

Submission

6.2.6 Marine and road crash rescue services

Review of the Emergency Services Levy: Draft Report

By the Economic Regulation Authority of Western Australia

In making this submission, I am mindful of the difficulty of creating new taxes, and that is what a levy is, in fact. I am also aware that we in WA already pay exorbitant boat registration fees compared to, for example, Victoria. To hit us again is unjustified.

Assumptions

I will state a number of assumptions found in the Report and then challenge each one in relation to marine emergency services.

1. The **Report** states that equity is an important aspect of assigning a levy and that so-called 'user pays' is the ethical route to follow in assigning emergency services levies.
 - **My Response:** I reject this assumption in relation to emergency services. While this report focuses on the economics of the situation, no serious social analysis is included. Emergency services provide a social function besides the obvious (fire, accident, rescue) that we expect of an advanced western society. We pride ourselves on our 'advanced' state because we have these services. They should be paid for as part of the wider social safety net of our society. All members of our society are recipients of such services, directly or indirectly; all of us are 'users' and there are, therefore, good ethical and moral reasons why all members should 'pay'.
2. The **Report** states that efficiency is important to the degree that a levy will not be compromised by a change in behavior.
 - **My response:** VMRS is currently supported by donations and membership fees from boat owners and clubs. It can be expected that such donations will be withheld. The income from such sources can be expected to reduce by at least 80%, if not 90%.
3. The **Report** states that any levy system should be easy to administer, that is, it should not require an excess of costs associated with its collection. It should be efficient.
 - **My response:** In Table 18, the maximum ARC decrease with a separate VMRS levy is \$3 per annum (Category 1), reducing to \$1 per annum per property levied (Category 5). I find it hard to believe that setting up an entirely new levy structure,

along with likely funds siphoning off to DoT (for administration) would cost less than these amounts. It is not economically rational, or efficient, to create a new levy structure under these conditions.

4. **The Report** assumes that progressivity (a progressive tax system) is automatically not only a good thing but also applicable in this situation. A key aspect of this assumption is that 'larger' (whether bigger or of more value) is an equitable way to assign a levy. For example, when market values push up house prices on paper while income of the owner remains static (for example, for pensioners; as noted in the Report), Council rates are not equitable for such owner-occupiers.

- **My response:** First, in the case of vessels, larger does not necessarily mean more valuable. Second, larger does not necessarily mean the vessel will have more call on emergency services. As I mention below, there is very little, if any, data to support any of the suggested charging methods. Before assigning a levy to individual vessels, we need to know if there is any difference in frequency of rescue for different types of vessels. If we must have users pay, it could be that any levy should be assigned by type of vessel based on emergency and rescue data. For example, in the case of a single engine 5m open boat, its engine failure will necessitate a tow while a 10m sailing yacht with engine failure can get back to harbour (and probably be dealt with by a Club boat).

5. The **Report** assumes to make recommendations on very little data and, in fact, admits to not having data in many cases throughout.

- **My response:** That a Report with such wide-ranging recommendations should be written with so little data is a scandal. The Economic Regulation Authority should treat this Draft as just that, a Draft. The ERA should then take the time to obtain the data required to make recommendations that can be justified by the data. In the case of this Submission, the ERA should obtain relevant emergency and rescue data by size and type of vessel, including persons on board and motive power at time of trouble. As an aside, a scan through the Fremantle Sea Rescue website suggests that the vast majority of incidents involved open boats, half-cabin boats, etc., under 8m. The language used also suggests that is their target 'market', those are the vessels most in need of their services. If this indicative data and analysis is confirmed across the State, yachts should not pay the levy.

Submission by

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