mean a reduction in local services to some communities."

Cr Scott said she was encouraged the new Minister for Local Government, Shelley Hancock MP, was looking for ways to help councils manage this unnecessary budget issue.

"I'm hopeful Minister Hancock and her ministerial colleagues will be able to fund a sensible outcome so communities aren't disadvantaged by the government's implementation of this important policy," Cr Scott said.

"Premier Gladys Berejiklian has said hers is a government that listens – we call upon the NSW Government to listen to the concerns of local governments, cover the additional \$14m for 2019/2020 and work with local government and emergency services to find a better and fairer path forward."

Media Enquiries

Susie Summers: 0448 718 892