



## Minister for Emergency Services; Corrective Services

Our ref: 65-15963  
Your ref: Standing Order 93

Hon Kate Doust MLC  
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RECEIVED:  
PRESIDENT OF THE LEGISLATIVE COUNCIL  
Date: 24 / 11 / 2020  
Ref No. PR 0707

Dear Madam President

I refer to the Matter of Privilege assessment concerning Emergency Service Levy (ESL) Revenue brought to the house by the Hon Dr Steve Thomas on 12 November 2020. On 17 September 2020, the Hon Peter Collier asked a question of the Minister for Environment, regarding the reduction in the amount of emergency services levy (ESL) in the budget. The question stated-

*I refer to the minister's entry in the Government Gazette of 19 June 2020 that indicated that emergency services levy revenue for 2020-21 is expected to be around \$30 million down on the previous year.*

*(1) Is the indicated reduction of ESL revenue due to this year's revaluation of the gross rental value or unimproved value of properties by the WA Valuer-General?*

The answer that was correctly given to that question was "no".

This year's decrease in metropolitan gross rental values was not the reason for ESL revenue being less this year compared to 2019-20, rather, it was the Government's decision to freeze ESL rates, as part of the household support measures introduced in response to COVID 19.

The amount of ESL revenue to be collected each year as approved by Government and declared by the Minister is the amount that is collected from property owners, irrespective of any change in gross rental values. The calculation of annual ESL rates takes into account changes in gross rental values and ensures that the approved ESL revenue amount is collected. Had the Government not made the decision to freeze the ESL rates, it would have followed the established process and approved a higher ESL revenue amount. This higher amount would have been collected through the ESL process despite the overall decrease in gross rental values, as higher ESL rates would have been set to produce the additional ESL revenue.

Therefore, the Government's decision to approve the reduction in ESL revenue was a direct consequence of its decision to freeze the ESL rates; not due the revaluation of the gross rental values by the WA Valuer-General.

The design of the process by which ESL revenue and the ESL rates for a given year are determined, ensures that changes in gross rental values do not have any impact on ESL revenue, unless there is a decision by government to freeze rates as was the case for the 2020-21 budget year. This process is summarised below:

- 1) The ESL funding requirement for the upcoming year is approved by Government taking into consideration the estimated cost of services and all other estimated revenue of the Department of Fire and Emergency Services (DFES).
- 2) As ESL charges are based on an individual property's gross rental value multiplied by a declared rate, the approved ESL revenue is modelled against the gross rental value of properties across the State as determined by the Valuer-General. This allows the exact ESL rates required to raise the approved ESL revenue total to be calculated.
- 3) The approved ESL revenue and calculated ESL rates are declared by the relevant Minister and published in the Government Gazette. These are used by DFES and Local Governments to issue ESL assessments to property owners.

In short, the total amount of ESL to be raised in a year is determined at the start of the process, everything else follows this.

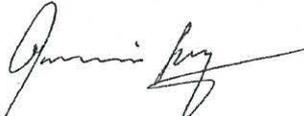
This process ensures that the Government-approved ESL funding requirement for DFES is collected through the ESL levy each year. It also ensures that fluctuations in gross rental values do not have an impact on the total amount of ESL collected. Gross rental values are used solely as a means for determining the distribution of the total ESL revenue to be collected amongst individual property owners.

For the 2020-21 levy year, prior to the ESL rates being determined, Government sought advice on the amount of ESL revenue required to allow the ESL rates to be frozen in line with the Government's COVID 19 household support measures. It was based on this advice that Government approved ESL revenue of \$372.537 million for 2020-21, a decrease of just over \$30 million on the ESL revenue approved in 2019-20. The reduction in ESL funding was offset through the approval of additional Government appropriations to DFES in 2020-21. Following the usual process, the ESL rates for 2020-21 were then determined based on collecting the declared total of \$372.537 million, given the gross rental values that were due to come into effect on 1 July 2020. As expected, the rates required to achieve this were the same as those that applied in 2019-20.

As mentioned in the referenced comments by the Fire and Emergency Services Commissioner at the Assembly Estimates Committee, and in the responses to Parliamentary Questions 1216 and 1302, the gross rental values that were due to come into effect on 1 July 2020 were subject to a revaluation of all properties within the Perth metropolitan area. This resulted in an overall reduction in gross rental values for these properties. This reduction was a factor in determining the ESL revenue amount required to allow the ESL rates to be frozen. It would however be incorrect to suggest that the reduction in revenue was due to the revaluation undertaken by the Valuer-General.

I trust that this information provides clarity for the purpose of the Matter of Privilege assessment and provides the House with an assurance that the correct information has been provided.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Francis Logan', with a long horizontal stroke extending to the right.

**HON FRANCIS LOGAN MLA  
MINISTER FOR EMERGENCY SERVICES; CORRECTIVE SERVICES**

**24 November 2020**