



BETTER TAX REVIEW SUBMISSION

National State Emergency Service Volunteers Association

Abstract

The Better Tax Review is an opportunity for the Australian Government to recognise the economic contribution that emergency management volunteers provide to their communities before, during and after emergencies and disasters. Volunteers make these organisations among the most versatile in the world when supporting their communities. However they are under pressure to recruit, retain and recognize this invaluable contribution made by their volunteer members. Without these men and women Australia could not afford to deliver these public safety services to our communities. This submission proposes that genuine State Emergency Service volunteers are able to claim a modest deduction for expenses that directly relate to the service they provide their communities.

Executive summary

Over many years in many forums there has been discussion, studies and reports on the important contribution that volunteers make to our communities, both saving Governments the cost delivering these services with minimal recognition to those that contribute their time, expertise and effort to support their communities.

Supporting this argument is academic research that has been undertaken through reputable organisations combined with recent government reports that highlight issues that need to be addressed within the emergency management arena to recruit, retain and recognise volunteers.

The National State Emergency Service Volunteers Association, advocating on behalf of all volunteer members of the State and Territory Emergency Services is of the opinion that issues identified concerning the recognition, recruitment and retention of emergency management volunteers could be addressed by the Australian Government, through the Better Tax Review. The Volunteer Association proposes that genuine volunteer members of the State and Territory Emergency Services be able to claim direct out of pocket expenses that relate to the volunteer services they provide to their communities before, during and after disasters.

This submission proposes that the Australian Government provides State and Territory Emergency Service Volunteers with a maximum of \$1,000 tax deduction to cover out of pocket expenses associated with volunteering. Through this they are acknowledging the important contribution these volunteers make to their communities.

This recognition may go some way to assisting in the recruitment and retention of volunteers so that when communities need assistance during times of crises, there is an appropriately skilled volunteer workforce available to deliver the required services.

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The National State Emergency Service Volunteers Association

The National State Emergency Service Volunteer Association was formed in 2015. The National State Emergency Service Volunteers Association is an incorporated association established as a not for profit entity and is registered with the Australian Charities and Not for Profit Commission.

The National State Emergency Service Volunteers Association has been established to represent the thousands of State and Territory Emergency Service volunteers. The Association works to achieve nationally consistent goals that represent the interests of its volunteer members, advocating for them when appropriate.

With over 40,000 State and Territory Emergency Service volunteers the Association provides a forum for national cross jurisdiction communication, collaboration and coordination on common issues in the emergency management arena that effect volunteers.

Our Mission

“Supporting volunteers supporting our communities”

Our Vision

“Volunteers supporting volunteers”

Our Strategies

The National State Emergency Service Volunteers Association has strategies identified in its constitution to develop its ongoing operation including:

1. **Coordination** - of responses to common inter-jurisdictional issues that affect volunteer members.
2. **Communication** - between the volunteer leaders of the State and Territory Emergency Services.
3. **Collaboration** – to work together to solve common problems.
4. **Development** - of a financially sustainable organisation that supports its members to represent, facilitate and advocate nationally on issues that affect all volunteer members of State and Territory Emergency Services.

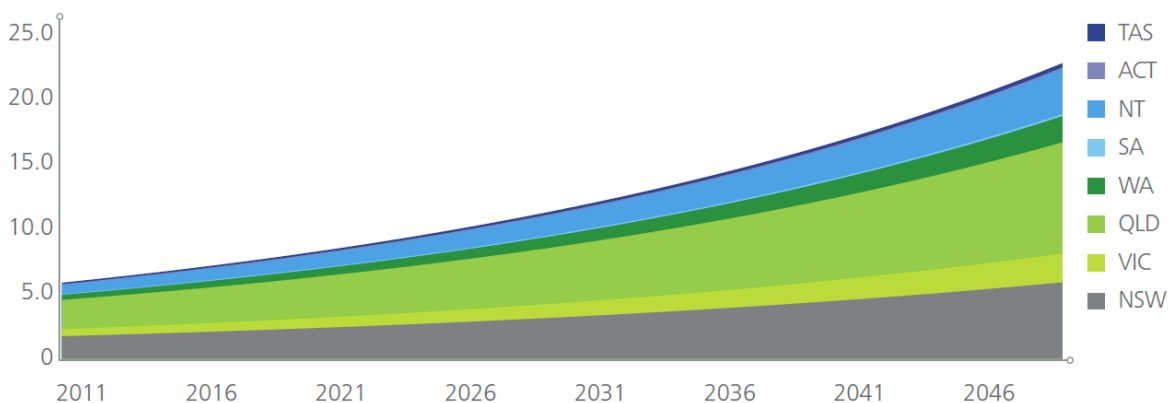
Cost of natural disasters

“The financial and emotional burden of natural disasters in Australia has been great and the costs of extreme weather events continue to rise.” Deloitte Access Economics

The cost and impact of natural disasters are increasing in likelihood and severity. Current estimates that the economic impact of disasters to the Australian community is \$6.3 Billion annually with forecasts for this to rise to \$23 billion by 2050 (Deloitte 2014:4).

Chart i: Forecast of total economic cost of natural disasters: 2011 – 2050

\$bn (2011 prices)



Source: Deloitte Access Economics (2013)

In its 2014 Inquiry into Natural Disaster Funding Arrangements, the Productivity Commission reported that natural disasters had impacted across the spectrum of life, the economy, environment and property. The report advised that in excess of 200 lives had been lost, 2670 homes destroyed with a further 7684 damaged and hundreds of thousands of people affected.

A report prepared by the then Bureau of Transport and Regional Economics in 2008 estimated that annual average cost of disasters caused as a result of flood, storm and cyclone activity over a 38 year period up to 2005 was \$984 million (Bureau of Transport and Regional Economics 2008:44).

It is important to note the massive shift in frequency, severity and impact of natural disasters since the publication of the Bureau of Transport and Regional Economics in 2008 and the productivity Commission’s Inquiry in 2014.

As identified in the Productivity Commission’s Inquiry, among others that assist in responding to disasters, it is the volunteer emergency services, including State and Territory Emergency Services that are a crucial component in developing a community’s resilience and responding to natural disasters.

Table 30 Average annual cost of natural disasters by state and territory, 1967–2005

State and territory	Flood	Severe storms	Cyclones	Earthquakes	Bushfires	Total
<i>Cost (\$ million in 2005 Australian dollars)^a</i>						
NSW	172.3	217.1	0.6	145.7	23.9	559.6
VIC	40.2	23.8	0.0	0.0	36.7	100.6
QLD	124.5	46.7	99.3	0.0	0.7	271.2
SA	19.3	16.7	0.0	0.0	13.0	49.0
WA	4.7	13.0	43.3	3.1	4.6	68.7
TAS	6.9	1.2	0.0	0.0	11.5	19.5
NT	9.1	0.4	138.5	0.3	0.0	148.3
ACT	0.0	0.5	0.0	0.0	9.7	10.2
Australia	376.9	325.2^b	281.6	149.1	100.1	1232.9
Share of total (per cent) ^c	30.9	26.7	23.1	12.2	8.2	100.0

a. These figures exclude the cost of death and injury.

b. Figure includes costs associated with a storm involving several eastern states (\$216.7 million) which has not been allocated to any individual state data in the table.

c. Figures may not add to totals due to rounding.

Source: BITRE analysis of Emergency Management Australia database <www.ema.gov.au>.

Source: Bureau of Transport and Regional Economics (2008)

The Productivity Commission estimates that the cost to governments (and taxpayers) at all levels will increase, suggesting that the requirements on State and Territory Emergency Service volunteers will increase over time.

Every year the Australian Government Productivity Commission publishes that Report on Government Services. Section D provides a framework for reporting on Emergency Management.

It is important to note that the majority of emergency management personnel in Australia are volunteers who provide an immediate and ongoing service to their communities to prepare for and respond to disasters.

Economic Contribution of Emergency Management Volunteers

In a report on the economic contribution of State Emergency Services Volunteers (Handmer 2009) it could be concluded that the equivalent cost of employing a paid, rather than volunteer workforce to undertake the various roles across the emergency management framework in preparing for, responding to, and assisting communities to recover from emergencies and disasters would be unsustainable.

Using data collected between 1994 and 2004, Professor Handmer suggests that in New South Wales, Victoria and South Australia, the cost of retaining paid staff would be in excess of \$52 million, \$19 million and \$12 million respectively. This is considerably more than the entire budgets for these organisations, which in 2004 was \$34 million, \$14 million and \$10 million (Australian Council of State and Territory Emergency Services Performance Indicators 2012:18).

There is clearly an economic dividend to the states of New South Wales, Victoria and South Australia of using a volunteer workforce compared to paid workforce in the delivery of these services.

The work undertaken by Professor Handmer is currently being updated through a project at the University of Sydney sponsored by the NSW State Emergency Service Volunteers Association. It is anticipated that this research will be available in November 2015 and could be readily extrapolated for each State and Territory Emergency Service to demonstrate the value that all 40,000 volunteers contribute.

The cost of volunteering

A report prepared for the Australian Emergency Management Volunteer Forum (Anglicare 2006) demonstrated that, regardless of the support provided by an organisation, there is a direct financial cost to volunteering.

The report classified the cost of volunteering was related to the employment status of the individual. Figures have been adjusted to the 2015 values using the Consumer Price Index and demonstrate:

- 54% of the volunteers surveyed were in paid employment with cost of \$2054 to the individual;
- 13% of the volunteers surveyed were self-employed with costs of \$4036 to the individual;
- 20% of the volunteers surveyed were retirees with costs of \$845 to the individual.

The costs reported by volunteers included such things as laundry expenses, food, petrol, clothing, membership fees, study, telephone, data, and office equipment, tools and loss of income or the requirement to take leave to attend emergency events and training.

Demand by Governments to deliver more service at lower costs

Governments at all levels have been keen to return budgets to surplus and retain AAA credit ratings. This has resulted in fiscal restraint being applied to budgets at all levels of Government and has been implemented in the form of mandatory productivity savings, efficiency dividends or procurement savings. In real terms these have reduced actual funds available to agencies to deliver on the ground services. Eg; the timely supply and delivery of fit for purpose, safe, reliable equipment, tools, vehicles or personal protective clothing to train with and use while preparing for and in response to disasters.

Workforce Planning

In 2014 the Audit Office of NSW published a performance audit into the Management of Volunteers in the NSW State Emergency Service. The report raised significant concerns for the organisation to address including workforce management and planning, resource allocation, training, communication and leadership. Of particular concern was a turn-over rate of 26% of volunteer members leaving annually.

There were similar findings in a report published by the Victorian Auditor General's Office into the Victorian State Emergency Service and Country Fire Authority in 2014.

Recognition of Volunteers

Awards

The Australian Government recognises the contribution of Emergency Management Volunteers through the awarding of the National Medal to members who have served their communities for 15 years.

In addition the Australian Government awards a limited number of Emergency Service Medals to members of State and Territory Emergency Services each year in recognition of an outstanding contribution to their communities.

In no other way does the Australian Government recognise the importance of the services that emergency management volunteers contribute to their communities.

The National State Emergency Service Volunteers Association suggests that any measures to lower turn-over rates would be welcome and that offsetting the significant out of pocket costs borne by State and Territory Emergency Service volunteers could go some way towards increasing the retention rates in this crucial Service.

State and Territory Emergency Service volunteers as a special class of volunteers

Private Tax ruling 1012580609832 clarified certain matters concerning the status of NSW State Emergency Service Volunteers including fringe benefits tax and the requirement to issue payment summaries.

It could be argued that this ruling acknowledges the significant contribution made by NSW State Emergency Service Volunteers to their communities and as such they are a special class of volunteers and this should be extended to all 40,000 State and Territory Emergency Service volunteers.

A Case for Change

The Better Tax Review provides an opportunity for the Australian Government to recognise the contribution that all State and Territory Emergency Service volunteers contribute to their communities, before, during and after disasters occur.

It costs a member of a State or Territory Emergency Service on average \$2054, \$4036 or \$845 (employee, self-employed or retiree) above reimbursements offered by the organisation, to volunteer with the organisation.

The duties of State and Territory Emergency Service volunteers are broad. State and Territory Emergency Service volunteers are the first respondents to severe storm events, floods, cyclones, conduct missing persons or evidence searches in conjunction with the Police, undertake rescues from heights, depths and floodwater and provide logistics support to other emergency services and organisations.

Whilst a volunteer is issued personal protective clothing and equipment valued at thousands of dollars, they must often acquire equipment themselves. Typically volunteers live away from their local headquarters, and equip themselves with items such as walking boots (as opposed to work boots), tools, back packs, torches and other personal equipment.

With fuel and other costs and without factoring in lost wages, equipment costs can be well over \$1,000 per year for each volunteer. At present this cost is borne by the volunteers themselves and is unable to be claimed as an expense.

Turnover of State and Territory Emergency Service volunteers costs the community. These costs can be expressed in terms of the extra training required, the management costs of recruiting new recruits as well as replacing personal equipment issued to volunteers that, whilst returned, cannot be used again (e.g. boots).

Productivity savings and efficiency dividends are reducing the real funds available to support volunteers in the tasks that they undertake. Governments are becoming more demanding on volunteers to deliver services.

Tax deductibility of expenses

In order to recognise the significant contribution of State and Territory Emergency Service Volunteers it is proposed that each active member be able to claim a maximum of \$1,000 in deductions in each financial year for expenses directly relating to volunteering.

Proof of active membership for the financial year would need to be confirmed by the respective organisation.

Where a State or Territory Emergency Service active member's income falls below the tax free threshold, such as for stay at home parents then the review may consider extending other benefits such as access to child care in lieu of tax deductibility of expenses.

Any deductions claimed should be supported by receipts.

Overall the annual cost to the Australian Government in tax deductions to the 40,000 volunteers of the State and Territory Emergency Service would be a maximum of approximately \$40 million. This is a negligible amount in comparison to the huge cost savings in using volunteer services to prepare for and respond to the damage caused by flood, storm and cyclone disasters. This is also an opportunity for the Australian Government to recognise the service of these volunteers and say thank you when compared to the huge economic contribution that these volunteers make to their communities and the damage caused by these disasters.

Conclusion

Australia's 40,000 State and Territory Emergency Service volunteers give their time to prepare for and respond to disasters when they impact their communities. These flood, storm and cyclone disasters are the most costly of all natural disasters with the cost, frequency and severity predicted to increase into the future.

There is a cost to volunteering for our 40,000 members.

It is becoming harder to attract, recruit and retain these highly skilled and specialised volunteers.

Deductibility of out of pocket expenses up to a maximum \$1,000 limit would go a long way to assist in recognising the value these volunteers contribute to their communities.

About the authors

Charlie Moir is a volunteer with the NSW State Emergency Service. He is the Chairman of the National State Emergency Service Volunteers Association and also the President of the NSW State Emergency Service Volunteers Association.

Andrew Edwards is a volunteer with the NSW State Emergency Service. He is the General Manager of the NSW State Emergency Service Volunteers Association. As a former Assistant Commissioner with the NSW State Emergency Service he has an understanding and experience in the operation of a volunteer emergency management organisation. In addition he teaches Disaster Project Management at the University of Sydney and is undertaking post graduate studies at Macquarie University in the application of Predictive Analytics to Disaster Management.

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