

9 March 2017

The Chair
Economic Regulation Authority
publicsubmissions@erawa.com.au

Dear Ms Cusworth,

Submission to Economic Regulation Authority Review of the Emergency Services Levy

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Introduction

The Economic Regulation Authority of WA (ERA) invited feedback (issues paper)¹ on several aspects of the terms of reference² in relation to a review of the Emergency Services Levy (ESL).

State Emergency Service (SES) units are appointed by the Commissioner for Fire and Emergency Services³. There are currently 59 SES units in Western Australia.⁴ The functions

¹ Economic Regulation Authority (WA), *Issues paper for the review of the Emergency Services Levy*, 2017, 13.

² *Ibid*, 19.

³ *Fire and Emergency Services Act 1998* Part 3A.

of the SES unit are to ‘take all practicable measures ... for protecting and saving life and property endangered by natural disasters; ...to carry out search and rescue operations; and ... assistance operations.’⁵

Natural disaster ‘means a flood, cyclone or other storm, earthquake, tsunami or other prescribed event.’⁶ The ERA issues paper freely uses the term ‘natural hazard’, however the context of the issues paper is clearly fire-related. Therefore, while the context of the review may inevitably be fire-related, this submission will focus mainly on non-fire related experiences, in particular those aspects outlined in the scope of the ESL review⁷ from a State Emergency Service natural hazards (non-fire) perspective.

Disclaimer

The writer has six years’ experience as a State Emergency Service unit volunteer with operational and management experience. This submission represents the personal views of the writer, and is not reflective of the Department of Fire and Emergency Services, any local government, SES unit or volunteer association.

Is revenue from the ESL allocated among different activities in a way that best manages risks from bushfires and other hazards?

Funding not related to risk

Funding for bush fire brigades (BFB) and State Emergency Service (SES) units is allocated via the Local Government Grant Scheme (LGGS) process. Local governments apply for an operating grant and a capital grant for each BFB and SES service in their local government boundary.

Typically, DFES writes to local governments in December of each year and offers an operating grant based on the average of the previous two years completed acquittals (past expenditure trends) and the current year’s actual allocation, and are indexed with the prevailing cost escalation factor. Local Governments have the option to accept the assessed allocation or apply for an alternative allocation. A redacted copy of such a letter of offer is attached.

Examples of the operating grant allocations of three randomly selected SES units is at Table 1 below.

⁴ Department of Fire and Emergency Services, Local Government Grants Scheme, *Local Government Grant Allocations 2015-16* <<https://www.dfes.wa.gov.au/emergencyserviceslevy/Pages/eslgrants.aspx>>.

⁵ *Fire and Emergency Services Act 1998*, section 18E (1).

⁶ *Ibid*, section 3. The Act and regulations do not prescribe any other events. Therefore, for the purposes of this submission, it will be assumed that ‘fire’ is not a natural hazard.

⁷ *Ibid*, 13.

<u>Year</u>	<u>Unit 1</u>		<u>Unit 2</u>		<u>Unit 3</u>	
	<u>Operating Revenue</u>	<u>Operating Revenue Change on previous year</u>	<u>Operating Revenue</u>	<u>Operating Revenue Change on previous year</u>	<u>Operating Revenue</u>	<u>Operating Revenue Change on previous year</u>
2004	45,300		35,200		51,899	
2005	46,600	2.87%	37,000	5.11%	48,100	-7.32%
2006	46,341	-0.56%	42,665	15.31%	42,889	-10.83%
2007	50,900	9.84%	38,400	-10.00%	39,600	-7.67%
2008	52,600	3.34%	39,700	3.39%	35,200	-11.11%
2009	50,300	-4.37%	40,875	2.96%	38,360	8.98%
2010	43,890	-12.74%	41,950	2.63%	36,370	-5.19%
2011	50,990	16.18%	38,060	-9.27%	39,000	7.23%
2012	46,780	-8.26%	42,850	12.59%	37,240	-4.51%
2013	54,560	16.63%	42,670	-0.42%	40,000	7.41%
2014	50,000	-8.36%	39,950	-6.37%	42,440	6.10%
2015	56,240	12.48%	39,620	-0.83%	42,000	-1.04%
2016	53,950	-4.07%	40,400	1.97%	44,500	5.95%
Average	49,881	0.78%	39,949	1.04%	41,354	-1.56%

Table 1. Random sample of SES units' operating revenue
Financial Years 2004 and 2016 inclusive.
(Data obtained from DFES website and other sources)

During the same period, the population of Western Australia has changed significantly, as indicated by Table 2 below.

<u>Year</u>	<u>Population of WA (millions)</u>	<u>% change</u>	<u>% change for unit 1 region</u>	<u>% change for units 2 & 3 region</u>
2004	1.978			
2016	2.617	32%	-31%	37%

Table 2. Western Australian Population Growth
(Data obtained from Australian Bureau of Statistics website)

The table shows that there has been a significant change in population growth in Western Australia over the period 2004 to 2016. Also, the population of Perth now represents 78% of the WA population, and therefore has a significant influence on any statistical analysis.

Despite the randomly selected units having little change in their operating grants, there have been disproportionate changes (-31% and +37%) in population growth over the same period. Taken over the last 13-year period, local governments did not experience any significant change in operating grants for natural hazard response commensurate with their population changes, positive or negative, over the corresponding period. This suggests that the operating grants were not applied with relevance to risk management.

Natural hazards are impossible to predict and therefore impossible to budget for. However, operating grants are expended for normal unit operating and training purposes, not for major incidents. If there is a particular operation incurring more than normal operating expenditure, that expenditure is borne by the DFES.

The lack of any significant change in operating grants from the 2004 year baseline suggests that either there is no change in cost of managing natural hazards, or that the actual cost of managing natural hazards is to be found elsewhere.

The sample statistics above suggest that there was no real effort to match operating expenditure to managing natural hazard risks. Operational grants have become a mathematical exercise designed to placate local government while maintaining near neutral cost increases.

Funding increases nominal

Table 3 shows the allocation of ESL operating grants (ie LGGS) to all SES units for the years 2004-2016 inclusive. There has been a consistent reduction in the proportion of available funds for operational purposes for nature hazards response compared with the ESL revenues absent any significant change in the operational requirements of SES units. The average increase in funding is a compounding increase of 1.05% compared with an ESL revenue increase of 9.5% per annum. After inflation (as per the CPI index published by the Australian Bureau of Statistics for Perth), the actual increase in funding is nil. Effectively, SES units have to do with the same funding for the last 13 years, possibly without regard to their changing local, demographic, environmental, social or economic conditions (capital grants aside).

Although it might appear that there is a 13% increase overall in funding for SES unit operations, the number of ESL-funded SES units have decreased from 64 to 59, and this has significantly contributed to the average actual funding increased per unit. This means that the similar nominal funds are being distributed to fewer units, thus reducing pressure on the ESL funding available for the same natural hazard exposures.

Capital grants have not been discussed because of the unknown local circumstances, such as closure or establishment of local SES units, the timing of replacement of vehicles, and the cost sharing between local SES units (from member funds), local government and DFES. There is at least one instance where the capital allocation was not spent in the allocated year (2016), and there is no certainty that the allocation will be spent before 30 June 2017.

The lack of any significant variation in overall expenditure of SES could be attributable to the lack of insight into the real needs of the SES as responders for natural hazards, as compared with other forms of emergency services. So while all other areas of DFES revenue and expenditure is increasing, SES operational allocations are, in real terms, stagnant.

Year	No of SES units funded	SES Grants (\$ million)			ESL Revenue (\$ million)	DFES expenditure (\$ million)	SES Operating Grants as % of ESL	SES Operating Grants as % of DFES Expenditure
		Operating	Capital	Total				
2003/04	64	1.9	1.0	2.9	112	145	1.7%	1.3%
2004/05		1.9	1.0	2.9	126	172	1.5%	1.1%
2005/06		1.9	1.1	3.0	139	182	1.4%	1.0%
2006/07		1.8	1.0	2.8	150	222	1.2%	0.8%
2007/08		1.9	0.8	2.7	165	218	1.2%	0.9%
2008/09		1.9	1.2	3.1	173	224	1.1%	0.8%
2009/10		1.9	2.3	4.2	184	258	1.0%	0.7%
2010/11		2.0	4.8	6.8	224	311	0.9%	0.6%
2011/12		2.0	5.9	7.9	239	441	0.9%	0.5%
2012/13		2.0	1.4	3.3	162	225	1.2%	0.9%
2013/14		2.1	3.3	5.4	281	347	0.7%	0.6%
2014/15		2.1	3.3	5.4	299	360	0.7%	0.6%
2015/16	59	2.1	3.0	5.1	333	377	0.6%	0.6%
Change from 2004 to 2016		13%	200%	79%	197%	160%		

Table 3. SES allocations, ESL and DFES expenditures years 2004-2016.
(Data obtained from DFES website and other sources)

Is the method used to set the ESL appropriate for meeting current and future needs?

Inefficient processes

The 2017/18 Operating Grant offers for Bush Fire Brigades (BFB) and State Emergency Service (SES) units are based on the average of the previous two years completed acquittals (past expenditure trends) and the current year's actual allocation, and are indexed with the prevailing cost escalation factor. Local Governments have the option to accept the assessed allocation or apply for an alternative allocation.⁸

Unless the local government and local SES unit has a sound working relationship, the local government can adversely affect the local SES allocation. As SES units are wholly staffed by volunteers, they have limited resources to make a meaningful input to the grant allocation process. This is particularly the case with capital grants where there can be considerable work required to prepare submissions to local government supported by verifiable justifications, cost-benefit analyses and option costing. SES unit management must also contend with educating local government staff about how the SES contributes to the resilience in the local community.

Lack of appeals process

⁸ Letter to local government by Frank Pasquale, Executive Director Corporate Services (DFES) on or about 19 December 2016, Attachment A.

The lack of appeal processes in circumstances of disagreement between the local SES unit and local government means that local emergency services needs may not be satisfied. Contributing factors include poor interpersonal communication, lack of rapport and lack of understanding of the SES contribution to the community. DFES does not usually intervene in local government decisions unless the local SES unit can mobilise the DFES Regional District Office to advocate on its behalf.

Quantum of the ESL (LGGS) Grant

As a default position, the local government and SES unit can opt to do nothing. The grant amount effectively is rolled over for another year.

This approach potentially encourages wastage in that there is no real correlation between the grant allocation and the future needs of the local community.

Underspend of grant

If an SES unit does not spend its grant allocation before the close of the financial year, that underspend will be deducted from the next year's operating grant allocation. Therefore, SES unit management is encouraged to spend its grant allocation before the end of the financial year, even if the expenditure is not necessary, or not in the interests of the local community.

Recommendations:

It is recommended that:

1. DFES financial management at all levels adopt zero-based budgeting.
2. LGGS operating grant applications be rationalised to encourage units to expend their grants wisely and not to spend unnecessarily or hastily. This could be achieved by allowing SES units to underspend their annual grant allocation without affecting their next year grant allocation, as well as possibly using a debit and credit system over a rolling 5-year period.
3. SES units or their representative Association⁹ be eligible to take an active part in negotiating their allocations of the ESL annual grants.
4. The ESL allocation to SES to require a deliberative process that includes stakeholders who have an effective say, with a right of appeal to an independent person, such as the Director-General for Finance.

Are the governance arrangements for administering the ESL transparent and accountable?

Ambiguity

LGGS allocation and expenditure is administered by DFES pursuant to the Manual for Capital and Operating Grants (LGGS Manual). The LGGS Manual is prepared by DFES each year and disseminated through the DFES website and direct mail to local governments.

The 2017/18 Manual was issued in December 2018 and stated that:

During 2016, DFES' Capability Command Capability Planning Branch has facilitated (sic) a review of the section of the Grants Manual applying to eligible and ineligible items. The review, conducted with input from the State Emergency Services Volunteer Advisory Committee (SES VAC), ...

⁹ State Emergency Services Volunteers Association Inc.

In keeping with this review process, the Grants Manual for 2017/18 has been prepared with limited minor amendments made to remove any ambiguities and to clarify the requirements of some conditions so as to enhance the quality of applications received.¹⁰

This writer has reason to believe that the SES Volunteer Advisory Committee was not engaged in any substantive manner for the 2017/18 year manual revision.

Other examples:

1. An SES unit have made submissions to DFES for its administrative offices to be cleaned by a contractor consistent with the LGGS Manual provisions allowing maintenance of premises and DFES normal practice of employing contract cleaners for administrative premises. DFES responded by disallowing the expenditure and to amend the LGGS Manual to make contracting cleaning expenditure ineligible, without notice to affected SES units.¹¹
2. In mid-2016 an SES unit expense for a \$60 coffee percolator was disallowed notwithstanding that the purchase of a kettle for \$299 would not have been questioned. The SES unit did not need a kettle, it needed a percolator. Coffee is eligible expenditure pursuant to Item 7 of Appendix II Description of Expenditure Categories.¹² When the decision was challenged, the unit manager was advised that 'coffee' meant 'instant coffee'.
3. An SES unit was declined reimbursement for the annual hire and filling of medical oxygen, which had previously been allowed. Medical supplies such as bandages were allowable expenditure but not oxygen. Page 67 of the LGGS Manual (version 14.0 for 2016/17), provides that costs associated with servicing, cylinder refills and rentals (oxy viva) directly related to the maintenance of such equipment are included in the description of expenditure categories for BGU's¹³. There is no reference anywhere in the manual to deny the cost of their hire and refilling. There is also 'authorised' expenditure for hire of minor plant & equipment at item 7 (page 68), provided it is not long term rental (page 71).

Eligible Grant Expenditure not defined

Eligible grant expenditure categories are listed in the LGGS Manual Appendix IV *List of Eligible Items*.¹⁴ However these items are actually capital items, not operating cost items.

Eligible operating expenditure is otherwise obliquely referred to in the LGGS Manual:
*Refer to Appendix II 'Description of Expenditure Categories' for guidance.*¹⁵

It is unhelpful that the LGGS Manual provides a list of eligible capital expenditure items at Appendix IV, the list of expenditure categories at Appendix II, but otherwise does not state whether an item is or is not 'eligible operating expenditure' other than to suggest Appendix II

¹⁰ Local Government Grants Scheme Manual for Capital and Operating Grants 2017/18, December 2016, Version 15.0, page 3.

¹¹ Ibid, pages 2 and 71.

¹² Ibid, page 69.

¹³ Brigade/Group/Unit.

¹⁴ Local Government Grants Scheme Manual for Capital and Operating Grants 2017/18, December 2016, Version 15.0, paragraph 4.1.

¹⁵ Ibid, page 24.

items are 'for guidance'. Unlike the conditions of capital grants provided at paragraph 3.5 of the LGGs Manual, it is a strained interpretation to say that if an item is not included in the expenditure categories, then it is not 'eligible' expenditure because of the ambiguous construction of last paragraph of LGGs Manual paragraph 4.1 and the limited headings provided in the expenditure categories in Appendix II.

Appendix II appears to be for the purpose of descriptions of the expenditure categories for reporting purposes only and not an authoritative list of expenditures. An interpretation of what is an eligible operating expenditure based on the actual black letter interpretation of the contents of Appendix II leads to inconsistent application of the ESL grants across BGUs and disregards the circumstances of each BGU. Some SES units appear to have their expenditure covered by the LGGs and most others do not.

Disallowed expenditure

Local ESL grant funding arrangements for SES units are in various forms. In some instances, SES units are given a quarterly instalment of their LGGs grant by their local government, which is then expended throughout the period, then accounted for, audited and acquitted to local government after the end of the financial year. Another arrangement is whether the local SES unit uses unit member funds for purchases, then submits a claim for re-imburement from the local government each month.

In either of these arrangements, the local SES unit member funds are at risk because if the local government or DFES disallows particular expenditure on the basis that it may not be eligible expenditure, that amount will either not be reimbursed, or the amount will be deducted from the next year's operating grant allocation. In either case, the SES member funds, accumulated from private donations and fundraising, are utilised for public purposes. If that were to happen in any other work-place, there would no doubt be an industrial relations dispute.

Recommendations

It is recommended that:

1. The LGGs Manual be rewritten to better define ineligible and eligible operational expenditure in terms that can be consistently and equitably applied to all SES units.
2. The LGGs Manual provide for a dispute resolution process specifically focused on interpretation of what is and is not eligible operational expenditure.
3. There be a transparent and independent body, eg the Director-General for Finance for appeal of decisions of DFES on contentious issues related to eligible and ineligible LGGs expenditure, for both past or future expenditures.
4. There be a meaningful collaboration between stakeholders, especially representatives of SES units or their Volunteer Association, in the re-drafting and revision of the LGGs Manual
5. That a de minimus rule apply for contentious expenses, eg the greater of \$2,500 or 2.5% of operating grant per annum.
6. That SES units be allowed a discretionary component of the ESL grant which is expended at the SES local manager's discretion for emergency service related items for local requirements.

Should revenue from the ESL be made available to fund the administrative and operational costs of a rural fire service?

The ESL is a revenue raising device. However, unlike other forms of revenue which are credited to consolidated revenue of the State of Western Australia, it is credited direct to DFES. That is a policy decision of the Government. This writer has no opinion on Government policy that could be put to this review.

Other Considerations

Insurance Cover

Much of the current public debate appears focused on who will have the share of the ESL. This ignores other potential sources of income such as farm property insurance. Insurers of forests¹⁶ and farms¹⁷ provide cover for fire fighting costs, however it is this writer's understanding that insurers have not had any claims against those insurance policies.

While the debate continues about the public sharing the burden of fire response, there are substantial savings to be made by encouraging forest and farm property owners to take active steps to invest in fire mitigation in anticipation of being able to recover those costs from their insurers following property exposure to actual and threatened fire incidents. In effect, the public is paying for fire response that could be recouped through property insurance policies. For as long as the debate focuses on response to fire incidents, potential reduction in costs to the public purse has been neglected.

Good Samaritan Exemption

It is common knowledge that many recent significant fires have been detected well before they became uncontrollable and deadly. It is arguable that forest owners and farmers have a significant commercial interest in defending their property from wildfire, and attacking wildfire threats, at the earliest possible opportunity. However, while there continues to be the threat of prosecution and civil action for early fire-fighting intervention on neighbouring property, there is at least a positive disincentive, and at worst a prohibition, on neighbours taking early direct action to fight the fire threat.

Therefore, it is recommended that there be a separate review into changing legislation to indemnify or limit the liability of property owners who take reasonable steps to defend their properties against imminent threat, such as where:

- The fire risk is within say two kilometres of the person's property boundary regardless whether on private or crown land, and
- Direct fire-fighting acts are reasonable in the circumstances, and
- Direct fire-fighting acts are without actual or reasonable knowledge that there is any prohibition issued by a competent authority (such as the Chief Bush Fire Officer), and
- Liability for damage to another's property or injury or loss of life as a consequence of the Good Samaritan acts are limited for those direct fire-fighting acts reasonably necessary to respond to the fire threat.

¹⁶ As an example, see Rural Affinity Plantation Timber Policy Wording (copy of page 7 Attachment B) which provides cover for 'Fire fighting costs'.

¹⁷ As an example, see WFI Insurance Ltd PDS (copy of page 22 Attachment C) which provides cover for 'Fire fighting costs'.

Conclusion

In summary, the road ahead is not an easy one. There are many stakeholders, none-less than DFES and SES volunteers. DFES are entrusted to responsibly manage those resources entrusted to it. The SES volunteers have the local knowledge and experience in delivering natural hazard response to their local communities.

This submission has focused mainly on the expenditure side of the ESL with respect to natural hazards, other than fire. Some other fire related considerations have been proffered in anticipation that they are of public interest.

Current financial processes generally exclude meaningful SES volunteer involvement, and this frustrates SES unit management. SES volunteers are often reminded by DFES staff that volunteers are valued, yet volunteers involved in management find the practice is very different from the rhetoric. Whatever comes of the Economic Regulation Authority's Review of the Emergency Services Levy, the losers are inevitably the amateurs in the room, the SES volunteers.

Yours faithfully,
Alan Hawke

Attachments:

- A. Letter to local government by Frank Pasquale, Executive Director Corporate Services (DFES) on or about 19 December 2016.
- B. Extract of forestry insurance policy
- C. Extract of farm insurance policy



Our Ref: 2017/18 LGGS Manual

Chief Executive Officer

Dear

RE: LOCAL GOVERNMENT GRANTS SCHEME (LGGS) - MANUAL FOR CAPITAL AND OPERATING GRANTS 2017/18 (GRANTS MANUAL)

Please find enclosed the 2017/18 LGGS Manual together with the Operating Grant Offers, Form 3a (Capital - Appliance/Vehicle/Boats/Trailers) and Form 3b (Capital - Facilities). An electronic version (PDF) of the LGGS Manual, together with excel versions of the application forms are available for downloading from the Department of Fire and Emergency Services (DFES) website.

Waroona Bushfire Special Inquiry

The State Government supports all 17 recommendations of the Special Inquiry into the January 2016 Waroona Fire including the implementation of a Rural Fire Service. The Special Inquiry also included a recommendation for an independent review into the management and distribution of the Emergency Services Levy. With the formal implementation of these recommendations still in train, the LGGS process for 2017/18 will continue to operate in its current format.

Changes in 2017/18

LGGS processes continue to be refined in response to the feedback received from stakeholders. The Western Australian Local Government Association has been consulted and has endorsed the amendments. Changes of note in the 2017/18 Grants Manual are as follows:

- Annual update - general editing and updating of text; and
- Review of eligible and ineligible items update.

Operating Grants

The 2017/18 Operating Grant offers for Bush Fire Brigades (BFB) and State Emergency Service (SES) units are based on the average of the previous two years completed acquittals (past expenditure trends) and the current year's actual allocation, and are indexed with the prevailing cost escalation factor.

Local Governments have the option to accept the assessed allocation or apply for an alternative allocation. If the DFES assessed allocation offer is accepted, a submission will only be required for line item 9 requests (items between \$1,200 and \$5,000) using the Form 7, Non-recurrent expenditure justification.

If the offer is not accepted, an alternate Operating Grant request must be completed using a Form 6, Operating Grant budget estimate – alternate allocation and submitted with the application.

Capital Grants

Form 3a (Capital - Appliance/Vehicle/Boats/Trailers) provides details of the proposed appliance/vehicle replacement schedule for 2017/18 and the indicative program for the years 2018/19 to 2021/22. This indicative program may be subject to change due to funding and cost variations, production capabilities, and variations in regional resourcing plans and risk profiles.

Local Governments can accept the appliance/vehicle replacement program for 2017/18 or request an alternative program that can be submitted on the Form 3a. Alternative appliance/vehicle program requests will be subject to the replacement terms specified in Section 3.2 State-wide Resource Replacement Plan.

Form 3b (Capital – Facilities) provides details of facilities in your region. This information will be used to inform the determination of Grant funding for facilities. Local Governments are requested to verify the information in the Forms 3a and 3b and amend any incorrect details before returning the forms.

Guiding Principles for Capital Grant Considerations

Please note that in considering Capital Grant applications, the BFB and SES Capital Grants Committees (CGC) adopt the following guiding principles:

1. In the first instance, all DFES Offers for appliances/vehicles in the 2017/2018 Replacement Program will be honoured;
2. Buildings will not be approved unless the land is identified and acquired or assigned;
3. Priority will be given to new buildings and modifications:
 - that house prescribed assets that are currently in the open or housed on private property; and
 - When fit for purpose assessments have been undertaken and shown existing facilities are not fit for purpose and require either replacement or upgrading.
4. New and additional appliance/vehicle requests will not be considered for approval. The CGC members resolved:
‘That with the sustainability assessment that has recently been undertaken, and given the number of current reviews/projects such as light fleet review, crew cab protection initiatives and future fleet project, the CGC agreed that pending the outcome of the reviews, funding be directed towards providing facilities for those appliances/vehicles housed on private property or in the open as a priority as against additional vehicles’.

All applications submitted to DFES must include the Forms 1, 2, 3a & 3b together with any other/alternative requests and supporting documentation.

Enquiries

General queries on the LGGS should be directed to Mr Peter Raykos, Grants Funding Officer via email peter.raykos@dfes.wa.gov.au or on telephone 9395 9846. Specific queries relating to Appliances/Vehicles (Form 3a) & Facilities (Form 3b) should be directed to Ms Natasha Dudarz, Resource Allocation Officer via email on natasha.dudarz@dfes.wa.gov.au or on 9395 9857.

LGGS Grant Applications are to be addressed to:
Peter Raykos
Grants Funding Officer
Department of Fire and Emergency Services
PO Box P1174
PERTH WA 6844

Applications may also be emailed to peter.raykos@dfes.wa.gov.au

Completed applications for funding under the LGGS must be received at DFES by 5.00pm on Friday, 17 March 2017. Applications received after this date will not be accepted however, should a Local Government grant application not be received by the above date, DFES will apply the offered Operating and Capital Grant allocations for that Local Government.

Yours sincerely



**FRANK PASQUALE
EXECUTIVE DIRECTOR CORPORATE SERVICES**

19 December 2016

**Bush Fire Brigades
Local Government Grant Scheme 2017/18
Assessed Allocation**

Local Government	
Region	

Total Gross Offer 2017/18 Operational Grant (Line Items 1-8)	
Less Unexpended funds carried over from 2015/16	
Net Cash Grant Offer - 2017/18 (Line Items 1-8)	

* TBA – To be advised on receipt / completion of 2015/16 Annual Operating Grant Acquittal (Form 8)

**State Emergency Service
Local Government Grant Scheme 2017/18
Assessed Allocation**

Local Government	
Region	

Total Gross Offer 2017/18 Operational Grant (Line Items 1-8)	
Less Unexpended funds carried over from 2015/16	
Net Cash Grant Offer - 2017/18 (Line Items 1-8)	

* TBA – To be advised on receipt / completion of 2015/16 Annual Operating Grant Acquittal (Form 8)

> Additional benefits

The following benefits are automatically provided subject to:

1. The amount specified on Your Schedule for each of the additional benefits;
2. Where We have approved an increased limit for the additional benefit; and
3. You have agreed to pay any additional premium.

These covers are provided in addition to the Sum Insured.

Claims preparation costs

We will pay for costs necessarily and reasonably incurred for the preparation of a valid claim under this policy. These costs must be approved by the loss adjuster before they are incurred.

The most We will pay during any one period of cover is \$10,000 or the amount specified on the Schedule, whichever is the greater.

Fire fighting costs

We will pay for additional costs necessarily and reasonably incurred to extinguish a fire which is at or in the immediate vicinity of the Trees and poses a direct threat to the Trees. We will not pay Your normal expenses for staff and equipment overheads.

The most We will pay during any one period of cover is \$10,000 or the amount specified on the Schedule, whichever is the greater.

Harvested timber

We will cover harvested Trees against Destruction caused directly by an insured event during the period of cover. Cover is only provided for up to 60 days following harvest and only while the Trees are at the plantation listed on the Schedule.

The most We will pay during any one period of cover is \$50,000 or the amount specified on the Schedule, whichever is the greater.

Claims mitigation expenses

This additional benefit covers the reasonable additional expenses required to minimise or reduce the size of any claim under Your policy. The loss adjuster will determine the extent of any claims mitigation expenses. The most We will pay during any one period of cover is \$25,000 or the amount specified on the Schedule, whichever is the greater.

We only pay this benefit if 'Other Property' is shown on the Certificate of Insurance.

We pay up to \$5,000 for all deterioration occurring during the Period of Insurance.

Employees' tools and equipment

If 'Other Property' is shown on the Certificate of Insurance and events 1-11 directly causes physical damage to an Employee's tools or equipment at the Farm Premises during the Period of Insurance, We pay up to \$5,000 towards the reasonable cost to repair or replace the damaged tools or equipment.

We only pay a claim for this benefit if We would have paid to repair or replace the damaged tools or equipment if they had belonged to You.

Escape of liquid

If liquid overflows, leaks or bursts from a fixed system at the Farm Premises during the Period of Insurance and damages or is likely to damage insured property, We pay for the reasonable cost to investigate the cause of damage or likely damage. We pay up to \$5,000 for this benefit.

We do not pay to repair or replace any faulty part identified by the investigation, but We pay the cost to repair any damage directly caused by the investigation.

We only pay this benefit if 'Farm Buildings' is shown on the Certificate of Insurance.

Farm planning costs

We pay up to \$5,000 towards the reasonable costs You pay to a reputable farm planning consultant to produce a written Farm Business plan.

We only pay this benefit if:

- We have paid or agreed to pay a claim for damage to Farm Property directly caused by events 2, 3, 4 or 5 on page 18 and the damage substantially interferes with the profitability of the Farm Business; and
- You only instructed the farm planning consultant because of the damage referred to in the first bullet point and You did so within 3 months of the occurrence of the damage referred to in the first bullet point; and
- You give Us a copy of the Farm Business plan if We request it.

Fees and costs for Livestock, Working Dogs and horses

We pay the fees and costs You reasonably incur to:

- restore to health
- destroy for humane reasons
- remove and dispose of the carcasses of,

Your insured Livestock, Working Dogs or horses.

We pay up to the lesser of:

- \$10,000 or the market value of the Livestock
- \$1,000 or the market value of working dogs and horses,

for which You have incurred the fees and costs.

We only pay this benefit if the fees and costs have been incurred as a consequence of injury to or death of:

- Livestock during the Period of Insurance directly caused by events 2, 3, 4, 7, 8, 9, 10 or 11
- a Working Dog or horse during the Period of Insurance directly caused by events 1-11.

Fire fighting costs

We pay up to the greater of \$10,000 or the amount shown on the Certificate of Insurance towards the costs You reasonably incur to take steps at or adjoining the Farm Premises to safeguard property insured under this policy from the imminent threat of fire during the Period of Insurance.

Legal Costs

We pay up to \$10,000 for Legal Costs, but only if We are satisfied there are reasonable prospects of success in the Legal Proceedings and that the Legal Costs You have incurred or will incur in fighting the Legal Proceedings are reasonable, having regard to the amount in dispute.

We only pay this benefit if 'Farm Buildings' is shown on the Certificate of Insurance and You:

- first become aware of the dispute giving rise to the Legal Proceedings during the Period of Insurance; and
- notify Us immediately of any potential claim and supply enough information to enable Us to determine whether You have reasonable prospects of success; and
- instruct Your lawyer to give Us any information, documents or advice We ask for; and

- inform Us as soon as You receive any offer to settle the Legal Proceedings.

We are entitled to stop paying for Your Legal Costs immediately if:

- You ignore, do not accept or reject an offer to settle, unless You satisfy Us that the offer is unreasonable; or
- We notify You that We no longer consider You have a reasonable prospect of success.

Mortgage discharge

If We have paid or agreed to pay a claim for the destruction of a Farm Building, We pay up to \$1,000 towards the reasonable fees and charges You incur to discharge a mortgage in relation to that Farm Building.

Other buildings

We pay up to \$5,000 for physical damage directly caused by events 1-11 on pages 18 and 19 to a building or structure belonging to You but not shown on the Certificate of Insurance.

We only pay this benefit:

- if the damage occurs at the Farm Premises during the Period of Insurance; and
- if one or more buildings or structures of the same type are shown on the Certificate of Insurance; and
- if the damaged building or structure was at the Farm Premises at the commencement of this policy but is not shown on the Certificate of Insurance because of Your oversight; and
- to the extent You are not entitled to insurance cover under the additional benefit 'Building materials' on page 21.

Any payment We make under this additional benefit will be calculated on an indemnity basis – see page 19.

Removal and storage of contents

If We have paid or agreed to pay a claim for damage to a Farm Building, We pay up to \$500 towards the reasonable cost You incur to remove and store contents off the Farm Premises if those contents:

- were stored in the Farm Building at the time the damage occurred; and
- would otherwise get in the way of those repairing that damage.