

24/05/1999

Not Relevant

115. MES0008/99CS

Emergency Services Levy, Supplementary
Submission

APPROVED AS AMENDED

Premier and Cabinet Minister

Not Relevant

CABINET COVER SHEET

1. TITLE: Emergency Services Levy, Supplementary submission.
2. MINISTER: Minister for Justice
3. PURPOSE: To obtain Cabinet approval for the declaration of the Emergency Services Levy on vehicles and vessels for the 1999/2000 and 2000/2001 financial years.
To approve pensioner concessions, instalments, credit card payments and on line payment options to levy payers.
To note the intention of the Minister to offer exemption of the levy on specified vessels and vehicles.
To authorise the publication by the Governor of a levy notice as required by Section 24 of the *Emergency Services Funding Act 1998*.
4. RESOURCES REQUIRED FOR IMPLEMENTATION: Concession payments will require an additional budget allocation of \$6.1 million. The cost of instalments, credit card payments and on-line payments can be met from within the proposed levy.
5. RELATIONSHIP TO GOVERNMENT POLICY: The *Emergency Services Funding Act 1998* was assented to on 10 September 1998. The Act is consistent with Government equity and fairness objectives, and in accordance with the election commitment to review funding for Emergency Services.
6. CONSULTATION: Further consultation has occurred with the Local Government Association.
7. URGENCY: Urgent. Collection of the Emergency Services Levy in 1999/2000 is dependent on the gazettal of the levy rates and publication of Notices in the 1998/1999 financial year. It is proposed to release details of the levy as part of the 1999/2000 Budget process. Cabinet approval of the release is required.

8. RECOMMENDATION:

It is recommended that Cabinet:

- 8.1 Endorse the recommendations of the Minister under Section 24 of the *Emergency Services Funding Act 1998*, to the Governor to declare the amount of the Emergency Services Levy in respect of vehicles and vessels to apply from 1 July, 1999 for a two to four year period.
- 8.2 Approve the publication of the notice as required by Section 24 of the *Emergency Services Funding Act 1998*.
- 8.3 Approve concession entitlements for pensioners on fixed property levies.
- 8.4 Authorise the Treasurer, the Minister for Human Services and the Minister for Justice in conjunction with the Minister for Police, Correctional Services and Emergency Services, to develop and implement a mechanism and protocols for the provision of pensioner concessions.
- 8.5 Approve the funding of pensioner concessions through an appropriation from Consolidated Account with any 'recovery' from Local Government savings being credited to Consolidated Account.
- 8.6 Approve the use of instalments as a levy payment option.
- 8.7 Approve the use of credit card facilities and on line payment options.
- 8.8 Note that any additional changes to the proposed package (over and above concessions, instalments and credit cards) will need to be funded through Consolidated Account. (No additional funds are available from within the Justice Portfolio and, due to the tight legislative framework for the Levy, there is no opportunity in future years for compensation outside of emergency services activity)

- 8.9 Approve the exemption of vehicles registered under short term permit (PCC class 17 and 67) from the levy.
- 8.10 Approve the exemption of conditionally registered farm tractors and self propelled agricultural implements (PCC class 18 and 68) from the levy.
- 8.11 Approve the exemption of registered boat trailers from the levy.
- 8.12 Approve single registration exemption of specific vessels that have dual registration from the levy.
- 8.13 Approve the exemption of small tender vessels as identified by Transport SA as being exempt of annual registration charges from the levy.

SIGNATURE OF MINISTER:

PORTFOLIO:

DATE:

Attorney-General

SIGNATURE OF MINISTER:

PORTFOLIO:

DATE:

Minister for Police, Correctional Services and Emergency Services

MINUTES forming ENCLOSURE to

CSE0008/99

TO THE PREMIER FOR CABINET

1. PROPOSAL

It is recommended that Cabinet:

- 1.1 Endorse the recommendations of the Minister under Section 24 of the Emergency Services Funding Act 1998, to the Governor to declare the amount of the Emergency Services Levy in respect of vehicles and vessels to apply from 1 July, 1999 for a two to four year period.
- 1.2 Approve the publication of the notice as required by Section 24 of the *Emergency Services Funding Act 1998*.
- 1.3 Approve concession entitlements for pensioners on fixed property levies.
- 1.4 Authorise the Treasurer, the Minister for Human Services and the Minister for Justice in conjunction with the Minister for Police, Correctional Services and Emergency Services, to develop and implement a mechanism and protocols for the provision of pensioner concessions.
- 1.5 Approve the funding of pensioner concessions through an appropriation from Consolidated Account with any 'recovery' from Local Government savings being credited to Consolidated Account.
- 1.6 Approve the use of instalments as a levy payment option.
- 1.7 Approve the use of credit card facilities and on line payment options.
- 1.8 Note that any additional changes to the proposed package (over and above concessions, instalments and credit cards) will need to be funded through Consolidated Account. (No additional funds are available from within the Justice Portfolio and, due to the tight legislative framework for the Levy, there is no opportunity in future years for compensation outside of emergency service activity)
- 1.9 Approve the exemption of vehicles registered under short term permit (PCC class 17 and 67) from the levy. Note the intention of the Minister to fund the pensioner concessions through an appropriation from Consolidated Account with any 'recovery' from Local Government savings being credited to Consolidated Account.

- 1.10 Approve the exemption of conditionally registered farm tractors and self propelled agricultural implements (PCC class 18 and 68) from the levy.
- 1.11 Approve the exemption of registered boat trailers from the levy.
- 1.12 Approve single registration exemption of specific vessels that have dual registration from the levy.
- 1.13 Approve the exemption of small tender vessels as identified by Transport SA as being exempt of annual registration charges from the levy.

2. BACKGROUND

- 2.1 Sections 1, 2, 10, 23, 24 and 25 of the *Emergency Services Funding Act 1998* were to come into effect on 13th May 1999. The remaining sections of the Act are to come into effect on 30th June 1999. The Act replaces existing funding methods for emergency services based on insurance levies and State and Local Government contributions, with an Emergency Services Levy based on the ownership of real estate property and registration of mobile property.
- 2.2 The *Emergency Services Funding Act 1998* establishes a levy system based both on fixed and mobile property. Currently the proportion of funding met from the mobile sector is not commensurate with the growing demands on emergency service providers.
- 2.3 This submission forms a supplementary submission to that deferred on Tuesday 18 May 1999, and deals with a range of matters raised by Cabinet for inclusion in the levy process.

3. DISCUSSION

Concessions to Pensioners

- 3.1 Under section 33 of the *Emergency Services Funding Act, 1998* (the Act) the Governor may, on the recommendation of the Minister, make regulations for the remission of one or both of the levies imposed under the Act for the benefit of persons who are entitled to pensions, benefits, allowances or other payments under the Social Security Act, 1991. (Note that an Amendment to the Act is required to include Veterans Affairs pensioners under this section). Alternatively, pensioner concessions could be provided by way of a regulation under the Rates and Land Tax Remissions Act 1986, similar to arrangements administered by FAYS covering concessions for Council and water rates.

- 3.2 Based on SA Water pensioner data base (which includes those outside of water districts), there are 125,269 pensioner properties that are privately owned. If concessions are endorsed, they should only apply to the principal place of residence (total of 121,282). It is proposed to offer a remission to pensioners on the variable component of the levy to a maximum of, say, \$50. There is currently insufficient data to determine the exact cost impact of offering a remission in this form. However, the estimated maximum impact is approximately \$6.1 million. (ie. for every \$10 concession, the additional cost would be about \$1.2 million).
- 3.3 The State Government provides Council rate remissions for pensioners up to a maximum amount of \$150 as provided in the Rates and Land Tax Remissions Act 1986. The implementation of these remissions is by Local Government and is estimated to cost the State Government \$24.1 million in 1999/2000. The Government may wish to vary the method of delivery of Council rate remissions for pensioners in light of the proposed introduction of pensioner concessions on the levy. It is important to note that no discounts are available for pensioners under existing insurance schemes, apart from those companies that offer cheaper insurance rates for pensioners on the basis of reduced risk.
- 3.4 Whilst providing concessions to pensioners and others is seen as equitable, it should be noted that levies are attributed to property owners only. This is seen as an important social policy issue in that whilst landlords cannot claim a remission from tenants directly, levy payments for pensioner tenants can be built into rents which will not be remittable under the Act.
- 3.5 It is proposed that the Treasurer, the Minister for Human Services and the Minister for Justice, in conjunction with the Minister for Police, Correctional Services and Emergency Services, develop and implement a mechanism and protocols for the provision of pensioner concessions.

Instalments

- 3.6 The magnitude of the Emergency Services Levy (at the proposed quantum of \$142.2 million) is likely to be significant for a large number of property owners.
- 3.7 Given the magnitude of the required payments and that invoicing by RevenueSA is not scheduled to commence until late September - October 1999 (thereby coinciding with other large bills often due at that time of year), it is considered reasonable to provide an instalment option, particularly given that such an option is generally

available for utilities, insurances, rates and registrations. Providing such an option will likely have a positive impact on debt recovery, consumer acceptance and call centre services.

- 3.8 Four single monthly instalments over four months is proposed, with payment being either the whole amount on the first due date, or 25% on the first due date leading to three further payments of 25% of the total levy payment at monthly intervals. Using Greater Adelaide as an example, the four instalments on a monthly basis would be as follows:

Capital Value (\$)	Total Levy Payable (\$)	Levy Contribution by instalments (\$)
100,000	117	29
200,000	184	46
300,000	251	63
400,000	318	80
500,000	385	96

- 3.9 RevenueSA has provided a cost estimate of \$1.82 million for the provision of a four instalment option over four months, based on the assumption that there would be a 100% take up of the instalment option. This is in addition to approximately \$5.9 million per annum for normal collection services. This option also would add approximately \$0.6 million interest costs per annum to meet temporary funding shortfalls.
- 3.10 Currently there are no provisions within the Emergency Services Funding Act to provide incentives or disincentives (eg an administration fee) to encourage early payment. A 100% take up of the instalment is not considered likely with a more reasonable take up considered to be between 50 to 70%.
- 3.11 Future amendment of the Act may be appropriate to promote early payment of the levy. In the meantime, any additional costs will be met from the Community Emergency Services Fund.

Credit Cards

- 3.12 Payments by credit card (and EFTPOS) are also proposed. Current cost estimates for the provision of credit card payment options, as provided by RevenueSA, are \$101,000 for set up and \$468,000 ongoing costs per annum. The majority of the

costs are credit card transaction fees. These estimates are based on an assumption that 30% of transactions would be paid by credit card.

- 3.13 The cost of credit card options is in addition to collection costs of approximately \$5.9 million per annum. Again, these costs may be met from the Fund. In summary, RevenueSA's total collection cost, including instalments and credit card payments is \$8.3 million (\$5.9M + \$1.8M + \$0.6M) for 1999/2000.

On line Payments

- 3.14 The levy on vehicles will be payable as part of normal registration practice including phone and on line options. The levy on fixed property is planned to be payable through the BizGate system set up under the Government DIT program. The cost of this option is \$40,000 in set up costs which will form part of the collection costs from RevenueSA. DIT has indicated that there will be no ongoing charges for the provision of this service.

The Levy in Respect of Vessels and Vehicles

- 3.15 It is proposed to provide an exemption of the levy on those vehicles listed as conditionally registered for primary production purposes (PCC Class 18 and 68). These vehicles number approximately 44,000 and include tractors, headers, farm motor bikes (4, 3 & 2 wheel) as well as any other self powered farm implements. The cost of this exemption is approximately \$350,000 which will be borne by other vehicle owners within other classes to ensure collection targets are met.
- 3.16 An exemption is also proposed for vehicles in premium class code 17 and 67, (vehicles under permit, metropolitan and country) since these vehicles do not have permanent registration and have permits for only short periods such as 3 days.
- 3.17 It is proposed to offer a levy exemption to owners of registered boat trailers. Currently there are 44,000 vessels and approximately 29,400 registered boat trailers. The cost impact to the levy is approximately \$350,000 plus an additional \$5,000 for programming and procedural changes. Whilst this is considered the most efficient method to implement given current implementation time frames, there is the incentive for customers to describe all trailers as "boat trailers" to avoid paying the levy.
- 3.18 The addition of further exemptions requires an increase in certain classes to compensate for lost revenue. It is proposed to increase the minimum levy amount

from \$8 to \$12 and to increase the levy for vessels from \$12 to \$16. No other changes in the levy rates on vehicles and vessels are proposed to those recommendations provided by the Minister as part of the original Cabinet Submission. Based on \$142.2 million being the total funding requirement of the levy, \$35.6 million would still be collected by way of a levy on mobile property in 1999/2000.

- 3.19 A number of boats that are subject to the levy may have dual registration as both a commercial and recreational vessel. It is not considered appropriate for a single vessel to pay two levy amounts therefore the Minister intends to exempt these vessels in so far as they contribute one levy amount.
- 3.20 TransportSA registers a number of small vessels (of less than 2.1m) annually at no charge on the basis that these vessels are tenders for yachts and other registered boats. The Minister intends to continue this approach with regard to the levy and exempt these vessels on the basis of payment through the larger registered vessel.

Executive Council

- 3.21 Pursuant to Section 24 of the *Emergency Services Funding Act, 1998*, the Governor in Executive Council is empowered to declare the amount of the emergency service levy for vehicles and vessels by notice published in the *Gazette*. The recommended notice for this is provided as Attachment A.
- 3.22 Pursuant to Section 25 of the *Emergency Services Funding Act, 1998*, the Minister's Notice to exempt certain classes of vehicles and vessels is provide in Attachment B.

Overall Funding Requirements (including CAD & Pensioner Concession Issues)

- 3.23 The Minister considers it highly desirable that the overall funding requirement of \$142.2 million to meet the costs under the Act, as recommended by the Advisory Committee, be maintained.
- 3.24 Additional costs of providing payment of the levy by four instalments as well as allowing payment by credit card are estimated by Revenue SA to add \$3.0 million to collection costs (this includes extra interest costs).
- 3.25 The proposal (prior to any pensioner concessions being considered) was to raise a total of \$142.2 million by the levy and included an amount of \$5.7 million in 1999/2000 to cater for the cost of the Computer Aided Despatch (CAD) system.

The figure of \$5.7 million includes amortisation of the capital and development costs of the system over 5 years.

3.26

Clause 10(1) Legal Professional Privilege

- 3.27 Pensioner concessions for the fixed levy are estimated to cost \$6.1 million and cannot be met without increasing the levy rate for all non-pensioner payers. The suggestion is that \$6.1 million be appropriated from Consolidated Account for this purpose with any "recovery" from Local Government savings being credited to Consolidated Account.
- 3.28 It is important to note that any additional changes to the proposed package (over and above concessions, instalments and credit cards) that reduce the overall levy quantum of \$142.2 million will need to be funded through Consolidated Account. No additional funds are available from within the Justice Portfolio and, due to the tight legislative framework for the Levy, there is no opportunity in future years for financial compensation outside of emergency service activity.

4. RECOMMENDATIONS

It is recommended that Cabinet:

- 4.1 Endorse the recommendations of the Minister under Section 24 of the *Emergency Services Funding Act 1998*, to the Governor to declare the amount of the Emergency Services Levy in respect of vehicles and vessels to apply from 1 July, 1999 for a two to four year period. *i.e. \$32 \$12 \$8 for classes of vehicle
as per Cab. sub 12/5/99*
- 4.2 Approve the publication of the notice as required by Section 24 of the *Emergency Services Funding Act 1998*.
- 4.3 Approve concession entitlements for pensioners *+ others* on fixed property levies.
- 4.4 Authorise the Treasurer, the Minister for Human Services and the Minister for Justice in conjunction with the Minister for Police, Correctional Services and Emergency Services, to develop and implement a mechanism and protocols for the provision of pensioner concessions.

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- + other*
- 4.5 Approve the funding of pensioner concessions through an appropriation from Consolidated Account with any 'recovery' from Local Government savings being credited to Consolidated Account.
 - 4.6 Approve the use of instalments as a levy payment option.
 - 4.7 Approve the use of credit card facilities and on line payment options.
 - 4.8 Note that any additional changes to the proposed package (over and above concessions, instalments and credit cards) will need to be funded through Consolidated Account. (No additional funds are available from within the Justice Portfolio and, due to the tight legislative framework for the Levy, there is no opportunity in future years for compensation outside of emergency service activity)
 - 4.9 Approve the exemption of vehicles registered under short term permit (PCC class 17 and 67) from the levy. Note the intention of the Minister to fund the pensioner *+ other* concessions through an appropriation from Consolidated Account with any 'recovery' from Local Government savings being credited to Consolidated Account.
 - 4.10 Approve the exemption of conditionally registered farm tractors and self propelled agricultural implements (PCC class 18 and 68) from the levy.
 - 4.11 Approve the exemption of registered boat trailers from the levy.
 - 4.12 Approve single registration exemption of specific vessels that have dual registration from the levy.
 - 4.13 Approve the exemption of small tender vessels as identified by Transport SA as being exempt of annual registration charges from the levy.

4.14. Note negotiations (continuing) with Local Government Association for recovery of 25% of Local Government Savings in their payments of emergency services.

R. Brokenshire

K. Trevor Griffin, MLC
ATTORNEY-GENERAL

24/5/1999

Robert Brokenshire, MP, JP
MINISTER FOR POLICE, CORRECTIONAL
SERVICES AND EMERGENCY SERVICES

24/5/1999

ATTACHMENT A Draft Notice for publication by the Governor in the Cabinet Gazette under section 24 of the Emergency Services Funding Act 1998

ATTACHMENT B Draft Gazette notice by the Minister providing exemptions of the levy on specified vehicles and vessels of a class.

APPROVED

[Signature]
PREMIER

ATTACHMENT A

Notice required under section 24 of the *Emergency Services Funding Act 1998*

LEVY IN RESPECT OF VEHICLES AND VESSELS

Pursuant to section 24 of the *Emergency Services Funding Act, 1998*, I make the following declaration;

1. The amounts specified for each premium class of motor vehicle as published by the Motor Accident Commission are;

Tier One	PCC 1 - Metropolitan - Cars PCC 2 - Metro - Light goods PCC 3 - Metro - Medium goods PCC 4 - Metro - Primary production - goods PCC 5 - Metro - Taxis PCC 6 - Metro - Hire and Drive PCC 7 - Metro - Chauffeured vehicle PCC 8 - Metro - Bus 13-35 passengers PCC 9 - Metro - Bus 35+ passengers PCC 10 - Metro - Community transport PCC 15 - Metro - Motor cycle 51 - 250 cc PCC 16 - Metro - Motor cycle 251 - 600 cc PCC 19 - Metro - Historic vehicle scheme PCC 20 - Metro - Motor cycle 601 ee + PCC 21 - Metro - Heavy goods PCC 22 - Metro - Light car carrier PCC 23 - Metro - Medium car carrier PCC 24 - Metro - Heavy car carrier PCC 25 - Metro - Trailer car carrier PCC 29 - Metro - Miscellaneous PCC 32 - Metro - Municipal Bus PCC 51 - Country - Cars PCC 52 - Country - Light goods carrier PCC 53 - Country - Medium goods carrier PCC 55 - Country - Taxis PCC 56 - Country - Hire and drive yourself PCC 57 - Country - Chauffeured vehicle PCC 58 - Country - Bus 13 - 35 passengers PCC 59 - Country - Bus 35 passengers + PCC 66 - Country - Motor Cycle 251-600 cc PCC 70 - Country - Motor Cycle 601 cc + PCC 71 - Country - Heavy Goods PCC 72 - Country - Light Car Carrier PCC 73 - Country - Medium Car Carrier PCC 74 - Country - Heavy Car Carrier	\$32
Tier Two	PCC 11 - Metro - Trailers PCC 14 - Metro - Motorbikes - not exceeding 50 cc; PCC 54 - Country - Primary Producer's Goods Carrying Vehicles; PCC 60 - Country - Public Passenger Vehicle; PCC 61 - Country - Trailers PCC 64 - Country - Motor Cycles - not exceeding 50 cc; PCC 65 - Country - Motor Cycles - not exceeding 250 cc; PCC 69 - Country - Historic and left hand drive; PCC 75 - Country - Car carrier's extension and trade plates;	\$12

	PCC 79 - Country - Special Purpose - fire and emergency purposes, hearses.	
Exempt	PCC 68 - Country - Conditionally registered farm tractors etc; PCC 18 - Metro - Conditionally registered farm tractors etc; PCC 17 - Metro - Vehicles under permit; PCC 67 - Country - Vehicles under permit;	\$0

2. The amount of the levy in respect of vessels is \$16.
3. This notice applies in relation to the 1999/2000 and 2000/2001 financial years in respect of all classes other than classes 18 and 68.
4. This notice applies in relation to financial years 1999/2000, 2000/2001, 2001/2002 and 2002/2003 for classes 18 and 68.

ATTACHMENT B

Minister's Notice to be published in the *Gazette*

Pursuant to Section 25 of the *Emergency Services Funding Act, 1998*, the Minister exempts the following classes of vehicles and vessels from the Emergency Services Levy.

1. Premium class code 17 and 67; (vehicles under permit, metropolitan and country)
2. Premium class code 18 and 68; (conditionally registered farm vehicles)
3. Trailers that are used for the carriage of vessels (part Premium Class Code (PCC) 11 & 61)
4. Vessels that are subject to dual registration under the *Harbors and Navigation Act 1993*.
5. Registered vessels used as small yacht tenders that are currently identified as exempt from registration charges under the *Harbors and Navigation Act 1993*.

