

UNCLASSIFIED

ACT Government
Productivity Commission Submission
Report 2014

UNCLASSIFIED

CONTENTS

1. Foreword	3
2. The ACT Government Approach	4
3. Current Funding Arrangements	6
3.1 Natural Disaster Relief and Recovery Arrangements and their interaction with broader Commonwealth-state financial arrangements.....	7
3.2 National Partnership Agreement on Natural Disaster Resilience.....	7
3.3 Australian Government Disaster Recovery Payment	8
4. Assessing Current Arrangements	9
4.1 Australian Government Assistance	9
4.2 Local Arrangements.....	10
4.3 ACT NDRP Case Study – building community resilience	11
5. Legislation and Planning System	12
6. Insurance for Residual Risk	13
7. Summary of Recommendations	14
8. Attachments	15

1. FOREWORD

The ACT Government recognises that the threat of natural disasters pose a risk to the territory. The improved management of these risks is essential to increasing the overall wellbeing and resilience of the ACT Community. The ACT adopts an all hazards and a whole-of-government approach to help the community better prepare for disasters and build community resilience.

The ACT Government invests in a wide range of disaster mitigation activities, such as land-use planning, enhancement of key infrastructure, road maintenance, landscape management, comprehensive insurance arrangements, emergency services, health care, community and social assistance, and environmental management.

This submission highlights the ACT Government's key natural disaster mitigation and resilience activities in response to the National Disaster Funding Arrangements - Productivity Commission Issues Paper (May 2014). It provides some observations and recommendations that reflect the ACT's position in order to allow for an enhancement of the current natural disaster funding arrangements.

Katy Gallagher
Chief Minister

June 2014

2. THE ACT GOVERNMENT APPROACH

The ACT Government continues to develop its relationship with the ACT community in order to promote and develop resilience within the community by assisting them in understanding and managing the risks associated with living in the bush capital.

The ACT Government recognises that a shared responsibility between all levels of Government, business and other organisations, as well as the broader community, helps to improve and build disaster resilience. The ACT Government endorses the continued participation and support from the Australian Government in aiding mitigation and recovery efforts, and acknowledges that this aids in ensuring the safety and wellbeing of Territorians during natural disaster events.

The ACT Government supports the National Strategy for Disaster Resilience (NSDR), and undertakes a range of activities, programs and policies aligned with its strategic priorities. These strategic priorities, and key ACT activities and programs under them, are:

- **Strategic Priority 1: Leading change and coordinating effort**
 - *ACT Implementation Plan for the Natural Disaster Resilience Program 2013-15 under the National Partnership Agreement on Natural Disaster Resilience (NPANDR).*
- **Strategic Priority 2: Understanding risk**
 - *Strategic Bushfire Management Plan (SBMP) v2 2009 - see <http://esa.act.gov.au/community-information/livingontheedge/>*
 - *Flood Risk Mapping projects and products*
 - *Territory Wide Risk Assessment 2012 developed under the National Emergency Risk Assessment Guidelines (NERAG); and*
 - *Climate Change Vulnerability Assessment framework for Infrastructure 2012*
- **Strategic Priority 3: Communicating with and educating people about risk**
 - *'Living on the edge' – SBMP community consultation program - see <http://esa.act.gov.au/community-information/livingontheedge/>*
 - *Emergency Services Agency website - see <http://esa.act.gov.au/>*

- ACT community education and engagements campaigns – StormSafe - see <http://esa.act.gov.au/community-information/storms-and-floods/>
- Bushfire Survival Plan - see <http://esa.act.gov.au/community-information/bushfires/>
- **Strategic Priority 4: Partnerships with those who effect change**
 - Emergency Plan 2012 and associated sub-plans and hazard specific plans
 - Engagement with private sector through critical infrastructure providers and non government organisations
 - Cross-border emergency management arrangements
 - Linkages and participation in national committees and working groups to enhance national and jurisdictional arrangements
- **Strategic Priority 5: Empowering individuals and communities**
 - Community Fire Units - see <http://esa.act.gov.au/actfr/community-fire-units/>
 - Emergency Guide and Grab and Go booklet - see http://www.communityservices.act.gov.au/wac/community_recovery
 - Working with schools
- **Strategic Priority 6: Reducing Risks in the built environment**
 - Securing electricity supply – range of major infrastructure projects
- **Strategic Priority 7: Capabilities to support disaster resilience**
 - Emergency warnings – MOU's with local media outlets, ESA website and the use of Emergency Alert
 - Enhancing capability – drafting of Strategic Bushfire Management Plan version 3

In addition to the above, the ACT Government has continued to invest in, and develop, the territory's preparedness and resilience to natural disasters. This is evidenced by the:

- United Nations International Strategy for Disaster Resilience (UNISDR) recognition of Canberra in 2012 as a 'role model city for emergency management' (copy at **Attachment A**);

- Completion and publication of the *Territory Wide Risk Assessment 2012* (copy at **Attachment B**); and
- Updating *Strategic Bushfire Management Plan (V2) 2009* (copy at **Attachment C**).

The submission to the UNISDR Resilient Cities Campaign at **Attachment A** provides much of the information sought from the ACT.

3. CURRENT FUNDING ARRANGEMENTS

The Territory acknowledges that the natural disaster mitigation, resilience, and recovery activities are a shared responsibility between all levels of government and the community. The ACT Government also recognises the Australian Government provides financial support for recovery funding through the Natural Disaster Relief and Recovery Arrangements (NDRRA) and resilience and mitigation funding through the NPANDR. However, since 2003 the ACT has not accessed funding through the NDRRA and this limits our ability to respond to this section. The area where the ACT receives most financial assistance from the Commonwealth is the allocation and co-contribution under the NPANDR.

3.1 Natural Disaster Relief and Recovery Arrangements and their interaction with broader Commonwealth-state financial arrangements

The ACT received funding under the NDRRA following the 2003 bushfires. This was the only occasion that the ACT has met the threshold for Category B assistance. Although the ACT has experienced severe storms since that time, the cost to the ACT after insurance recoveries claimed has not met the minimum threshold for Australian Government assistance.

Under the NDRRA, the first 'state expenditure' threshold for the ACT to claim the broader range of measures, including for infrastructure damage, under Category B is \$8,583,000 (based on 0.225% of Territory revenue). The Australian Government matches state/territory expenditure as a result of natural disasters at a rate of 50% until the second threshold (1.75% of state/territory revenue) is reached and 75 % thereafter.

Commonwealth and State/Territory expenditures on natural disaster mitigation, resilience and recovery spending are also assessed by the Commonwealth Grants Commission (CGC) as part of

the process used to determine GST revenue sharing relativities (known as horizontal fiscal equalisation). Consequently, these expenditures can affect the distribution of GST between the States and Territories.

The overall effect of the CGC's approach is that, net of GST, a State will only pay its actual per capita share of the costs of a natural disaster above the level of the NDRRA payment. Hence all States and Territories bear a population share of natural disaster costs net of the Commonwealth payments, with the Commonwealth bearing a share as determined by the NDRRA provisions.

The ACT's view is that the CGC's use of an actual per capita assessment of Commonwealth payments to the States and Territories under the horizontal fiscal equalisation arrangements has potential to distort State and Territory decisions on natural disaster risk management. In particular, it may reduce the incentive to take appropriate prevention and insurance measures.

The ACT Government has been limited in claiming Australian Government financial assistance because of comprehensive insurance policies and asset coverage. These factors contribute to a relative disadvantage for the ACT to access Commonwealth assistance under the NDRRA.

Whilst the ACT notes that the betterment provisions under the NDRRA have not been utilised by many, if any, jurisdictions, this 'inability' for the ACT to meet the first threshold for Commonwealth assistance under the NDRRA is an added barrier. The ACT Government suggests that, as part of this review, the issue of how the betterment provisions under the NDRRA may be better utilised could be considered. For example, it may be possible for the funding of any betterment of an essential public asset to a more disaster-resilient standard to be 'de-coupled' from the requirement that the asset be destroyed by an eligible disaster. In this way jurisdictions may be able to request funding from the Commonwealth for 50% of the cost above and beyond what they may have ordinarily spent in order to ensure the asset is built to a more disaster resilient standard.

Recommendation 1:

The ACT Government supports the examination of NDRAA as part of the Productivity Commission's focus noting the costs of the arrangements in Australia are at historically high and unsustainable levels.

3.2 Natural Partnership Agreement on Natural Disaster Resilience

The ACT Government agrees with the Commissions' statement on p.13, "...Australian Government spending on the NPANDR is small relative to natural disaster recovery expenditure".

The NPANDR aims to be tailored to the specific disaster needs of each state and territory (states). The need for matched funding from states is better suited to funding projects from Government agencies or larger organisations rather than community based projects because the capacity of volunteer groups (a stated priority of the NPA) to contribute is significantly less.

The ACT Government's focus when it comes to disaster mitigation spending is on enhancing emergency management capability and community resilience. Unfortunately, as stated above, it is more difficult for the community sector to provide matched funding for such projects under the NDANDR. Additionally, funding under the NPANDR cannot be used for 'business as usual' activities. As a result, the ACT often times finds itself unable to utilise the entirety of the funding provided under the NPANDR.

The ACT Government would welcome a revised approach to funding under the NPANDR that accounts for these issues, such as a lower fund matching limit in NDRP Implementation Plans that provide funding to a greater proportion of community or volunteer based organisations. As a suggestion, the limit could be in the range of 25% - 33%, as suggested for grants in Option 1 in the Commission's paper.

Recommendation 2:

The ACT Government strongly recommends the continuation of the National Partnership Agreement on Natural Disaster Resilience (NPANDR) funding. However, the NPANDR should be refined and identify the specific requirements of states and territories. This would reflect jurisdictional priorities, current investment initiatives and our comprehensive self-insurance measures.

Recommendation 3:

The ACT Government recommends the fund matching limit be in the range of 25 - 33 per cent, as suggested in Option 1 of the Commission's paper.

3.3 Australian Government Disaster Recovery Payment

The Australian Government provides financial assistance to households through the Australian Government Disaster Recovery Payment (AGDRP) and the Disaster Recovery Allowance (DRA).

The ACT Government notes that the DRA has only been offered to individuals affected by the NSW bushfires of October 2013 and no major disasters have occurred within the ACT since the establishment of the AGDRP.

Recommendation 4:

The ACT Government supports the examination of AGDRP as part of the Productivity Commission's focus noting the costs of the arrangements in Australia are at historically high and unsustainable levels.

4. ASSESSING THE CURRENT ARRANGEMENTS

4.1 Australian Government assistance

The ACT Government continues to invest in research, prevention, preparedness, response, and recovery programs across a range of hazards in the Territory. The ACT Government also considers that there is a shared responsibility and a role for the Australian Government to play in assisting their state and territory partners.

Noting that disasters cross borders and impact the wide sections of the community, industry and tourism, the ACT Government identifies that the support provided by the Australian Government is not only through financial partnerships, but also through the facilitation of cross jurisdictional agreements. This support allows for access to jurisdictional programs and tools, and the sharing of resources that adds to effective capacity without unnecessary duplication.

Recommendation 5:

In summary, the ACT Government recognises no state or territory can fully prepare to manage and recover from large disasters alone. Continued Australian Government assistance in the following areas would assist:

- the identification of the key disaster prone areas/infrastructure regularly impacted by disasters;
- continue with national interoperability, regulation and provision of disaster assistance, including Defence;
- continue with national capability tools such as Emergency Alert; and
- to support the states and territories to promote community preparedness and emergency management capability across the Research, Prevention, Preparedness, Response and Recovery spectrum , commensurate with their respective risk profile.

4.2 Local arrangements

The ACT Government empowers its various directorates to coordinate whole of government mitigation and resilience programs for natural disasters. These governance arrangements are embodied in the *Emergencies Act 2004* and the Emergency Plan 2012 and address the risk profiles as identified in the Territory Wide Risk Assessment (**Attachment B**). The Emergency Plan continues to evolve to encompass whole of government resources and the increased focus on the delivery of timely information to the community prior to, during, and after emergencies.

The Strategic Bushfire Management Plan v2 2009 (**Attachment C**) is the mechanism to combine the elements needed to ensure balanced, effective and efficient fire management in the ACT.

A **case study** (on page 11) has been included to provide an example of how an ACT NDRP project has contributed to building community resilience project – *Think Ahead, Be Ready, Stay Safe Emergency Preparedness Guide and Grab and Go Kit*.

Case Study 1 - NDRP community resilience project – *Think Ahead, Be Ready, Stay Safe* Emergency**Preparedness Guide and Grab and Go Kit**

An example of the resilience building approach taken with NDRP funding (2009/12) is the development (multi-agency), dissemination and marketing of the ***Think Ahead, Be Ready, Stay Safe*** Emergency Preparedness Guide and Grab and Go Kit, (the Guide - copy attached).

The Guide incorporates a number of features as follows:

1. An Emergency Preparedness Guide consolidating key emergency and preparedness information about a range of natural hazards;
2. A "*Grab and Go*" Booklet that incorporates emergency contact numbers, medical information and emergency evacuation and emergency kit information; and
3. A "Neighbor Card" to exchange emergency contact information with trusted neighbors, and encouraging people to work with their vulnerable neighbors on emergency preparedness.

Distribution was through government and community based organisations with a focus on identifying and working with vulnerable members of the community to ensure they understood the Guide; encouraged to develop an emergency plan; encouraged to connect with neighbors; and complete the *Grab and Go* booklet with their personal information.

A particular feature of the program was the engagement of the Red Cross to develop and conduct a series of workshops with a wide range of government, and non-government agencies supporting vulnerable clients. These identified strategies and methods of engaging with clients; enshrining vulnerability discussions into agency culture; and developing a comprehensive list of emergency kit inclusions for a cross section of vulnerabilities.

This project was linked to other ACT initiatives including:

1. 2013 Centenary of Canberra Celebrations – developing and widely distributing co-badged Neighbor Day brochures, encouraging neighbors to research their street, and suburb history. Emergency Preparedness Guide was included.
2. 2013 *Parties in the Park* - the abovementioned material was distributed to 40 individual themed parties that took place in the weeks either side of the Canberra Day long weekend.
3. Specific agency activities targeting their respective vulnerable clients e.g.: Communities @ Work hosted a number of activities via a "street party" at the Gungahlin Town Centre.
4. Emergency Services Agency community education officers and the Community Fire Units initiative.

Feedback from agencies, community groups and the community generally was particularly positive about the emergency preparedness tool. The Guide was also recognized at a national level by receipt of a Highly Commended award at the 2011 Resilient Australia Awards.

5. LEGISLATION AND PLANNING SYSTEM

The ACT Government has provided considerations for urban planning, land use policy and infrastructure investment that support cost-effective risk management through legislation and the planning system and leasehold tenure system. This is essential for natural disaster mitigation, resilience and recovery for the territory. This also ensures that a growing community can also be safely accommodated.

Examples of some of the ACT Government legislation that supports this realistic, risk compliant building and land use planning principles are:

1. *Building (General) Regulation 2008*;
2. *Building Act 2004*;
3. *Planning and Development Act 2007* - main object of the planning strategy is to promote the orderly and sustainable development of the ACT, consistent with the social, environmental and economic aspirations of the people of the ACT in accordance with sound financial principles;
4. *Planning and Building Amendment Act 2011*; and
5. *Planning, Building, Environment Legislation Amendment Act 2012*.

In addition to legislative requirements, the ACT also employs a range of bushfire mitigation measures including the Bushfire Abatement Zone, asset protection zones and bushfire prone areas. It is also important to note that the ACT, as a single jurisdiction, is under a leasehold system and as such the ACT Government strategically identifies areas on the urban edge (i.e. greenfields areas) for future development. The *Emergencies Act 2004* also provides for the provision of Bushfire Operational Plans to address risk across public and private land to effectively mitigate the hazards in a sustainable manner. (Source: ACT Bushfire Council)

There are also well-established and formalised strategic planning and development application processes to ensure that where a bushfire risk assessment is undertaken, it is appropriately reviewed by the Emergency Services Agency and the Fire Services to ensure that the required mitigation measure has been incorporated into the planning.

6. INSURANCE FOR RESIDUAL RISK

Operational assets of ACT Government agencies are insured with the ACT Insurance Authority (ACTIA) – a statutory authority responsible to the ACT Treasurer.

ACTIA undertakes to insure the ACT Government agencies, and then to arrange reinsurance which limits its exposure to large individual losses and/or catastrophic events that may impact on multiple ACT Government assets.

There are no Territory assets that are uninsured. However, insurance for assets which are under construction is arranged directly with insurers outside of this program.

Under the Indemnity Agreement between ACTIA and ACT Government agencies, all assets including essential public assets and roads are covered under the terms of the Insurance Indemnity and the Industrial Special Risk (ISR) Indemnity for fortuitous loss, damage or destruction of property and consequential loss.

Individual agencies accept specific levels of self insurance in the form of excesses which ACTIA deducts from any claims payments.

More details are provided at [Attachment F](#).

7. SUMMARY

The ACT Government recommends the following in response to the Australian Government Productivity Commission Issues Paper – *Natural Disaster Funding Arrangements*.

Recommendation 1: The ACT Government supports the examination of NDRAA as part of the Productivity Commission’s focus noting the costs of the arrangements in Australia are at historically high and unsustainable levels.

Recommendation 2: The ACT Government strongly recommends the continuation of the National Partnership Agreement on Natural Disaster Resilience (NPANDR) funding. However, the NPANDR should be refined and identify the specific requirements of states and territories. This would reflect jurisdictional priorities, current investment initiatives and our comprehensive self-insurance measures.

Recommendation 3: The ACT Government recommends that the fund matching limit be lowered to 25 - 33 per cent, as suggested in Option 1 of the Commission’s paper.

Recommendation 4: The ACT Government supports the examination of AGDRP as part of the Productivity Commission’s focus noting the costs of the arrangements in Australia are at historically high and unsustainable levels.

Recommendation 5: The ACT Government recognises no state or territory can fully prepare to manage and recover from large disasters alone. Continued Australian Government assistance in the following areas would assist:

- the identification of the key disaster prone areas/infrastructure regularly impacted by disasters;
- continue with national interoperability, regulation and provision of disaster assistance, including Defence;
- continue with national capability tools such as Emergency Alert; and
- to support the states and territories to promote community preparedness and emergency management capability across the Research, Prevention, Preparedness, Response and Recovery spectrum , commensurate with their respective risk profile.

ATTACHMENTS

- A. UNISDR Nomination for Canberra (Australia) to be recognised as a Role Model City
- B. Territory Wide Risk Assessment 2012
- C. Strategic Bushfire Management Plan v2 2009
- D. The Report of the Bushfire Recovery Taskforce – ACT October 2003 (hard copy to be sent separately)
- E. ACT NDRP Projects 2009-13
- F. Details of ACT Government insured assets, premiums and claims paid.