

## EMERGENCY SERVICES LEVY - Summary

The essential elements of the ESL situation are as follows

- There should not be any Levy at all - THIS IS THE MAIN ISSUE
- The use of a Levy to fund a State Government Department is totally wrong
  - it is tantamount to imposing a Levy to fund
    - the Police Department
    - the Education Department
    - the WA Fisheries Department
    - the Health Department
    - the Attorney-General's Department
    - the Department of Sport & Recreation etc. etc. etc.
- The use of a Gross Rental Value (GRV) as the basis on which to impose the Levy is also flawed
  - it does not take into consideration the ability of the homeowner to pay a higher premium
  - many comparatively "wealthy" homeowners often live in modest dwellings where the GRV is not excessive
    - also, there are a number of elderly homeowners who have lived in their house for 30 – 40 years, do not enjoy a high Income, but the GRV on their property has risen to high levels purely due to the location i.e. maybe near the coast
      - their capacity to pay more than others is non-existent
  - it does not share the cost of running the DFES amongst everybody
    - where there are 4 – 5 adults sharing a single residence, there is only one ESL levied on that property
- We should all understand that this ESL is not purely to cover the cost of fighting fires - it also covers
  - road crashes, and accidents, on roads all over the State
  - hazardous and toxic spills
  - storms, cyclones
  - floods, earthquakes
  - searches for missing persons
  - cliff and cave rescues
  - possibility of terrorist attacks (e.g. airports, train stations, sports ovals)
  - civil disturbances including domestic and public riots
  - etc. etc.
  - **NOTE: There is a danger in only focusing on fighting fires**
- There are 6 different categories, differing due to the proximity of a Fire Station (pay more if a Fire Station is close)
  - most fires are located in the country where the cost of helicopters, and water bombers, is much higher than a firetruck in the suburbs
  - the comparison is made that a homeowner in the Perth metropolitan area will pay twice as much as a homeowner in the Urban metropolitan area (where the risk of fires, and burglaries, could be greater) - no logic in this scenario

- **NOTE:** it is ridiculous to base the varying costs purely on the proximity of a Fire Station
- If there is no political will to abolish this Levy, then a possible alternative is to introduce a Levy, similar to the Medicare Levy, which is applied to a persons Income Tax return
  - this will have the effect on ensuring that all taxpayers will contribute
    - those that enjoy a higher Income, will pay more, and those on low incomes will pay less i.e. capacity to pay
  - this will require the Federal Government to collect the tax, and send it to WA
    - would incur a cost, but there already is a cost when the ESL is collected by 138 Local Government Councils
- Another alternative is to abolish the calculation involving the GRV, and levy a flat amount on every household
  - the same as most Councils impose a flat rate for Rubbish collection
- A final alternative is to abolish the 4 categories that relate to domestic residences, and just have one category i.e. everyone pays the same amount
- Finally, it must be remembered that the introduction of the GST in 2000 was supposed to eliminate any additional cost to the public for Emergency Services
  - unfortunately, this fact seems to have been overlooked by successive State Governments.

## **Recommendation.**

Abolish the ESL and impose a Levy, similar to the Medicare Levy, which is applied to a person's Income Tax assessment.

R. de Gruchy  
March 2017

## EMERGENCY SERVICES LEVY [IN DETAIL]

The Dept. of Fire and Emergency Services (DFES), is calling for another increase in the Emergency Services Levy (ESL). The newspaper article ("*The Weekend West*") on 25 March 2017 indicated that the levy is forecast to raise \$323 million this year, compared to \$305 million last year - an increase of **5.90%** (compared to the increase in the CPI of **1.5%**).

**Note:** There have been substantial increases every year since 2004/05.

2. Due to the phasing in of the ESL, the financial year 2004/05 was the first year when funding for the Dept. of Fire and Emergency Services originated purely from the ESL. Prior to 2003 (when the ESL commenced), the funding for the then Fire Services, and the State Emergency Services, came from several sources

- The Fire Services was funded by a combination of funds from the State Govt., Local Govt. and a levy (FSL) imposed on household and commercial insurance policies,
- The State Emergency Services was under the control of the Minister for Police and Emergency Services and was funded from general State revenue.

3. There was a problem with the funding of the Fire Services in that not every household, or commercial premises, were fully covered by insurance (some not at all), and this increased the burden on the State and Local Government sources.

4. The proposal was to introduce a tax/levy on residential and commercial properties in an endeavor to ensure that the cost was spread more widely. Unfortunately, instead of imposing a set levy on every residential, and commercial, property the method used was to calculate the eventual cost on the Gross Rental Value (GRV) of each property

- supposedly, those properties with a higher GRV were occupied by wealthier people who could/should pay a higher amount
- no thought was given to elderly home owners, who may have been in their house for 30 – 40 years, where the GRV had risen to much higher levels than the increase in their Income
  - many would now be on the Centrelink Age pension and found that the additional cost of this ESL was quite substantial Note: It is true that Age pensioners do (currently), get the benefit of a discount.

5. A bigger concern is that the State of WA was broken up into 5 different categories (6 including a specific category for "Mining Tenements"). The official reason for these 6 categories was "*according to the type of emergency services available in an area*". If a property was located near to a Fire Station, then that homeowner paid a higher premium. There is a fundamental fault in this line of thought in that most fires are located in the country - far from a Fire Station, but serviced by helicopters, and some fixed wing aircraft, which is way more costly than a firetruck in the suburbs. Also, it is not only fires that need to be controlled

- road crashes, and accidents, on roads all over the State
  - hazardous and toxic material spills
  - storms, cyclones
  - floods, earthquakes
  - searches for missing persons
  - cliff and cave rescues
  - possibility of terrorist attacks in public areas (e.g. airports, train stations, sports ovals etc.) together with any other civil disturbances (e.g. domestic, riots at a sporting event)
- are all issues that would require the presence of the Emergency Services personnel.

6. To rely on the possible nearby presence of a Fire Station (as being the reason for some people paying more than others), is ridiculous as it has nothing to do with any of the criteria mentioned above. It is ludicrous to attempt to relate one to the other.

7. As stated, there are 6 different categories, with different rates for calculation of the ESL

- |              |                                  |                   |
|--------------|----------------------------------|-------------------|
| • category 1 | Perth metropolitan fire district | \$0.012672        |
| • category 2 | Regional cities                  | \$0.009504        |
| • category 3 | Urban metropolitan area          | \$0.006336        |
| • category 4 | Country towns                    | \$0.004435        |
| • category 5 | Pastoral/rural areas             | \$71 fixed charge |
| • category 6 | Mining tenement                  | \$71 fixed charge |

8. There are also minimum, and maximum, charges. The minimum for all categories is \$71, and the maximums are \$375, \$275, \$184, \$130 (categories 1 – 4). There are also maximums for Commercial and Industrial premises that range from \$213,000 down to \$73,000.

9. Why a residence in the Perth metropolitan area has to pay twice as much as a residence in “Urban metropolitan area” seems quite unbelievable - don’t forget that it is not just fires that are involved (see para. 5).

10. When considering the overall rationale for this ESL (ensuring that all “emergency” situations are adequately funded), it should be obvious to all that this burden should be shared equally by everyone residing in this State. In other words, we should all pay the same amount.

11. As an alternative to the current system, there are, possibly, several proposals that should be considered by the government

- introduce a tax levied on a person’s Income similar to the Medicare Levy
  - collected by the Federal government and returned to WA through normal processes
    - there could be a small cost for doing this, but there is already a cost being paid to the (138) Local Government Councils for collecting the ESL
  - everyone would then be paying towards the cost of running the DFES
    - it is true that those in receipt of very low Incomes may not have to pay
      - but those people don’t pay for Medicare now, so there is no difference to the principle involved
- abolish the calculation involving the GRV and levy a flat amount on every household
  - exactly the same as most Councils have a flat rate for Rubbish collection
- if it is “too hard” to change from the GRV system, then it is much easier to abolish the 4 different categories, and have just the one rate for those 4 categories
  - we could maintain the fixed rates for categories 5 and 6, but just have the one category for the remainder
    - this would be much fairer
  - the Commercial and Industrial premises would remain unchanged.

12. I am led to believe that one important issue to this Review, is the relatively small amounts being given to the many Country and Regional Volunteer organisations - it appears that a large amount is spent in Head Office on additional staff, and new equipment. There is also the perception that the Lines of Control could be improved (giving more power to those “on the ground” and those who live in the locality). It should be noted that this only refers to fighting fires, and has nothing to do with all the other activities that can involve the DFES - we should be aware that the DFES is involved in other activities.

13. Submitted for your consideration.

Ron de Gruchy  
27 March 2017