

**FIRE AND EMERGENCY SERVICES LEGISLATION (EMERGENCY SERVICES LEVY)
AMENDMENT BILL 2002**

Second Reading

Resumed from 13 November.

The DEPUTY PRESIDENT: The question is that the Bill be now read a second time.

Point of Order

Hon DERRICK TOMLINSON: Before we commence the second reading debate, I rise on a point of order for clarification. It may take a little time to explain my concern, but it will save time if I receive clarification now rather than delay proceedings during the committee stage. The Fire and Emergency Services Legislation (Emergency Services Levy) Amendment Bill 2002 indicates in its long title that it is -

An Act to amend -

- . **the Fire and Emergency Services Authority of Western Australia Act 1998; and**
- . **the Fire Brigades Act 1942,**

to provide for the payment of a levy for the provision of emergency services, to amend and consolidate the financial provisions relating to emergency services, to make consequential amendments to the Rates and Charges (Rebates and Deferments) Act 1992, and for related purposes.

Regarding the amendment to the Fire and Emergency Services Authority of Western Australia Act and the other services of the long title, clause 3 of the Bill states -

The amendments in this Part are to the *Fire and Emergency Services Authority of Western Australia Act 1998**.

That is followed by an explanatory statement -

[*Act No. 41 of 1998.

For subsequent amendments see 2001 Index to Legislation of Western Australia, Table 1, p.135, and Act No. 20 of 2002.]

Act No 20 of 2002 is the Labour Relations Reform Act, No 20 of 2002. I draw attention to clause 8 of the Bill on page 6, where section 18B(3)(j) is amended after "roads" by including "etc". Section 18B was inserted by the Fire and Emergency Services Legislation Amendment Bill. That Bill was introduced and second read in this place on 7 May; the second reading was agreed to in this place on 24 September; the committee stage commenced that day; the amendment was proposed on 13 November; the Legislative Council third reading was on 13 November; the Legislative Assembly accepted the amendments on 14 November; and assent was given on 20 November to Act No 38 of 2002. I acknowledge that section 30 of the Interpretation Act allows that an Act may be amended or repealed in the same session of Parliament as that in which it was passed. Hence - and I guess this is part of my question - is it valid for us to be amending a Bill that was proclaimed or assented to after the Bill was introduced and debated before the other Bill was even completed and assented to?

My other question, Mr Deputy President, is for you to indicate which Act we are discussing. Are we discussing the Act described in clause 3, which includes the amendments up to and including Act No 20 of 2002, or are we considering the Act which is Act No 38 of 2002 assented to on 20 November?

Deputy President's Ruling

The DEPUTY PRESIDENT (Hon George Cash): As Hon Derrick Tomlinson has said, the Bill before us is a Bill to amend an Act, Act No 38, which was assented to on 20 November 2002. Hon Derrick Tomlinson also made reference to section 30 of the Interpretation Act, which states -

An Act may be amended or repealed in the same session of Parliament as that in which it is passed.

That is reflected in Standing Order No 227, which states -

A Bill may amend or repeal an Act of the same session.

I do not see any conflict in any clause of this Bill, notwithstanding the fact that only a few days ago assent was given to the Bill that was referred to as the Fire and Emergency Services Legislation Amendment Bill, which is now an Act of this Parliament, which Hon Derrick Tomlinson has recognised as Act No 38 of 2002.

Hon Derrick Tomlinson; Deputy President; Hon Frank Hough; Hon Robin Chapple; Hon George Cash; Hon
Bruce Donaldson

There is no conflict and there is no reason for us not to continue. In fact, with great respect to Hon Derrick Tomlinson, he not only asked the question but he also answered it whilst he was on his feet. That saved me the need to leave the Chair and consider in depth the most serious matters that were raised.

Debate Resumed

HON DERRICK TOMLINSON (East Metropolitan) [7.50 pm]: Next time I shall be less expansive in my question. That saves a question and the debate I was going to have on that clause during the committee stage. That answer obviates the need to even consider it during the committee stage. I refer to the second reading speech by the Minister for Racing and Gaming, Hon Nick Griffiths. In part, he stated -

This Bill will provide a means of supporting an essential element of community safety; it will establish a new and equitable method of funding for our emergency services and their associated community safety programs.

That is the first proposition that forms the basis of this argument. Further into the second reading speech the minister made the statement -

The funding system for the career Fire and Rescue Service of WA, based in the Perth metropolitan area and five major regional centres, dates back more than 100 years. In the light of the change that has taken place in that time, it is now clearly obsolete.

That second proposition is irrefutable. It is clearly obsolete. The history of the fire brigades - that is, the career fire and rescue service in Western Australia - is that of a fire brigade service. It was originally established and funded by insurance companies. Insurance companies established fire brigades in Perth to protect the assets that they covered in their insurance. The historical development of that is that the insurance industry in those fire districts - the metropolitan fire district and the Albany, Bunbury, Geraldton, Kalgoorlie, Mandurah, Northam and Rockingham fire districts - contributed funds through a loading on property insurance premiums known as the fire services levy. That is the historical origin of present funding; 75 per cent of funding for career fire and rescue services comes from that insurance levy. The insurance levy is determined by the insurance companies and paid to the Fire and Emergency Services Authority. That introduces a second aspect of the obsolescence of the procedure because the Fire and Emergency Services Authority of Western Australia Act 1998 established the authority. Under section 5 of that Act, the authority is an agent of the Crown and enjoys the status, immunities and privileges of the Crown. Although the historical funding is through the insurance companies that established the fire services, since 1998 the fire and emergency services have been under the auspices of a statutory authority that is an agent of the Crown and has the privileges and obligations of an agent of the Crown. For example, it would be caught by such things as the Financial Administration and Audit Act. As such, it would come under the jurisdiction of the Auditor General.

Hon Nick Griffiths: Section 36.

Hon DERRICK TOMLINSON: Yes. Section 36 refers to the application of the Financial Administration and Audit Act. As such, it comes under the aegis of the Auditor General. Perhaps the minister might explain whether it comes under the aegis of the Treasury as well. However, that is an aside.

Hon Nick Griffiths: Part 6 of the Act, especially sections 32 to 35.

Hon DERRICK TOMLINSON: Thank you. That refers to financial provisions including borrowings from the Treasurer, other borrowings, and guarantees by the Treasurer. It is well and truly within the auspices of government. We can call it a statutory authority of government and an agent of the Crown. It is a body of the Government accountable to the Minister for Police and Emergency Services. Although it has that historical funding and growth, it is clearly a government body. That simply confirms the observation in the second reading speech that the arrangement is clearly obsolete.

The next proposition put to us in the minister's second reading speech is that the funding arrangements are inequitable. He did not actually use that word, but he used the following illustration when he stated -

When one considers that as many as one in three homes are not insured or are underinsured, or, in the case of city buildings, many are insured offshore, a lot of residents and businesses have avoided making any contribution to these essential emergency services for a considerable time.

There is inequity if the minority of property owners insure their property and therefore pay the fire services levy on the fire component of their household property and contents insurance. They are subsidising the majority who appear not to insure or, alternatively, underinsure their property and contents. That becomes important when one looks at current funding arrangements, not merely funding through the fire services levy on insurance, but funding to services that are governed by the FESA Act or the fire and emergency services. Policyholders contribute 75 per cent of funding for the career fire and rescue services and local governments and the State

Government equally contribute to the balance by providing 12.5 per cent each. One third of property owners who insure their properties are paying 75 per cent of the cost of the career fire and rescue services. Through the Fire and Emergency Services Authority of Western Australia, the State provides 100 per cent of the funding for the volunteer fire and rescue services. Local governments fund bush fire brigades through local community fundraising and a 50-50 cost-sharing arrangement with the State Government for approved capital equipment. The new volunteer marine rescue services and the emergency service bodies will be added to that. They are to be brought under the aegis of FESA by virtue of the amendment passed by this House a short while ago. They will now be funded either by the State Government through appropriations to FESA or from the 75 per cent funding of FESA through insurance policies. Clearly, not only is that historical arrangement inequitable, but, given the change in structure and function of FESA, I anticipate that it is inadequate or could be made adequate only if the levy paid by the insurance companies is substantially increased. In 2001-02 residential buildings and contents attracted a levy of 19 per cent of a householder's insurance premium. That is where the insurance companies establish their levies. Only that part of the premium is applied to the fire-related components of the insurance policy. If FESA were to continue to rely on that, it could reasonably be expected that the levy of 19 per cent would probably increase to meet FESA's expanded responsibilities. It is an inequitable system. Historically, it is an obsolete system. If the system is obsolete and inequitable, it is commendable that we look for a system that is appropriate to FESA's changed circumstances.

The Bill and the minister's second reading speech introduce new funding arrangements predicated on a property-based levy. From next year onwards, local governments, educational institutions, religious organisations, businesses and householders will contribute to the cost of emergency services. In the future, instead of the minority of insured householders funding 75 per cent of FESA's responsibility for the career fire services, and through their taxation contributing to the bush fire brigades and the State Emergency Services and so on, every householder will contribute through this property-based levy. I will pursue whether this is an equitable arrangement.

The minister's second reading speech says that in 1999, the previous Government came close to introducing legislation to replace just the insurance-based funding of the fire and rescue service in Perth and regional cities, but that the attempt fell at the last hurdle. It is correct that a Bill was drafted and considered, I understand, by Cabinet. That Bill, as described in the minister's second reading speech, was limited to a fire services levy within the metropolitan area and the major urban areas of the country districts, including Bunbury, Northam, Kalgoorlie etc.

Hon Nick Griffiths: The speech refers to Perth and the regional centres.

Hon DERRICK TOMLINSON: The speech indicated that fact. The speech then says that that Bill, which was drafted for those limited purposes and was considered by Cabinet, fell at the last hurdle. The last hurdle was that before the Bill proceeded, it had to receive the approval of the parliamentary Liberal Party, which refused to approve it. The parliamentary Liberal Party refused to approve it for one simple reason: it would not agree to the imposition of a universal property tax - that is, universal within the defined district. It would not agree to a property tax. I will be quite clear about this; it was called a fire services levy. It was a fire services levy on the value of household properties and it was to be raised by local government authorities as a surcharge or a levy upon local government rates. No matter how it was dressed up, it was still a property tax. The Liberal Party opposed the property tax then, and nothing has changed; we still disagree with a property tax.

I can only speculate why this Government has chosen to act this way. One reason is that the Bill has been gestating for five years now and is a product of FESA. During the term of the previous Government, FESA took it to the minister of the day, Hon Kevin Prince, who took it to Cabinet. I assume that FESA has resurrected the Bill and has taken it to the responsible minister, the Minister for Police and Emergency Services. I assume it has gone through the same processes and that the Labor Party's Caucus will consider it - as will the opposition parliamentary Liberal Party - and assent to it. I can only speculate about why a property tax would be called a levy. One reason is that it avoids the odium of introducing a new tax, particularly from a Government that was elected with a mandate to not introduce a new tax in its first term. It avoids the odium of the Government breaking a promise. However, that promise has been broken. A new property tax will be introduced as an emergency services levy. The minister will jump to his feet and say that we must understand that there is a distinction between a tax and a levy. There is certainly a distinction between a tax and a levy, but the odium of that property tax under any other name smells the same, so to avoid the odium of introducing a tax when it has a mandate not to, quite clearly the Government uses the stratagem of a levy.

The other interesting speculation would be if the Government were to introduce this as a property tax, levied, for example, as a surcharge or a component of land tax, and changed the Land Tax Act to make all residential, commercial, rural and industrial properties subject to land tax or this component of land tax. The first home is

not subject to land tax unless people have another property, in which case they pay land tax on the cumulative value. If the Government were to impose a property tax, for example, as a component of land tax - in other words, admit that it is taxing property and applying a universal tax to property - quite clearly it would be caught by section 64 of the Constitution Act, which reads -

All taxes, imposts, rates, and duties, and all territorial, casual, and other revenues of the Crown (including royalties) from whatever source arising within the Colony, over which the Legislature has power of appropriation, shall form one Consolidated Fund together with all other moneys lawfully credited to that Fund, and that Fund shall be appropriated to the Public Service of the Colony in the manner and subject to the charges hereinafter mentioned.

Therefore, the tax would be paid to consolidated revenue. At the moment, the proposition is that the tax, under the name of a levy, would be raised by local government and paid to the Fire and Emergency Services Authority, so avoiding Treasury control of the fund. Perhaps there is good sense in that, because I hear that the Treasury is a rather difficult body to deal with when a minister is competing for finite resources. It is an interesting stratagem, because it avoids that possibility. Of course, under section 72 of the Constitution consolidated revenue must be appropriated by an Act of the Legislature; in other words, it would have to be one of two things: part of the annual appropriation or, alternatively, hypothecated in some other regulation. Either option is available, because all that section 72 states is -

After and subject to the charges hereinbefore mentioned, all the Consolidated Fund shall be appropriated to such purposes as any Act of the Legislature shall prescribe.

It does not have to be an appropriation Bill. It could be hypothecated revenue in some way, which is also attractive. The problem is that if one were trying to argue with Treasury the hypothecated revenue case, I think one might have an even more difficult battle for arguing the case for a growing share of the revenue from the consolidated revenue fund. Given that speculation, what the Government is doing with this emergency services levy is disguising a property tax as a levy, first, using that stratagem to avoid the odium of imposing a new tax and, secondly, enabling it to hypothecate the revenue for the Fire and Emergency Services Authority by that stratagem rather than by transparent legislation. There are two breaches of the Government's mandate. The first is not to introduce another state tax. That is broken. The second is to be an open and transparent Government. That is broken. To avoid exposing itself as breaking a promise not to introduce a tax, it has used the stratagem of a levy.

In avoiding the odium of the property tax, it transfers the odium to another agency. It transfers the odium of the property tax imposed by the Government. Let us be quite clear about this: the property tax is imposed by the Government by the decision of the Minister for Police and Emergency Services. I will go through that in a moment. It is therefore a government tax under the control of a government minister who determines the annual rate of the levy. She also approves the annual amounts of the levy, I assume as a single minister, as always with Cabinet approval. However, that property tax is a surcharge upon property rates, whether it be household, commercial, industrial, rural or unoccupied land owned freehold. Rates payable on it have a surcharge.

When property owners receive their rates notice in August 2003, they will see on the rates notice the amount of tax; for residential householders in some parts of the metropolitan area it will be somewhere between \$30 and \$175 according to the location, the use of the land and its gross rental value. Owners of commercial or industrial property will receive a rates notice that has one of two things - a surcharge on the rates up to \$100 000. Previously those people may not have paid a fire services levy through their insurance. Why? It is because the owners of many properties that have a gross rental value of \$220 million and therefore attract the \$100 000 emergency services levy would probably be either self-insured or insured overseas. They would pay no fire services levy, because the fire services levy as it now stands is a surcharge or a levy upon the insurance premium. In short, if people insure overseas they pay no premium here and therefore no levy; if they are self-insured they pay no premium and therefore no levy. A property worth \$220 million will now attract a levy of \$100 000. Quite clearly many of them will be in the Perth central business district. However, many of them will be in the suburbs - for example, shopping centres such as Garden City Shopping Centre, Mirrabooka Square Shopping Centre, Midland Gate Shopping Centre and Whitford City Shopping Centre. One would quickly see a gross rental value there of \$20 million, and so there it goes. However, that is at the extreme. Let us now translate that to the businessman who has been paying rates on his property. He will now find that he must pay a surcharge of between \$30 and \$100 000 before he pays his own staff and himself. In other words, it is a new impost on production and on industry.

The reason that the Liberal Party rejected the Bill in 1999 was that it was a tax on property under another name. However, in addition to being a tax on property under another name, it is an impost upon industry. We talk

about equity. Under the Bill before us, the impost on householders is \$30 to \$175. For industry and commerce, it is an impost of between \$30 and \$100 000. There is the equity.

Let us explore this question of equity in another way. In determining the levy, the Bill requires that the minister take account of the estimated budget of the Fire and Emergency Services Authority of Western Australia. In estimating the levy for individual properties, the minister will be required to consider the location of the property. There are five categories of property in the Bill. Category 1 is principally the metropolitan area; category 2 is the Darling Range and foothills; and so on to category 5, which is everywhere else. The first consideration is location. The second consideration is use of the land; that is, whether the land is residential, industrial and commercial use, rural use, public open space for recreation use, or for public purposes. Therefore, the land use is required to be taken into account. The third consideration is the gross rental value. Let us see what the consequences of that are in terms of the amount that will be payable by local government authorities.

I refer to a paper "Response to Questions Raised by Members of State Parliament". It is dated 17 October 2002, and has the heading, rather than the title, "Replacement Funding Arrangements for Fire & Emergency Services: Emergency Services Levy (ESL)". It must be borne in mind that the Bill establishes five categories. The minister's second reading speech deals with these categories and states -

ESL category 1 - the Perth metropolitan area serviced by a network of career fire and rescue service stations and the SES.

ESL category 2 - the major rural cities with a career fire and rescue service station, volunteer fire and rescue service brigade and the SES.

ESL category 3 - the fringe of the metropolitan area and Northam, -

This corrects what I mistakenly represented previously -

with bush fire brigades and the SES, plus support from the career fire and rescue service or FESA staff.

What is missing there, of course, is the Department of Conservation and Land Management fire services. It continues -

ESL category 4 - major country towns supported by the volunteer fire and rescue service, bush fire brigades or FESA units with breathing apparatus and the SES.

ESL category 5 - everywhere else, supported by bush fire brigades or FESA units and the SES.

Therefore, all the State's freehold land is covered.

Under ESL category 1 - that is, the Perth metropolitan area serviced by a network of career fire brigades - let us compare what some of the local government authorities will be contributing. I will concentrate on the metropolitan area. I am referring to table 5 of the paper that I named. The local government authority in Armadale will have a levy of \$1 858 160 payable to FESA. The City of Belmont, another local government in the East Metropolitan Region - both of those are what might be described as essentially working-class areas - will have a total levy of \$2 781 814. I turn to the Shire of Mundaring, which will have a levy of \$1 083 624. The good old Shire of Serpentine-Jarrahdale will have a levy of \$178 782. The City of Swan will have a levy of \$4 308 594. I quite deliberately chose those because they are local government authorities in the East Metropolitan Region with which I am very familiar, and I am not being disparaging in describing them as predominantly working-class suburbs - good, wholesome, working-class people who, in 60 per cent of the cases, vote Labor.

Hon Nick Griffiths: They are very good people. Even those who don't vote Labor are still very good people.

Hon DERRICK TOMLINSON: I respect that. However, it is highly predictable that they will vote Labor. Let us compare that with others. For example, the Town of Claremont will pay \$915 531. The Town of Cottesloe will pay \$626 124. I might as well include the Shire of Peppermint Grove because it is always the subject of comparison. It is the elite suburb of Perth compared with the suburbs that are predominantly in the minister's electorate and mine. It will pay a levy of \$140 138.

Hon Bruce Donaldson: It has only one square kilometre, though.

Hon DERRICK TOMLINSON: Yes, it has only one square kilometre. The City of Stirling, which is within the North Metropolitan Region and with which the Deputy President (Hon George Cash) is very familiar, will have a levy of \$11 959 483. The total revenue from the levy - this is the estimated emergency services levy revenue by property use - is \$107 405 000. However, that is not really the crux of this argument. I want to examine the question of equity, because the proposition is that it is an equitable system because everybody pays. Secondly, the proposition is that it is an equitable system because the categories are directly relevant to the services available. We presume that the Perth metropolitan area, which is served by career fire services, is better served

than a rural community that has only a volunteer bushfire brigade. Therefore, for equity, the payment is greatest where the services are greatest and the payment is least where the services are least. In other words, it looks like an equitable payment for services. There is equity in all of those arguments; that is the proposition of equity. However, I can hear the councillors of the City of Armadale saying to me, "How can the minister countenance us, the City of Armadale, paying this amount when he knows about our poor revenue base. We have told him about that often enough in the past 14 years. We are not one of the most heavily populated suburbs and we have vast expanses in the city of Armadale in which there are no ratepayers or revenue base. However, we are still responsible for the roads and the maintenance of community services. How can the minister countenance us paying \$1.8 million - almost \$1.9 million - when the Town of Cottesloe pays \$626 000?" I am sure we will confront the question of equity. On the one hand, it is a defensible argument that this is an equitable system. However, when a comparison is made of the local government authorities and the levies that they will pay, an argument of inequity may be countenanced. It is an interesting proposition. The odium that we want to avoid by not having a property tax is the odium that the local government must wear and it will be thrown back on this Parliament because the system is inequitable. The local governments that service the lowest income groups are confronted with a levy, or a share of the levy, that is considerably greater than the share of the levy paid by what might be described as local government authorities servicing the more affluent members of the community. I know that this might be a tenuous argument, but the minister should listen to political reality and the electoral consequences. He should acknowledge the odium that local government will wear because government avoided it by not imposing a tax, but instead it imposed a levy on local government rates and made local government the agent to collect that levy. When we consider the political and electoral consequences of that, we start an argument about the inequity of the system.

I will now turn to the method by which the levy is calculated. I apologise for referring to specific sections of the second reading debate, but I must do so to examine and understand the construct of the revenue-raising process. The process commences under proposed section 35B where the Fire and Emergency Services Authority is required to estimate its annual expenditure in relation to the services provided under the Act. It is to be prepared in a manner and form approved by the minister; in other words, it is a government-controlled process. I do not understand the next provision, and perhaps the minister might take some time in his response to explain it. Proposed section 35B(2) states that -

... an annual estimate of expenditure under this section is to identify the amount of that expenditure that is estimated -

- (a) to be attributable to prescribed services to be provided under the emergency services Acts; or
- (b) to comprise the amounts payable to local governments under section 36A(5).

Can the minister explain the use of the word "or" in this provision, because at a later stage there is a reference to "and", which is not an exclusion or an option but an inclusion, as in this "and" that. However, the first stage establishes the annual estimate of expenditure by the authority. Proposed section 36G(1) states that -

Before the relevant day each year, the Minister, by notice published in the *Gazette*, is to determine the emergency services levy that is payable for the next levy year on all land that is located in an ESL category area.

In stage 1 the authority determines its budget. With that in mind, stage 2 is when the minister determines and publishes the levy; that is - I think - the rate of the levy and not the amount of the levy, but I stand to be corrected. The minister estimates the rate of the levy payable for the next year on all land that is located in an ESL category area. Does "all land" mean the totality of land within an ESL area or all separate properties within an ESL area? In other words, will the minister say that for ESL category 1 the rate will be X, or will she say what the levy is for ESL category 1 at lot No 54 Narla Road, Swanbourne, as well as for all titles within that ESL category? Perhaps the minister can also explain that.

Getting back to the principal argument, in stage 2 the minister determines the levy under proposed section 36G by reference to the amount of expenditure by FESA that is approved by the minister, which is estimated under proposed section 35B(1) when FESA establishes its expenditure or budget. The minister approves that budget and then determines the rate of levy according to that budget. However, this is why I want the explanation for the insertion of the word "or" in this provision. Under proposed section 36G(3)(a), it states that the budget now takes into account -

the estimate of expenditure for the levy year approved by the Minister under section 35B, from which is to be deducted for the purposes of the determination -

- (i) the amount of that expenditure identified under section 35B(2)(a); and

- (ii) moneys appropriated by Parliament for the levy year for the purposes of the services provided under the emergency services Acts;

That is an aside, and something I would like the minister to explain. In determining the levy the minister will be able to establish a differential rate according to the emergency services levy category - that is, categories 1 to 5 which I recited from the minister's second reading speech - and the purpose for which the land is used. I assume that the purposes refer to the metropolitan region scheme categorisation of land use as residential, industrial, commercial, rural or public purposes. At this stage, the minister has absolute control over the process. The amount of property tax to be paid is the minister's decision. Hon Nick Griffiths has a quizzical look on his face; he will probably try to tell me that the amount to be paid is a levy. All right, I will accept the word "levy". However, the minister knows as well as I do that it is a property tax by another name.

The next stage of the process is set out in proposed section 36I. It is such a complicated and convoluted process.

Hon Nick Griffiths: You make it all sound very simple.

Hon DERRICK TOMLINSON: It is very simple. However, let us see what happens when it is applied. Proposed section 36I(1) states -

Despite any other provisions of this Part, the Minister may determine -

- (a) the minimum amount of levy payable on land; and
- (b) the maximum amount of levy payable on land.

In the first instance we are told that the minimum levy for category 1 residential will be \$30, and the maximum will be \$175. In the industrial and commercial areas, the minimum levy in category 1 will be \$30, the maximum \$100 000. In determining the amounts, the minister takes into account the ESL category area and the purpose for which the land is used. Once the minister has exercised her authority to determine the rate and the differential rate of the land tax - that is, the property tax -

Hon Nick Griffiths: It is a levy.

Hon DERRICK TOMLINSON: All right, I will use the minister's term "levy". However, I know, as does the minister and the people who will pay the levy, that it is a property tax.

Once the minister has used her authority to consider all the variables and to establish a differential levy for all property, the local government authority will be notified of the differential rate, although I am not quite sure what "all property" means. Under proposed section 36J, the local government authority is required to advise property owners as part of the rate notice - if there is no rate notice a separate notice will be issued - of the levy payable. This will require the local government authority to assess the amount of levy payable by each person who owns leviable land. If that is the case, why is it the case that if no rate notice is to be given there will be a separate notice? Another factor complicates the calculation of the levy; that is, some pensioners or holders of a Seniors Card will be given concessional rates, or, alternatively, deferred rates. They will pay 25 or 50 per cent of their rates, or the rates will be deferred until they are payable upon or after their death from their estates. Some rates will be deferred because of a person's incapacity to pay, particularly low income earners or pensioners who own their own home. The Government has recognised that the payment of rates could be an unmanageable impost. The poor old pensioners will now receive a notice informing them of their emergency services levy. It might be a minimum of \$30, but, of course, that too can be deferred, and concessions can also be allowed. The picture is now very convoluted and confused. It is time to make the system equitable, one that is fair in all circumstances and that requires all the abovementioned factors to be considered. Who will have visible responsibility for all this? Which body will be the transparent agency of the tax process that will be responsible for notifying the property owner of his or her levy? It will be the local government authority.

The local government authority will not benefit from the levy except that it may put the levy income into a trust fund to generate interest. However, the local government authority will be required to pay the sum of the levy - in the case of Armadale it is \$1.8 million - to the Fire and Emergency Services Authority. Local Governments are not the real beneficiaries; the real beneficiary is FESA. Who bears the odium? It is not FESA. We all admire and rely upon FESA. We all admire, rely upon and respect our FESA volunteers and we believe that there should be an equitable system to ensure that they are properly equipped and trained. Hear, hear! There is no odium on the volunteers. In fact, I hope appropriate funding will come out of the process. The odium of the property tax will constantly be borne by local governments. Having gone through the process, we now arrive at proposed section 36N, which states -

Despite any other provision of this Part, the Authority may give notice of the assessment of, and may accept payment of, the levy payable on any land owned by the State, or a State agency or instrumentality, in accordance with arrangements agreed between the Treasurer and the Authority.

Local governments will have to raise the levy on households, shops, businesses, churches, schools and all bodies that are exempt from rates. Local governments will be required to impose the Fire and Emergency Services Authority levy. There is another odium. I wonder what the parish priest will say on Sunday when people front up to confession or mass. He might say "Sure and begorrah. Are you the fella that imposes the levy upon the church?". Having gone through the convoluted process, FESA may agree to collect the levy. What happens if the local government authority is unable to collect the levy? We then go to proposed division 6, "Recovery of unpaid levy". Local government is to recover the levy payable under proposed section 36Z, but if the levy remains unpaid, the local government or FESA may recover it, along with the interest and costs. If it cannot recover, FESA, not the local government, is authorised to sell the property. The unpaid levy might amount to 0.01 per cent of the rate. It is authorised to sell the property for the non-payment of \$30, or a cumulative non-payment over five years, or even a cumulative non-payment of the levy over 10 years. The property will be sold to get the \$300.

Not only does this system run the very real risk of being inequitable, but also it is a system in which government avoids its own responsibility and transfers it entirely to the local government authority without benefit to that local government authority, other than the local government being able to retain interest on funds maintained in a trust account. I was interested in the minister's statement in his second reading speech when he said -

I place on record the considerable contribution made to the finalisation of plans for the emergency services levy in the past few months by the Western Australian Local Government Association. Members will recall that earlier in the year, the association was opposed to the early introduction of the new emergency services funding arrangements. Since that time I am pleased to note the association's immediate past president and its chief executive officer have gone to considerable lengths to assist and to encourage their members to accept the plans.

There appears to be a division of opinion on this, because I am receiving representations from people saying that their local government authority is in favour of this, so they want the Bill proceeded with as soon as possible so that the local government can enjoy the benefits in the next fiscal year, beginning in August 2003. It is true that some want it. It is also true, contrary to advice that I was given, that some local governments are still resistant. To illustrate the extent of the resistance, in October 2001, the *Western Councillor*, the publication of the Western Australian Municipal Association, stated -

The new fire and emergency services levy, to be collected by Local Governments through the rate process, is another example of the State Government's refusal to adequately consult and consider Local Governments in its decision making process.

This was one year ago. Further on, the article listed some unresolved issues as follows -

- the validity of Local Government being used as a collection agency for the State;
- the requirement for Local Government to collect the levy instead of other agencies;
- the expectation that Local Government resources will be used at cost rather than at a commercial rate;
- the responsibility of the State Government to pay for the computer system upgrades that may be required to administer this levy;
- the community impact of distancing Local Governments from a direct financial relationship with their volunteers;
- the issue of cross subsidization of regions (not spending the money where it is raised).

We then move to November 2002. I received a letter from the City of Joondalup, which read -

Hon D G Tomlinson
Parliament House
PERTH WA 6000

Dear Sir,

Opposition to the Proposed Emergency Service Levy Being Collected by Local Government.

...

At a Special Meeting of the North Zone Committee held on Monday, 28 October 2002, the Committee resolved as follows:

“That:

1. The WALGA representatives on the FESA ESL Executive Steering Committee be requested to progress this Position Paper to that committee for appropriate consideration.
2. The alternative process detailed in the Position Paper be evaluated by FESA with the intent that it be introduced in preference to or as an option to that currently proposed.
- ...
5. The North Metropolitan Zone of WALGA reaffirm to the State Government and opposition parties that Local Government objects to and is not a de facto collection agency for significant State Government enterprises.

...

There we have the position of the Cities of Joondalup, Stirling and Wanneroo. Would I be wrong in estimating them as comprising about one-fifth of the metropolitan region? Those three local governments cover one-fifth of the metropolitan region. The City of Swan is geographically another one-fifth of the metropolitan region. Therefore, local government authorities that cover two-fifths of the metropolitan region say quite clearly that they do not want to be a de facto collection agency for significant state government enterprises. The north zone committee is obviously responsible, because it does not simply say that its members do not like this and do not want it; it comes up with an alternative. We must commend a body that, instead of simply saying “no”, works out and proposes to government a feasible alternative. The alternative was developed by Mr Rodney Constantine, of the City of Stirling.

Hon Bruce Donaldson: He is a good guy, too.

Hon DERRICK TOMLINSON: He is a good guy, recognised as one of the best, if not the best, financial manager in local government. He is a very responsible man who has brought forward a very responsible proposition. I am pleased to see the minister is nodding. The proposition looks at the consequences of the government system. It states -

Operation of the System

- VG advises Valuation in current manner
- ESL Codes and Land use Codes Added

That is exactly what I have described.

- FESA advises Min, Max and GRV Rate

As I have explained.

- LGovt Calcs. - Enter Line Item on Rate Notice

As I have explained. At this stage Mr Constantine and the north zone committee of the Western Australian Local Government Association propose a responsible and feasible alternative.

- **No Change in systems to this point**

It is exactly as contained in the Bill and exactly as I have laboriously explained - I think the minister said I had very clearly explained.

Hon Nick Griffiths: You made it sound very easy.

Hon DERRICK TOMLINSON: That is because I sat down and read the Bill several times. At this stage, this is the proposition of the City of Stirling or the north zone committee of WALGA -

- Add FESA and Local Government Rates as one Amt Due

In other words, the ratepayer receives one notice, but in that notice there can be an explanation in a single line item of a rate notice, which states: FESA ESL class 5; FESA land use land classification, residential; property value, gross rental value, \$12 000, or whatever it might be; FESA minimum rate, \$30; FESA maximum rate, \$175; FESA rate in the dollar of the gross rental value, 0.01275; and dollar amount billed and due to this ratepayer of \$153. It is a transparent system.

The proposition argued by the north zone committee is that it will collect the lot and then pay to FESA by 1 October 25 per cent of the FESA levy; by 1 January it will pay 50 per cent of the FESA levy less the amount

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paid; by 1 April it will pay 75 per cent of the FESA levy less the amount paid; and by 3 June it will pay 100 per cent of the FESA levy - in other words, quarterly payment of 25 per cent of the FESA levy. In the end, FESA receives 100 per cent of the levy - in the case of the City of Stirling, \$4 million.

Hon Bruce Donaldson: It is \$10.7 million.

Hon DERRICK TOMLINSON: I will refer to my notes if we need the exact amount. FESA receives 100 per cent of the levy, which takes into account all the variables that are required by the Act - land use, gross rental value, concessions granted by the minister etc - and pays 100 per cent. The local government assumes any debt. It is responsible for all billing, all collections, all bad debts including write-offs, all pensioner entitlement assignments and registrations, all pensioner transactions and the provision of billing reports to FESA. It does not require any complicated accounting process. It does not require any new computer programs, nor any hardware compatible with the software, or software compatible with the hardware - in other words, no capital outlay - because it will be performed by the existing facilities, services and staff of the local government authority. The system which the Bill proposes and which FESA has in mind is that it will be uniform. Therefore, there will be a capital outlay for computers, a recurrent cost of training staff and a recurrent cost for the payment of staff, some of which or perhaps all of which will be recouped from FESA through a grant to the local authority, but the City of Stirling and the northern zone committee say, "Not likely." Even with the payment by the State for the collection of the levy, they have estimated quite accurately that they will still have to meet some of the costs of the levy from their own resources - I repeat: a levy from which they receive no direct benefits. They will certainly receive indirect benefits. The volunteer bush fire brigades will, I hope, be better equipped and better trained. The volunteer fire brigades will be better equipped and better trained. They will still be paying 12.5 per cent of the cost of the career fire services, whereas 100 per cent of the volunteer fire service is paid for by the State, and it will be now paid for by this levy. There are those indirect benefits - the most important benefits - and I do not want to underestimate the importance of those services, particularly the volunteer services, to our communities. I do not underestimate the need for proper and better equipment and better training for those services. The report on the fire brigades by Hon John Day, undertaken for the then Minister for Fire and Emergency Services in 1994 - perhaps it was 1995 - demonstrated -

Hon Bruce Donaldson: Hon Bob Wiese.

Hon DERRICK TOMLINSON: I knew if I waited long enough, somebody would remind me.

Hon Nick Griffiths: A very good minister.

Hon DERRICK TOMLINSON: Yes. John Day, the member for Darling Range, presented a very good report. That report demonstrated the appalling inadequacy of the facilities and training available to volunteers. That report demonstrated that volunteers were paying for their own safety clothing, for example; fast attack vehicles were constantly in danger of either not being able to start or, if they did start, not reaching the fire; they were in fact a danger to the volunteers who manned them. The minister responded and took a proposition to Cabinet for the expansion of funding for the fire services. We saw an expansion under the Court Government of funding of those services and the improvement of facilities and training, new fast attack vehicles, and new safety equipment was bought and supplied to volunteers - but they are still inadequate and there are still unmet needs. The action and the responsibility of local government collecting the levy, which is a property tax under a different name, has the indirect and real benefit of providing those important services.

Local government will have all the odium of the tax, which, as I said at the outset, is the avoidance by the Government of the admission that it has broken its election promise that there would be no new state taxes in the first term of the Gallop Government. This is a tax; it is a new tax. It is a property tax under the name of a levy. The Government has broken its promise. Secondly, the Gallop Government said that it would be a transparent Government. This stratagem of a new tax imposed as an emergency services levy is to conceal, deceive and shift the odium from the Government to local government. It will make local government responsible for advising householders and property owners in August next year through rates notices. The emergency services levy will be a property tax. There is an argument that this levy is an equitable way of meeting the unmet needs of the fire and emergency services. It is argued to be equitable because everyone pays according to their capacity to pay, as demonstrated in the variables that take account of concessions, and because it is universal. Everyone pays a fair and equitable share towards the services and pays according to the services available in their locality. However, it is an inequitable system. I have demonstrated the argument of inequity. I know that the minister regards my argument with a degree of scepticism. Let me tell him that if this Bill goes ahead, he and his Government will wear the odium. Therefore, he should be grateful that the Opposition is opposing it. He should be grateful that we are preventing him from having to admit at the next election that the Government has broken its promise. There is an equitable way of doing this and there is a lawful way. It is for the State Government to accept responsibility for the statutory authority established by legislation under the FESA Act; that is, the Fire and

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Emergency Services Authority. By its Act it is an agent of the Crown. Therefore, it should be funded equitably from consolidated revenue. Where does consolidated revenue come from? It comes from taxes paid by every taxpayer in Western Australia, not just property owners. We are talking about an important public service that is as important as the Police Service; it is as important as hospitals and schools. The Government accepts responsibility for an equitable Police Service and equitable access to schooling and health services, but it will not accept responsibility for equitable fire and emergency services. Does that mean that, in spite of the rhetoric, it does not really regard the volunteers the way it claims to? For all the reasons I have outlined the Opposition opposes this legislation. It believes that it is a responsibility the Government should pay for through consolidated revenue.

HON FRANK HOUGH (Agricultural) [9.14 pm]: One Nation has looked at this Bill very closely and will support it. The Government said that there would be no new taxes but there will be. The Government's philosophy at the end of the day is that it will hope that people will forget about this extra tax. I listened to Hon Derrick Tomlinson talk about a levy. I looked up the word in my dictionary to see where it fitted into the equation. It was described as raising or collecting money or a form of tax. Levy is just a spin doctor's way of describing a tax. The Government should have had the courage to say that this is a FESA tax. If I had been in the Government and I knew that I had messed up, I would have called it a mandatory donation. Mandatory means obligatory and a donation is a contribution. Calling it a mandatory donation makes it sound softer. Despite that, this is not about spin doctoring, what the word levy means or whether the Government promised not to introduce new taxes. This is about people who fight fires, storms and everything else. This is about the working man and adequately covering and equipping services. Whilst we can look at different spins on this, I note the following passage from the second reading speech -

Although essential emergency services and community safety programs have been available to all, only some people have contributed to them; indeed, many have received a free ride.

That is right. The speech continues -

The funding system for the career Fire and Rescue Service of WA, based in the Perth metropolitan area and five major regional centres, dates back more than 100 years. In the light of the change that has taken place in that time, it is now clearly obsolete.

I have to say that it is clearly obsolete. If a fire goes through Moora and farmer Joe jumps in his ute to fight the fire, depending on his local shire, there is a good chance that he will not be insured. If he were burnt, it could cost him his livelihood or even his life. This Bill covers people in those situations.

My concerns are for people in the country who feel that they can do the best job when fighting fires or storms. Their major concern is that when they are fighting bushfires, someone from FESA will take over the control of the firefighting effort. That happened in Hopetoun when the Department of Conservation and Land Management decided to take over local firefighting. The locals had been fighting fires for many years and knew how they behaved. On one occasion, CALM took over and the locals got in their cars and went home. CALM was left to fight the fire. I am concerned that under this Bill someone from the Fire and Emergency Services Authority can take over the operation of the command centre when fighting a fire. FESA assured me that should there be a fire or any other type of emergency rescue, it would be on call and would make its members available. It assures me - I take its word for it - that if the local people were fighting the fire, FESA would provide assistance and backup. If the locals wanted FESA to take control, FESA would do so. This was the biggest concern of country firefighters and rescuers. The minister's second reading speech states -

Further out in rural areas, where some of the most devastating bushland, crop and forest fires have occurred, it has been largely the responsibility of the local community to provide the funds and equipment for volunteer bush fire brigades.

One hopes, and FESA agrees, that the firefighting equipment will be upgraded and that FESA will be able to draw on a bigger pool of equipment to use. This must be a plus for the community. I have no problem with that. The minister's speech continues -

Not every locality has a volunteer SES unit and therefore not every local community contributes to the SES. However, in times of emergency, SES volunteers provide a mobile response service anywhere in the State. Some communities contribute; others get off scot-free.

The Bill provides five emergency services levy categories and the minimum contribution of \$30 is based on the gross rental value. The fee ranges from a minimum of \$30 to a maximum of \$135. During the briefing either FESA did not mention it or I did not ask the right questions, but I now understand that the minimum charge for commercial and industrial properties is \$30 and the maximum charge is \$100 000, which worries me. Owners of

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industrial properties in the city have adequate insurance. I would like the minister to look at that issue because it concerns me. Someone who lives at the back hills of Moora, where I live, would pay \$30.

Some shires are somewhat upset about having to collect the levy, the tax, the mandatory donation or whatever it is called; it should be called a tax. The amount the shires collect will not be payable immediately. I do not know how quickly the funding must be paid. I believe it is 30 or 60 days, but it could extend to 90 days. Shires would be sitting on a more than reasonable cash flow in the short term. I suggest to the shires that are concerned about collecting the money that the cash flow they will receive from collecting this tax will certainly offset any extra expenses, particularly if they invest it in the short-term market or whatever. The minister's second reading speech further states -

This Bill introduces new funding arrangements predicated on a property-based levy.

I will call it a property-based tax -

Everyone - including the Government, local governments, educational institutions, religious organisations and businesses and householders - from next year onwards will contribute to the cost of emergency services. This change is about fairness and equity. All Western Australians will share the responsibility of supporting these services, just as all Western Australians benefit from these services.

They certainly do. We all benefit from these services. Accidents happen in people's homes. This is something for which everyone in the community will pay. Hon Derrick Tomlinson referred to a point that I overlooked. Putting a tax on the GRV applies only to the property owner. That does not spread the responsibility. The Bill says that the responsibility will be spread across the whole community. It spreads the cost to property owners; it does not spread the contribution across the marketplace. Although it spreads the contribution across the community, it does not spread it across all people.

The major changes in the legislation will place the burden of payment on many people who have not paid this levy before and also replace some hidden payments that many people did not realise they were paying. This system is probably more fair and equitable than the previous system. Everyone will share the cost of providing emergency services to the people. It is a statewide levy. Like it or lump it, we are stuck with it. We need fire and emergency services. It is fair to spread the cost across the community. People could go through life and have their house, boat and car insured and never have a problem. However, there could be a day when they do have a problem. That is why it is fairer if everyone in the State contributes to this scheme.

This Bill was first introduced in 1999. I do not know what happened, but I think the Liberal Party was split over it and the Bill was not passed. I take my hat off to the Labor Party for pushing it because country Western Australia in particular needs to have its firefighting equipment upgraded. Country people need to be secure in the knowledge that they can fight fires when necessary. They need to be assured that they will be protected should they get caught in a situation that results in damage or injury. The Bill also enables firefighting equipment to be moved around rather than some towns dividing their firefighting resources and not sharing them. At this time last year a giant fire was burning at Ledge Point. Three aeroplanes and eight or nine fire brigades came from everywhere to fight the fire; it was a very community-based effort. Those people went in where angels fear to tread. It is amazing that ordinary shopkeepers, people who are retired and in dad's army, mechanics and whoever put on their gear and throw their lives on the line for their communities. In many cases, people were not insured. This Bill will at least give them an opportunity to be protected, which is desperately needed.

I will not go on for much longer. I will be asking the minister questions on the increase in the commercial levy from \$30 to \$100 and the increase in the residential levy from \$30 to \$175. I do not know whether it is a typographical error; one would hope that it is. It may be an increase from \$30 to \$1 000, but an increase to \$100 000 seems more unusual and inequitable. When the amendments are discussed, no doubt the minister will be asked about that and no doubt will have a very good answer. I support the Bill.

The DEPUTY PRESIDENT (Hon Adele Farina): I take this opportunity to point out to members that there is a lot of audible conversation in the Chamber, which is making it very difficult for me, and I am sure Hansard, to hear.

HON ROBIN CHAPPLE (Mining and Pastoral) [9.31 pm]: The Greens will be supporting the legislation. I will not spend time going into detail through the 49 paragraphs of the minister's second reading speech. Most of what is outlined in the second reading speech explains the reasons we will be supporting the Bill. The key issue seems to revolve around the letter that most of us have received and to which the member opposite referred. It is the City of Joondalup letter referring to the north metropolitan zone committee of the Western Australian Local Government Association.

Since that letter was sent out, a number of things have dramatically changed in the legislation. We see that in the amendments that will be coming before us during the committee stage. I met with Fire and Emergency Services Authority representatives shortly after receiving the letter from the City of Joondalup, and raised the concerns that were being raised by the north metropolitan zone committee with FESA. My understanding is that subsequently FESA representatives met with a number of members of the Legislative Council and then went on to discuss with the Minister for Emergency Services the problems outlined in the north metropolitan zone committee's submission. It became apparent that FESA was being quite sympathetic to the concerns raised by the north metropolitan zone committee, because those councils with a large number of ratepayers and complex collection systems needed to have some different methodology. It certainly became apparent that FESA welcomed the proposals that were being put forward by the north metropolitan zone committee. It set about working with parliamentary counsel to develop these amendments before us.

I congratulate parliamentary counsel and FESA for having developed a model, of which FESA is much more supportive, and a position that is addressing most of the fundamental issues that were raised by the north metropolitan zone and how the emergency services levy legislation may be modified for the collection process. That came back to the four points that were raised in the north metropolitan zone committee letter. The first was that the option be given to local governments to choose the collection process that does not adversely impact on their rating systems. Amendments before us deal with that. The second was that an undertaking be given to local government that it will be consulted, and comment provided will be fairly considered in the interests of achieving the best outcome for all parties. Quite clearly, that has taken place during the discussions on the amendments between FESA and parliamentary counsel. The third was that an undertaking be provided to local government that it will be reimbursed for the cost of collecting the emergency services levy and not have to subsidise the State Government's responsibility to the detriment of providing core services to the community. That quite clearly has now been addressed. The fourth is that representation from the cities of the north metropolitan zone of WALGA be included on any decision-making body formed to develop the emergency services levy regulations. I understand that is also being considered. Notwithstanding that, the other councils in my electorate, which is pretty vast and covers many shires, have been very supportive of the emergency services levy legislation. They have used their ability, which this proposal will adjust, to help FESA.

We must listen to what the volunteer associations are saying. I will refer quickly to one letter from the Association of Volunteer Bush Fire Brigades of WA Incorporated. The letter states -

The Association represents 19,000 volunteer bush fire brigade members in this State. These fire fighters give their time freely and unconditionally in order to protect all of the people of Western Australia from the threat of fire. Due to the changes in our climate and other restrictions this threat is seriously increasing and we know that everyone in the State fears the occurrence here of the dreadful events that have in the past and are currently taking place in the eastern states . . .

The essential elements of the ESL was the provision of a fairer and more equitable system of funding for all emergency services for the whole community. This is why this Association is so passionate about its introduction and why it is prepared to vigorously campaign as a matter of priority to have the ESL succeed.

Those are two basic comments out of a letter sent to me by Eddie van Rijnswood, the honorary secretary of the association. Quite clearly, we are enunciating that we are supporting the legislation. We are immensely happy about the amendments that are coming through, because they are satisfying FESA far more than the original legislation did. They are at least addressing all the issues raised by the north metropolitan zone committee of WALGA. I understand that the amendments, which we will deal with more fully in committee, deal with some of the insurance-related matters that FESA has indicated will make the administration of the levy less prescriptive. On that basis, I indicate our support for the legislation.

HON GEORGE CASH (North Metropolitan) [9.39 pm]: I also indicate my support for the north metropolitan zone committee, which through the agency of Rodney Constantine, the deputy chief executive officer at the City of Stirling, has proposed an alternative model for the collection of this FESA levy. Hon Derrick Tomlinson and Hon Robin Chapple pointed out some of the advantages of the alternative model. It was suggested that some of the amendments on the Notice Paper that will be considered during the committee stage address the issues that are raised by the north metropolitan zone committee's alternative model. The amendments on the Notice Paper in no way address completely the issues that have been raised by the north metropolitan zone committee's proposal. They go some of the way to addressing the concerns that have been raised, but certainly do not address them in a complete manner.

In a moment I will seek the leave of the House to table two documents. The reason for seeking that leave is to ensure that not only the minister but also the House receive a summary position paper on the emergency services

levy collection by local government that was put forward by the north metropolitan zone committee, and also some further information, again put forward by that committee, on the advantages that will be had if this alternative model is adopted.

Although I would like other amendments to be agreed to, it seems to me that in the end-of-year rush of legislation, that will not be possible. However, I say to the minister that when the regulations are being considered, it is absolutely critical that representatives of the north metropolitan zone committee be on an advisory committee that considers those regulations. I regret that the Government has not consulted widely with local government. It may have advised local government of its intention to impose an obligation on local government to collect the levy, but it certainly did not consult in a meaningful way, because in all the representations that have been made to me by local government to date on this proposal, it has become clear that local government is very disenchanted with having been burdened with the obligation to collect this levy.

However, it should also be said that local government is not opposed to a fire services levy. It believes that there was a need to change the current financing arrangements for the Fire and Emergency Services Authority of Western Australia. The point that local government makes is that it should not have to bear the burden of collecting the levy. It is not a core business of local government and, as has been pointed out, is likely to cost the ratepayers a sum of money as they will be required to subsidise the costs of collecting the levy, notwithstanding the administrative fee that is proposed to be paid by FESA for the collection of the levy.

I think it would be worthwhile to indicate some of the advantages to not only FESA but also local government and other organisations of the proposed alternative model. I want to have this incorporated in *Hansard*. I understand that the north metropolitan zone committee has distributed a letter to all members of this House, and it is pleasing to know that that letter has in fact been read by many members of the House; and the minister is indicating to me across the Chamber that he also has received a letter from the north metropolitan zone committee on these matters. However, I want recorded in *Hansard* the advantages of the proposed alternative model.

The north metropolitan zone committee believes that the advantages to FESA will be a guaranteed cash flow at nominated dates. Hon Derrick Tomlinson has already set out, for the benefit of the Chamber, the dates on which quarterly payments will be made by local government. There will be a reduction in administrative costs to FESA if the alternative model is agreed to. There will be no concerns or accounting for outstanding debts, because under the proposed model local government will assume the debt, and in assuming the debt will be responsible for the collection of any outstanding debts. FESA will not have to decide interest rates, administration fees or deal with any issues relating to outstanding accounts. That would be a responsibility of local government. FESA's audit processes would be reduced, and therefore the cost of such processes would be reduced. Another important point that is made is that there would be no likely legal challenge to the rate that is struck. Under the alternative model, there is also a reduced likelihood of complications in the event of a legal challenge to the legal basis of the rate.

As far as the advantages to local government are concerned, we should not forget that under the Bill as it is currently worded it is proposed that local government act as an agency for FESA in the collection of these rates. The moneys collected will in fact be due to FESA, and certain fiduciary obligations are imposed by local government because of the way in which this Bill is worded. Although local government is not trying to avoid any fiduciary obligations, it recognises that it will have to maintain accounts over and above those that are currently required to be maintained, and that will be at an additional cost to the ratepayers of the respective municipalities.

The north metropolitan zone committee believes that the advantages to local government will be fewer administration overheads. The proposal will eliminate the need to make major alterations to rate billing and land information and geographic information systems. There will be less limitation of choice in selecting accounting and GI systems that are able to accommodate FESA-specific reporting requirements. There will be less need for staff training. There will be a reduced work flow as a result of the adoption of the alternative model. There will be a continuation of choice in matters such as the method and hierarchy of the allocation of payments. That in itself is important. The current wording of the Bill - it may be that some amendments can be moved to improve the situation - does not distinguish between part payments that are made; that is, it does not distinguish between how much of a part payment is to be allocated to the FESA levy and how much is to be allocated to the local government rating system.

Other advantages will flow if we adopt the alternative model. There will be a removal of complexity of explanation, and an ability to incorporate debt for the purpose of interim rating and for the purposes of discounts and administration fees. Of course, we recognise that around Western Australia differing discount fees are applied by local governments in the collection of their annual rates. There would be a reduced likelihood of

complicated reconciliation, reporting and auditing processes. There would be no differentiation of amounts due in collection processes. The alternative model would remove potential for conflict over differing allocation, interest rate and outstanding debt issues. It would remove potential conflict and public confusion when local governments use phase-in valuations and FESA rates calculated on normal valuations. There would be non-dependence on state government timing in setting and sending rate accounts. Under the current scheme, conditions may arise whereby the State has not advised local governments of requirements at the time that they are ready to send accounts. Again, there are in excess of 142 separate local government authorities in Western Australia. Although they generally send rating notices at about the same time each year, it is over a six to eight-week period, and if local governments must await the Government's instructions on when they are able to send out rating notices, that is likely to affect the work flow generally of the rating departments in local governments. There would be no legal complications or delays for the whole of local government rating if the FESA rate was the subject of a legal challenge.

They are just some of the advantages that would flow to local government if the alternative model were adopted. On the development industry and the Real Estate Institute of Western Australia, the summary position paper states that there would be -

Less to understand and explain when rate enquiries are made on land transfers.

If no change were made, a complicated system would arise in which the local government rating authority would have to say that a landowner owed a certain amount in local government rates and, separately, that he owed a further amount on the FESA levy. That would go by the bye if the alternative model were adopted. Another advantage the paper outlines is -

The likely elimination of separate trust arrangements and accounting where there is just one, rather than two creditors involved.

Again, I make the point that if the alternative model is adopted, local government is prepared to assume the debt owed on the FESA levy so that, as has been pointed out, FESA would get 100 per cent of the money due to it at the end of the 12-month period.

It seems to me that in the very limited negotiations that have taken place to date, the general public has not been on the list of those consulted. The advantages for the general public that are outlined in the paper include -

One clear advice on Rate notice of the FESA levy - thereafter one consolidated debt with conditions for payment and debt issues the same as for normal Local Government rating.

That would certainly be less confusing for the general public. There would also be greater ease of understanding conveyancing and inquiries that affected the sale and transfer of land. The advantages continue -

- No Differentiation of pensioner components of accounts.
- Less total tax costs to the public in consequence of less system complexity and administration.

Members are probably aware that FESA has already put together a manual of operating procedures, drafts of which have been sent out to local governments. The draft manual indicates just what local government must comply with when collecting the FESA levy. I understand that local government is very concerned about the complexity of the manual of operating procedures, and that the system currently proposed by the Government is unnecessarily complex. It could be simplified if the Government was prepared to further consider the alternative model proposal. It is not too late. I hope that the minister will take on board the recommendations of the north metropolitan zone committee. Those recommendations have been provided in good faith. Rodney Constantine, Deputy Chief Executive Officer of the City of Stirling, has been one of the people involved in this process. I regard him as unquestionably the most competent treasurer and deputy chief executive of local government in Western Australia. Rodney Constantine has been at the forefront of developing this alternative model. I know that the minister regards him in the same light that I do. Rodney Constantine has indicated that he would be available at any time to discuss the alternative model with the Government on behalf of the north metropolitan zone committee. Certain senior officers at the City of Joondalup have also indicated that they would be pleased to meet with the minister or any nominated representatives to further discuss the alternative model. The alternative model has great merit. I genuinely say to the Government that if it were adopted, a more simple process of collection would be put in place, to the advantage of FESA, local government, and, more importantly, the community of Western Australia as a whole, which will be affected by the FESA levy. I seek the leave of the House to table the two documents that I nominated; that is, the "Summary Position Paper on Emergency Services Levy (ESL) - Collection By Local Government" and the additional documentation that sets out other arrangements and is headed "FESA Levy - Collections by Local Governments from 1 July 2003". They will to provide a record of what is proposed by the north metropolitan zone committee, but more than that, they will

provide a record that the Government will be able to use in seeking further advice from that committee on the various issues raised.

Leave granted. [See paper Nos 535 and 536.]

HON BRUCE DONALDSON (Agricultural) [9.55 pm]: I am sure the minister will be able in his response to clarify the few matters I wish to raise. Proposed division 3, under clause 15, is headed "Determination and assessment of levy". Proposed section 36G(1) states that the minister is to declare by notice published in the *Government Gazette* the levy payable for the next levy year on all land located in an ESL category area. In determining whether the levy would be payable, the minister must take a number of issues into consideration. One of the last issues, under proposed subsection (3)(b), is -

any other matter the Minister considers relevant to a proper determination of the levy.

That is a fairly wide opportunity. I wonder whether it would come under the category of that very special terminology the Government used in its first budget - I think it was called a priority dividend. It was about six per cent. In other words, it was a budget cut. I wonder whether, somewhere along the line, and taking that into consideration, the Government or minister could fund something to do with fire and emergency or other emergency services in some form that would allow the Government to escape some of its responsibility. As Hon Frank Hough pointed out, a levy is a tax. Those terms all come under the same dictionary definition. We all know that. That priority dividend worries me a little, because it gives some flexibility to the minister. I am not too sure whether that opens up a Pandora's box for the minister to tinker around with. I am afraid that we have seen that happen before.

One of the great issues is gross rental value. It is one of the great things in government, its agencies and local government. It has a built-in indexation factor. The Valuer General is the poor person in the middle of that sandwich who is blamed for the increase in the gross rental value each year. It used to be increased on a five-year basis. Members can well remember that when it was five years, the increase in gross rental values in some areas was huge. Of course, local government adjusted the rate by only a very small amount. Some people suddenly found themselves with a rate increase of up to 70 or 80 per cent. Local government used to say that it was the Valuer General and not the local authority that caused that increase. That is the greatest escape mechanism I have ever seen. I came out of local government. A lot of work was done over that period. It started in the Shire of Swan, because that local authority wanted to find a better and fairer way of assessing rateable properties in Western Australia. People from the university were involved. There were many anomalies in the Shire of Swan at that time. The shire looked at every possible way to get a better and fairer system for gross rental values. Sadly, it failed because at the end of the day it could not come up with a better model, even though the existing model had many flaws and problems. That built-in indexation or inflation factor assessed by the Valuer General flows on to water and sewerage rates. Naturally, it improves the capacity of local governments to rate their residents and businesses. In my home town of Koorda a number of farmers built homes in the town when their sons got married so that their sons could live on the farm. The better the homes they built, the higher their sewerage bills. It could be three or four times the ordinary standard residence in Koorda, but they had built something a bit better. They felt it was unfair. It is a wealth tax. It cannot be described in any other way. It is really unfair.

Hon Nick Griffiths: It has been around a long time.

Hon BRUCE DONALDSON: I know it has, but people have tried to find a fairer system. They would like to build nice homes but why should they, when they pay more rates to the local government, and higher sewerage rates? It is the society we live in. In all these years, nobody has come up with a model they could consider fairer.

Hon Nick Griffiths: Can you come up with one now?

Hon BRUCE DONALDSON: I wish I could. It might seem strange that I am criticising local government, but local governments do hide behind the Valuer General. At least it is now done on an annual basis so that the pain is not quite as great. As we see escalating real estate values, the Valuer General must keep them in mind. He looks at recent sales over a period, and adjusts the gross rental value. It is a bit of a shock when the rate bills start coming in, especially when it is not a taxation deduction, as it is in farming.

Another issue is the assessment of the levy and the assessment notices. I can remember when the licensing of motor vehicles was changed, slowly but surely, from local governments individually keeping records to a centralised system, in those days controlled by the police. They wooed and won over a couple of councils to become licensing agents. I am not saying that a central location containing all the licences with easy access for police and transport officials is not the best way to go. The police set a recording fee for local governments that made it quite attractive for them to be collection agents. It was included on the motor vehicle licence renewal

form. In lots of cases, in small country towns, the recording fee helped to pay for another girl or young fellow to work in the local government office just to handle the licensing. Local governments got the Government of the day and the police to indicate on the licence renewal form that it could be paid at the local shire office, because once it has been mailed out from a central location to the farmer's post office box, his inclination is to look at it, write a cheque, put it in an envelope and send it back to Perth. That went on for a number of years, and then it changed from being the responsibility of the police to that of the Department of Transport. Then the recording fee was reduced at an appropriate time. I do not recall if it was a Liberal Government or a Labor Government. It reached the stage where the mucking around with licences was hardly worth the effort for the smaller councils. That is what worries me a little about the fee and the recovery of costs to local government. It might be attractive on day one to cover their costs through a fee which can be charged for handling and administration and which will be paid by FESA. Presumably the account for the levy will go out with the rate notice. There are two ways of looking at a rate notice. I presume that local government has the flexibility to include the so-called pro forma for the fire and emergency service not on the rate notice itself, but on a separate adjunct. The minister might be able to answer this for me. If I were in local government today, I would ensure that it was quite clear that my ratepayer, when receiving that notice, knew exactly what that fee was all about. I hope the minister will answer this in his summing up. It is important from a local government perspective. There is nothing worse than having a rate notice, plus the rubbish charge, plus a pool inspection fee, and then this other levy. The criticism will be aimed fairly and squarely at the local government. People will take a while to work out what this represents.

The sleeper is the insurance company. A person may own three homes, and is paying this levy at present on the insurance for those properties. While the insurance companies will be audited to make sure that the levy is taken off the premium, how will the Government know that the insurance company has taken the levy off but has increased the premium by 10 per cent? The insurance company will turn around and say that this is the reinsurance premium, which has gone up since the Bali bombings, or since 11 September. The Government will not be able to say to insurance companies that they have not played the game. They will win. I will be watching my insurance company. I use a broker, and I will be watching my insurance company very closely - or get my broker to do so - to make sure that the existing fire levy on my home insurance is taken off, and I will be watching closely what happens to my premiums.

Naturally the Government will have to allow the levy to be paid by instalments, because local government allows instalments on the rates now, like most government agencies. It is an old saying that when instalment options are provided, it means that people cannot afford to pay up front. That is what it boils down to. The option is given to pay rates over four instalments. The interest rate is not high, so most people choose that method these days. It is usually a very strong signal that the rate is going up in such a way when the average person cannot turn around and write out a cheque for it. It is interesting that proposed section 36O says that the levy is a charge on land. It is a tax on land, whichever way it is looked at, and the interests and recovery costs are charges on the leviable land. We all understand that, and it has been spelt out.

I have talked about local government being paid certain fees. I will be watching that very closely just to see, over the next few years as this kicks in, whether the fee being paid to local government is going up or coming down. As the gross rental value goes up - and it will keep going up - the collection for the Government will get greater and greater. I hope some of the voluntary service organisations, such as volunteer bush fire brigades, the State Emergency Service groups and marine rescue services, who do a tremendous job, will not be short-changed from the collection of these levies. I hope they do not have to go through a convoluted process and an administrative nightmare to supply to FESA their true costs, as set out in the Bill. I hope they are met. Most local authorities will raise far more money than they will ever receive by way of assistance.

I now refer to the recovery of unpaid levies. Local government will be responsible for unpaid levies for three years; they will come under the normal provisions of the Local Government Act and the local government can advertise and recover any unpaid charges. If I remember correctly, that is when FESA will take over. Certain procedures should be followed before application is made to the Supreme Court. Proposed section 36ZC refers to action that may be taken by the Supreme Court. We are starting to move into the area of real litigation and recovery. We were surprised to see the fishing tactical response group disappear, as announced by the Government today, so the poor old recreational angler would not be told to kick the sardines over the side very slowly as about four members of the tactical response group looked at him down the barrels of their rifles. I wonder whether we will see a fire and emergency services levy tactical response group marching onto someone's land.

What pecking order does the fire and emergency services levy have? Government agencies have priority when land is sold for unpaid rates. I think water rates appear above local government rates. Major state government agencies receive their cut from the sale of land before local government receives its outstanding rates.

Hon Derrick Tomlinson; Deputy President; Hon Frank Hough; Hon Robin Chapple; Hon George Cash; Hon
Bruce Donaldson

According to the local government provisions, action can be taken after three years. Local governments would probably have other outstanding fees, mostly rates. A lot of people have vacant blocks of land. A block of land at Mullewa could be left to a niece or nephew who lives in Busselton. The council would work out the minimum rate on a vacant block of land. The people would wonder why they have to pay the rates. The minimum value in Jurien Bay at the moment is \$450. I know land is worth a lot more there than in Mullewa, but after a few years people often wonder why they are still keeping some land, especially if it is in a low capital gain area. It is important to find out how local government can collect any outstanding debts by way of non-paid rates and also the levy.

The amount of money collected used to be 75 per cent from the insurance companies, 12.5 per cent from local government and 12.5 per cent from the State Government. When the levy is collected, the State Government will receive a windfall of approximately \$23 million - I forget the actual figure - but this is a very interesting situation. What will the Government do with the \$20-odd million? The minister should not tell me that he will put it into law and order, health or education, because that has not been done to date. Has Treasury already grabbed the money? This may be the so-called priority that the Government often talks about. I want to know about this windfall. Will the Government upgrade facilities in the first year? The Government should put this additional money where its mouth is. As the minister knows, a number of places around the State could do with some collocated premises for the SES and St John Ambulance. Those premises have been a winner in lots of ways. It makes sense, rather than having three sets of dunnies in town because each group has its own separate headquarters - the SES, St John Ambulance and the bush fire brigade - which is ridiculous. I hope the minister takes this matter up with the relevant minister, Hon Michelle Roberts, and maybe some of the windfall from the first year will be allocated for infrastructure to assist the emergency volunteers who do a tremendous job in Western Australia. That would be a show of confidence in what the Government has proposed. Local government will take the rap for some of this, and it will assist local government in some of those areas. Maybe 10 or 20 places in Western Australia could benefit from a collocated infrastructure that would allow those emergency services groups to work more effectively. The only change we would see in some towns is that the volunteers take off their St John shirts to put on their orange overalls for the SES. When we go to the bush fire volunteer group, lo and behold, the same faces appear. I have seen this scenario in some of the towns I have visited since I have been in Parliament. Some people have an amazing capacity, especially when there is limited population in some areas. It is amazing to see the same faces at three different locations. The collocation of infrastructure is important; it makes for more efficient delivery of emergency services. This minister should spend a bit of the windfall.

Debate adjourned, on motion by Hon Nick Griffiths (Minister for Racing and Gaming).