

Nicola Cusworth
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Dear Ms Cusworth,

Review of Emergency Services Levy

Thank you for the opportunity to make a submission.

Given the nature of the membership of the State Emergency Management Committee (SEMC), it was not considered possible to produce a single submission from the SEMC. SEMC membership includes (amongst others) Director General Premier and Cabinet, Fire Commissioner, Director General Parks and Wildlife, Chief Executive Officer of the Western Australian Local Government Association and the Executive Director of the Office of Emergency Management, all of which are expected to have departmental submissions.

All SEMC members have been invited to comment separately as well as the Office of Emergency Management (which performs the function of Secretariat of the SEMC).

The attached submission is my personal submission and does not represent the views of the State Emergency Management Committee or the Office of Emergency Management.

I would be pleased to meet with the review team if they feel it would be beneficial.

Yours sincerely

FRANK EDWARDS, CSC
CHAIR
STATE EMERGENCY MANAGEMENT COMMITTEE
9 MARCH 2017

SUBMISSION TO THE REVIEW OF THE EMERGENCY SERVICES LEVY

Q1. How should funding be allocated across prevention, preparedness, response, and recovery activities?

Funding for the risks for which the ESL is raised should be allocated on the basis of risk assessment. Risk assessment will bring together the full range of risks and consequences into a hierarchy that will allow evidence based funding decisions to be made. These could be made public and could be used as an accountability mechanism to demonstrate the risk reduction component of funding allocation, separate from the response and recovery components.

The Office of Emergency Management (OEM), at the request of the State Emergency Management Committee (SEMC) is currently progressing a State Risk Project to determine and analyse the most significant risks across Western Australia at the State, District and Local level, their likelihood and consequence and treatment options to reduce risk. On maturity (within two years), this work will provide a knowledge base that could contribute to decisions on funding allocations for mitigation of risk and prevention strategies and for response capability requirements and recovery.

The partially funded DFES Bushfire Risk Management Plans (BRMP) for Local Government can similarly provide risk and treatment data on which to make decisions to fund bushfire risk reduction or mitigation. Full funding of this project would considerably assist understanding where best to spend funds. While “shared responsibility” is a key pillar, the concept of “who owns the risk is responsible for mitigating the risk” is a philosophy being pursued.

Some examination should be given to the role local government has or might have in contributing funding for prevention, preparedness, response and recovery. What risks do local government and other agencies such as Department of Lands “own” and should therefore be expected to fund as part of “normal business”? What risks should they be expected to contribute funding towards and do they currently fund those? What funding options could be explored to assist particular local governments who face regular occurrence of high cost natural hazards (cyclone, storm and flood)?

Whatever mechanisms are used to determine funding decisions towards prevention, preparedness, response and recovery, consideration should be given to risk and consequence profiles.

Q2. What should the ERA consider in assessing whether the current method for setting the ESL is appropriate for current and future needs.

All methods will attract some degree of criticism. For example, is it fair that CBD high-rise building owners and major suburban shopping malls contribute to sea rescue and bush fire response in rural and semi rural areas? In the case of Category 5 areas, a “no emergency response” is possible due to local factors such as availability of volunteers or safety of access for responders to individual

properties – but no assessment of that risk is made until response is needed. Is the model producing equal “value for money” in terms of response across the various categories? Can it be demonstrated that ESL revenue raised in the various categories is actually related to the response in those category areas? What is the role of owner insurance in the equation? Is “capital value” a better tool for assessing ESL rather than GRV?

The concept of individual risk assessment of properties in order to levy “fair” fees rather than reliance on GRV has been raised from time to time. In the CBD, high rise building owners with sophisticated fire management systems could assert they are overcharged against their risk. In the rural areas the risk may come from factors outside the influence of property owners such as the risk imposed by adjacent property that has allowed risk to increase (eg failure by the adjacent landowner to manage fuel loads). One would have to question the cost of the assessment process versus spending those funds on mitigation of risk or response capability.

There are large tracts of land that are owned or managed by the State, many of which are subject to bush-fires that impose risks to other properties. Should the State contribute to the ESL for these lands?

Q3. What emergency services expenditures should be funded by the ESL.

Those currently funded are accepted as valid and appropriate.

The area that requires additional funding is fuel reduction burns in lands owned or managed by the State and by bodies that manage large land holdings such as the Forestry Products Commission. The Department of Parks and Wildlife (DPAW) have recently received large injections of funding from Royalties for Regions funds for prescribed burning, but require a significant and assured funding stream going forward many years if the risk of catastrophic bushfires is to be managed. The risks to other property from consequences of major fires in state owned lands remains high. I am aware that Department of Lands makes a financial contribution to DPAW for fuel load management, but is this sufficient for the risk level?

Similarly, Bushfire Risk Management Planning (and subsequent risk treatments) for local governments requires funding if the concept is to achieve bushfire risk reduction.

Q4. How are expenditures on emergency services likely to change in the future?

Future expenditure priorities and levels will change based on changing risk profiles caused by changing contributing factors and the effectiveness of previous risk reduction actions. Annual reviews of the State Risk Profile will be possible following completion of the State Risk Project by OEM. This will be a valuable tool in informing future funding decisions.

Current indications seem to be that bushfire risk will increase in the South West of the State and “wet” events (cyclone, storm and flood) will increase in the North of the State. Risk mitigation and emergency response will require additional funding if public expectation is to be met.

Q5. How could the method of setting the ESL be improved?

The current ESL levy system is based on a general level of response capability that is funded for locations. A future system should examine what capability should be provided based on assessment of the risk profile and consequences of various response levels. This is a simple statement to make and I fully acknowledge it is a very difficult process to undertake. It may be that the risk assessments have been done and has resulted in the current model.

Q6. What information should be made public about the administration and distribution of ESL funding?

Sufficient information that will generally satisfy the public that an appropriate basis for administering and distributing the ESL funding exists.

The ESL levy has become part of the background suite of government fees and charges such as vehicle registration, third party insurance, local government rates etc. As the charge is included in the local government rates notice it is less noticed than a separate assessment notice.

Q7. What processes should be in place to ensure accountability in the expenditure of ESL funding?

The accountability of DFES and the responsible Minister should provide the accountability. It should not be regarded differently to other revenue raised for specific purpose.

Q8. What agency should be tasked with distributing funding from ESL?

This answer is based on the question addressing only that portion of the ESL that is provided by DFES as grants and subsidies.

OEM has expert knowledge of emergency management and experience in grant administration. Despite its sub-department status, conflict of interest can be minimized by reinforcing the recently enhanced independence of OEM. An outcome of the Ferguson report was the addition of an assurance function with a direct reporting responsibility to the Minister for Emergency Services. While OEM is a sub-department of DFES it has financial independence through its own budget allocation and is not funded by ESL.

If an oversight function was considered necessary, SEMC has three members (including Chair, Deputy Chair and one other member) independent of government who could constitute an oversight committee.

Q9. If a rural fire service is established, should it be funded by the ESL?

Without a clear understanding of the rural fire service structure, mode of operations, boundaries of responsibility, equipment and manning levels, it is not possible to understand its funding needs.

If the rural fire service is going to add to existing capability then extra funding will be required. If an ESL allocation is taken from DFES to fund a rural fire service, then DFES capability in bushfire response would be reduced unless this funding was replaced from budget allocation.

If the ESL is to fund a rural fire service – will it be levied only on the rural properties in the area designated as the responsibility of the rural fire service? If so, modeling will have to be undertaken to determine the impact on current DFES funding and the cost imposition on properties in the rural fire service area. While the concept of “user pays” may appear attractive, the likely cost per property will likely be excessive. Another factor is what ESL or funding contribution the state should contribute as the owner of state lands, particularly given the known fuel loads and consequent risks to third party property. There are examples of South West local government areas with up to 85% of land being state managed forests with high fire risks – in this instance do the state pay 85% of the cost of response in this area through an ESL type contribution or do only private property holders contribute? What will be the role of DPAW bushfire fighting resources within the rural fire service response?

Any ESL cost imposition for a rural fire service must be equitable and affordable to land owners.

The above submission is the personal view of the author and does not represent the view of the State Emergency Management Committee or the Office of Emergency Management.

Frank Edwards, CSC
Chair
State Emergency Management Committee

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