

Submissions cover sheet

Post your submission with this cover sheet to: **Submissions 2009 Victorian Bushfires Royal Commission**
GPO Box 4358, Melbourne VIC 3001

Email your submission with this cover sheet to: enquiries@royalcommission.vic.gov.au

Title: Ms	First Name: Marianne	Surname: Di Giallonardo
Organisation represented by your submission (if applicable):		
Email address:	[REDACTED]	
Postal address:	[REDACTED] Ringwood 3134	
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Main topics addressed by your submission (please tick):		
<input type="checkbox"/> Causes and circumstances of the bushfires	<input type="checkbox"/> Essential services, including water and power	
<input type="checkbox"/> Policy, preparation and planning of governments, emergency services	<input type="checkbox"/> Buildings	
<input type="checkbox"/> Preparation and planning by communities and households	<input type="checkbox"/> Insurance	
<input type="checkbox"/> Response to the bushfires	<input checked="" type="checkbox"/> Other (please state): Fire Services Levy	
Please list any towns or communities that are discussed in detail in your submission:		
Please provide a general description of what materials you are providing as part of your submission (eg. Letter; document; DVD, photos. Please do not send originals):		
<ul style="list-style-type: none"> • Fire services levy and insurance reponse 		

Confidentiality

The Commission will consider all requests for confidentiality. Should you wish for your submission, or parts of your submission, to be treated as confidential, please clearly state the reason in the space provided below. If you require more room, please attach a separate page and provide together with your submission.

Should the Commission consider the request for confidentiality not to be appropriate you will be provided with an opportunity to withdraw your submission or re-submit it in a form suitable for publication.

Please select one of the following options

I acknowledge that my submission will be treated as a public document and may be published, quoted or summarised by the Commission.

OR

I request that my submission, or parts of my submission, be treated as confidential, and not published quoted or summarised by the Commission, for the reasons stated here:

Acknowledgements

I understand that:

- I can be contacted by the Royal Commission in relation to my submission.
- Anonymous submissions will not be accepted.
- The name and town or suburb of each submitter will be identified as part of every published submission. Other contact details will be removed before publishing.
- The Commission will not publish submissions if it believes that the submission material is or could be defamatory, offensive, contravenes anti-discrimination or anti-vilification legislation or is outside the scope of the Commission's terms of reference.

Signature: [REDACTED]

21/12/2009

Or if sending electronically please confirm your acknowledgment by ticking this box

Date

FIRE SERVICES LEVY AND INSURANCE RESPONSE TEMPLATE

The following response template is provided to assist interested parties to respond to the issues raised in the Victorian Bushfires Royal Commission's Fire Services Levy and Insurance Discussion Paper.

The Commission welcomes comments on any or all aspects of the discussion paper. Respondents should not feel confined to the issues raised by these questions and may comment on any issues the funding of fire services and insurance.

The use of this template is optional. All responses require a [coversheet](#).

FUNDING FIRE SERVICES DISCUSSION QUESTIONS

1. *What are the advantages and disadvantages of requiring insurance companies to fund a major part of the fire services?*

The advantages of requiring insurance companies to fund the fire services are that the insurance companies are in the best position to assess the fire risk in relation to the properties they insure and they are the major beneficiaries of fire services. The more effective the fire service the less the payouts required by the insurance companies.

The disadvantage of insurance companies funding a major part of the fire services is that non-insured or under insured properties are not paying an equitable share of the cost of the fire services.

2. *What are the advantages and disadvantages of applying a levy to non-insured and under-insured properties (while maintaining the FSL on other properties)?*

The advantage of applying a levy to non-insured or under-insured properties is that there would be a more equitable distribution of the levy.

The disadvantage is the administrative cost in assessing under insured properties and the capturing of non insured properties.

3. *What are the advantages and disadvantages of funding fire services through a property-based levy on all Victorian property and vehicle owners? Are there any factors that make a property-based levy more or less practicable in Victoria compared with other states?*

The advantage of a property based levy and vehicle owners levy is that there will be a more equitable distribution of the levy.

The disadvantage is that there will not be a clear link between the fire risk of the property and the charge on the property. A similar valued property built with a high risk fire rating in a fire prone area will pay the same as a low risk fire rating in a non fire prone area.

4. *What are the advantages and disadvantages of all Victorian property owners contributing to one fund for the funding of both the MFB and the CFA?*

The advantage of all Victorian property owners contributing to one fund is that there may be a reduction in costs of any duplication between the two fire services.

The disadvantage is that the volunteers are very attached to the CFA brand and it may be found that amalgamating the fire services will create different expectations from the volunteers and public who support a voluntary service.

5. *What are the advantages and disadvantages of introducing compulsory property insurance to address issues associated with the FSL?*

The advantages of introducing compulsory property insurance is in the event of fire all properties will be insured to a minimum level and thus allow property owners to reinstate their homes to at least a minimum level.

INSURANCE DISCUSSION QUESTIONS

6. *Is non-insurance and under-insurance a problem in Victoria? Do we have accurate data on this issue?*

Non insurance and under insurance is a problem in Victoria and may result in people not being able to rebuild after fire.

There is a lack of data as to the extent of the problem but the problem is known to exist. To assess the extent of the problem the State Revenue Office could compare its valuation data to the insurance values held by insurance companies.

7. *What reasons, if any, are there for the government to ensure residents in bushfire prone areas are adequately insured? What form should any government involvement take?*

The government ensuring residents in bushfire areas are adequately insured avoid the problems associated with having to house residents long term who are unable to rebuild as a result of funding. These people may then access other services that would not be required if the resident had been adequately insured.

8. *What effect would removing the FSL and stamp duty on premiums have on the uptake of property insurance?*

Insurance and the Fire Services Levy

The data from other states that use a property based system would suggest that there will at best only minimal effect on the uptake of property insurance (Victorian Government-Department of Treasury and Finance, fireservices and the non-insured-Green paper, Victoria, October 2009).

9. *Are there better tools, for example web sites, ready reckoners, etc that could be made available to property owners to assist them in accurately calculating the replacement cost of their property? Would the availability of such tools reduce under-insurance?*

People are currently more aware of non insurance and under insurance as a result of the Black Saturday fires. Better tools would require an extensive advertising campaign to have people make use of them as the majority of people probably do not change or review their insurance on an annual basis.

10. *Would it be practical for insurers to rate houses in bushfire prone areas for fire safety? If so, would this affect premiums? What are the practical advantages and disadvantages of involving the CFA (or persons accredited by the CFA) in reporting a property's fire readiness for insurance purposes?*

Insurers would already be rating houses in bushfire areas as part of their risk assessment in calculating premiums.

The practical disadvantage of involving CFA is the risk in assessing a property as fire ready and then it burns down. It is unlikely that the CFA would take this risk.

OTHER COMMENTS

11. *Please feel free to comment on any other issues relevant to the fire services levy and insurance below.*

Maroondah City Council's recommendation is that the fires services levy continue to be collected by the insurance industry as they are in the best position to assess risk in relation to fire and are the main beneficiaries of the fire services.

The proposal of the fire service levy becoming a property tax is not supported. However, if the State Government were to take this path then the 15% fire services cost that relates to vehicles should be separated from the total cost of the fire services and collected through the motor vehicle registration process. The SRO should collect the other 85% of the fires services cost as they are in the position of holding all Victorian valuation data. If it was considered appropriate, fire risk in relation to various areas could be overlaid on the valuation data.

The fire services levy is a State tax and should be collected by the State Government. Local Government should not be involved in collecting a tax or levy for which it is not responsible for raising. This would be a significant impost both financially and politically on local government.

Please send your completed response by email (if under five megabytes) to enquiries@royalcommission.vic.gov.au or post to:

Response
2009 Victorian Bushfires Royal Commission
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