

SUBMISSION TO THE ECONOMIC REGULATION AUTHORITY

REVIEW OF THE EMERGENCY SERVICES LEVY

The Shire of Harvey appreciates the opportunity to comment on the current review of the Emergency Services Levy being conducted by the Economic Regulation Authority.

The Shire is generally supportive of the retention of the ESL in its present form, however offers the following comments, in particular in respect of its distribution and the proposed introduction of a Rural Fire Service.

This submission was endorsed by Council at its meeting of 21st February 2017.

ESL Expenditure Allocation Priorities

Council is of the view that front line services, which include both mitigation and response, should be the primary areas of ESL allocation. To see more than half of the ESL collected allocated to "Employment Expenses", in the main of DFES, was not what the ESL was originally set up for. Similarly, an amount of \$8 million in 2015/16 (2% of the total pool of funds) was allocated to "Accommodation".

DFES employment costs should be allocated from Consolidated Revenue. This includes the operations of the Office of Emergency Management and Office of Bushfire Management.

Of the \$376.8 million of expenditure of the ESL in 2015/16 only \$35.6m (9.4%) was returned via grants. Again this is not what the ESL was set up for.

ESL Expenditure Allocation South West

The below table represents the South West region in 2015/16 where \$6.69 million was collected and only \$2.26 million (33.77%) was returned. Please note this table was amended on 31st March 2017 from the initial submission adopted by Council when DFES final collection figures became available.

	Total ESL collected	ESL Grant	%	less Capital	Op less capital	op %
Shire						
Bunbury	\$3,678,204	\$195,872	5.32%	\$130,817	\$65,055	1.77%
Capel	\$488,988	\$689,215	141.00%	\$618,500	\$70,715	14.46%
Collie	\$345,980	\$93,990	28.03%	\$18,055	\$75,935	5.22%
Dardanup	\$455,706	\$401,760	88.16%	\$0	\$401,760	88.16%
Harvey	\$902,946	\$287,300	31.82%	\$96,000	\$191,300	21.18%
Murray	\$635,137	\$417,260	65.69%	\$198,830	\$218,430	34.39%
Waroona	\$189,723	\$176,130	92.83%	\$151,100	\$25,030	13.40%
Total	\$6,696,684	\$2,261,527	33.77%	\$1,213,302	\$1,048,225	15.65%

Proposed Rural Fire Service

Council has already stated its position that it supports a Rural Fire Service, as a separate entity to DFES, and that the new entity should be adequately resourced. Should a Rural Fire Service be established an equitable funding source will need to be put in place. It is noted that the ESL was not set up for, or contemplated funding a Rural Fire Service.

Fire Mitigation Works on Government Land

There needs to be a clear link from ESL funding to Bushfire Mitigation for State Government Land and the agencies that control such land. These include Main Roads WA, Railway Reserves, Water Corporation, Department of Lands among others. This also includes a strategy for fire mitigation works on Federal Government Land such as defence reserves and airports.

Government agencies who own the risk are reluctant to fund mitigation and subsequent on ground applications which is understandable as it is not part of their core business. Unless there is legislative change these agencies should be included in the ESL categories and levied to fund mitigation programs.

Transparency and Accountability

1. The process of both collecting and distributing ESL funds should be completely public with statistical data produced indicating where funds are sourced from and where funds are allocated. The entire process should be open to scrutiny for all stakeholders including local governments and members of the community.
2. Having a fully transparent process would identify any leakages from the ESL and highlight exactly what services are funded through the ESL. For example Marine Rescue would be better funded through a levy on boat registrations giving a more user pays system rather than the ESL paying for a service which is generally only applicable to boat activity.
3. Contributions from Government property, Government Trading Agencies collected directly by Treasury should be accounted for and reported to ensure full transparency in the process.
4. When the ESL was introduced in 2003/04 the State Government gave an understanding that the subsidy payment being made to top-up funds for the Fire and Rescue Service of the day would continue. In 2003/04 this was approximately \$40 Million injected into the ESL pool. Over time this has been reduced or offset on expenditure by the State on emergency management. In 2015/16 the subsidy is approximately \$5 Million. This should be examined both from a transparency and leakage of revenue perspective.

Local Governments as the ESL Collection Agency

1. It is recommended that as part of this review that the State takes steps to publicise the fact that the ESL is NOT part of local government rates. This perception remains because local governments collect the ESL on behalf of the State Government.
2. The Administration fee paid to local governments for the collection of the ESL should at least meet the cost associated with the collection process and be indexed up as costs increase. The Administration fee has progressively decreased, and is around 30% less than what it was in 2004/05 despite the quantum of ESL significantly increasing over this time. Please refer to the below table.

ESL ADMINISTRATION FEE PAID TO LOCAL GOVERNMENTS															
Local Government	2003-04 *	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Total
HARVEY	21,460	17,270	17,340	17,870	18,180	17,800	17,370	16,050	15,870	15,150	14,310	13,740	12,410	11,860	226,680

3. Local governments should not be left with accounts outstanding and associated costs where the ESL has not been paid by the ratepayer, but has already been remitted to the State Government (DFES). The way the system is set up throughout the State

(Option B) sees any default on ESL payments being met by funds from the local government. This is fundamentally wrong as the local government is the collection agency only and should have no exposure to bad ESL debts. Option A is a time consuming and prohibitive method of collecting and administering the ESL.

Growth of the ESL

The ESL should be able to grow in funding take as subdivisions and a greater land bank eventuates through natural growth. This growth should meet increased front line demand for services required by greater area and population. Any growth in ESL revenue should not be siphoned off to administration or non-front line areas.

Adopted at Council Meeting 21st February 2017