

2 August 2017

The Chair  
Economic Regulation Authority  
4<sup>th</sup> Floor, Albert Facey House  
469 Wellington Street  
PERTH WA.

Dear Ms Cusworth

**SUBMISSION TO THE REVIEW OF THE EMERGENCY SERVICES LEVY DRAFT REPORT.**

I would like to submit my comments on the Authority's Draft Report of its review of the ESL. No comment is made on any typographical issues as this is a draft report.

I commend the Authority on its work to date and I support and agree with the bulk of the comments and recommendations made in the draft report. My comments resulting from the draft report are:

1. Establishment of a rural fire service. The Draft Report comments are supported other than those regarding the cost estimates for the establishment of an RFS. The wide range of \$4.2m and \$560m should be justified to clarify the statement. It is my belief that the figures given do not recognise that most of the equipment and human resources required to establish an RFS already exist in the form of 530 Volunteer Bush Fire Brigades, plant and equipment and their 26,000 volunteer fire fighters. All that is required some reorganisation costs and the engagement some paid supervisory and managerial staff who have a strong bush fire background. The construction of a new service headquarters building can be deferred until the state's economy can afford it. There are sufficient funds in the current ESL arrangements to bring about the change. Others have already recognised that the current allocation arrangements of the ESL are grossly disproportionate to the requirements and efficiencies of our emergency management arrangements.
2. It is pleasing that the draft report has recommended that the management of the ESL should be made the responsibility of the Office of Emergency Management. It should however be stressed that the OEM's management of the ESL be in full consultation with **all** of its stakeholders. The OEM can also be made responsible for two other functions as discussed at item 3 below.
3. A. Historically, over many decades successive agencies have been poor in the implementation of and the maintenance of the recommendations of many high-level inquiries, coronial findings and Royal Commissions. This is inefficient and places the community at a higher and avoidable risk. The responders are not learning. The OEM could logically be given a technical/performance auditing role to ensure compliance and greater efficiency.  
  
B. The Fire and Rescue Service, a Rural Fire Service and the State Emergency Service have as their primary roles preparedness and response. This includes matters such as public awareness and education. They should however not be responsible for the management of statutory matters such as legislation and regulation. FESA was required by government to

review its Act in 2005 but very little change resulted. FESA became DFES in 2012 but it still operates under the authority of a poorly modified FESA Act. The proposal to separate operations or response from compliance and statutory functions is very similar to those in the energy sector which has the Office of Energy Safety which has been functioning well for more than two decades.

In 2014 the writer prepared a historical briefing note on the ESL and a copy of this is appended to this response for further background into the ESL.

Under separate cover, a copy of a document produced by FESA in 2001 entitled "An Overview of a Proposed New Funding System for the Provision of Emergency Services Through FESA" will be posted to the Authority for reference in case that this has not been made available to it.

Yours faithfully

Eddie van Rijnswooud

1. Attached: The Emergency Services Levy, *Historical Briefing and Review*.
2. Posted: "An Overview of a Proposed New Funding System for the Provision of Emergency Services Through FESA"

2 August , 2017

## Attachment.

### The Emergency Services Levy.

#### *Historic Briefing and Review.*

#### **Pre the ESL.**

1. Prior to the introduction of the Emergency Service Levy (ESL) in Western Australia, the Metropolitan Fire Service and later the Fire and Rescue Service (FRS) was wholly funded by the state government via Treasury and the Fire Brigade Levy via insurance policies.
2. This system suffered from a number of deficiencies and inequities. The amount contributed by government was restrained by the fiscal policies of the day and the Fire Brigade Levy was only applied to insurance policies for properties situated within a gazetted fire district. If property owners chose not to insure or as in the case of many large corporations, insurance was purchased off shore eg, Lloyds of London, this levy was not paid. Additionally, the insurance companies were not compelled to pay all of the levy funds collected to the fire brigade. The community residing outside of gazetted fire districts received no financial support to provide some form of emergency response from the State.
3. Non metropolitan and rural areas post 1941 did receive a small level of supervision regarding compliance with the Bush Fire Act prevailing at the time. This measure of control came initially via the Department of Lands and Surveys through one of its boards, the Bush Fires Board and latterly via a specifically established and independent from the Department of Lands and Surveys. Either way, the statutory bodies that were primarily responsible for reporting on the occurrence of bush fires and some liaison with local government regarding compliance with the Act (and not much else), were poorly funded and in no way capable of funding any provision of equipment or the training of the volunteer bush fire brigade members that were sourced from within the community they lived in and were required to protect.
4. Volunteer bush fire fighters have been responding to bush fires in Western Australia since 1829. Of the 70 or so years since 1941 when funding for this critical responsibility was poor or non-existent. Most if not all equipment belonged to private land owners (mainly farmers) and any other firefighting gear was paid for by donations or public subscription.
5. In 1986 Brian Hamence, the Equipment Officer with the Bush Fires Board lobbied government for some funding to purchase trucks retired from government service, refurbish them and equip them with a basic configuration of a water tank, a pump and a hose. The grant of \$1m was provided by government and it was to be spent over five years. The refurbished fire trucks under this arrangement were then offered on a best use basis to local government bush fire brigades on a 50/50 basis. The community had to raise half of the cost of the truck by such means as cake stalls, chook raffles and wood raffles. Ancillary equipment such as boots, overalls, tools and fuel and oils still had to be funded from within the community. It was a start, albeit a very small one.



#### **The Emergency Service Levy (ESL) background.**

6. Soon after the Fire and Emergency Service Authority (FESA) was created and the Bush Fires Board abolished in 1990, the vision of a universal ESL became one of FESA's priorities. The concept of such a levy was not popular with the government of the day.
7. Never the less, various forms of an ESL proposal were prepared by FESA: in April 2001 there was a document released for comment titled "An Overview of a Proposed New Funding System for The Provision of Emergency Services through FESA" and in November 2001 a report titled "Proposed New Funding System for Fire Services and the SES" was issued.
8. The proposal did not gain real traction until late 2002 and, with a great deal of lobbying by the Association of Volunteer Bush Fire Brigades of WA (AVBFB), the relevant act was passed by the Western Australian (Labor) government in July 2003. The Liberal opposition were not in favour of the proposed act and the smaller parties such as the Nationals and the five members of the Pauline Hanson One Nation Party had no understanding of the proposal and required detailed briefings from the AVBFB. The Association wrote to each and every member of the lower and upper house and secured their written support. As a result, the act passed without dissent or opposition.
9. The overriding principle of the ESL was "a fairer system for all".
10. When it was introduced, it agreed that the system, in its initial form was not entirely perfect and some modification would be required as it matured.
11. Other than boundary changes and variations in the rate at which the ESL was levied, no changes to the basic framework have occurred at the time this document was reviewed in July 2017.

### **Philosophy and structural intent of the ESL.**

12. The fundamental basis in which the ESL was structured was that it was to be a fairer system for all members of the Western Australian community. Community needs were the overriding consideration. The aim of the proposed system was to spread the cost burden as widely as possible and enable all Western Australians to enjoy similar standards of protection consistent with their needs, no matter where they happened to live.
13. The levy was to be derived as a percentage of the Gross Rental Value of all rateable properties. There were five ESL zones carrying a sliding scale of levy quanta with each having a maximum rating. The highest rate was incurred by city properties and lowest by such properties as pastoral and mining leases. The maximum amount levied on very large buildings and such properties as the Perth International Airport was set at \$100k pa.
14. The State Government was committed to \$40m p.a. as its contribution towards the protection of properties owned by the State. In recent times, this amount has been reduced whenever the government instituted budget reduction targets which were typically around 3%.
15. On a number of occasions Treasury made overtures to take control the ESL but this so far has not come to fruition.
16. The levy is collected by Local Governments via its Rate Notices. Shires were reimbursed for the costs of purchasing and establishing the necessary computer software to carry out this task which was considered unwelcome by many. This feeling has now largely dissipated after the benefits of the levy have been seen. Councils receive an annual fee for the collection of the levy from their community.
17. Also, the aim of the ESL was that the contribution of emergency service volunteers was to be recognised and that they were to be better supported. In the case of the Bush Fire Service, volunteers had to battle with a hopelessly small fleet of trucks that were often more than 25 years old. With the introduction of the ESL, the BFS was promised to have all of its fleet of trucks replaced with new ones or some isolated cases with refurbished vehicles. There was to be a continuing program of replacement so that light tankers would be no older than 5 years and heavy tankers no more than 15 years. No volunteer was to be denied a kit of protective clothing, (no BFS member could attend an incident unless fully clothed in the right gear), a program of building appropriate “sheds” or stations to accommodate the brigades was commenced and all training that was needed was to be provided.

### **Some observations.**

18. The ESL has now been in operation for just over ten years and some reflections and observations are given below.
19. In its infancy and prior to the introduction of the ESL, FESA's total expenditure for 2001/02 was around \$123m which included a capital grant from the government. In 2003/04 FESA received \$30m from the government and other income, predominantly the ESL amounted to \$125. Bringing the total for that year to \$155m. This pattern continued to grow and during the 2012/13 year DFES's total expenditure had increased to \$330m. It is estimated that about \$162m would have been received via the ESL. Relatively small contributions in the order of \$10-20m are received from the Federal Government to cover natural disasters and special grants as well money from other sources.
20. It is estimated that since its inception, approximately **\$1.35 billion** has been contributed to the **ESL by the community** to almost completely fund the whole of the FESA/DFES operation over the ten or so years. The amount estimated to have been allocated to all volunteer related expenditure is less than \$100m, over ten years.
21. The initial impact of the ESL on the condition of the BFS fleet was fairly impressive with most of the required truck replacement or the supply of new requirements being achieved within five years. A significant number of new sheds/stations have been built and PPE became much less of a problem. (In some pockets of the state, probably due to inaction on the LG in question, the provision of PPE continued to be an issue).
22. It would appear however, that truck replacements are not occurring as frequently as originally promised. It can only be assumed that more of the ESL is being spent on the bureaucratic and career sides of the business and less on the volunteer side.
23. Due to ESL boundary adjustments and increases in the actual rate per GRV, the organisation's expenditure has increased from around \$123m pa to about \$330m pa whereas the proportion spent on supporting the volunteers has lost significant ground.
24. The estimated worth by government of the volunteer BFS has been quoted by the Commissioner to be in excess of \$600m pa and yet the recognition is seen as tokenistic and material support is seriously lacking. The UFU seems to have all of its demands met.
25. The government and DFES do not seem to appreciate that the community is ignorant of the inequitable way **their** ESL allocated between the career and volunteer arms of the emergency service.
26. There are two principal risks related to the ESL today. Firstly, the risk that Treasury will take over the control of the ESL will always remain. Either way it can be seen as a secondary form of taxation. The levy is currently saving the government around \$300m pa and its expenditure is not subjected to all of the restrictions and rules that apply to Treasury controlled funds. Secondly, if the general public was to become aware of the inequities that exist at the present, a very significant adverse public reaction would be a very high probability.
27. It is absolutely imperative that the collection, allocation and management of the ESL be carried out independently of DFES if fairness, equity and transparency is to be achieved and a political crisis is to be avoided.

## **Summary.**

1. Miniscule funding for the volunteer BFS prior to the ESL.
2. The ESL was intended to be a fair and equitable system with all communities contributing as per needs and on a proportional basis.
3. FESA executive recognised that some fine tuning was required. This did not happen because of a number of political issues prevailing at the time.
4. The most prominent aspect needing adjusting was the lack of transparency.
5. In its 10 year life the ESL has received around \$1.35b from the community to protect it.
6. Less than \$100m has found its way into volunteer land (all services).
7. There is a big risk of embarrassment to DFES and Government if the public who all pay the ESL learn how their money is really being spent.
8. Need tangible and material support and recognition instead of lip service praise for the \$600m pa the BFS volunteers give each year.
9. Need an independent body to administer the ESL.

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