

Response to ESL Issues Paper

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

The ESL was set up to provide equity of funding for emergency services between the Metropolitan areas which had career firefighters and Regional /Rural areas serviced by volunteers using out dated machinery. At the time of establishment the focus was clearly on preparedness and response and this should continue. However, the cost benefit of investing in prevention is proven. Deloitte Access Economics May 2014 report '*Scoping Study on a Cost Benefit Analysis of Bushfire Mitigation*' estimates that cost benefit ratio of 6.0 as a conservative figure for bushfire mitigation activities which supports the view that prevention should be considered as a major focus of the ESL.

What emergency service expenditures should be funded by the ESL?

The ESL should continue to fund frontline services to the community.

Large administrative structures can become unwieldy and constrain, rather than support decision making and timely actions. When investigating what should be funded by the ESL some scrutiny should be undertaken into the community benefits derived from the present DFES structure.

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

An updated fleet with complex safety systems leads to added financial costs of servicing these systems.

Insurance is also an ever increasing cost that needs to be considered.

With an updated fleet of emergency vehicles across the State and the effects of climate change on weather patterns, it should be argued that more funds raised through the ESL should also be allocated to prevention activities.

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

Costs of servicing increasingly complex safety systems provided with update response appliances needs to be considered.

Consideration should also be given to increasing Insurance costs borne by local government. This can be over 50% of the funding allocation from DFES.

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

With 51% of the ESL funding going to salaries is the ESL being used to meet the original objectives of the fund? The current financial reporting system does not provide us with a breakdown of the employment costs to gauge where those costs are expended (frontline versus administrative functions).

The ESL should be accounted for in several ways to improve transparency and accountability, including;

- Clear definition between Administration and Operational expenses so there is transparency about how much of the ESL is spent on each of those functions.
- To better plan and react to funding needs, the ESL expenditure should also be accounted in the four main functions of emergency management, Prevention, Preparedness, Response, and Recovery.

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

The ESL should be administered and distributed by an independent organisation. It seems to be a conflict of interest for the Department that currently distributes the ESL funding also derives 96% of its budget from the same funds.

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

As DFES is structured as a command and control organisation which is best suited for a response role, it is appropriate that the ESL is managed outside this organisation as their focus will always naturally be on response (for funding and methodology).

The funds should be distributed by an independent agency that does not derive its budget from the ESL, such as the Department of Treasury.

If a Rural Fire Service is established, should it be funded by the ESL?

The ESL should fund a RFS as the original intent of the ESL was to address inequities in funding methods between Metro and Regional/Rural emergency services. It could be argued that prevention and recovery activities should be funded from other sources dedicated for those purposes.

How much would a Rural Fire Service cost, and what effect would it have on ESL rates?

A Rural Fire Service (RFS) should not duplicate the DFES structure. The staffing levels between the two services should not increase from the existing DFES resources. If the administration could be undertaken by another existing organisation this may provide economies of scale and the cost of implementing a RFS should have little effect on the ESL levy.

Should a more comprehensive emergency prevention program be put in place, however, this may require an increase in ESL if it is not going to be funded from other funding sources.