

**Metropolitan Fire and   
Emergency Services Board**

MFB Submission:

The Australian Energy Regulator’s f-factor scheme determination

30 May 2017

MFB Submission:

The Australian Energy Regulator’s f-factor scheme determination

**Who we are**

The MFB is the statutory authority that has the responsibility to provide fire safety, fire suppression and fire prevention services along with emergency response services in the metropolitan district of Melbourne.

It is constituted under the *Metropolitan Fire Brigades Act 1958* with a number of statutory duties under that Act, including responsibilities to provide fire and rescue services to over 4 million residents, workers and visitors in metropolitan Melbourne, and protect billions of dollars' worth of assets and key infrastructure.

In addition to its fire and rescue functions, the MFB undertakes a range of other activities, including:

* providing advice and fulfilling a statutory role pertaining to fire safety issues in the built environment;
* providing emergency medical response;
* providing emergency response coverage to the inland waters and the Port Waters of the Port of Melbourne within the Metropolitan District;
* developing fire safety and emergency plans for major events;
* participating in community safety activities; and
* providing emergency response in relation to a range of emergencies, including industrial accidents, hazardous material handling and storage incidents and chemical, biological and radiological emergencies.

The MFB is committed to advocating for the safety of members of the community to ensure the risk to life and property is reduced so far as is possible. It also works closely with community groups, facilitating education campaigns and programs to ensure that people are equipped with the skills, information and tools needed to prevent, prepare, respond and recover from emergencies.  The MFB has a long history in advocating for improved fire safety, including leading debate on compulsory smoke alarms, sprinkler systems in homes for the disabled, fire systems in tunnels, fires arising from insulation during the Home Insulation Programme, fire risks arising from hoarding, addressing juvenile fire lighting behaviour and improving fire safety in boarding houses.

**MFB submission**

The MFB noted the passage of the *Energy and Resources Legislation Amendment Act 2010* and consequent amendments to the *National Electricity (Victoria) Act 2005* (the NEVA) to introduce an 'f-factor scheme'.

We recognise that the scheme was intended to provide incentives for Distribution Network Service Providers (distributors) to reduce the risk of fire starts owing to electricity infrastructure, and to reduce the risk of loss or damage caused by fire starts.

We also noted that the order prescribed that, for the first four years of the scheme (2012-15), distributors were either rewarded or penalised at a pre-determined incentive rate of $25,000 per fire for performing better or worse than their respective targets.

We have also noted the “f-factor order 2016” which has made a substantial change to the methodology through placing an emphasis on fires starting during higher fire danger rating periods in bushfire hazard areas.

**Distribution of Charges**

The MFB makes no comment in relation to the distribution of the charges amongst the distributors; however, we note that this is based on independently audited reports from distributors.

**Incentive Rate**

The MFB is of the view that, as the scheme is intended to provide an appropriate incentive level to distributors, that, with respect to fires in metropolitan areas, the costs of such fires should be encapsulated within the incentive amount.

Costs of Fire Coverage

When there is a fire that starts or originates in a distribution system this will result in a normal response requiring 2 MFB primary appliances.

The average length of “power pole” fire incidents within the Metropolitan Fire District is 35.6 minutes[[1]](#footnote-1).

The total cost of fire brigade attendance at such incidents is $3600.

Incentive Level

MFB is of the view that the incentive scheme should be structured such that there is a significant incentive to maintain the condition of the distribution network such that preventable fires do not occur.

In areas of high density the total costs to the community of an incident escalate significantly beyond the isolated cost of the initial triggering event.

This can occur through a range of mechanisms with traffic congestion, and turnover reduction for surrounding businesses being amongst the more commonly cited factors.

Whilst an appliance and its crew is attending a fire in or resulting from the electricity distribution network it cannot be available for other fire calls nor can it respond to Emergency Medical Response Calls.

Furthermore, when the crews covering one area are managing an incident it can result increases in response times to incidents which occur within that appliance’s response area as appliances must then be despatched from surrounding areas to provide coverage.

Given the significant social and economic impact that preventable fires have within the community regulatory devices should be utilised to minimise their occurrence.

**Conclusion**

In considering the appropriate incentive rate and its structure the Australian Energy regulator should consider:

* the costs of fire coverage; and

* the consequential costs to the community of preventable fires.

1. MFB AIRS Statistics [↑](#footnote-ref-1)