

13 June 2014

Natural Disaster Funding Arrangements  
Productivity Commission  
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Dear Commissioners,

**Submission to the Natural Disaster Funding Inquiry with reference to issues  
Paper May 2014**

Thank you for your consideration of Council's submission to the above Inquiry. In essence, Council strongly supports the LGAQ's submission dated 6 June 2014; however we also wish to emphasise a number of points.

1. Financial Impacts

The community of Toowoomba Regional Council (TRC) has suffered greatly from the flood events of recent years. There has been huge impact and cost to our community emotionally, socially and commercially; costs that all communities must bear in their recovery from natural disasters.

The ability for councils to call upon financial assistance from the Commonwealth and State Governments through the NDRRA in their time of need to reconstruct infrastructure is essential. Affordability for local government beyond current arrangements is not possible.

Though the NDRRA funding arrangements currently states "75% Commonwealth and 25% State," the actual cost to local government is between 10-20% depending on the event for essential infrastructure alone (for TRC, this is currently in the order of \$25 million for 2010/11 and 2013 events). Additionally, much of the community recovery costs are also covered by local government and local community organisations.

Similarly, at a time of major disasters all available State resources are also financially stretched. Given the fiscal capacities of Commonwealth, State and Local Governments, it is essential the majority of direct funding from the Commonwealth continues. The current arrangements do provide guidance on what is funded and the responsibilities and contribution by each level of government.

The National Commission of Audit suggestion of changes in funding splits would be totally unaffordable to the State and Local Governments.

## 2. Building Resilient Communities

Planning and mitigation for major disaster events is an essential responsibility of all levels of government. TRC (as per Queensland Flood Commission of Inquiry final report) has been active for many years with its Emergency Management Planning and in particular flood mitigation strategies.

Unfortunately, the level of any flood mitigation funding support (in particular grants) from both the State and Federal Governments were substantially reduced (in real terms) in the preceding decade up until the 2010/11 flood event in Queensland (ie. through the drought period).

Reconstruction of infrastructure to "current day engineering standards" must be fully supported by the State and Commonwealth Governments. Building "like-for-like" does not give a resilient outcome to the reconstruction of infrastructure. Most of Australia's road network elements are an accumulative improvement over the last century. Over time, design and construction approaches have significantly changed and improved to take into account the increased traffic volumes and loadings that governments have allowed on all networks.

The current Betterment Program and Category D grants have enabled TRC to undertake significant improvement in building community infrastructure improvements. The works are of substantial benefit to the community and will significantly mitigate damage and subsequent cost impacts from any future flood events. Hence, TRC strongly supports the LGAQ's proposition that a significant ongoing program with equal shares between the Commonwealth and State (with up to a 20% Local Government share) with an emphasis on Betterment and mitigation would build more resilient communities and substantially reduce the cost of future disaster events.

## 3. Use of Council Day Labour

Councils must have the flexibility to utilise their day labour workforce as part of any disaster reconstruction program and the full cost of this needs to be recoverable. Though TRC could not have recovered from recent flood events without the substantial assistance of major civil contractors, procuring contractors delays the recovery process and their costs to the program is substantial.

TRC has undertaken a number of direct activity cost and program cost benchmarking exercises that demonstrate significant 'direct dollar' savings and value for money outcomes through use of day labour. Council strongly supports the LGAQ's comments and proposition as noted below:

*Councils in regional areas of Queensland have identified the following concerns if ongoing use of day labour for NDRRA works is prohibited:*

- *Increased costs to State and Federal Governments through use of contractors as a result of higher establishment costs and competition to engage contractors when the event impacts on a number of councils in a region;*
- *Slower recovery of assets because of mobilisation times from non-local contractors, leading to flow on effects to the local economy including agricultural production, tourism and resource industries;*
- *Poorer economic outcomes for local communities including potentially increased unemployment;*
- *Loss of skilled staff along with specialised plant and equipment from the local area;*
- *Significant reduction in the ability of councils to assist their communities post the event.*

*The LGAQ submits that the value for money approach of the trial should be permanently adopted by the Australian Government as the basis for the use of council day labour staff in performing works under the NDRRA. The use of council day labour has been shown as cost effective.*

#### 4. Administrative Arrangements

The current NDRRA arrangements place a high administrative workload for local government at a time of greatest community need. That said, Council understands the need for full accountability of public funds expended and the public scrutiny that all levels of government are exposed to in delivering the recovery and reconstruction from natural disasters.

Undertaking emergent works, developing submissions, procuring contractors, delivering reconstruction works and the closing out on each program, requires significant administrative resourcing and is a substantial cost to the program.

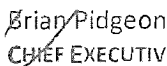
TRC is being subjected to five levels of audits:

1. Council's internal and financial auditors;
2. QldRA auditors;
3. Queensland Audit Office;
4. Commonwealth Inspectorate auditors;
5. Australian Audit Office.

The program management and administrative resourcing for these auditing requirements is excessive. Council suggests that this is an area of administration that could be substantially streamlined and simplified and should be a focus of the inquiry.

Council appreciates the opportunity to make this submission to the inquiry and to make any further contribution sought by the Commission. Please contact Mike Brady, General Manager Infrastructure Services Group should you wish to discuss our submission further.

Yours sincerely,

  
CHIEF EXECUTIVE OFFICER

Cc: Greg Hoffman, Director Policy & Representation, LGAQ