



Our Ref: 26078; 17/030590
Your Ref:

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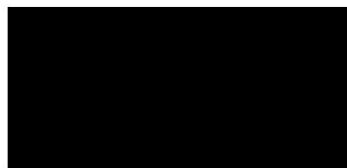
Dear Ms Cusworth

**DEPARTMENT OF FIRE AND EMERGENCY SERVICES SUBMISSION TO THE
ECONOMIC REGULATION AUTHORITY REVIEW OF THE EMERGENCY
SERVICES LEVY**

Please find the submission from the Department of Fire and Emergency Services to the Economic Regulation Authority review of the Emergency Services Levy.

Thank you for this opportunity.

Yours sincerely



for **WAYNE GREGSON APM
COMMISSIONER**

10 March 2017

PREAMBLE

The relevance of the responses below is dependent upon Government's policy position for the State as to the establishment of a Rural Fire Service (RFS).

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

The Department of Fire and Emergency Services (DFES) supports the view that additional funding towards mitigation such as fuel load reduction which minimise the impact when an event occurs and preparedness activities such as community education related to preparation and response, would be highly beneficial for the community of WA.

Points for consideration:

- The nature of emergency services necessitates that essential funding is allocated to ensure a 'ready state' of response capability. This is a critical recurring investment and therefore should not translate to a consequential redirection of funding from preparedness and response to other activities.
- The *Bush Fires Act 1954* has specific provisions casting primary obligation for fire prevention upon owners and occupiers of land. Bushfire mitigation work is currently performed by private land owners and by various government agencies (eg the Department of Parks and Wildlife and Local Governments) under structured programs. The extent to which additional funding is invested in bushfire mitigation measures should be based on bushfire risk management assessments across the State to ensure the effective and targeted use of funds. DFES has embarked upon a Bushfire Risk Management Planning Process which supports the promotion, development and implementation of Bushfire Risk Management Plans across local governments within WA. Funding for this program ceases 30 June 2017.
- It is observed that recovery services are already provided via other avenues including state and federal government agencies. The non-linear and unpredictable nature of recovery costs and their potential inclusion in the ESL funding model would challenge the ESL's equity and sustainability principles.

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

A current and future state needs analysis would be required in the first instance prior to making an assessment as to whether the current method for setting the ESL is appropriate.

Points for consideration:

- The functions that the ESL can support are currently determined by legislation. A needs analysis may identify functions that fall outside the current legislative framework. If the ESL is considered to be the primary funding source for enhanced capability for the State then consideration will need to be given to legislative changes.

- If a different capability or service is required in rural areas and the ESL is earmarked as a primary funding source, then the current ESL charging methodology may require a review of the definition or types of services provided for within each ESL category, and the principles of equity and fairness to households will need to be considered as part of this review. For example, will a new service ESL category be developed that is tenure (location) specific or will mitigation costs be spread across all households.
- All possible funding sources available to Government should be considered from an equity perspective in making funding decisions for current and future state requirements, not just the ESL derived from land owners.

3. What emergency service expenditures should be funded by the ESL?

With reference to DFES' response to question two, an answer to this question would likely be derived from a current and future state needs analysis. Ultimately Government will determine the policy position for the State as to what emergency services should or should not be funded by the ESL.

Points for consideration:

- If the ESL is to be the primary funding source for enhanced capability not within the current legislative framework then consideration will need to be given to the requirement for legislative changes.
- The determination of an appropriate methodology to fund additional and/or enhanced capability in an equitable and sustainable manner.

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

Further investment in emergency services is likely to be required due to the following factors:

- Growth in urban and rural development which has a consequential increase in the demand for career and volunteer service delivery;
- Increased community standards and expectations around worker/volunteer safety;
- Changing technologies;
- Increasing frequency of severe weather events;
- Changes in farming practices;
- Changes in community composition and issues of social and physical isolation impacting on resilience and capacity; and
- Demographic changes in the volunteer workforce impacting on the capacity to respond to emergency incidents.

5. How could the method for setting the ESL be improved?

From inception the key principles of the ESL funding system were that:

- It would be simple in design and cost efficient to implement and manage;
- ESL charges would be separately and transparently identified to property owners;
- It would be based on Gross Rental Values which are independently determined by the Valuer General and are a recognised way of apportioning community costs;
- It would be introduced on a budget neutral basis to Government;
- The ESL would be supported by legislation to ensure the funds can only be applied for the purposes it was raised;
- There would be no requirement to geographically match ESL collection with expenditure, thus enabling funding to be strategically allocated on a needs basis regardless of the capacity of a region or Local Government area to raise funding; and
- ESL charges would be based on service availability (and not fire risk or actual service usage) to ensure that property owners pay a fair contribution for the capability that is available to them.

Any change to the method for setting the ESL should consider the above principles to provide guidance on any change management implications.

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

All information regarding the administration and distribution of ESL funding is readily available to the public on the DFES website. In addition comprehensive audited financial reports are published annually in DFES' Annual Report, which is tabled in Parliament as are DFES' budget papers which are available on the Department of Treasury's website.

The continuation of a fully transparent approach regarding the administration and distribution of ESL funding is strongly supported.

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

The range of controls and oversight in conjunction with their supporting legislative frameworks as referred to in question six, ensure robust and transparent accountability for the administration of ESL funds. Further the existing legislation ensures that ESL funds can only be applied for the purposes it was raised.

The continuation of a robust accountability framework to administer the ESL is therefore strongly supported.

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

This would very much depend on the activities to be funded from the ESL in the future and the various entities deemed responsible for those activities. If a number of state government entities were to receive ESL funds then consideration is required on which agency is (or agencies would be) the most appropriate to collect and distribute the ESL.

Should the activities currently funded by the ESL remain unchanged, the current model is considered appropriate. DFES has emergency service expertise, financial management experience and adheres to State Government financial controls, to ensure the accountable and efficient distribution of ESL funds in a cost effective and transparent manner.

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

In determining whether the ESL should fund a RFS, consideration should be given to:

- The costs associated with the establishment of a RFS;
- The appropriateness and relevance of the current methodology to fund its establishment;
- The impact on household fees and charges; and
- Community's level of acceptance of an increase in ESL revenue to be raised from land owners.

Other government funding sources should also be considered to maintain the equity principle.

10. How much would a rural fire service cost, and what effect would it have on ESL rates?

As decisions about the structure, form and role of a RFS are yet to be made, the cost of the service cannot be determined without significant assumptions.

Points for consideration:

- The outcomes of any needs analysis informing the extent of any enhancement required in the capability for rural fire management and bushfire risk management at a state, regional and local level;
- Whether the RFS will be an independent body or a sub-department of a government agency (thereby leveraging off existing corporate and operational support services, minimising costs);
- Whether funding for existing rural fire management and bushfire risk management services performed by government bodies will be consolidated and redirected to the new RFS; and
- The determination of an appropriate methodology to distribute ESL costs.

In terms of what effect the cost of a RFS will have on ESL rates, based on the current methodology and current level of emergency services funded by the ESL, for every one million dollars of additional expenditure the Average Residential Charge for Category 1 increases by approximately one dollar.