

Officer: Andrew Ryan

Response address: Locked Bag 72
Sunshine Coast Mail Centre, Nambour Qld 4560
Email: mail@sunshinecoast.qld.gov.au
Our reference: CWS.NDRRA
Your reference: Natural Disaster Funding Arrangements

20 October 2014

The Chairman
Natural Disaster Funding Arrangements
Productivity Commission
LB2 Collins Street East
MELBOURNE VIC 8003

Dear Chairman

SUBMISSION - NATURAL DISASTER FUNDING ARRANGEMENTS DRAFT REPORT

Thank you for providing the opportunity to make a submission regarding the Draft Report into Natural Disaster Funding Arrangements.

The Sunshine Coast Council considers NDRRA to be an essential element within the disaster recovery framework, enabling our local communities to more effectively recover from natural events and strengthen the national economy, particularly in recent years. It is expected that NDRRA will continue to be essential and relevant in the future.

I have considered the key content of the draft report and am pleased to see consideration being given to issues that have been of concern to Sunshine Coast Council such as inefficiencies within the various processes, mitigation, betterment and lack of autonomy. I am also of the view that the draft report recommendation of a reduction in assistance rates and a shift to a private sector insurance model for roads as contained in the preferred option (Option 2) has not been satisfactorily supported.

The following comments are offered on the key issues:

- Proposed reduction in assistance and reimbursement rates.

Sunshine Coast Council is opposed to the proposed reduction in threshold and assistance rates. As pointed out in Council's submission dated 20 June 2014, the current NDRRA program and processes have only returned 34% of total expenditure for the Sunshine Coast Council when undertaking disaster recovery operations for events since 2010. Any further reduction in actual assistance would place an unreasonably disproportionate burden on the local community. The likely impact of this would be prolonged delays to recovery times, with a flow on negative effect to the region's contribution to the state and national economies.

The consequent diversion of other available funding to recovery and restoration works would cause delays in the delivery of planned capital projects, putting pressure on existing infrastructure and restricting growth.

- Insurance for local government roads.

The draft report proposes state and local governments adopt insurance (including non-traditional insurance) as a means of risk mitigation, yet fails to support that proposition with an adequate analysis and solution, merely stating that state, territory, local governments and insurers should explore opportunities for collaboration and partnerships.

Sunshine Coast Council has an extensive risk management and insurance portfolio for many of its assets. This does not include disaster damage to roads due to many factors including the absence of a mature market for such insurance by local governments currently. Any shift in that direction would need to be supported by prior extensive analysis and modelling to enable thorough scrutiny and robust debate across all levels of government and the insurance industry.

- Increased autonomy and reduced inefficiencies.

Sunshine Coast Council supports the draft report proposition that greater autonomy of local governments will provide better outcomes. Council has often been constrained with rigid guidelines and a lack of engineering expertise within NDRRA assessment agencies from turning the outcomes from natural events into opportunities to build more suitable infrastructure based on local knowledge.

- Use of day labour and standard rates.

Sunshine Coast Council strongly supports the removal of restrictions on the use of employees' day labour for qualifying recovery arrangements. Council maintains an extensive and diversely skilled workforce that is well placed to respond to a variety of events. In order to maintain transparency and accountability, Council is open to the development of an appropriate framework of standard labour and unit rates which will further remove inefficiencies and speed up the claims and approval process.

- Mitigation and betterment.

The current NDRRA restricts opportunities and acts as a disincentive to use funds to improve the standard of infrastructure and improve the resilience of local communities. A greater focus on mitigation is strongly supported, albeit not to the detriment of appropriately timed recovery and restoration, rather within an appropriately balanced framework that provides long-term benefit. An increased focus and funding of mitigation through modeling and risk management could provide a link to betterment opportunities following future events.

Council recognizes the importance of accountability through institutional and governance arrangements for the identification and selection of mitigation opportunities.

- Regulating the built environment.

Council acknowledges and supports the draft report recommendations integrating land use planning and natural hazard management. Appropriate protective mechanisms for local government are considered essential when making decisions, or when decisions are overridden.

In addition to the points mentioned above, Council supports the LGAQ submission as a state wide local government response.

Yours faithfully

John Knaggs
CHIEF EXECUTIVE OFFICER