



Submission to Economic Regulation Authority's Review of the Emergency Services Levy (ESL)

Context

The Treasurer of Western Australia has requested the Economic Regulation Authority (ERA) conduct a review of the Emergency Services Levy (ESL). Submissions are to be provided by 10 March 2017. To assist interested parties with their submission the ERA published an Issues Paper dated 30 January 2017. This Issues Paper provided some background about the ESL and the scope of the ESL review. A number of Questions for Interested Parties were posed by the ERA in this Issues Paper and these questions will form the basis of the Shire's submission.

The Western Australian Local Government Association (WALGA) have advised they are preparing a submission on behalf of local governments. A copy of the Shire's submission will be provided to WALGA.

The Department of Fire and Emergency Services (DFES) are currently responsible for calculating, administering and distributing the ESL. The ESL was introduced in 2003 and funds fire and emergency services, including career fire stations, volunteer fire brigades, State Emergency Services and volunteer marine rescue services.

This submission has been prepared by staff of the Shire of Augusta Margaret River (the Shire) and was provided to Council for approval at their Ordinary Meeting on 8 March 2017.

Response to questions for interested parties

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

It is the Shire's understanding the ESL was introduced to improve funding for emergency service preparedness and response activities and this has been very successful and should continue.

In the event of an incident, recovery activities are the responsibility of the local government with assistance from the State Government and this should continue to be the case.

Preparation or mitigation activities has been the responsibility of private and public landowners and land custodians including local government and State Government agencies. The increasing importance of the preparation activity to prevent fire incidents is likely to require increased funding and

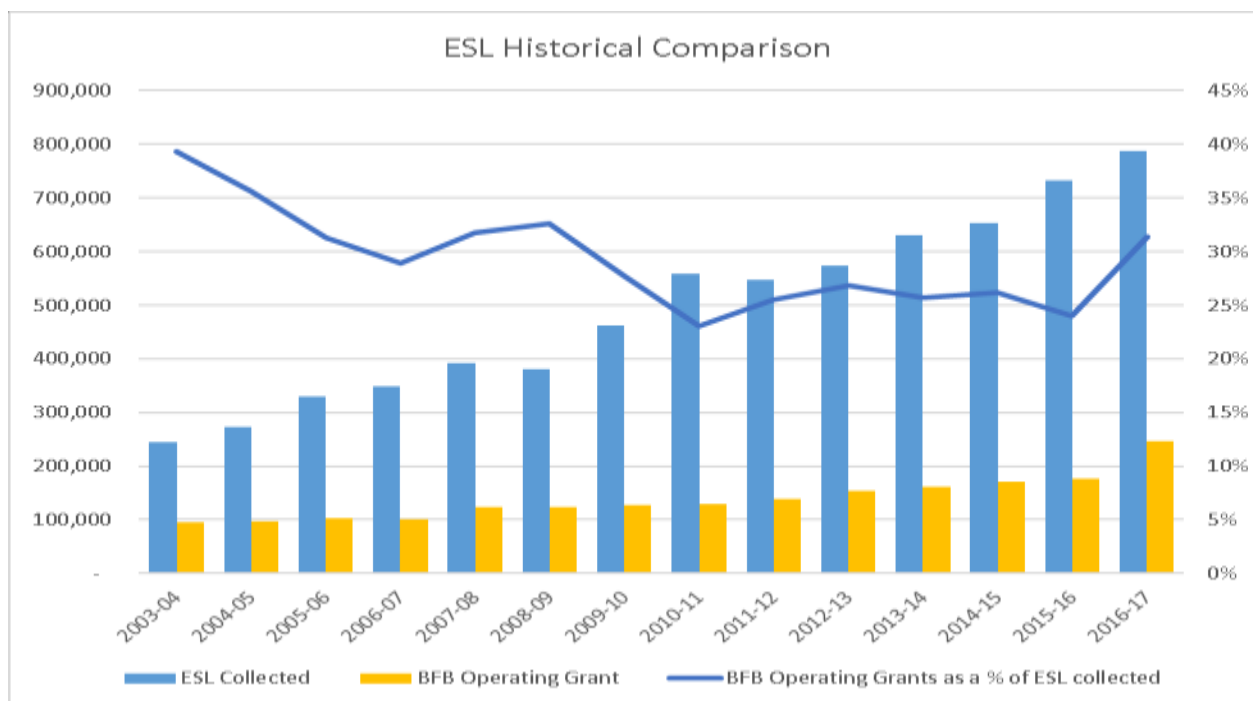
indeed expenditure on mitigation is likely to provide a better return on investment than response. However, the ESL should not be used as the funding source as this may have a detrimental impact on the preparedness and response activities of emergency services. Additionally, increasing the ESL to fund undertakings other than preparedness and response activities will impact landowners' financial capacity to fund prevention or mitigation activities.

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

An improvement in the transparency of the calculation method of the ESL and how it is communicated is required as there is a lack of publicly available information on how rates and charges are determined. It is therefore not possible to specifically comment on whether the current method is appropriate for current and future needs.

However, in general terms it is essential the ESL continue to provide funding support for voluntary bushfire brigades and other voluntary emergency services as regional communities are dependent upon these services when an emergency arises. The ESL is an essential source of funding for the Shire in order to support 10 bush fire brigades, 400 trained and available bushfire brigade volunteers, 25 appliances and 12 buildings. These brigades and volunteers provide services to 10 town sites and an estimated resident population of over 14,000 people which every day is estimated to increase by at least another 10% as a result of visitors to the area.

For 2016-17 the Shire received \$0.247 million in bush fire brigade operating grants and advised DFES that \$0.788 million of ESL is expected to be collected. The amount received in the year was a significant increase on previous years and prior to this year the proportion of operating grants for bushfire brigades compared to ESL had shown a declining trend.



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The chart shows that ESL collected by the Shire from our community has increased threefold since its introduction while the operating grant allocated to bushfire brigades had until this year not even doubled. Since the ESL's introduction the operating grant has varied between a high of 39% of funds collected in 2003-04 to as low as 23% in 2010-11 and 24% in 2015-16.

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

The ESL should continue to fund preparedness and response activities.

Whilst the Shire is fully supportive of increased funding being allocated to prevention activities such an allocation should not reduce ESL funding allocations for preparedness and response activities. If prevention activities were to be funded from the ESL there needs to be a commitment that funding for preparedness and response activities is not reduced as this would risk the safety of our communities.

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

There is likely to be greater emphasis upon bushfire prevention or mitigation activities particularly given the Shire's recent experience with loss and damage of property arising from the 2011 Margaret River bushfires event. Additionally, mitigation is critical due to the community's strong desire to protect the environment as enunciated in the vision statement of the Shire's Community Strategic Plan 2033 - "a prosperous and connected community that values its natural environment and character as it grows sustainably into the future". There is also strong recognition the Shire is a bush fire prone area with significant tracts of native forest and plantations. Many within close proximity to town sites.

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

The process needs to be more transparent. Currently an annual advice is received from DFES in May or June advising the ESL rates and charging parameters applicable for the new financial year. No reasons or justification are provided for the changed rates or information provided on the process followed to determine the new rates. For example, the fixed charge has increased from \$30.00 when the ESL was first introduced and is now \$71.00. The average annual increase in this charge since 2003 is 7%.

The calculation methodology for properties is reasonably straight forward and similar to that used for local government property rates and water rates and there is no concern with this calculation method.

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

There is a need for greater transparency and the Shire is of the view that increased information about the administration and distribution of ESL funding should be publicly available. As all property owners are charged the ESL it is incumbent upon DFES to ensure they are kept fully informed. The relatively recent cessation of the distribution of the ESL information leaflet means there is even less transparency about this levy. Although an ESL questions and answers publication is available on the DFES website this document contains limited information.

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

An independent review would improve accountability and financial probity as it is the Shire's understanding that DFES, through the Minister for Emergency Services, determine the rates to be applied, the amount to be raised and also determine how it is allocated. As every property owner is being charged the levy improved transparency and accountability is required. Perhaps DFES' proposed determination of the ESL and how it is to be distributed needs to be considered and approved by an independent arbiter such as the Auditor General or could operate in a similar way to the Salaries and Allowances Tribunal determining salary increases for parliamentarians, the judiciary, senior public servants, local government councillors and CEOs.

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

The ESL is currently distributed by DFES and the governance frameworks, policies and operational procedures are presumably in place and operating appropriately as the Shire is receiving the operating and capital grant funds that are requested each financial year through the Local Government Grants Scheme. However, greater transparency is required and improvements can be made to the information provided to local governments when preparing submissions for funding. Improved feedback on the reasons for excluding requests from grant submissions or reducing grant submission amounts is also required.

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

The Shire is unable to provide an informed comment as the form and role of a Rural Fire Service has not been determined. However, the Shire is of the view that if the Rural Fire Service was to be responsible for volunteer Bush Fire Brigades then this service should logically be funded by the ESL as occurs currently for local governments.

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

The Shire is unable to provide an informed comment as the form and role of a Rural Fire Service has not been determined. However, the Shire would be concerned if another bureaucratic structure similar to DFES is created. It is the Shire's view that such a service should be part of DFES rather than a separate entity and this would allow synergistic benefits to be obtained with respect to resourcing, governance frameworks, policies and operational procedures.

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