

## WESTERN AUSTRALIA SELF FUNDED RETIREES Inc.



9 August 2017

### EMERGENCY SERVICES LEVY - Comments on Draft report

This report is submitted in response to the draft report released by the Economic Regulation Authority on 7 July 2017.

It is noted that almost every one of the 40 submissions received seemed to focus on fighting fires - very few submissions made mention of the other responsibilities of the Dept. of Fire and Emergency Services (DFES)

- road crashes, and accidents, on roads all over the State
- hazardous and toxic spills
- storms, cyclones, tsunamis
- 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.

Whilst it is recognised that fighting fires is important (several recent major bushfires were, basically, the main reason for this review being conducted), it should not be forgotten, or overlooked, that the DFES does have other functions. **Note: There is a danger in only focusing on fighting fires.**

With this in mind, we wish to make the following points

- use of the GRV as the basis for calculation of the ESL is flawed
  - despite what is said in the draft report, the GRV does not reflect the capacity of a home owner to pay more than someone else
    - there are many home owners whose income is quite high, but they continue to live in a modest area where the GRV is not high
    - there are many elderly people who have lived in their home for 30 – 40 years, but due to the growth in surrounding suburbs, their GRV has escalated to very high levels but their “capacity to pay” has not increased at all (many may have been in receipt of the Age pension but, due to recent changes on 1 January 2017, some are not now in receipt of that pension)
      - currently, those residents in receipt of a part-Age pension may receive a 50% discount on the ESL (but many others do not)
      - **Note:** this concession could very well disappear next year !!
  - the GRV applies to one house/apartment, irrespective of the number of adults receiving an income who reside in that house
    - there could be 4 or 5 income producing adults resident in that house, but only one ESL payment is being made
  - in relation to rented properties, it is naive to believe that the occupant is paying his/her ESL contribution through payment of the weekly rent
    - the amount of rent being asked is subject purely to market conditions, and has little to do with the payment of an ESL
      - if the ESL were to double, there would not be any increase in the amount of rent being asked

- similarly, if the ESL were to decrease by half, there would not be any change in the rent being paid
- of the 6 categories used to calculate the ESL, 4 categories relate to homes etc. in the various “metropolitan areas” and in country towns
  - the rate for category 1 **is double** the rate in category 3, yet the risk of a fire (together with the many other functions of the DFES) is no different
    - indeed, many would claim that the risk of fire in the “urban/outer metropolitan areas” could be greater
  - there is mention in the draft report that proximity to a Fire Station is a factor in charging a higher rate
    - however, the cost of fighting a fire in the country is much higher than fighting a fire in a suburban house
      - the cost of aerial fire fighting equipment (helicopters plus fixed wing), is enormous compared to the cost of a fire truck from a Fire Station in suburbia
        - and certainly has the potential to do more damage
    - proximity to a Fire Station has absolutely no impact on the many other activities that the Dept. of Fire and Emergency Services is responsible for (see para. 2)
  - it is our firm belief that all residents in this State should contribute to the cost of running the DFES, and the current level of inequality should not be allowed to continue
    - to begin with, the 4 different rates should be condensed to just one rate
      - consideration should also be given to increasing the fixed rate (currently \$71), being paid by Pastoral/Rural areas and Mining Tenements.
    - as an alternative, consideration could be given to imposing a flat fixed charge on every home/apartment (the same as most Councils have for rubbish collection).

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 (together with several other State taxes e.g. Provisional tax, FID, Payroll tax, some Stamp Duties etc.)

- unfortunately, this fact seems to have been overlooked by successive State Governments who continue to ignore the concept behind the introduction of the GST.

## **Recommendation.**

- Amalgamate the 4 different rates (categories 1 – 4) into one rate that is applied to all residences within WA
- Strong consideration should be given to increasing the flat rate of \$71 on each Pastoral/Rural area, and each Mining Tenement.

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President