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Centre of Full Employment and Equity

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Brief evaluation of the Fire Services Property Amendment (Emergency Services and Volunteers Fund) Bill 2025

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Summary

- As time passes, the significant growth in property wealth - the leviable tax base - should provide the Victorian government with sufficient financial resources via the FSPL to adequately fund FRV, without compromising other spending plans or requiring tax increases on other sources of revenue.
- There is thus considerable extra capacity to raise revenue via a levy to appropriately scale the level of government support for FRV to the value of protection it provides Victorian citizens and their property. At present, that level of support does not meet the scale required.
- The question that must be addressed in the context of the proposed Amendment Bill is will the changes the landowners, who must pay the levy, receive an appropriate level of risk abatement or is the Government simply compromising the link between risk abatement and levy burden.
- We have concerns that there will not be sufficient funds generated from the levy and that is perhaps the reason the Government has altered its funding guarantee from 87.5 per cent of FRV revenue needs to 'up to 87.5 per cent'. In other words, our modelling suggests the latter option – that the Government may compromise the link between risk abatement and levy burden - is most plausible.
- The safe option for government is to continue funding the additional organisations it desires to be funded from the FSPL (renamed as the ESVF) from consolidated revenue and ensure the revenue from the FSPL is adequate so that FRV can continue to provide the necessary risk protection to Victorians.
- The extra capacity that we have identified in this section can be used to improve funding for equipment and personnel for FRV and the CFA. In our view that is the safer option for government and the communities that depend on the fire services for protection and risk abatement.
- The Government has altered its funding guarantee with respect to FRV. The wording in the Fire Rescue Victoria Act 1958 is exact – 87.5 per cent, whereas the new Fire Services Property Amendment (Emergency Services and Volunteers Fund) Bill 2025 specifies 'up to 87.5% of FRV's budget'.
- The implication is that the Victorian government under some circumstances could legally (under this new Act) fund less than 87.5 per cent of FRV's annual requirements from the levy. The proposed Act sets no lower limit for this 'flexible' proportion.
- At the very least, the Minister should be required to explain the meaning, relevance and possible consequences of the new wording in relation to funding proportions for FRV.
- As it stands, the so-called 'flexibility' is biased to underfunding FRV from the levy revenue rather than guaranteeing it has sufficient revenue to meet its increasing financial needs.
- The current FSPL is levied by the Victorian government at rates designed to produce a given revenue outcome, which under the existing legislation is intended to be sufficient to meet up to 87.5 per cent of FRV's annual funding requirements. The balance of those requirements comes from the Consolidated Fund.
- The stark reality for FRV is that since the decision was taken and implemented to merge the two fire services in Victoria, there has never been a clear statement from the Victorian government which finalises an annual budget that adequately addresses the

strategic plans of FRV and the shifting environment in which it must operate, an environment that is indicating increasing revenue requirements. Rather, the Victorian government has taken an *ad hoc* approach with so-called Treasurer's advances being used to fill emergency funding shortfalls. That is no way to run a key organisation in the public service infrastructure that provides the risk mitigation and protection that we outlined in the previous section.

- In particular, the risk to Victorian citizens and their property that FRV manages does not seem to be reflected in the way in which the Government has approached the funding requirements of FRV.
- Research shows that the FRV District Area (excluding marine) spans just 1.5 per cent of the State of Victoria. Further, the FRV Districts serve 65.3 per cent of the Victorian population and 65.2 per cent of the Dwellings.
- We can estimate that 'value protection' of the FRV footprint by examining the Valuer-General Victoria data for 2024. The analysis confirms what should be unsurprising given the concentration of population in the Greater Melbourne area. FRV operations in the Greater Melbourne area protect 74.6 per cent of the total property value in Victoria. Adding the FRV Regional Centres means that FRV provides protection for 92 per cent of the total CIV in Victoria across the different property types.
- The motivation for the FSPL is that citizens should pay to reduce the risk of loss based on the value of the property at risk. That principle requires the tax authority – in this case the State government - to ensure that the risk is well managed and that the taxpayers get value for their contribution. That requires, in this context, that sufficient funds are raised to ensure that FRV can do its job given that it provides the dominant risk protection for people and property.
- We also explore the likelihood that the extra capacity to raise revenue from the property levy is sufficient to meet the needs of the expanded list of recipients proposed by the Amendment without impinging on the funding capacity of the FRV and the CFA.
- We have concerns that there will not be sufficient funds generated from the levy and that is perhaps the reason the Government has altered its funding guarantee from 87.5 per cent of FRV revenue needs to 'up to 87.5 per cent'.
- There is a paucity of information available in the public sphere which would allow an independent assessment of the viability and consequences of the proposed Amendment. If nothing else, the Government should release its own detailed modelling of the extra revenue to be raised and the likely extra grant requirements of the expanded list of recipients.
- What we can glean from publicly available information is that it is highly likely that the extra revenue will not cover the expanded grant requirements of the expanded list of recipients.
- Further, it is clear that FRV is currently underfunded both in terms of its ability to adequately remunerate its workforce and to meet the capital equipment investment needs. Further, there is likely to be increased demand on the emergency services in the years ahead.
- Taken together, it is unlikely that the ESVF will generate sufficient revenue based on current forecasts to meet its stated obligations.
- We recommend no change in the recipients to the FSPL levy.

1. Terms of Reference

The Centre of Full Employment and Equity (CofFEE) was commissioned by the United Firefighters Union (Victorian Branch) to provide commentary on the proposed *Fire Services Property Amendment (Emergency Services and Volunteers Fund Bill 2025)* and the implications of the changes for the funding of Fire Rescue Victoria (FRV).

2. The Fire Services Property Levy (FSPL)

To understand the impact of the proposed *Fire Services Property Amendment (Emergency Services and Volunteers Fund) Bill 2025* it helps to review the evolution of the Fire Services Property Levy (FSPL), which was designed to be a hypothecated source of funding for FRV and the CFA.

The *Fire Services Property Levy Act 2012* (hereafter 'The Act') established a 'fire services property levy on all land in Victoria … to fund Fire Rescue Victoria and the Country Fire Authority' (The Act, 2023: 1). The levy is administered through the Council rates collection and paid into the Consolidated Fund.

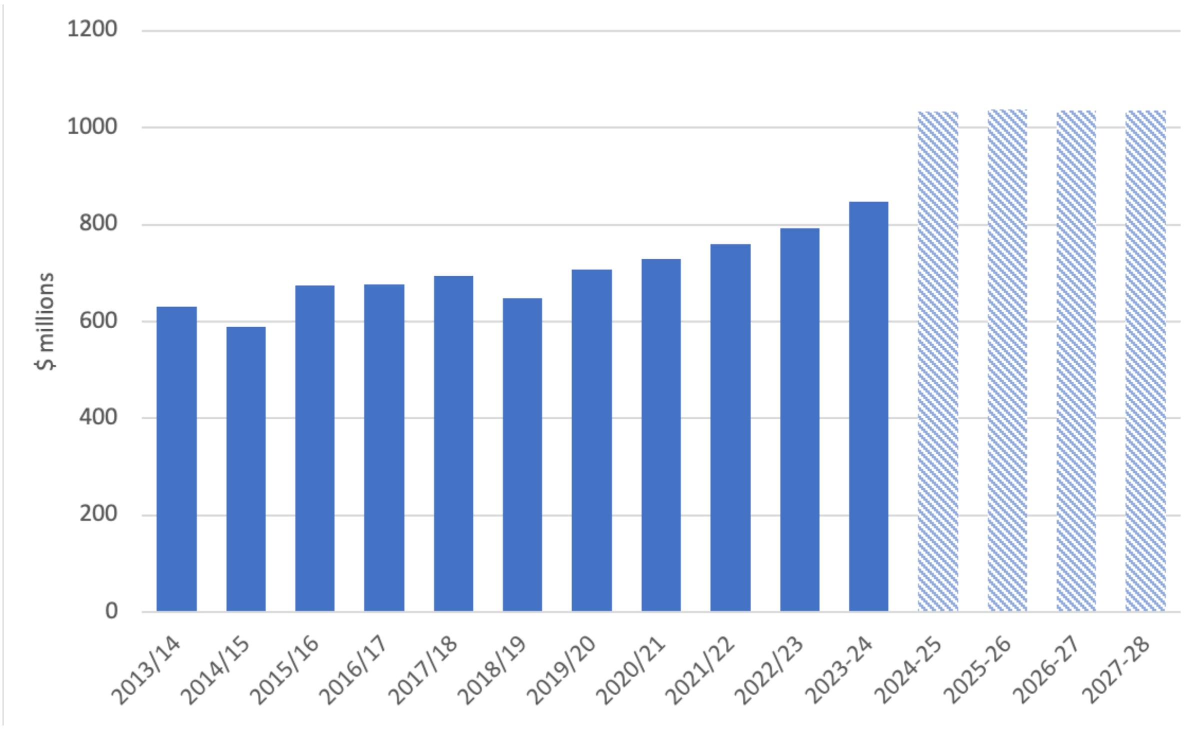
The Victorian Department of Treasury and Finance (2024: 169) notes that:

> Levy rates are set each year to target an amount of revenue to raise … 100 per cent of revenue from the levy goes to supporting the State's fire services, including funding vital life-saving equipment, vehicles, firefighters, staff and volunteers, training, infrastructure, and community education.

It is charged annually and has two components: (a) a fixed charge that is indexed to the Consumer Price Index, meaning it is largely preserved in real terms on an annual basis; and (b) a variable charge levied on the 'on the property's classification and capital improved value' (State Revenue Office, 2025). After July 1, 2020, 'it does not matter where your property is located. The same rate applies to properties in the same property classification, wherever they are in Victoria.'

Figure 1 shows the actual and projected revenue from the FSPL from 2013-14 to 2026-27. The hatched revenue estimates are the Victorian Treasury's projections in the *2024-25 State Budget - Statement of Finances*.

Figure 1 Fire Services Property Levy revenue, 2013/14 – 2027/28, $ millions



Source: Victorian State Revenue Office (SRO), Victorian Treasury Budget estimates, 2024-25.

On average, the FSPL revenue grew by 3.18 per cent per annum between the years 2013-14 and 2023-24. The projected annual growth for the period 2024-25 to 2027-28 is 5.82 per cent.

The Victorian government states that (Victorian Department of Treasury and Finance, 2024: 169):

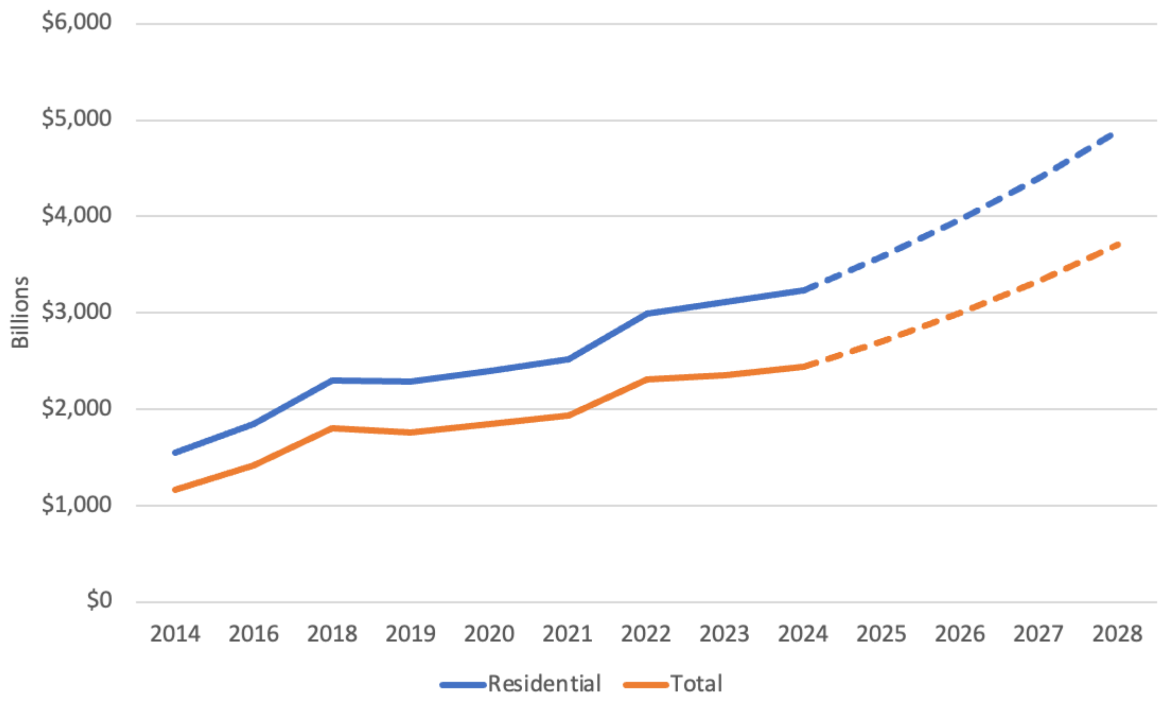
> The Fire Services Property Levy rates are set each year to target an amount of revenue to raise. In 2024-25, the revenue target is $1 033 million.

The tax base for the FSPL is thus comprised of the number of leviable properties in Victoria, including Residential, Commercial, Industrial, Primary Production, Public Benefit and Vacant land (excluding vacant residential land), which determines the total amount derived from the fixed charge. Further, the revenue from the variable charge is determined by the capital improved value of the leviable land (Capital Improved Value or CIV), which is estimated each year through annual revaluations of land holdings by the Valuer-General Victoria (VGV). The Valuer-General notes that CIV is the site value (land value) plus the value of all improvements including buildings.

In 2021, the overall net annual value for the 3.27 million properties subject to the FSPL was $2.51 trillion. The most recent data shows that by 2024, the value for the 3.38 million leviable properties has risen to $3.23 trillion in 2022 (VGV, 2024).

Figure 2 shows the CIV from 2014 to 2028 for residential and the total. The dotted lines (2025-2028) are extrapolated average annual values in the 2014-2024 period in each category.

Figure 2 Capital Improved Value, Victoria, 2014-2028, $ billions

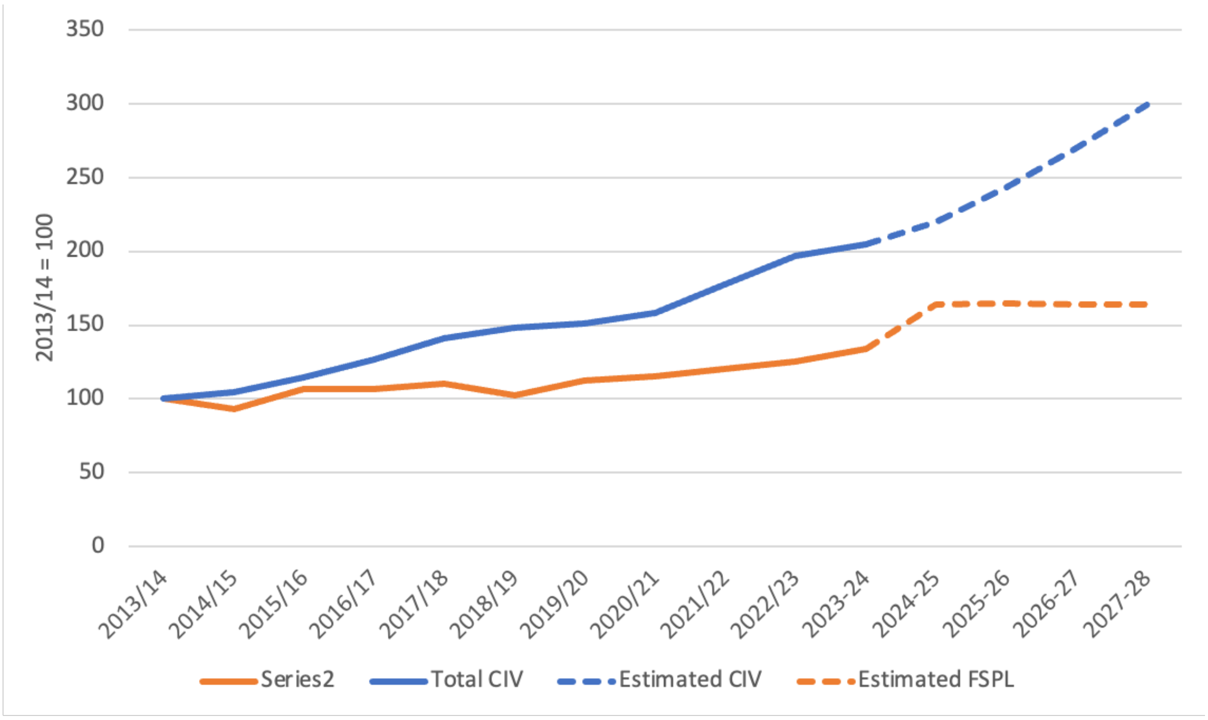


Source: VGV, *Outcomes Summary*, Various Years. Values for 2025-2028 estimated as per text.

Residential value dominates the total and between 2014 and 2024 increased by 110.2 per cent at an annual average rate of growth of 11.02 per cent. Total CIV rose by 110.4 per cent over the period 2014 to 2024 – an annual average rate of growth of 11 per cent.

Figure 3 reveals that there has been a growing gap between the increasing CIV of Victorian properties and the revenue gained under the FSPL and that projected in the most recent Victorian Budget. That gap increases substantially over the forecast period.

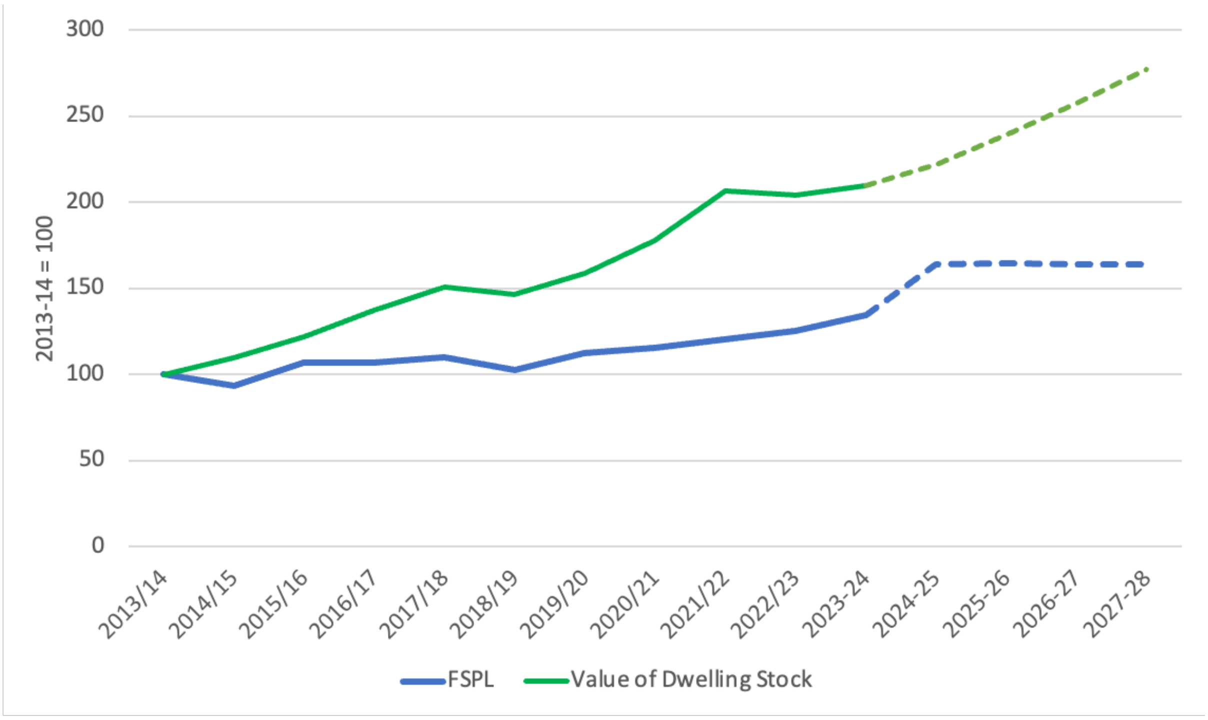
Figure 3 FSPL revenue, actual and estimated and CIV actual and estimated, 2013-14 = 100



Source: see Figures 1 and 2.

Figure 4 also shows the growing gap between the value of dwelling stock owned by households in Victoria and the projected FSPL revenues in the most recent Victorian Budget.

Figure 4 FSPL revenue and Property price growth, 2013-14 = 100



Source: Figure 3.

The FSPL is levied at rates designed to produce a given revenue outcome rather than reflect the variations in the CIV of Victorian properties.

As time passes, the significant growth in property wealth - the leviable tax base - should provide the Victorian government with sufficient financial resources via the FSPL to adequately fund FRV, without compromising other spending plans or requiring tax increases on other sources of revenue.

An approximate calculation suggests that had the average ratio of total FSPL to Total CIV between the fiscal years 2013/14 and 2023/24 been maintained through the forecast period, the levy would generate an extra $438 million in revenue by 2027/28 relative to the $1,035 that is allocated the Victorian government budget 2024-25. And that average includes the years in which the annual ratio was declining rather sharply.

The point is that there is considerable extra capacity to raise revenue via a levy to appropriately scale the level of government support for FRV to the value of protection it provides Victorian

Thus, the relevant question is whether the extra capacity to raise revenue from the property levy is sufficient to meet the needs of the expanded list of recipients in the proposed Amendment without impinging on the funding capacity of the FRV and the CFA.

We have concerns, which we detail later in this brief, that there will not be sufficient funds generated from the levy and that is perhaps the reason the Government has altered its funding guarantee from 87.5 per cent of FRV revenue needs to ‘up to 87.5 per cent’. In other words, our modelling suggests the latter option – that the Government may compromise the link between risk abatement and levy burden - is most plausible.

For this reason, we consider the Government should continue to fund the additional organisations it desires to be funded from the FSPL (renamed as the ESVF) from consolidated revenue and ensure the revenue from the FSPL is adequate so that FRV can continue to provide the necessary risk protection to Victorians.

The extra capacity that we have identified in this section can be used to improve funding for equipment and personnel for FRV and the CFA.

In our view that is the safer option for government and the communities that depend on the fire services for protection and risk abatement.

3. The changing funding guarantees

Our first concern, however, is the changing nature of the funding guarantees that the relevant Minister has announced in the proposed Bill.

In the Second Reading Speech, the Minister promised to:

> … fund up to 95% of the annual budgets for VICSES, Triple Zero Victoria, Emergency Management Victoria and Forest Fire Management Victoria.

He also noted that the Bill:

> … further amends the Country Fire Authority 1958 and Fire Rescue Victoria Act 1958 to allow the ESVF to more flexibly fund the CFA's and FRV's operating budgets. The FSPL currently funds a fixed 87.5% of FRV's annual budget and a fixed 77.5% of the CFA's annual budget. From July 1 2025 the ESVF will be able to fund variable proportions of up to 95% of the CFA's budget, and up to 87.5% of FRV's budget.

In relation to FRV, the amended wording in **Section 13 Determination of levy rates** (2A, Page 9) of the *Fire Services Property Amendment (Emergency Services and Volunteers Fund) Bill 2025* is as follows:

> The Minister must determine the percentage of the annual funding requirements of each funding recipient that is to be funding by the levy in a levy year, being a percentage not exceeding –
>
> (a) 87.5% in the case of Fire Rescue Victoria …

This funding 'guarantee' is different to that outlined in the *Fire Services Property Levy Act 2012* and the Minister should be required to clarify what is the meaning of the difference in wording.

In **Section 12 Determination of levy rates** of the *Fire Services Property Levy Act 2012* it is stated that (12(2)) for the 2013-14 levy year that the Minister will determine the levy rates with 'regard to … the annual funding requirements of the MFB, for which the State will contribute 12·5% and the levy will fund 87·5%, as determined under section 37 of the **Metropolitan Fire Brigades Act 1958**; and (ii) the annual funding requirements of the CFA, for which the State will contribute 22·5% and the levy will fund 77·5%, as determined under section 76 of the **Country Fire Authority Act 1958** … (emphasis in original).'

For later years up to the establishment of FRV, those proportions are not changed but there are additional considerations noted, including 'the funding requirements of the MFB and CFA in the levy year in which a determination under subsection (1) is to be made and any likely changes to the funding requirements of the MFB and CFA in the following levy year.'

Then for the 2019-20 levy year, the reference becomes FRV and CFA along the same lines as the previous paragraph.

Referring to the *Fire Rescue Victoria Act 1958*, which was formerly known as the *Metropolitan Fire Brigades Act 1958* (referred to in Section 12 of the *Fire Services Property Levy 2012*, **Section 37 Contributions towards annual expenditure** details how FRV will be funded.

The Act says:

> (1) The sum required to meet the total amount of contributions shall be contributed as follows …
>
> (a) one-eighth from the Consolidated Fund;

(b) seven-eighths funded by the levy under the **Fire Services Property Levy Act 2012**.

The *Consolidated Fund* was established under the *Constitution Act* 1975 and the *Financial Management Act 1994* and is the government's financial account that receives all revenue (barring those public authorities that legally account for their own fiscal affairs, such as the water corporations) and from which spending is drawn (via an *Appropriation Act*).

The *Fire Rescue Victoria Act 1958* thus authorises the relevant Minister (Treasurer) to make payments to FRV from the Consolidated Fund equal to 'one-eighth' of the annual budget requirements of FRV or 12.5 per cent.

The FSPL amount is then calibrated to fund the remaining 'seven-eighths' or 87.5 per cent of the annual budget requirements.

The wording in the *Fire Rescue Victoria Act 1958* is exact – 87.5 per cent, whereas the new *Fire Services Property Amendment (Emergency Services and Volunteers Fund) Bill 2025* specifies 'up to 87.5% of FRV's budget'.

The implication is that the Victorian government under some circumstances could legally (under this new Act) fund **less than 87.5 per cent of FRV's annual requirements from the levy**. The proposed Act sets no lower limit for this 'flexible' proportion.

Does this mean that the Government plans under some circumstances to fund more than 12.5 per cent of FRV's annual requirements from the Consolidated Fund?

What would be the circumstances that would lead to such a shift in proportionality?

What is the motivation for this change?

The *Explanatory Memorandum* issued to accompany the new Bill and help readers understand the variations discusses the meaning of Section 12(2A) covers the determination of the levy and the proportions that will be applied to FRV (see Clause 13 in the Memorandum). It notes that:

> … the Minister must determine a variable rather than fixed percentage of the annual funding requirements of each funding recipient funded by the levy in a levy year. Up to 87·5% of the annual funding requirements of Fire Rescue Victoria, and up to 95% of the annual funding requirements of any other funding recipient, may be funded by the levy in a levy year.

Clearly, that 'Explanatory' item provides no explanation at all for the change in the proportion that FRV is guaranteed to receive from the new levy. It allows for the possibility that the Minister could squeeze FRV of funding if the levy was insufficient to meet the needs of all the (expanded) list of recipients.

We note also that FRV is authorised under the *Borrowing and Investment Powers Act 1987* to borrow funds against its own assets and such borrowing is 'guaranteed by the Government of Victoria' and the Treasurer is empowered to make payments 'for fulfilling any such guarantee … out of the Consolidated Fund' (Section 47A(1) and (2)).

At the very least, the Minister should be required to explain the meaning, relevance and possible consequences of the new wording in relation to funding proportions for FRV.

4. The scope of FRV and CFA

We noted that the FSPL is levied by the Victorian government at rates designed to produce a given revenue outcome, which under the existing legislation is intended to be sufficient to meet up to 87.5 per cent of FRV's annual funding requirements. The balance of those requirements comes from the Consolidated Fund.

The stark reality for FRV is that since the decision was taken and implemented to merge the two fire services in Victoria, there has never been a clear statement from the Victorian government which finalises an annual budget that adequately addresses the strategic plans of FRV and the shifting environment in which it must operate, an environment that is indicating increasing revenue requirements. Rather, the Victorian government has taken an *ad hoc* approach with so-called Treasurer's advances being used to fill emergency funding shortfalls. That is no way to run a key organisation in the public service infrastructure that provides the risk mitigation and protection that we outlined in the previous section.

In particular, the risk to Victorian citizens and their property that FRV manages does not seem to be reflected in the way in which the Government has approached the funding requirements of FRV. In Section 5, we will consider this question in relation to the proposed changes to the legislation that will, if successful, add more organisations that would be funded by the levy revenue. Those extra bodies are currently funded from the Consolidated Fund. However, in this Section we detail some facts about the scope of FRV and the protection and risk management that it provides the State.

Fire Rescue Victoria (2025: 9) provides an unprecedented level of detail that combines 'historical FRV incident data up to the end of June 2022' with Australian Bureau of Statistics Census data from 2016 and 2021, which allows us to 'better understand demand patterns for fire and rescue response'.

In the 'Section 3 Overview' we are confronted with the reality of how significant FRV services are to the state of Victoria. The Summary Table (FRV, 2025: 17) (reproduced as Table 1 below) reveals that while the FRV District Area (excluding marine) spans just 1.5 per cent of the State of Victoria, the protection that FRV provides to Victorians covers 65 per cent of the population and dwellings.

Table 1 FRV Coverage, 2021

	FRV District Area	Rest of Victoria	Total
Number of People	4,247,925	2,255,566	6,503,491
% of People	65.3	34.7	100
Number of Dwellings	1,834,105	976,710	2,810,815
% of Dwellings	65.2	34.7	99.9
Total Area Covered (km$^{2)}$	3,472	224,051	237,523
% Area	1.5	98.5	100

Source: FRV (2025: 17). Note the District Area designation excludes the marine areas served.

We learn from that document that (FRV, 2025: 6):

'Incidents increased overall by 11% of 6 years' of the Study (2016-2021).

'Other Non-Fire Related activities grew by 15.4 per cent with the largest increase being EMR (52.2%)'

’58.9% of structure fires occur in residential property’.

‘There has been a 30.8% increase in EMR capability since 2016/17, with the number of FRV maintenance areas providing EMR, jumping from 65 to 85’.

A range of other indicators are provided which demonstrate the wide breadth of FRV services across all areas that it serves.

The data in Table 1 shows that the FRV Districts serve 65.3 per cent of the Victorian population and 65.2 per cent of the Dwellings. However, while that depicts the extensive scope of the FRV operations, the missing piece of information is the value of property protected. Clearly the inference is that FRV also protects a large percentage of the total value of property in Victoria.

We can estimate that ‘value protection’ by examining the Valuer-General Victoria data for 2024 (VGV, 2024). The Valuer-General Victoria provides extensive data on the capital improved value (CIV) and the ‘number of assessable properties against land use type for metropolitan Melbourne and regional Victoria’. The CIV is the ‘assessed market value of the property including both land (SV) and all improvements (such as buildings).’ It is the value that the variable part of the FSPL is based on. The annual valuations are compiled for residential, commercial, industrial, and rural properties in Victoria.

In addition to aggregate data, the Valuer-General Victoria published the data at the Municipality level (Local Government Areas) of which there 78 cities and shires accounted for. The problem we have in relating this data to the Fire Rescue Victoria Fire District geography is that the FRV districts are do not align spatially with the LGAs. In the Appendix to this note we map the two ‘layers’ – the LGA boundaries and the FRV Fire District boundaries. The FRV Fire Districts are concentrated within the Greater Melbourne area which comprises 31 Local Government Areas (LGAs) including 27 cities and 4 shires. In addition, there are 9 regional centres aligned with the major regional cities in Victoria, which dominate the relevant LGA.

We thus assume that the property that is protected by the FRV operations coincide with the LGAs that comprise the Greater Melbourne Area and the 9 regional LGAs. This is an approximation, but the results are unlikely to be distorted heavily by this assumption. Further, FRV (2025: 25) note that FRV does operate at times in the ‘CFA Response Area’ and vice versa – the so-called ‘mutual aid area’, which adds support to the viability of the assumption.

Table 2 thus breaks the Valuer-General Victoria data down by municipality and aligns the outcomes with the assumed FRV operations. It breaks the data down into CIV totals for the Greater Melbourne Area, the Regional FRV Centres, and Total FRV CIV protection in $ amounts and percentage of total Victorian CIV. It confirms what should be unsurprising given the concentration of population in the Greater Melbourne area. FRV operations in the Greater Melbourne area protect 74.6 per cent of the total property value in Victoria. Adding the Regional Centres means that FRV provides protection for 92 per cent of the total CIV in Victoria across the different property types. We provide further detail in the Appendix.

FRV provides risk mitigation (reduction of a ‘hazard occurring’) in several ways through ‘prevention’ and ‘preparedness’ in the regions that it operates (Fire District Review Panel Victoria, 2022). The motivation for the FSPL is that citizens should pay to reduce the risk of loss based on the value of the property at risk. That principle requires the tax authority – in this case the State government - to ensure that the risk is well managed and that the taxpayers get value for their contribution. That requires, in this context, that sufficient funds are raised to ensure that FRV can do its job, given that it provides the dominant risk protection for people and property in Victoria.

Table 2 CIV protected by FRV services, $m

	Residential	Commercial	Industrial	Rural	Other	**Total**
Greater Melbourne	$1,936,515.18	$226,870.42	$120,552.77	$50,848.76	$76,905.51	$2,411,692.64
Regional FRV	$210,523.74	$24,500.55	$14,646.31	$35,251.21	$8,501.73	$293,423.54
Total FRV	$2,147,038.92	$260,962.36	$143,202.63	$121,305.95	$90,610.56	$2,972,517.55
Total Victoria	$2,437,552.37	$275,990.40	$167,201.28	$247,664.28	$103,472.49	$3,231,880.81
Per cent of Total State						
Greater Melbourne	79.4	82.2	72.1	20.5	74.3	74.6
Regional FRV	8.6	8.9	8.8	14.2	8.2	9.1
Total FRV	88.1	94.6	85.6	49.0	87.6	92.0

Source: VGV. 2024 and Author’s calculations. Other column is Non-Rateable Leviable. Regional FRV are the Ballarat, Glenelg, Greater Bendigo, Greater Geelong, Greater Shepparton, Latrobe, Mildura, Wangaratta, and Wodonga where FRV has presence.

5. The proposed changes

5.1 The proposed changes

The *Fire Services Property Amendment (Emergency Services and Volunteers Fund Bill 2025)* (hereafter 'the Bill') has now passed the Third Reading stage in the Victorian Legislative Assembly (March 20, 2025) and is being considered by the Legislative Council.

In relation to the *Fire Services Property Levy Act 2012*, the Bill notes that the amendment intends 'to expand the coverage of that Act to emergency services and volunteers' (Section 1(a)) and the 'funding recipients' are defined in the Bill (Section 6) as:

- The CFA
- Fire Rescue Victoria
- VicSES
- Triple Zero Victoria
- Emergency Management Victoria
- The Emergency Management Commissioner
- The Chief Executive, Emergency Management Victoria
- The Secretary to the Department of Justice and Community Safety
- The Secretary defined by the Forests Act 1958 - that is 'the body corporate established by Part 2 of the Conservation, Forests and Lands Act 1987'

All these functions are important and deserve to be well funded given the central role they play in reducing hazard outcomes in Victoria. But the relevant question is which source of funding will best allow for the minimisation of the risk of loss in the State and provide citizens with value for money.

We focus in this section on the changes relating to the increased funding demands on the levy as a result of the expansion of the eligible recipients. We do not consider the other changes including coverage with respect to leviable properties.

The State Revenue Office (2025) summarised the major changes as:

- expansion of funding to include other emergency services in addition to the existing Fire Rescue Victoria and Country Fire Authority (CFA)
- CFA and Victoria State Emergency Service (VICSES) volunteers will be exempt from ESVF on their principal place of residence (PPR)
- the vacant land category will be abolished, with vacant land being allocated to its corresponding land use sector.

From 1 July 2026, a new category will be created for residential PPR, and non-PPR residential properties will incur the non-residential fixed charge.

As part of these changes, the Victorian government has indicated that the rates at which the levy will be administered across the different eligible property types will be substantially increased (see Table 3).

Table 3 Comparison of rates levied under 2024-25 FSPL and proposed by 2025-26 ESVF

Property Type	Current rates 2024-25			Proposed rates 2025-26		
	Variable rate (cents per $1,000 CIV)	Fixed charge $	Median liability $	Variable rate (cents per $1,000 CIV)	Fixed charge $	Median liability $
Residential PPR	8.7	132	191	17.3	136	254
Residential non-PPR	8.7	132	191	17.3	136	254
Commercial	66.4	267	748	136	276	1,240
Industrial	81.3	267	859	133	276	1,247
Primary Production	28.7	267	621	83	276	1,299
Public Benefit	5.7	267	320	5.7	276	329
Vacant	29	267	503	N/A	N/a	N/A

Source: Victorian Department of Treasury and Finance, Emergency Services and Volunteers Fund, https://www.dtf.vic.gov.au/emergency-services-and-volunteers-fund.

5.2 The grant income requirements of recipients and estimated ESVF revenue gains

The State Revenue Office (2025) indicated that they collected $839.5 million in 2023-24 via the FSPL. The State government budget for 2024-25 estimated that this revenue would increase to $1,033 million as a result of increases in property values among other factors.

There is a paucity of official information coming from Government to allow an independent analysis of the proposed legislative changes. In that sense, we have to put together the scant information that is publicly available. It should be beholden on the Government to release their modelling to allow for such independent scrutiny.

In the Second Reading in Parliament on March 20, 2025 of the *Fire Services Property Amendment (Emergency Services and Volunteers Fund) Bill 2025*, the Victorian Treasurer told the Parliament that (Victorian Hansard, 2025):

> The ESVF is expected to raise $610.9 million more in 2025–26, and $765 million more in 2026–27 and 2027–28, when fully implemented.

We can use those estimates to compare the evolution of the levy revenue with the estimated growth in revenue demands of the expanded list of recipients.

We assume that the Minister's statement to Parliament (above) means that the ESVF will increase revenue for the relevant fiscal year as indicated, relative to the most recent revenue estimates for the FSPL that were published in the Victorian Budget 2024-25.

Table 4 shows the predicted revenue stream published in the Victorian Budget for the FSPL and the new revenue estimates as per the Minister's statement for the ESVF. Over the three fiscal years starting 2025-26, the ESVF generates extra revenue of $2.14 billion.

Table 4 Comparing revenue streams under FSPL and ESVF, $ millions

	FSPL $millions[(a)]	ESVF $millions	Difference $ millions
2023-24 (actual)	839.5		
2024-25	1,033		
2025-26	1,038	$1,648.9	610.9
2026-27	1,035	$1,800	765.0
2027-28	1,035	$1,800	765.0

Notes: (a) 2023-24 figure is the State Revenue Office published revenue for the FSPL, data for 2024-25 to 2027-28 are as published in the Victorian Budget 2024-25.

In terms of the expanded group of recipients that will draw on the revenue generated by the proposed changes to the levy, we can use the grant revenue information for 2024 provided by the annual report of the Department of Justice and Community Safety (DJCS).

FRV 'receives income in the form of grants from the Victorian State Government through the Department of Justice and Community Safety (DJCS). The grants are significantly funded by the Fire Services Property Levy (FSPL) which is administrated by the State Revenue Office' (FRV, 2024: 118). In 2024, FRV received $1,070,026 thousand in government grants, which was 95 per cent of total revenue and income from transactions ($877,889 in 2023) and were mostly funded from the FSPL.

The Country Fire Authority (CFA) 'receives income in the form of grants from the Department of Justice and Community Safety (DJCS) and the Department of Energy, Environment and Climate Action (DEECA) to fulfil its objectives' (CFA, 2024: 78) to the tune of $339,494 thousand in 2024 (and $341,747 thousand in 2023). In 2024, the government grants comprised 75.3 per cent of CFA's total revenue and income from transactions.

While there is information about grant income in the respective annual reports for VicSES (2024) and Triple Zero Victoria (2024), we use the grant information provided by DJCS (2024) as the basis for our modelling. The DJCS Annual Report for 2023-24 notes the following grant expenses (DJCS, 2024: 89):

- FRV - $1,070,604 thousand
- CFA - $341,696 thousand.
- Triple Zero Victoria - $280,838 thousand.
- Victoria State Emergency Service Authority - $85,615 thousand.

DJCS (2024: 122) also notes that in relation to the Secretary to the Department of Justice and Community Safety that:

> Remuneration received or receivable by the Accountable Officer (Secretary) in connection with the management of the department during the reporting period was in

> the range: $670,000 - $679,999 ($770,000 - $779,999 in 2022-23, this has been restated to include the employment entitlements paid out upon resignation of the previous Secretary in 2022-23).

The VicForests Annual Report (2024: 89) tells us that:

> The total remuneration (inclusive of the payment of all accumulated leave and termination benefits) received or receivable by the Accountable Officer in connection with the management of VicForests during the reporting period was in the range $680,000 – $689,999 (30 June 2023: $380,000 – $389,999).

We have no public information available as to the outlays for the Chief Executive, Emergency Management Victoria and the Emergency Management Commissioner. We will assume these roles attract a similar remuneration as the Secretary of the DJCS as above. There is also no statutory obligation for Emergency Management Victoria and the State Control Centre within it, to produce an annual report, disclose revenue and costs, and there was no mention of the amount budgeted in the Budget Papers nor the DJCS Annual Report.

The other complicating factor is that the revenue estimates for the FSPL and later the ESVF are for fiscal years, whereas the annual reporting data is for calendar years. We also need to project the revenue needs for the various organisations out to 2027-28.

First, we assume the total nominal revenue that the recipient organisations will require over the period to 2027-28 increases in line with the Reserve Bank of Australia's CPI forecasts as published in the *Statement of Monetary Policy*, the most recent statement being February 2024. This is a conservative assumption. There are many reasons that lie outside the ambit of this note that would suggest revenue requirements will have to rise in real terms, which means they will have to grow at a faster rate than the CPI growth.

Second, to align two monetary streams we average the calendar year projections to create a financial year aggregate for each year to 2027-28.

In Table 5, we show the estimated projections for the recipients of the revenue generated from the proposed ESVF levy. Note that we are unable to fully estimate the outlays that are required to keep the statutory entity, Emergency Management Victoria (EMV) running for reasons noted above. We only include estimates of the salary payments to the CEO and the Commissioner of EMV, which we assume are like the payments to the Secretary in DJCS, which is reported in public documents.

There are other uncertainties relating to these estimates which we will discuss further on in the analysis.

Table 5 Estimated grant revenue streams for recipients of ESVF levy, $ millions

	2023-24 $m	2024-25 $m	2025-26 $m	2026-27 $m	2027-28 $m
FRV	970.5	1086.1	1118.8	1151.3	1182.5
CFA	337.2	346.7	357.1	367.5	377.4
VicSES	98.0	87.9	90.5	93.1	95.7
TZV	251.4	284.9	293.5	302.0	310.2
Secretary DJCS	0.60	0.69	0.71	0.73	0.75
Secretary VicForests	0.60	0.69	0.71	0.73	0.75
EMV CEO	0.60	0.69	0.71	0.73	0.75
EMV Commissioner	0.60	0.69	0.71	0.73	0.75
Total Requirements	**1659.5**	**1808.3**	**1862.7**	**1916.9**	**1968.8**

Notes: (a) 2023-24 figure is the State Revenue Office published revenue for the FSPL, data for 2024-25 to 2027-28 are as published in the Victorian Budget 2024-25.

Table 6 compare the two revenue streams: (a) the estimated revenue from shifting to the ESVF levy in 2025-26 (Table 2); and (b) the estimated grant revenue streams for the recipients of the revenue generated by the ESVF (Table 3). Clearly, the new levy would not generate sufficient revenue to meet 100 per cent of the grant requirements of the new recipient group. In each of the financial years to 2027-28.

Table 6 Reconciliation between requirements and ESVF levy revenue, $ millions

	2025-26 $m	2026-27 $m	2027-28 $m
Minister's Prediction for extra ESVF revenue	610.9	765	765
FSPL as per Victorian Budget 2023-24	1038	1035	1035
Total ESVF revenue forecast	**1648.9**	**1800**	**1800**
Total recipient grant revenue	**1862.7**	**1916.9**	**1968.8**
Difference $m	-213.8	-116.9	-168.8

But as we noted earlier, the Minister said that (Victorian Hansard, 2025):

> The FSPL currently funds a fixed 87.5% of FRV's annual budget and a fixed 77.5% of the CFA's annual budget. From 1 July 2025 the ESVF will be able to fund variable proportions of up to 95% of the CFA's budget, and up to 87.5% of FRV's budget.

In addition, the Government indicated they would fund 95 per cent of the grant requirements for VicSES and TZV. We assume the other recipients are fully funded by the ESVF levy revenue.

Table 7 Adjusting grant draw on ESVF to account for partial funding guarantees

	Partial Funding %	2025-26 $m	2026-27 $m	2027-28 $m
Total ESVF revenue forecast		**1648.9**	**1800**	**1800**
FRV	87.5	979.0	1007.4	1034.7
CFA	77.5	276.7	284.8	292.5
VicSES	95.0	86.0	88.5	90.9
TZV	95.0	278.8	286.9	294.7
Secretary DJCS	100.0	0.71	0.73	0.75
Secretary VicForests	100.0	0.71	0.73	0.75
EMV CEO	100.0	0.71	0.73	0.75
EMV Commissioner	100.0	0.71	0.73	0.75
Total recipient grant revenue		**1623.3**	**1670.5**	**1715.7**
Difference $m		25.6	129.5	84.3

Table 7 adjusts the data in Table 5 to consider these partial funding guarantees. Now, under the assumptions deployed, the ESVF revenue would be just sufficient to cover the estimated growth in grant revenue required by the recipients of the levy revenue. However, as noted earlier, we believe the revenue requirements will grow in real terms (that is, faster than the inflation rate) and thus the estimates here are likely to be on the conservative side.

5.3 Uncertainties – Reason for Concern

The analysis in Section 5.2 is, however, not the full picture and given that the estimated excess of ESVF revenue over the projected grant income requirements of the recipients is relatively small, there is deep uncertainty about the capacity of the new levy to adequately fund the range of emergency services in Victoria, including FRV.

First, the results do not include estimates for the running of the statutory entity, EMV and its various elements, including the State Control Centre, which the Government has indicated will also be funded from revenue raised by the ESVF. It is highly likely that once those costs are included, the positive difference between projected ESVF revenue and the conservative grant income requirements of the stated recipients will be negative. In other words, the ESVF would not fund that grant income at the partial funding proportions shown in Table 7.

Second, FRV has been running at a loss. In 2024, its total revenue and income from transactions was $1.122 million and its total expenses were $1.223 million. Once ‘other economic flows’ were included in the net result, the overall net loss was $104.2 million. Its accumulated deficit by 2024 was $247 million. There are outstanding investment shortfalls in capital equipment and FRV has not increased wages since March 2021.

Third, there is likely to be increased demand on the emergency services in the years ahead. In assessing the likely evolution of the demand for government services, the 2024-25 Victorian Budget noted (Victorian Treasury, 2024a: 72) that:

> Another key uncertainty is whether growth in demand for government services will exceed or be lower than current projections. This can occur, for example, as a result of higher-than-forecast population growth or expenditure in response to unforeseen events such as natural disasters, including bushfires and floods.

Taken together, it is unlikely that the ESVF will generate sufficient revenue based on current forecasts to meet its stated obligations.

Given that the Victorian public is paying the levy in the expectation that the risk to people and property will be minimised and managed effectively when hazard occurs, the proposed changes appear, on balance, to compromise the capacity of the emergency services to fulfill the public aspiration.

In the case of FRV, its central role in reducing risk for Victorians, should not be compromised by the legislative changes and we conclude that it is safer for the Government to continue funding a significant proportion of the emergency services via the Consolidated Fund and maintain the FSPL at appropriate (increased) levy rates to adequately fund FRV and the CFA.

Finally, we repeat, that there is a paucity of information available in the public sphere which would allow an independent assessment of the viability and consequences of the proposed Amendment.

If nothing else, the Government should release its own detailed modelling of the extra revenue to be raised and the likely extra grant requirements of the expanded list of recipients before the Parliament finalises its deliberations.

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Appendix LGA and Fire Rescue Victoria Geography

Greater Melbourne comprises 31 Local Government Areas (LGAs) including 27 cities and 4 shires.

- Banyule City Council
- Bayside City Council
- Boroondara City Council
- Darebin City Council
- Glen Eira City Council
- Hobsons Bay City Council
- Hume City Council
- Kingston City Council
- Knox City Council
- Maribyrnong City Council
- Melbourne City Council
- Melton City Council
- Merri-bek City Council (formerly Moreland)
- Moonee Valley City Council
- Monash City Council
- Port Phillip City Council
- Stonnington City Council
- Whitehorse City Council
- Whittlesea City Council
- Wyndham City Council
- Yarra City Council

Shires: Casey, Cardinia, Manningham, and Yarra Ranges.

FRV (2025) provides a detailed description of the FRV Fire District geography. Figure A1 shows the way in which the FRV geography aligns with the LGA boundaries. As well as the concentration of FRV Districts in the Greater Melbourne region, there are also 9 regional centres in the major regional towns of the State.

Figure A1 FRV Fire District boundaries and LGA boundaries