

# Historical

SOUTH AUSTRALIA



RevenueSA

**Emergency Services Levy (Fixed Property)**

**Circular No. 1**

## **EMERGENCY SERVICES LEVY (FIXED PROPERTY) PROPERTY SETTLEMENTS (CERTIFICATES/SECTION 7)**

From 1 July 1999 the existing fire services levy on insurance companies will be replaced with a new broader based emergency services levy on property holders. The new levy will fund the provision of emergency services in South Australia.

This levy will apply to all property holders – fixed and mobile.

The collection of the levy on mobile property (on cars, caravans, etc) will occur through Transport SA's Customer Service Centres (formerly Registration and Licensing Offices).

RevenueSA has been contracted by the Government to collect the fixed property component of the levy payable under the *Emergency Services Funding Act 1998* ("the Act").

Attached as Appendix 1 is an overview of the levy including examples of how the levy is calculated. This overview was issued by the Government in May 1999.

Circulars will be issued covering various relevant matters.

This Circular provides advice and guidance as to property settlements (Certificates/Section 7).

The Act provides that if unpaid, the levy remains a charge on the land.

Therefore, as part of the administrative processes necessary for the administration of the Act, provision has been made to ensure purchasers of property can continue to be given clear title to property at the settlement and registration processes which take place between vendors and purchasers.

The parties involved in settlements will require an extract from the Emergency Services Levy Fixed Property database to appropriately apportion the emergency services levy and ensure any outstanding levy is paid at settlement. This process is consistent with all other property based charges such as Council rates, SA Water charges and land tax.

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The provision of the Emergency Services (Fixed Property) Levy advice will be in the form of a certificate which will contain all relevant details including the amount of any outstanding levy to be paid in full by the relevant parties at time of settlement. The fee for this advice is \$10 per certificate. This fee will recover the cost of providing such a service.

The same information can also be obtained through the Department of Environment, Heritage and Aboriginal Affairs Section 7 system, which includes all property based information and charges upon payment of the relevant fee (currently \$129).

Certificates are available at the RevenueSA front counter (Enquiries Phone 1300 366 150) or direct through the Section 7 facility (Enquiries Phone 8204 9077).

## **FURTHER INFORMATION**

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29 June 1999

COMMISSIONER OF STATE TAXATION

# Historical



**EMERGENCY SERVICES LEVY**

**INFORMATION KIT**

# Historical

## EMERGENCY SERVICES LEVY

### PROVISIONAL ESTIMATES OF COLLECTION

1999/2000

	\$ Million	\$Million
MOBILE PROPERTY LEVY		34.9
FIXED PROPERTY LEVY		106.6
<b>TOTAL AMOUNT TO BE COLLECTED</b>		<b>141.5</b>
<b>FIXED PROPERTY LEVY</b>		
GOVERNMENT SHARE OF PROPERTY LEVY		11.7
NON GOVERNMENT PROPERTY:-		
\$50 FIXED CHARGE	32.0	
VARIABLE CHARGED BASED ON 0.1675 CENTS FOR EVERY DOLLAR (\$) OF ADJUSTED CAPITAL VALUE	62.9	94.9
<b>TOTAL FIXED PROPERTY TO BE COLLECTED</b>		<b>106.6</b>

*All of the information provided today is provisional and in accordance with the Emergency Services Funding Act 1998 is subject to the formal consideration by the Minister of the advice provided by the Emergency Services Funding Advisory Committee and adoption by the Governor of that recommendation.*

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## Summary of Levy Payable for Median Non-Government Properties

State Summary	Land Use				
	Residential (factor = 0.4)	Commercial (factor = 1.0)	Industrial (factor = 1.0)	Rural (factor = 0.3)	Other (factor = 0.5)
State Median Capital Value (\$)	100,000	158,000	135,000	55,000	57,000
State Median Levy Payable (\$)	115	301	264	70	85

The median capital value for the State is \$99,000.

Area		Land Use				
		Residential (factor = 0.4)	Commercial (factor = 1.0)	Industrial (factor = 1.0)	Rural (factor = 0.3)	Other (factor = 0.5)
<b>Greater Adelaide</b> (factor = 1.0)	Median Capital Value (\$)	107,000	190,000	175,000	51,000	120,000
	Median Levy Payable (\$)	122	368	343	76	151
<b>Regional Area 1</b> (factor = 0.8)	Median Capital Value (\$)	78,000	115,000	70,000	0	40,000
	Median Levy Payable (\$)	92	204	144	0	77
<b>Regional Area 2</b> (factor = 0.5)	Median Capital Value (\$)	67,000	64,000	38,000	64,000	23,000
	Median Levy Payable (\$)	72	104	82	66	60
<b>Regional Area 3</b> (factor = 0.2)	Median Capital Value (\$)	30,000	12,000	22,000	500	2,000
	Median Levy Payable (\$)	54	54	57	50	50

Provisional estimates based on collecting \$94.9 million Fixed Property Levy of a total fixed value \$106.6 million.

Levy Formula = Variable Component (Capital Value x Area Factor x Land Use Factor x 0.001675) + Fixed Charge (\$50)

# Historical

Updated 27 May, 1999

## Emergency Services Levy Questions and Answers

### 1. What is the Emergency Services Levy?

The Emergency Services Levy will be used to fund emergency services across South Australia so that they can strive to save our lives and property.

The Emergency Services Levy replaces the existing fire service levies on comprehensive and third party property vehicle insurance, an insurance premium levy on all building and contents insurance policies and crop insurance.

### 2. What is the Emergency Services Fund?

The fund is a dedicated account held at Treasury into which levies will be paid and which can only be spent on emergency services.

### 3. How did we pay for Emergency Services before the change?

The previous system of payment was complex. About 70% came from an insurance fire services levy charged on all building and contents insurance policies at rates of between 6% and 48%. For example, under Insurance Council of Australia recommendations 22% of an Adelaide resident's Home and Contents insurance bill would have been paid to the MFS. There was a further contribution from a 6% levy on comprehensive motor vehicle insurance and crop insurance. (Not all insurance companies printed the levy as a separate amount on their bills). The remaining funding came from State and Local Governments along with limited local fundraising.

### 4. Why are we changing?

- At present, those who do not insure or insure offshore do not pay a fire service levy yet the same level of emergency services are available to everyone. Figures from the Insurance Council suggest that up to 31 percent of all homes and 20 percent of small businesses are not insured and 29 percent of homes and 24 percent of businesses are underinsured. Many businesses also insure overseas. This means that a pensioner who is fully insured would effectively be subsidising a big business despite the fact that they have the same access to emergency services.
- The old system is not transparent because there is no connection between the existing levy and emergency services. That's because insurance premiums are often based on other risks such as crime rather than the level of emergency services required throughout the State. Therefore, under the old system, those living in high crime areas paid a higher levy for the same emergency services.
- Also, one council may contribute more to their SES or CFS than another council depending on local preference or past practices.
- The new system means it will be clear on how much we are paying for Emergency Services and what we are receiving for our money.

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## 5. When will the new scheme start?

The levy is to be implemented from July 1, 1999.

## 6. How much will be collected under the new system?

The new system will collect \$141.5 million in 1999/2000.

## 7. What services does it fund?

The fund will be distributed by the Minister for the following emergency service providers: Country Fire Service, Metropolitan Fire Service, State Emergency Service, Surf Life Saving SA, Volunteer Marine Rescue SA, South Australian Police Rescue and the State Rescue Helicopter.

## 8. How is the money being distributed?

<b>Emergency service agencies - including</b>	<b>\$105.3 m</b>
SAMFS – SA Metropolitan Fire Service	
CFS – Country Fire Service	
SES – State Emergency Service	
ES Admin Unit – Emergency Services Administration Unit	
Government Radio Network	\$13 m
CAD – Computer aided dispatch	\$2.3 m
<b>Volunteer Support/Community Grants/Research and Development</b>	<b>\$2.1 m</b>
<b>Emergency Services provided by other Government Agencies</b>	<b>\$20.6 m</b>
includes SA Police rescue and helicopter	\$16.8 m
<b>Levy collection</b>	<b>\$9.7 m</b>
<b>Other</b>	<b>\$3.8 m</b>
<b>Total</b>	<b>\$141.5 m</b>

## 9. Will all services get at least as much money as they did under the old system?

Yes.

## 10. Does the fund contribute to the operational budgets of the Ambulance and SA Police services?

The Emergency Services Levy will not fund the ambulance functions of the South Australian Ambulance Service or any policing functions apart from Police Rescue and the Rescue Helicopter. This is on the advice of the committee advising the Minister and is due to the fact that the Ambulance provides a medical service and the bulk of Police activity is to fight crime, not attend emergencies.

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## **11. How can we be sure that the services will be funded using all the money and that funding will not be going back to Government?**

By law, funds collected under the Emergency Services Levy will be placed into a dedicated account that can only be used to fund Emergency Services. The Attorney General's Department will administer the distribution of the funds raised under the levy.

## **12. What is the legislation that governs the fund?**

*The Emergency Services Funding Act, 1998.* This Act was passed by the Parliament in September last year.

## **13. Will services be improved with the new funding system?**

Volunteer-based services such as the CFS and the SES will no longer have to spend valuable resources fundraising for essential equipment (some local fundraising will inevitably continue for local projects) which will free them up to get on with the task of saving lives and property.

Additional funds will be provided to directly support volunteers. Initially this will include six additional volunteer support staff being placed in regional locations to aid volunteer recruitment, retention and employer recognition, amongst other support tasks.

Also the communication and dispatch systems will be greatly improved which will make the working conditions for all emergency services staff much safer, while improving the service to the community.

## **14. What will be the impact on volunteers?**

The new levy will have a positive impact on the volunteers. It will provide targeted funding for volunteer and career agencies. They will no longer be required to prepare complex council funding submissions and will receive the support they need for essential equipment, clothing and training.

## **15. How much of the levy is going to the computer-aided dispatch system and the government radio network?**

In the next financial year, \$13 million will be spent to provide better radio communications as part of the Government Radio Network. In terms of the computer-aided dispatch system, \$2.3 million will be provided in the 1999/00 financial year. Both of these systems will improve the currently inadequate and unsafe systems that hamper the efforts of our emergency service workers and put their lives at unnecessary risk. Problems include radio black spots in the Southern suburbs and a number of country areas where there is no radio reception, regular break-downs in the radio system, for example, a recent silo fire at Port Adelaide, and a lack of communication devices like pagers available for all emergency services workers.



## **16. Why should the levy contribute to the Government Radio Network?**

The levy will provide the equipment our emergency service workers need to do their job, which includes radio and data communications. The new radio network will be vital to the safe and effective operation of emergency service workers so it is appropriate that the fund contribute to the emergency services cost of the network. The contribution is approximately one third of the cost of the radio network which is in keeping with its level of use by emergency services staff. Less than 10% of the total amount raised by the levy goes towards the cost of the network.

## **17. Is it costing more to collect the funds?**

Previously, the money was collected by the insurance companies and local government at their cost. It will now be collected by both TransportSA and RevenueSA at a total cost of \$9.7 million in 1999/00. A range of payment options will be available that may not presently be available through insurers or local government.

## **18. Are we paying more?**

The amount people pay depends on where they live and the value of their property. The amount they have deducted from their insurance also depends on the insurance company they were insured with. On the whole most people will pay more but this will enable essential improvements to the emergency services making it safer and easier for our emergency service workers to focus on their role of saving our lives and property. The old communication systems are nowhere near the standards appropriate for the 1990s and beyond.

## **19. How will the property levy be determined?**

The levy on real estate is made up of a fixed charge of \$50 and an amount based on the capital value adjusted for the location in the State and how the land is used. As a result, a \$100,000 home in urban Adelaide and a \$100,000 property in rural South Australia will not pay the same levy. As the value of property increases so does the potential to benefit from the actions of emergency services (that is the dearer the house, the greater the loss if it burns down) so the new levy increases in line with this potential to benefit.

The median (50% of properties are more, 50% of properties are less) capital value for all property in the State is \$99,000 and would attract a levy of \$112. The median residential capital value is \$100,000 and the levy payable is \$115.

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## What will the home owners pay annually?

Location	Value of House	Insurance reductions* (A)	Average contributions through council rates # (B)	Emergency Services Levy (C)	Difference = A + B – C
Elizabeth	\$ 83,000	\$88	\$24	\$106	\$ 6
Fullarton	\$190,000	\$95	\$11	\$177	\$(71)
Gawler	\$106,000	\$45	\$22	\$121	\$(54)**
Peterborough	\$102,000##	\$58	\$16	\$ 84	\$(10)
Renmark	\$110,000	\$71	\$ 9	\$109	\$(29)

\* The percentage recommended by the Insurance Council of Australia that would have been charged as a 'fire levy' in normal insurance premiums as well as stamp duty reductions adjusted for 99/00 expenditure.

# The total amount contributed to emergency services by the suburb's council divided by the number of ratepayers. After the introduction of the levy, councils will no longer contribute funds to emergency services.

## Peterborough number was \$103,100 in earlier media kit – corrected to \$102,000.

\*\* Typographical error - \$44 in earlier media kit – revised to \$54.

## What will a commercial property owner and farmer pay annually?

Location	Value of Property	Insurance reductions* (A)	Average contribution through council rates # (B)	Emergency Services Levy (C)	Difference = A + B – C
Shop - Modbury	\$130,000	\$240	\$19	\$268	\$(9)
Coldstore – Adl	\$600,000	\$475	\$10	\$1055	\$(570)
Car Dealer – Regency Park	\$250,000	\$566	\$24	\$469	\$121
Laundromat – Mt Gambier	\$ 95,000	\$120	\$10	\$177	\$(47)
Farm – Jamestown	\$610,700	\$488	\$94	\$203	\$379
Farm - Millicent	\$2,000,000	\$514	\$13	\$553	\$(26)

\* The annual percentage recommended by the Insurance Council of Australia that would have been charged as a 'fire levy' in normal insurance premiums as well as stamp duty reductions adjusted for 99/00 expenditure.

# The total amount contributed to emergency services by the suburb's council each year, divided by the number of ratepayers. After the introduction of the levy, councils will no longer contribute funds to emergency services.

## 20. Will it apply the same across all of South Australia.

The levy will vary from region to region based on the generalised range and cost structures of services available to deal with an emergency. The **Greater Adelaide Region** includes all metropolitan councils as well as Hills, Mt Barker, Alexandrina, Victor, Yankalilla and Barossa. These areas have the highest availability of service and demands. The **Regional Cities Area 1** includes towns and cities with a population over 3000 or with other risk factors. The **Rural Region Area 2** includes all remaining councils and **Pastoral Area 3** is the unincorporated areas of the State including all pastoral areas as well as offshore islands and some small patches in the Riverland area.

## 21. Did everyone pay the same fire service levy on their insurance?

No. Under the old system, the rate if the fire service levy recommended to be charged on all building and contents insurance policies by the Insurance Council of Australia varied from between 6 percent and 48 percent. However, it was up to the discretion of each insurance company how they paid the total levy to the fire services. For instance, some insurance companies would have collected the amount required to be paid to emergency services by levying the payment only on house and contents and not car insurance. This means that everybody paid a different level of fire services levy depending on their insurance company.

## 22. Will there be any concessions available?

Pensioners and self-funded retirees with seniors cards will receive a concession of \$40 on the real estate component of their levy.

## 23. Will councils be involved with revenue collection?

No, councils will not be required to collect the property levy. RevenueSA will be collecting the property proportion of the levy and TransportSA will collect from mobile property owners.

## 24. When will RevenueSA issue bills?

The first bills will be issued from late September for the 1999/00 financial year.

## 25. Which mobile properties will attract levy?



*\*Typographical error – media kit had \$12*

## Which mobile properties are exempt?



## 26. Why is the levy going to be on cars and boats?

Motor vehicle owners will also pay a levy because around 25% of all emergency service call-outs involve road accidents or related activity. Funds from the levy will also go to provide emergency services on waterways so it is appropriate that boat owners contribute.

## **27. Will I get an additional bill to my registration bill from TransportSA?**

No, the vehicle levy will be included as a part of the current Registration and Licensing bill and will be clearly displayed as an individual item.

## **28. Will motorists be paying more with the introduction of the levy?**

Yes. However 25% of emergency service call-outs now involve road accidents so it is appropriate that motorists pay towards providing emergency services. The percentage of call-outs for road accidents has increased steadily over the past 10 years.

## **29. Will people be able to pay by instalments or with credit cards?**

Yes, three month registration is offered with TransportSA bills and people can pay their RevenueSA bills for property in four monthly instalments and use credit cards.

## **30. How often will I be paying it?**

Just as the levy was collected each year under the old system, this new system of collecting the Emergency Services Levy will occur annually.

## **31. Is it compulsory?**

Yes, it is compulsory for all those who own property and vehicles with the exemptions on mobile property as detailed above.

## **32. Where can I find more advice?**

There is a help line set up to take calls between 8am and 6pm weekdays, the number is 1300 366 150, for the cost of a local call.