

10 March 2017

Paul Kelly  
Department of Economic Regulation  
PO Box 8469  
PERTH WA 6000  
**BY ELECTRONIC LODGEMENT**

Dear Mr Kelly

**SUBMISSION – EMERGENCY SERVICES LEVY**

I refer to the Issues Paper dated 30 January 2017 entitled 'Review of the Emergency Services Levy' (**Issues Paper**) and now enclose my submissions in response to some of the questions posed therein for your consideration.

**1. How should funding be allocated across prevention, preparedness, response and recovery activities?**

- 1.1. For the reasons noted at paragraphs 1.3 – 1.9 below, I am of the view that a greater proportion of Emergency Services Levy (**ESL**) funds should be spent on prevention activities.
- 1.2. In addition and again for the reasons noted at paragraphs 1.3 – 1.9 below, I am of the view that ESL funds should be made available for mitigation activities.
- 1.3. The Cascade Scaddan Fire Report dated 21 October 2016 (**Cascade Scaddan Fire Report**) confirms that it is within the scope of the legislation that created and governs the ESL for ESL funds to be spent on mitigation activities.
- 1.4. Section 9.3 of the Cascade Scaddan Fire Report, entitled 'What was the Emergency Services Levy Intended to Fund' states as follows:
  - (a) *Section 38 of the Fire and Emergency Services Act 1998 (WA) provides that the ESL is to be applied only for the purposes of the Emergency Services Acts.*
  - (b) *The purpose of the Emergency Services Acts are, broadly speaking, to:*
    - (i) *Provide for functions relating to the provision and management of emergency services;*
    - (ii) *Make better provision for diminishing the dangers resulting from bush fires, and for the prevention, control and extinguishment of bush fires; and*
    - (iii) *Consolidate and amend the law relating to the prevention and extinguishing of fires, the confining and ending of hazardous material*

*incidents and the protection of life and property from fire, hazardous material incidents and accidents.*

- (c) *The Emergency Services Levy can therefore be used, in accordance with the legislation, for both mitigation and response activities.*

1.5. The Cascade Scaddan Fire Report confirms that monies spent on mitigation activities provide a better return for the community than monies spent on response activities.

1.6. Section 4.14 of the Cascade Scaddan Fire Report states as follows:

*Dr Chris Back, during an address to the Governor General, and following an inquiry by the Productivity Commission into where the Commonwealth Governments' funds could be best spent in mitigation and reduction of fires, stated that:*

*...if the Commonwealth spent its money in prevention and preparation there was a \$9 to \$1 return to the Australian community, but if the Commonwealth did nothing but wait around for what we call the response and recovery—in other words, waiting for the fires to occur and then trying to be involved in combating them and in recovery afterwards—there was scarcely a \$1 for \$1 value.*

1.7. The Cascade Scaddan Fire Report also highlights some of the benefits that various parties agree result from attention to and implementation of mitigation activities.

1.8. Section 4.2 of the Cascade Scaddan Fire Report, entitled 'Benefits of Mitigation' states as follows:

- (a) *Prescribed burning is recognised as an effective method to manage fuel loads and reduce the size and intensity of bush fires.*

- (b) *DPaW acknowledges that:*

*... prescribed burning is very effective, especially when managing bushfires. ...Fire behaviour is directly affected by the amount of available fuel. Direct attack of a fire is likely to succeed where fires run into recently burnt areas of low fuel.*

- (c) *This is opposed to a direct attack where the fire has reached a high fuel load area, which is likely to result in the fire moving rapidly and reaching great heights.*

- (d) *Numerous reports conducted over the years have also highlighted the impact and effectiveness of prescribed burning, some examples are noted below:*

- (i) *...prescribed burning is the most effective preventative measure that can be employed to manage fuel loads and mitigate the impact of bushfires.*

- (ii) *The reduced fire intensity and rate of spread observed when bushfires enter a reduced fuel area allows firefighters greater opportunity to*

effectively combat the fire and to limit its impact. In fact, the Special Inquiry heard evidence that the Roleystone-Kelmscott fire was extinguished on one front when it entered a section of the Banyowla Regional Park that had been the subject of a prescribed burn by DEC four years ago...;and

- (iii) Fuel loads are a key determinant on the incidence and intensity of bushfires. The nature of fuel loads will have a significant impact on the fire behaviour, and thus the potential effectiveness of agency responses to major fire incidents. In the Lower Hotham and O'Sullivan incidents fuel loads played a decisive role in both the rapid escalation and ultimate containment of the fires.

1.9. Recommendation 3 of the Cascade Scaddan Fire Report is as follows:

*Greater funding be made available for mitigation, including funding from the Emergency Services Levy.*

## **2. What emergency services expenditure should be funded by the ESL?**

2.1. DFES's operating costs should not be funded by the ESL

- (a) Like other government departments, DFES's operating costs should be funded by the State Government.
- (b) In 2015 / 2016, 94% of DFES's revenue was funded by the ESL.<sup>1</sup>
- (c) It appears that as the ESL fund continues to rise, instead of their being greater funds available for application to prevention activities and frontline services as required, the fund is being reduced by DFES, who are no longer being funded by the State Government and are instead being funded by the ESL fund.
- (d) Section 9.3 of the Cascade Scaddan Fire Report, entitled 'Concerns with current administration and distribution of the Emergency Services Levy' states, in part, as follows:

*On 9 September 2015 the member for Girrawheen, Ms. Quirk ... [summarised] ... some of the major concerns that arise due to the current manner of administration and distribution of the ESL:*

...

*The [government's] contribution to DFES itself is decreasing substantially.*

*By way of example, she noted that in 2008 / 2009, \$154m was collected under the ESL. In 2015 / 2016, \$321m was collected by the ESL. During the same period, the government contribution to DFES decreased from \$27.6m to \$15.2m, being a decrease of 55%.*

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<sup>1</sup> Issues Paper, page 11.



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*She then reminded members that when the [ESL] legislation was introduced, it was warned ferociously that the government could not be trusted and would dip into ESL proceeds, "We need to make sure that the government does not use the system to save itself expenditure by using the ESL to cover costs that it would normally cover itself."*

2.2. A greater proportion of ESL funds ought to be allocated to local governments

- (a) Section 9.7 of the Cascade Scaddan Fire Report states that of the ESL funds raised in 2015 / 2016, only 8.26 per cent was allocated to local governments.
- (b) This is notwithstanding that 70 per cent of firefighting is done by bush fire brigades funded through those local governments.<sup>2</sup>

2.3. A greater proportion of ESL funds ought to be allocated to prevention and mitigation activities

- (a) See part 1 above for further details.

**3. What information should be made public about the administration and distribution of ESL funding?**

- 3.1. The ESL is collected from rate payers by local governments for the purposes outlined in paragraph 1.4 above.
- 3.2. For the purposes of transparency and in circumstances where the ESL is comprised of rate payer funds, rate payers are entitled to know exactly where and how those funds are spent.
- 3.3. As such, the body charged with the administration and distribution of those funds ought to be required, on an annual basis, to:
  - (a) detail how those ESL funds have been allocated to specific services and specific regions;
  - (b) undertake activity based costing that would allow it to accurately report the amount spent on various types of activities (for example, non-fire related, non-frontline activities); and
  - (c) itemise in its annual reports with a greater degree of detail than is currently undertaken by the Department of Fire and Emergency Services (DFES) where monies are allocated and on what exactly monies are spent.

**4. What processes should be in place to ensure accountability in the expenditure of ESL funding?**

- 4.1. An independent body should be appointed with the task of allocating the ESL.

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<sup>2</sup> Cascade Scaddan Fire Report, page 101.

4.2. This would avoid the risk of any conflict of interest affecting the proper administration of the fund.

4.3. See part 5 below for further details.

**5. Which agency should be tasked with distributing funding from the ESL?**

5.1. Recommendation 12 of the Cascade Scaddan Fire Report is as follows:

*DFES is removed as the body responsible for the administration and distribution of the Emergency Services Levy, with these responsibilities to be transferred to an independent body.*

5.2. The justification for the recommendation is noted at paragraph 9.10(e) of the Cascade Scaddan Fire Report as follows:

*DFES is in a position of conflict, in regards to the administration and distribution of the ESL. This is so given that:*

- (a) *DFES are reliant upon the ESL funds to cover their operating costs;*
- (b) *DFES are currently the major recipient of ESL funds; and*
- (c) *DFES are currently the body that otherwise distributes the remainder of the ESL funds to other bodies seeking a portion of those funds.*

5.3. I support the view that the administration and distribution of the ESL fund should be removed from DFES due to DFFES's clear position of conflict.

5.4. I believe that DFES should have to apply to the relevant body for the ESL funding just like other recipients of ESL funding.

5.5. The body charged with the administration and distribution of the ESL fund should be an independent body that does not and is not eligible to receive any ESL funds.

5.6. I suggest that the Department of Finance might be considered an appropriate body to administer the ESL fund, given their current role.

**6. If a rural fire service is established, should it be funded by the ESL?**

6.1. In the event that a rural fire service is established, it should be funded in the same manner as DFES.

6.2. As such, I believe that:

- (a) all operating costs should be funded by the State Government;
- (b) like DFES, it should be required to make an application to the independent body that administers the ESL fund for any ESL funding; and

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- (c) for example and based on my understanding that any rural fire service established would have a key role to play in prevention and mitigation activities, it would apply to that independent body for funding to cover the costs of prevention and mitigation works.

Should you have any queries or wish to discuss my submissions, I would be more than agreeable. My best contact number is [REDACTED] and my email address is [REDACTED]

Yours faithfully

[REDACTED]  
Linda Campbell  
Director  
Cascade Scaddan Fire Review Limited