

Our ref: SJW:sw  
Your ref: Nil

19<sup>th</sup> October 2014

Natural Disaster Funding Arrangements  
Productivity Commission  
Locked Bag 2  
Collins St East  
Melbourne Vic 8003

Dear Sir/Madam,

**Submission to the Draft Report - Inquiry into Natural Disaster Funding Arrangements.**

Thank you for providing Council the opportunity to provide comments on the Draft Report regarding Natural Disaster Funding Arrangements.

Cook Shire Council is a member Council of the Far North Queensland Organisation of Councils (FNQROC.) and endorses the submission on the Draft Report to this inquiry made by that organisation.

Cook Shire is concerned that the basis for this enquiry is a dispute between the Federal and State governments and the outcome will adversely affect local government's ability to efficiently restore essential public assets damaged as a result of natural disasters. If the funding mix shifts from a majority federal funding to an even split between the Commonwealth and the States then total funding will be reduced as State Governments lack the financial resources to adequately fund a greater proportion of the total disaster recovery bill.

This submission will specifically address the following elements of the Draft Report, insurance and mitigation.

**Insurance of Public Assets**

The Cook Shire Council is a rural/remote local government located on the Cape York Peninsula in far north Queensland. Cook Shire has an area of approximately 106,000 sq/km, an area larger than the State of Tasmania, and accounts for approximately 80% of the land area of Cape York. Cook Shire has a road network consisting of 2855 kilometres of roads with 2679 kilometres being unsealed and 176 kilometres sealed.

Cook Shire Council agrees with the principle of having assets insured and have comprehensive insurance over all of our buildings and non road structures. However, we believe that the notion of insuring our road assets is not possible. Firstly the cost of insuring our road assets would be totally unaffordable. Secondly the insurance industry would not accept the risk involved with a road network located in the cyclonic zone of northern Australia.

## **Mitigation**

Traditionally funding for mitigation projects has been based on a three tier model with Federal, State and Local governments each providing a third of the costs of the project. Where Local government has not had the resources this funding mix has occasionally been altered when the risk/benefit to the community has been proven. As stated in the draft report the available funds for mitigation has also been limited and provided through competitive programs that have meant that worthy mitigation projects have missed out on the required funding.

Applications that have been successful for mitigation funding are usually specific projects such as flood levee banks or raising sections of roadways, raising or relocating buildings or communities such as Grantham. These are projects that are in a single geographic area that can be costed as part of a works program.

Unfortunately Cook Shire's road network does not meet any of the above description as it covers a vast expanse geographically and the risk to any one section of road is dependent on the various weather events that can occur across that vast area. In other words if funding were to be invested on works to mitigate devastation caused by either cyclonic storms or monsoonal events, the treated road may not be subject to a weather event for many years.

Cook Shire does believe that mitigation works should be done and that the best way for this to occur is during restoration works following a Natural Disaster.

For a number of years Cook Shire has attempted to supplement NDRRA funds with our own small maintenance/capital funds. This is done by identifying areas that are susceptible to flood damage and using our funds to include drainage works such as pipes, culverts and causeways in the works program before actually applying the NDRRA funds to restore the roadway.

The best examples of Cook Shires mitigation works done in conjunction with NDRRA funding are the Battlecamp range and also the Bloomfield range roads. These roads would both suffer substantial damage on a near annual basis causing lengthy road closures and disruption to the community. Council utilising own source funds identified strategic drainage locations and installed pipes and gutters, then rebuilt the road with NDRRA funding and then sealed the roads again with Council funds. This treatment has seen the level of damage from weather events greatly reduced thereby saving both Council and the NDRRA program substantial costs on an ongoing basis.

This level of mitigation has been successful when applied however it is limited by our meagre resources. This treatment has lifted the immunity of Council's road assets from the repeat damage that the draft report refers to as "Groundhog Day" damage.

The provisions of the current Natural Disaster Funding arrangements that require replacement with like for like are an impediment to Council actually providing protection to the asset to prevent similar damage occurring in the next severe weather event. A system that allowed for a combination of restoration and mitigation works being done concurrently would eventually see a reduction in the ongoing costs of natural disaster restoration works.

Cook Shire recommend that the Productivity Commission look at a model as used by Cook Shire in the realisation that restoration and mitigation should not be separate and can be beneficial to be done in conjunction for a more efficient use of funds around disaster events.

Yours faithfully

Stephen Wilton

Chief Executive Officer