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10 March 2017

Ms Nicola Cutsworth
Economic Regulation Authority

BY EMAIL ONLY: publicsubmissions@erawa.com.au

Dear Ms Cutsworth,

RE: Submission – Review of the Emergency Services Levy (ESL)

Thank you for the opportunity to make a submission on the Review of the Emergency Services Levy that the Economic Regulation Authority is currently conducting.

The City's submission is as follows:

Allocation of ESL Funding

Only 16% of ESL money goes to prevention. This is the area that the City subsidises the most, and believes that more money needs to be allocated to. The City is also of the opinion that insufficient money is allocated to managing State and Federal land. The City's position on this is reflective of concerns held within the community. The community has expressed their concern with the way the ESL is managed, and in particular with the low priority placed on resourcing prevention activities, especially of fuel reduction across all tenures in bushland area. It is believed that by giving prevention equal if not greater priority and resourcing as what is given to response, there will be a reduction in community risk.

The majority of future Local Government expenditure around emergency management will be focused on prevention and preparedness. The City sees this trend increasing, as response is only a small part of what the City does, and recommends that the current structure and size of DFES be reviewed as part of the ESL review process, to determine what is required to meet emergency management needs going forward. Changes in populations, population distribution, climatic changes, and community expectations will also impact on the increase in focus in these areas. An example of this is the Gidgegannup and Bullsbrook communities located in high bushfire risk areas, with extensive tracts of bushland and farming areas which can be difficult to access due to the terrain. With a higher reliance on response to incidents than on mitigation, and the change in population leading to less experience and knowledge regarding managing risk, the community is becoming increasingly concerned.



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The City would also recommend that the current structure and size of DFES be reviewed as part of the ESL review process, to determine what is required to meet emergency management needs going forward.

Emergency Management Expenditure

The City believes that there are a number of ineligible items that should be claimable, and that more basic needs should be covered by the ESL. This includes the following:

1. Police and working with children checks;
2. Clothing for brigade members (clothes worn under uniforms)
3. Cleaning of stations;
4. Consumables such as fuel, foam etc.;
5. Repair and replacement costs for damaged equipment;
6. Cost of contractors engaged e.g. earthmoving, water carriers, transport, catering, accommodation;
7. Overtime costs of employed staff;
8. Cost of aerial fire fighting fleet;
9. Fridges; and
10. Water tanks

The City's total expenditure is higher than the total revenue (DFES contribution), leaving a gap of around \$500,000 that the City caters for from its municipal funds. What the City can claim excludes internal resources. The City believes that this is an equity issue as this is a different approach taken by DFES. A practical example of this is in the Community Emergency Services Manager (CESM) role where the City pays for 0.5 of the role through municipal funds, and DFES pays for the remaining 0.5 of the role through ESL funds. The City believes that funding in this area should be increased relevant to other areas. Community opinion is that emergency services should be fully funded from the ESL for their roles and responsibilities in prevention, preparedness, response and recovery.

Transparency and Accountability

The City believes that there is a need for greater transparency in how the ESL is split and applied, and accountability surrounding where the money is going, how the money is divided up, and how decisions are made.

The collection of the ESL by Local Government within the rates notice essentially hides this charge, in particular, since the State Government stopped providing an explanation brochure of the ESL to accompany the rates notice. A high number of residents do not understand that this revenue is not going to the Local Government but to the State Government. The City is of the view that it should be collected separately from Local Government rates as a standalone bill. This would make it more open and transparent.

All information relating to the administration and distribution of the ESL funding should be made public, and be open and transparent. Feedback from the community is that information about ESL financial management and distribution should be made publicly available in such a way that a layperson can make a reasonable judgement as to whether the funds are being appropriately managed.

Methodology and Application of the ESL

Consideration should be given to the methodology that is applied, in terms of the different property categories and how they distinguish between them. For example, the City has two different ESL categories, ESL 1 and 3, within its boundaries. Ratepayers in the ESL1 area pay a higher levy than ratepayers in the ESL3 area because theoretically they get a higher level of service provided. However, the response to fires is variable. An example of this is the Swan Valley which is mostly, an ESL1 area. Whilst there has been an increase in charges, the community believes that there has been no obvious improvement in the service provided. Whilst many farmers are rated as commercial and are the least likely to require DFES services, other groups in the Swan Valley such as absentee owners and hobby farmers who are a higher risk group for DFES services, pay a lower rate. Therefore, the current method of categorising is arguably inequitable and should be addressed. In doing so, consideration should be given to the development of new categories which would overcome any anomalies. In essence, the City supports a higher ESL rate for higher risk areas.

Local Governments currently administer the LGGS for SES units. They are a DFES Brigade but the City manages their finances. The City is of the opinion that we should not be managing their finances. This is a historical administration role.

In terms of the administration of the Local Government Grant Scheme, the City believes that this should be managed by an agency other than DFES, as there is an inherent conflict of interest in DFES determining funding to which it benefits.

The City does not have a specific stance on who should be tasked with distributing the ESL other than it believes it should not be DFES for reasons stated above.

Collection of the ESL by the City of Swan

In financial terms the administration fee that the City receives for collecting the ESL, has dramatically dropped from 1.7% to 0.6% of total revenue, whilst the number of properties levied have increased from 37,132 in 2004/05 to 54,365 in 2015/16. In essence, the City is collecting from an increased number of properties, but the amount the City can claim in administration fees has not kept pace. The City has to perform a number of additional tasks in order to maintain and process the ESL. In addition, the City applies regular pay adjustments to the employees' salaries.

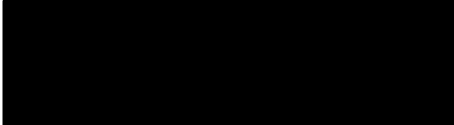
Proposed Rural Fire Service

A strong area of concern for the communities within the City of Swan Local Government boundary area is the management of volunteers.

The City of Swan supports in principle, the establishment of a Rural Fire Service, and believes that the current ESL budget would be sufficient for this purpose if structured properly. However, the City has reservations in the creation of another department to manage bushfires and their risks from multiple agencies in conflict. Community feedback indicates that a rural fire service should be funded from the ESL as are other existing emergency services. It is believed that this should incur little or no extra cost in the long term with the majority of existing resources being able to be transferred from DFES to the Rural Fire Service.

I would like to take this opportunity to thank you again for allowing the City to make a submission on this important matter. This is a welcomed opportunity to review the ESL methodology, and address current flaws and inequity's embedded within its structure.

Yours sincerely,

A solid black rectangular box used to redact the signature of the Chief Executive Officer.

MJ Foley
Chief Executive Officer