

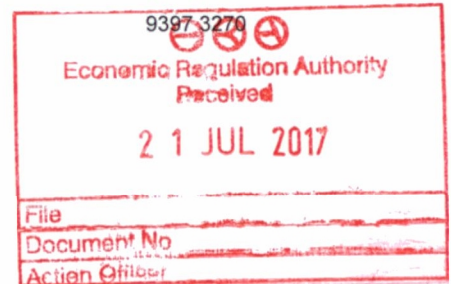
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18 July 2017

Mr Greg Watkinson
Chief Executive Officer
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Our Reference: 4842822
4728898
Enquiries: Ian Cowie



Dear Mr Watkinson

Review of the Emergency Services Levy

The City has read the Authority's Draft Report on the Emergency Services Levy with interest. The City will make comments on the draft report in the near future.

However, the City was surprised that the report did not mention the City's submission during the first round of public consultation. This was submitted to the Authority on 22 February. Please find enclosed a copy of the City's initial submission for your consideration in advance of concluding your work on this subject.

Yours faithfully

Ian Cowie PSM
Chief Executive Officer

(encl)



**Review of the Emergency Services Levy:
Submission by the City of Gosnells**

The City of Gosnells is pleased to be offered the opportunity to comment on the review of the Emergency Services Levy (ESL).

The ESL is of particular importance to Local Government as the State Government uses Local Government as the vehicle for collecting the levy. In this regard, it is disappointing that the Terms of Reference for the review do not specifically consider collection arrangements. That said, the scope of the review asks for comment on whether the governance arrangements for administering the ESL are transparent and accountable. The response to this question is quite clearly, 'no'. People receive a rates notice and pay the total amount due. While the ESL may be identified as a line item in the notice, the total rate is paid to the Local Government and the vast majority of people believe that all the money paid is for use by the Local Government. They do not identify that a large amount is remitted directly to the State Government.

Here, I note that, for the 2016/17 financial year, City of Gosnells levied ESL charges amounted to \$12,751,245. This equates to 14% of the total rates and charges levied by the City.

When State Government politicians and members of the general public criticise Local Governments for rate rises, these criticisms never subtract the amount raised for the ESL or the percentage increase in the ESL component. Consequently, the collection method can, in no way, be seen as transparent and accountable.

To be completely transparent and raise accountability, it would be far more appropriate for a separate bill to be issued for the ESL. This should ideally come from the State Government which is collecting the levy and using the money raised. However, if the State Government wishes to use Local Government rating system infrastructure to deliver the bill, it would be more appropriate for a completely separate bill to be issued on behalf of the State Government to fund emergency services. This could be sent with the Local Government's rate notice but require payment directly to the State Government. Very limited administrative funding would be required for the distributional task with administrative efficiencies generated by the State Government from receipting and processing all revenues generated. This approach would completely avoid confusion about what element of a rate rise is attributable to the ESL and what is attributable to general Local Government revenue collection. It would also drive efficiencies within DFES as it would be the State Government justifying any increases in the Levy. Under current arrangements, this task is effectively outsourced to local governments.

As an aside, I would note that for collecting \$12,751,245 in 2016/17, the City received an administration payment of \$87,450 (including GST) and operational funding of \$121,750 for the Bush Fire Brigade and \$38,810 for the Gosnells SES. To give these operational funding figures some context, the City's total budget for the Bush Fire Brigade is \$225,308 and for the SES, it is \$90,526. In total, the amount the City received for operating the Bush Fire Brigade, the SES and the administration



fee equates to \$248,010. This represents 1.9% of the amount collected through the ESL within the City.

In terms of the other questions, the City of Gosnells fully supports the ESL being used for a range of activities, including mitigation. However, critical to this discussion is the capacity for agencies to increase their mitigation efforts. In this regard, it is extremely rare for government agencies to meet their prescribed burning objectives and equally, few local governments would be in a position to increase their efforts around natural hazard mitigation. In terms of bush fire risk mitigation, local governments are generally reliant on volunteer brigades to undertake prescribed burns. Balancing the availability of volunteers and favourable weather conditions inevitably means that fuel reduction burns undertaken by local governments are limited. A better approach towards fuel reduction and prescribed burning is required and to this end, the City supports the establishment of a Rural Fire Service whose role ought to include bush fire risk mitigation.

It would also seem highly appropriate to fund a Rural Fire Service using the ESL. Such a service is considered important in relation to the rural areas on the outskirts of Perth. Many houses are found in the bush areas on the outskirts of Perth and much of this land relies on volunteer Bush Fire Brigades for the primary response. This seems completely inappropriate for land located so close to Perth and with so many properties and lives at risk. A far more professional and coordinated service to undertake bush fire risk mitigation and to protect lives and property in rural areas appears desirable.