

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

*Our Reference:* 3033894  
*Your Reference:*  
*Contact:* Andrew Blatch

21 October, 2014

Dear Sir / Madam

**Re: Draft Report Natural Disaster Funding Arrangements**

Council officers appreciate the opportunity to respond to the public exhibition of the abovementioned Draft Report regarding Natural Disaster Funding Arrangements, circulated by the Australian Government's Productivity Commission. Please note that this submission has been prepared by Council's officers and should only be considered as a draft submission until such time as the elected Council have considered the matter.

**General Comments:**

Communicating information to householders (p27) is an ongoing issue. Whilst Section 149 Certificates identify risks affecting land parcels, the certificates do not offer information about conditions of approval that apply to development. For example - a dwelling constructed in a bushfire prone area has been approved by virtue of the application of conditions - some of these may relate to ongoing maintenance - asset protection zones or in fact bushfire pumps or the need to keep gates unlocked. Prospective purchasers are not always aware of the need for continued compliance etc. The EP&A Act should be amended to make provision for this information as part of the S149(5).

(P12) Risk Management carries a cost. The benefits of risk management need to be traded off against other priorities.

We strongly support the notion (p26) that the main gaps in managing risk relates to data consistency and the sharing and communicating of information. This needs to be urgently addressed - particularly at a state government level.

We strongly support the statements that Land Use planning is perhaps the most potent policy lever for influencing the level of future natural disaster risk (p28). There is however little or no appetite to apply this in high risk areas by either refusing development or resuming property where risk mitigation is unlikely to be viable. While ever we continue to support the notion that property rights are more important than risk mitigation then we will continue to be placed in a position where public funding is applied to the response or recovery stages. These costs may exceed the costs associated with land use restriction. In the end - it is merely a decision to commit funds at the beginning of the process - land use planning restriction or the end of the process - response & recovery. If the funds are committed at the end of the process - we often see the transfer of funding transferred to insurance companies and ultimately the community at large through a rise in general premiums.

State Government must support Local Government to implement policies articulated in State Planning Policies. It is not unusual for these policies to either be incrementally watered down or dispensed with at the behest of submissions made by applicant to higher levels of government. The recent discussion in the public domain surrounding sea level rise & coastal erosion is an excellent example.

Great Lakes Council is very supportive of the development of a Building Resilience Tool (p167) by the Insurance Council of Australia. This will greatly assist the community to understand that risks exist and that there is a risk rating attached to areas and ultimately to land parcels. It may also help to change culture from - "someone else will ultimately pay for my decisions" to one of being in partnership to understand, mitigate and share the risk.

### **1. Threshold expenditure points that trigger assistance and how these impact on Council's budget and ability to meet other commitments.**

Council is satisfied with current arrangements that trigger assistance for Natural Disaster Funding and certainly does not see it as being sustainable for local government should the triggers be revised down. The eligibility criteria has certainly tightened in recent years with the NDRRA funding for parks, reserves, sporting and recreational facilities now excluded councils' could see the restoration of significant public infrastructure taking some time with many struggling to meet their own maintenance obligations.

### **Efficiency and eligibility of the 'Day Labour' costs when a Council workforce is used in repair work or reconstruction activities.**

In all natural disaster events Council carries out in rapid response works to the event at cost and is not reimbursed for its ordinary time 'day labour' expenses. Our Council (like many other NSW Councils) constructs and maintains our roads etc using our own workforce. We do not always have contractors at call to carry out emergency works. It is Council's belief that local government should be reimbursed for its ordinary time 'day labour' expenses for rapid response and emergency works because it is a more efficient and cost effective delivery method than utilising contractors.

A further example of the efficiency of utilising 'day labour' is when various sections of a road are damaged in consecutive events. Council simply does all the works at once with costing controls in place to cost to the appropriate event. This avoids the potential for costly time delays or the preparation of tender and contract documentation, calling and evaluation of tenders, and the expensive mobilisation costs of contractors. Maintaining council workforces in regional areas is essential part of retaining populations in these communities.

There also seems to be some inconstancy applying to the use of day labour. This restriction is only applied by PW and means that Councils cannot claim for the cost of their day labour undertaking natural disaster recovery work in normal working hours in that period. The RMS appears to have no such restriction. This creates two problems; firstly, it is inconsistent. Secondly, while staff are working on recovery they are not working on the projects for which they are budgeted. This impacts on the budget of those projects and may require future overtime (and additional costs) to complete works programs. Great Lakes Council recommends the adoption of a consistent approach to the use of day labour in the initial 21 day period.

### **2. Funding arrangements for Mitigation**

There certainly is a need for funding models which focus more of prevention and mitigation. Governments need to maintain much of the current response and recovery arrangements and over time shift to a space with more emphasis on prevention and mitigation as infrastructure should/will become more resilient.

### **3. Regulating the Built Environment**

Council strongly supports:-

- i. Draft recommendation 4.3
- ii. Draft recommendation 4.4
- iii. Draft recommendation 4.5
- iv. Draft recommendation 4.6

### **4. Betterment Works**

In general an allowance for betterment should be considered to increase the scope of baseline replacement. Betterment should allow for consideration of preventative improvements. There is the need to increase the capacity of road assets that are regularly damaged. Bridge approaches are also regularly damaged with the older structures designed to a much lower standard. It is recommended that NDRRA arrangements include preventative improvements to structures and natural features in the definition of betterment.

Council would like to see an amendment the Natural Disaster Assistance Arrangements to incorporate guidelines for betterment applications (or at least a reference to such guidelines) including a structured cost-benefit assessment that shows councils are not making excessive or unrealistic claims.

The support for betterment provisions needs to be driven by politicians and senior bureaucrats. Not by those staff dealing with individual natural disaster claims. It is then requested that the relevant politicians and department heads reinforce support within their authorities for incorporating current engineering/environmental standards into baseline replacement, and for betterment where analysis indicates that a pre-determined level of benefit is achieved.

### **In Summary**

Local governments are not in a position to shoulder more of the financial burden of natural disaster events. If the Federal Government reduces its support to the NDRRA program, there will be significant impact on regional communities which would not have essential infrastructure restored for extended period of time.

Yours faithfully,

**Andrew Blatch**  
**Executive Coordinator Engineering Services**