



Local Government Association of South Australia  
Submission to:

**Natural Disaster Funding Arrangements  
Productivity Commission  
Draft Report**

October 2014

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# PRODUCTIVITY COMMISSION DRAFT REPORT - NATURAL DISASTER FUNDING

## Local Government Association of South Australia

### Introduction

The Local Government Association of South Australia (LGA) is recognised as the peak representative body for the 68 Councils in South Australia. The Association provides leadership and representation outwards to State and Federal Governments and other key stakeholders.

The LGA appreciates the opportunity to be able to provide comment on the Draft Report. However the LGA would like it noted that the tight timeframes to respond to the Report have made the provision of a properly consultative response with its member Councils difficult. The LGA however believes that the comments provided in this submission are in the most, if not all cases, reflective of the majority Council view in South Australia.

The LGA has structured its response based on the layout of Volume I of the Commission's Draft Report.

Primarily the LGA has given a Local Government perspective, however on occasion, where issues overlap, comments made are appropriate at both the State and Local context.

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	<b>KEY POINTS</b>	<b>LGA Ref.</b>
<b>1</b>	An adequate "Safety net" should be maintained by the Commonwealth to assist the States recover from major disasters.	B1; B3
<b>2</b>	Immediate and targeted assistance to disaster impacted communities is essential for community recovery and support to communities should not be diminished in any way.	E2; E3
<b>3</b>	Easier and less restrictive access to counter disaster operations assistance for Councils is essential (including the ability to be able to claim for own plant and labour costs).	B5; B8
<b>4</b>	Greater emphasis on mitigation by providing more funding for mitigation is supported.	C2
<b>5</b>	Market mechanisms for insurance options to reduce disaster recovery cost should be explored	D1; D2

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PRODUCTIVITY COMMISSION DRAFT REPORT - NATURAL DISASTER FUNDING		
Local Government Association of South Australia (LGA)		
LGA Ref.	Topic	LGA Comments
A	<b>BUDGET TREATMENT OF NATURAL DISASTER RISKS</b>	
	<i>INFORMATION REQUEST</i>	
A1	Do State, Territory and Local Governments maintain up to date asset registers?	<p>At a minimum, each Council must:</p> <ul style="list-style-type: none"> <li>• have an 'infrastructure and asset management plan' covering a period of at least 10 years; and</li> <li>• record the value of its assets and the depreciation of assets in the audited annual financial statements.</li> </ul> <p>Although there is no legal requirement to have an 'asset register' as such, most Councils find it useful to have a list of their assets, to serve at least the two purposes above.</p> <p>LGA notes that Councils' asset registers are not consistent in their design so aggregation of information for the sector would be problematic.</p> <p>Separately, we understand that natural amenity assets such as walking trails, significant trees, creek banks and open space have not been eligible for disaster recovery assistance yet constitute part of the Council asset base.</p> <p>LGA also notes that assets at risk from disaster extend significantly beyond State and Council controlled assets and include community assets and private assets.</p>
A2	How is asset management planning integrated into State, Territory and Local Government budgets?	<p>Pursuant to ss122-123 of the <i>Local Government Act 1999</i> (SA) each Council's asset management plan is part of its suite of 'strategic management plans' (SMPs). The objectives of the SMPs, in turn, must be reflected in each year's annual business plan and budget.</p>
A3	How do State, Territory and Local Governments' asset management plans incorporate natural disaster risk management?	<p>There is no specific legal requirement to have natural disaster risk management incorporated into a Council's asset management plan, nor any other planning tool. However there are references within the <i>Local Government Act 1999</i> (SA) that require Councils to adopt appropriate policies, practices and procedures that ensure their assets are protected through sound administrative management. In addition, each Council's Audit Committee is responsible for 'reviewing the adequacy of accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis'.</p>

		In practice, most Councils have embraced IPWEA guidance material in developing asset management plans. This includes an assessment of the critical risks associated with service delivery from infrastructure.
A4	<p><b>DRAFT FINDING 2.1</b></p> <p>The budgetary treatment of natural disaster costs as an unquantified contingent liability means that Governments make decisions about natural disaster risk management without having full information about the potential consequences.</p> <p>Where Governments make no explicit budgetary provision for the costs of recovery from future natural disasters there is a systematic bias against mitigation and insurance.</p>	<p>LGA supports this finding.</p> <p>However, it is not privy to the budgetary approaches and decision making of other Governments.</p> <p>In the Local Government sphere, if Councils had adequate revenue streams to apply towards natural disaster mitigation, it is agreed that annual budgets and forward estimates should transparently provide for such expenditure.</p> <p>The longer term magnitude of potential losses covering Council controlled assets is built into insurance and risk management arrangements managed by the LGA's Local Government Risk Services.</p> <p>Natural disaster losses are not only associated with built environment. The economic shock from a disaster potentially undermines business confidence, sometimes impacting negatively on future Council rate revenue from development. Losses frequently require a significant temporary increase in Council provided services (e.g. community health, building control and waste management).</p>
A5	<p><b>DRAFT RECOMMENDATION 3.3</b></p> <p>The Australian Government should publish estimates of the future costs of natural disasters to its budget in the Statement of Risks. It should also provision through annual appropriation for some base level of natural disaster risks that can be reasonably foreseen. For more catastrophic, less quantifiable risks, it is likely to be more efficient to finance the related costs if and when the risks are realised.</p>	<p>Support</p> <p>Within SA up until a few years ago, it was standard practice for the State Government to include an annual appropriation in its Budget (as well as a provision in its forward estimates) for estimated eligible claims by Councils covering future natural disasters. The amounts provided were based on the average cost (to the State) of such expenditure over the previous ten years.</p> <p>In practice, it is likely that Councils ultimately would call upon the Australian and State Government to sustain them if a disaster decimated their resources and capability. The Local Government Disaster Recovery Assistance Guidelines (LGDAG) currently in place provide Councils with an expectation of the provision of resources from the State if losses were to exceed their own resource capacity.</p>
	<b><i>INFORMATION REQUEST</i></b>	
A6	The Commission seeks feedback on approaches for the Australian Government to provision for some base level of natural	Where disaster relief expenditure can be reasonably anticipated, the LGA agrees with an approach whereby the Australian

	disaster risk in the budget each year.	Government would provide annual Budget appropriations for this purpose. The LGA suggests that any approach needs to consider risk dimensions. As a lower risk State, SA Councils have been able to access insurance for many assets at risk through the LGA's Local Government Risk Services. In addition, there are premium benefits for Councils which have put in place risk mitigation efforts. Accordingly, direct funding support from the Australian Government for mitigation expenditure and/or reasonable insurance investment could be beneficial for Councils and reduce losses to all parties.
A7	What would be the advantages and disadvantages of using historical averages?	SA Councils have a limited record of disaster losses given the State's low risk profile compared with other jurisdictions. Any record will likely be skewed by a handful of significant events and a bias between more frequent disaster types. Losses from disasters across hazards are not equal with flood losses having more significant impacts for Councils as opposed to bushfires. In terms of community expectation and awareness, bushfires would potentially rate higher due to potential loss of life and private property/stock damage. Emergent event types that are proving to be significant to Councils and communities such as heat-wave would not rate in such an 'historical' approach. Overall, it is suspected that data sets for most Councils would not be adequate to make value judgments on risk.
A8	Are there more sophisticated models available to estimate potential future liabilities?	Natural disasters do not lend themselves to sophisticated models, however the international insurance industry operates a number of Analytical Models built upon different simulations and/or Possible Maximum Loss scenarios. Models are continually evolving.
A9	How should 'imputed savings' from changes to the Natural Disaster Relief and Recovery Arrangements be estimated?	The LGA suggests the Commission could explore market mechanisms such as insurance premiums for Councils' asset protection as a way of estimating such savings?
<b>B</b>	<b>FUNDING ARRANGEMENTS FOR RECOVERY</b>	
B1	<b>DRAFT FINDING 2.2</b> Some cost sharing between the Australian and State and Territory Governments in the form of a fiscal 'safety net' to assist with the cost of natural disasters is inevitable because of vertical fiscal imbalance. The current funding arrangements exceed the requirements for such a safety net. <ul style="list-style-type: none"> <li>the current thresholds for funding under</li> </ul>	Any approach taken by the Commonwealth to amend or limit NDRRA is likely to be reflected in the way Councils are assisted by State Governments. SA Councils are already required to contribute a significant portion of rate revenue as a threshold payment when a disaster occurs. The LGA submits, that when catastrophic events occur, the Australian Government is

	<p>the Natural Disaster Relief and Recovery Arrangements (NDRRA) do not constitute a major fiscal burden that exceeds State and Territory Governments' funding capacity;</p> <ul style="list-style-type: none"> <li>the NDRRA 'small disaster criterion' is too low. It captures small, routine events that are unlikely to constitute natural disasters;</li> <li>a marginal reimbursement rate of 75 per cent is excessive and is not consistent with other cost sharing arrangements in the Federation; and</li> <li>the scope of eligible expenditures under the NDRRA is unclear in some cases, and includes activities that are the core responsibilities of state and territory governments. Ministerial discretion for 'exceptional circumstances' assistance adds more uncertainty around eligible expenditure.</li> </ul>	<p>best placed to provide additional support. The number of events that meet the small disaster criterion in SA is small, particularly given that the threshold does not include the costs incurred by Councils and communities. However if the current Commonwealth Government funding arrangements are removed communities will be dependent on State generosity. This becomes more critical in rural SA where Council capacity to financially respond to disaster events is very limited.</p>
B2	<p><b>DRAFT FINDING 2.4</b> Prescriptive requirements in the Natural Disaster Relief and Recovery Arrangements (NDRRA) limit the scope for cost shifting, but also impose administrative costs.</p> <ul style="list-style-type: none"> <li>the reimbursement model under the NDRRA reduces the incentives for State, Territory and Local Governments to implement the most cost effective options for disaster recovery;</li> <li>restrictions on reimbursement for inputs for reconstruction (such as restrictions on reimbursing the use of 'day labour') lead to wasteful spending;</li> <li>the bias in the NDRRA toward rebuilding damaged assets to their pre disaster standard leads to excessive reconstruction expenditure;</li> <li>there are numerous barriers to the use of the Betterment provisions; and</li> <li>a lack of clarity around what constitutes 'current building and engineering standards' leads to inconsistent application of the clause and inequitable outcomes.</li> </ul>	<p>There needs to be an appropriate balance</p> <p>The LGA does not support this contention - Councils always seek the most cost effective solution by necessity because of their limited financial capacity</p> <p>Agree - but their does need to be appropriate controls. Not getting support for own day labour is a difficult issue for small cash strapped Councils.</p> <p>Agree - betterment provisions need review</p> <p>Agree - betterment should be encouraged again with appropriate controls</p> <p>The LGA has negotiated acceptance of the application of appropriate and current engineering standards with the SA Government and doesn't have an issue.</p>
B3	<p><b>DRAFT RECOMMENDATION 3.1</b> The Australian Government should:</p> <ul style="list-style-type: none"> <li>reduce its marginal cost sharing contribution rate to disaster recovery outlays to 50 per cent under the Natural Disaster Relief and Recovery</li> </ul>	<p>Do not support</p>

	<p>Arrangements;</p> <ul style="list-style-type: none"> <li>• increase the triggers for Australian Government assistance (small disaster criterion and annual expenditure threshold); and</li> <li>• in conjunction with this reduction in funding assistance, the Australian Government should provide state and territory governments with increased autonomy to manage relief and recovery expenditure in a way that reflects the preferences and characteristics of their communities.</li> </ul>	<p>Do not support</p> <p>Support to manage with increased autonomy but not with the reduction in funding assistance</p>
	<i>INFORMATION REQUEST</i>	
B4	The Commission seeks information from State and Territory Governments regarding natural disaster costs by event to inform its analysis of the small disaster criterion. In particular, the Commission requests a list of Natural Disaster Relief and Recovery Arrangements eligible events with total expenditure for each event for the past five financial years.	The LGA does not have ready access to this data. Held by the State.
	<i>INFORMATION REQUEST</i>	
B5	Should there be a more explicit definition of counter disaster operations under the Natural Disaster Relief and Recovery Arrangements (or any future arrangements)?	The definition could be more explicit but recognise that immediate assistance to community and restoration of assets can be varied and should be assessed on an individual disaster basis. The LGA sees counter disaster operations as the immediate assistance afforded a community during the event to protect it and immediately after the event to get the community 'going again'. As intimated these measures might be many and varied.
B6	To what extent are extraordinary counter disaster operations costs subject to separate Australian Government cost sharing arrangements?	The LGA does not have information relevant to this question.
B7	To what extent are activities that are the normal responsibilities of state and territory governments being included as eligible expenditure under this clause?	The LGA does not have information relevant to this question.
B8	To what extent do councils utilise day labour and own equipment for community recovery activities, such as counter disaster operations?	It would probably be the time when Councils have the most need of its own resources because an immediate response is required. Seeking out contractors in an open and transparent tender process is unrealistic when essential services need some measure of restoration to get a community moving after an event. Even more so when the event is happening! Utilisation of own labour and equipment is most likely the case.



	<b>INFORMATION REQUEST</b>	
B9	What sort of trigger is most appropriate for an upfront grants model (under the Commission's reform option 3)? Is a threshold of 0.2 per cent of State or Territory Government revenue an appropriate measure of fiscal capacity where an event based trigger is used?	The trigger under the existing State-Local arrangements in SA is 2% of rate revenue which has been accepted by SA Councils. However there has also been some agreement with the State that a Council contribution cap for restoration costs be no greater than 5% of rate revenue.
C	<b>FUNDING ARRANGEMENTS FOR MITIGATION</b>	
C1	<p><b>DRAFT FINDING 2.5</b></p> <p>On balance, total mitigation expenditure across all levels of Government is more likely to be below the optimal level than above it, given the biased incentives towards recovery under current budget treatments and funding arrangements. However, the extent of the underinvestment in mitigation is not known, and the benefits of significantly increasing mitigation spending have not been sufficiently demonstrated.</p>	<p>Agree</p> <p>In the Local Government sector in SA, the LGA considers that underinvestment in mitigation has not been driven by an over investment in recovery - which has been small anyway. The primary limiting factor is likely to have been the size of the annual funding pool for mitigation which has been oversubscribed in all years. There is considerable appetite from Councils and land management groups such as the Natural Resource Management Boards to support mitigation. Other factors associated with governance are equally important in achieving mitigation. For example, the ongoing efforts to mitigate flood impact in the Brownhill and Keswick Creek catchment across five metropolitan Councils with differing capacity and risk exposure.</p>
C2	<p><b>DRAFT RECOMMENDATION 3.2</b></p> <p>If the Australian Government reduces the relief and recovery funding it provides to State and Territory Governments, it should increase annual mitigation expenditure gradually to \$200 million, distributed to the states and territories on a per capita basis. The amount of mitigation spending could be adjusted over time to reflect the imputed 'savings' from reduced relief and recovery funding. Increased mitigation funding should be conditional on matched funding contributions from the states and territories and best practice institutional and governance arrangements for identifying and selecting mitigation projects. These would include:</p> <ul style="list-style-type: none"> <li>project proposals that are supported by robust and transparent evaluations (including cost-benefit analysis and assessment of non-quantifiable impacts), consistent with National Emergency Risk Assessment Guidelines risk assessments and long</li> </ul>	<p>Supported</p> <p>The LGA sees the biggest issue for Councils in this space is the ability of Councils to meet their cost contribution in any joint funding arrangement. This will be particularly so in small rural Councils</p>

	<p>term asset management plans, and subject to public consultation and public disclosure of analysis and decisions;</p> <ul style="list-style-type: none"> <li>• considering all alternative or complementary mitigation options (including both structural and non-structural measures);</li> <li>• using private funding sources where it is feasible and efficient to do so (including charging beneficiaries); and</li> <li>• partnering with insurers to encourage take up of adequate private insurance and private mitigation through measures such as improved information sharing and reduced premiums.</li> </ul>	
<b>D</b>	<b>GOVERNMENT INSURANCE</b>	
D1	<p><b>DRAFT FINDING 2.3</b> There are several impediments to State, Territory and Local Governments taking out adequate insurance for their road assets against natural disaster damage:</p> <ul style="list-style-type: none"> <li>• the current natural disaster funding arrangements reduce the incentive for State, Territory and Local Governments to insure their assets;</li> <li>• most State, Territory and Local Government asset registers are not adequate for the requirements of insurers; and</li> <li>• most State, Territory and Local Governments have not fully explored the use of non-traditional insurance instruments for insuring roads.</li> </ul>	<p>Agree to some extent. However Councils in South Australia generally have annually reviewed assets insurance regimes in place (excluding roads).</p> <p>Agree. While asset registers have improved during recent years they do not consider adequate replacement valuations of road &amp; related infrastructure</p> <p>Agree that 'non-traditional' insurance options haven't been fully explored. Traditional insurance opportunities have been explored to some degree. Consideration of 'non-traditional' approaches will require significant additional research as they generally exist overseas rather than protecting risks within Australia. Who funds the cost of insurance (traditional or not) of roads requires further consideration.</p>
D2	<p><b>DRAFT RECOMMENDATION 3.4</b> State, territory and Local Governments should further investigate nontraditional insurance products for roads. Where they do not already do so, State, Territory and Local Governments should compile and publish detailed registers of road asset condition and maintenance for all roads over which they have jurisdiction (and have these registers independently audited). This may help insurance markets to understand and price the risk. Consideration should be given to the Victorian model in this regard.</p>	<p>The LGA has discussed with MAV the 'model' mentioned here and has been advised that VIC Councils do not insure their road assets. This assertion therefore appears incorrect.</p>

	<b>INFORMATION REQUEST</b>	
D3	The Commission seeks information on recent advances in tailored parametric or index based insurance and catastrophe bonds, or other relevant instruments through capital markets, for use by governments to provision for natural disaster risk on an ex-ante basis.	Non-traditional insurance such as Cat Bonds have limitations within Australia and are not used at this time. Therefore bespoke models would be required. A challenge exists with Local Governments spread of assets and how protection and costs would be shared amongst small and larger Councils. Any insurance requirements must be applied Australia wide and risk related considerations must be built into any requirements.
<b>E</b>	<b>MANAGING SHARED RISKS</b>	
E1	<b>DRAFT FINDING 2.6</b> The Australian Government Disaster Recovery Payment (AGDRP) is significantly higher than the Crisis Payment that is provided to assist income support recipients with the impacts of traumatic events. As such, the AGDRP may be higher than necessary to meet the emergency needs of people affected by natural disasters. Eligibility criteria for the AGDRP tend to be adjusted following a major natural disaster and have progressively become broader in their scope. Ministerial discretion over the eligibility criteria has led to inconsistent and inequitable treatment of people in comparable circumstances and has contributed to increased program costs. There is overlap and duplication between the AGDRP and state and territory government emergency assistance to individuals. The Australian Government is better placed than the states and territories to provide emergency assistance to individuals in an efficient and timely manner.	Essentially a State issue but the LGA contends that adequate levels of support to a disaster affected community is essential for the community to recover within a reasonable timeframe. Any extension of recovery time will likely manifest itself in social welfare issues that ultimately will be a cost to both levels of Government. The LGA understands that the AGDRP provides the only direct involvement of the Australian Government in relief payments. The LGA would be concerned if, by removing AGDRP, there is potential to remove or limit the role of Centrelink from the local relief support network.
E2	<b>DRAFT FINDING 2.7</b> The case for Government assistance to businesses and primary producers after a natural disaster is weak. If Governments do provide assistance to businesses and primary producers, untied grants are a more efficient, effective and equitable instrument than loans and subsidies.	Economic recovery is a key success factor for Councils in achieving their corporate goals and objectives. Strong economies underpin rate revenue and community vitality. As a State with large rural areas, support to primary producers is fundamental to recovery, particularly following bushfires. Successful programs for farmers have been commonplace through recent droughts and as part of rural adjustment/consolidation schemes. The Rural Financial Counseling Service that is funded by the Australian Government in rural areas has shown itself to be highly capable in assisting primary producers and reducing financial stress and associated health and community issues.

E3	<p><b>DRAFT RECOMMENDATION 3.5</b> The Australian Government should:</p> <ul style="list-style-type: none"> <li>• cease reimbursement to State and Territory Governments under the Natural Disaster Relief and Recovery Arrangements for relief payments for emergency food, clothing or temporary accommodation and assistance to businesses and primary producers (including concessional loans, subsidies, grants and clean up and recovery grants);</li> <li>• reduce the amount provided under the Australian Government Disaster Recovery Payment (AGDRP). The Australian Government Crisis Payment may provide a reasonable benchmark in this regard; and</li> <li>• legislate the eligibility criteria for the AGDRP and the Disaster Recovery Allowance and make these not subject to Ministerial discretion.</li> </ul>	<p>As alluded to previously the sooner a community is assisted with recovery the quicker it recovers. Upfront immediate assistance may alleviate or mitigate (for relatively minor cost) long term social issues and cost.</p> <p>As a state where the minimal AGDRP has been provided, the withdrawal of the Australian Government from contributing to any other relief measures generally and focusing instead upon response and mitigation would appear to be counterproductive. Relief payments are not considered large and do not constitute any form of compensation for actual loss. The assistance is income/means tested which excludes many from eligibility. The nature of a disaster brings with it some expectation and acknowledgement of loss. For the Australian Government to not be a partner in helping alleviate that loss seems mean spirited and likely to attract a significant negative public reaction.</p> <p>Councils provide many of the services that are allied or funded under these measures e.g. waste removal, safe access, emergency drainage, shelter/community facilities, debris disposal, public health, building safety. Removing funding may challenge the continuation of these services and put greater pressure on Councils already under post disaster strain. These costs would need to be borne by Council ratepayers with subsequent impact to wellbeing and recovery. In turn this would likely increase the long term impact of a disaster and extend the recovery period.</p>
F	<b>INFORMATION</b>	
F2	<p><b>DRAFT FINDING 4.1</b> The availability of information on natural hazards and exposure has improved significantly in recent years, especially in relation to floods. However, there is scope for greater coordination and prioritisation of natural hazard research activities across governments and research institutions.</p>	<p>Agree. The LGA supports the activities by the Bushfire and Natural Hazards CRC and other agencies researching natural hazard phenomenon.</p> <p>The South Australian integrated climate change adaptation model is now seen as an exemplar for regional adaptation planning progress. This planning model has been recognised at the national level with the partnership receiving National Climate Change Adaptation Research Facility and National Disaster Resilience Australia awards.</p>
F3	<p><b>INFORMATION REQUEST</b> If guidelines for the collection and dissemination of hazard mapping and</p>	

	modelling are developed:	
F4	Who would be best placed to develop these guidelines?	Collaborative effort between the levels of Government lead by an appropriate lead Commonwealth agency
F5	What hazards could be covered?	Flood, Bushfire, Extreme Weather, Earthquake and Extreme Heat (appreciating that Extreme Heat is not a recognised hazard under NDRRA)
F6	How could guidelines for hazard types be prioritised for development	Annual restoration cost of essential assets
F7	<p>DRAFT RECOMMENDATION 4.1</p> <p>When collecting new natural hazard data or undertaking modelling, all levels of Governments should:</p> <ul style="list-style-type: none"> <li>• make information publicly available where it is used for their own risk management and/or there are significant public benefits from doing so;</li> <li>• use private sector providers where cost effective, and use licencing arrangements that allow for public dissemination. Where there are costs involved in obtaining intellectual property rights for existing data, governments should weigh up these costs against the public benefits of making the data freely accessible; and</li> <li>• apply cost recovery where Governments are best placed to collect or analyse specialist data for which the benefits accrue mostly to private sector users.</li> </ul>	<p>The LGA believes that there are risks either way when releasing data that third parties may use for purposes outside of the context in which the data was originally collected. This puts the originator (Council) at risk if e.g. a householder bases their decision to buy a house on inappropriate and dated flood threat information if the house is subsequently flooded. Conversely it could be argued that the information should be openly available for the householder to make an informed decision as possible.</p> <p>In short information should be released but have clear caveats indicating the limitations of its application to purposes other than the original intent.</p>
F8	<p>DRAFT RECOMMENDATION 4.2</p> <p>State and Territory Governments, Local Governments and insurers should explore opportunities for collaboration and partnerships. Partnerships, for example, could be formed through the Insurance Council of Australia and state-based Local Government associations (or regional organisations of councils). Consideration could be given to the Trusted Information Sharing Network model, and involve:</p> <ul style="list-style-type: none"> <li>• Governments sharing natural hazard data that they already hold and undertaking land use planning and mitigation to reduce risk exposure and vulnerability;</li> <li>• insurers sharing expertise and information (for example, claims data) to inform land use planning and mitigation; and</li> <li>• collaboration to inform households of</li> </ul>	<p>In general, the LGA always supports collaboration between Governments. Existing insurance based collaboration operates well in SA.</p> <p>Agree</p> <p>Agree although it is unlikely that insurers will</p>

	the risks that they face and adequacy of their insurance to fully cover rebuilding costs, and to encourage private funding of mitigation through incentives such as reduced premiums.	Insurance industry issue
F9	<p><b>DRAFT RECOMMENDATION 4.3</b> State and Territory Governments should hasten implementation of the Enhancing Disaster Resilience in the Built Environment Roadmap, including reviewing the regulatory components of vendor disclosure statements. Furthermore, the Land Use Planning and Building Codes Taskforce should consider possibilities for regular, low cost dissemination of hazard information to households by Governments and insurers (for example, the work of the Insurance Council of Australia to develop natural hazard ratings at a household level).</p>	<p>The Enhancing Disaster Resilience in the Built Environment Roadmap is a comprehensive program of work. Its implementation may be described as ‘ambitious’ in the absence of funding and resourcing agreements between Governments and clear prioritisation.</p> <p>As part of the roadmap, strategy for providing appropriate and qualified disclosure information across all hazards is broadly supported.</p>
<b>G</b>	<b>REGULATING THE BUILT ENVIRONMENT</b>	
G1	<p><b>DRAFT RECOMMENDATION 4.4</b> State Governments should:</p> <ul style="list-style-type: none"> <li>• clearly articulate the state-wide natural hazard risk appetite in land use planning policy frameworks;</li> <li>• provide local governments with guidance on how to prioritise competing objectives within land use planning; and</li> <li>• provide local government with guidance on how to integrate land use planning and building standards. Consideration should be given to Victoria’s Integrated Planning and Building Framework for Bushfire in this regard.</li> </ul> <p>Furthermore, local governments should publish the reasoning behind development assessment decisions.</p>	<p>The LGA agrees that high level State Government directions are required to guide and support development and implementation of land use planning policy at regional and local levels.</p> <p>Publishing of reasoning behind development assessment decisions is only supported for development of a significant scale, or in high risk areas.</p>
G2	<p><b>DRAFT RECOMMENDATION 4.5</b> The onus is on State Governments to ensure that Local Governments in their jurisdiction are sufficiently resourced to effectively implement their land use planning responsibilities. State Governments should review the adequacy of local governments’ resources and capabilities, and provide further resources and support where they are not adequate.</p>	<p>The focus of State Government should be on capacity building, technical support (mapping and GIS) and the provision of specialist advice to Local Government.</p>
G3	<p><b>DRAFT RECOMMENDATION 4.6</b> State Governments should provide additional support and guidance to Local Governments that addresses the extent of Local Governments’ legal liability when releasing natural hazard information and</p>	<p>Supported</p>

	making changes to land use planning regulations.	
G4	DRAFT RECOMMENDATION 4.7 The provisions in the <i>Queensland Sustainable Planning Act 2009</i> for injurious affection should be repealed.	N/A
G5	DRAFT RECOMMENDATION 4.10 All Governments should put in place best practice institutional and governance arrangements for the provision of public infrastructure, including road infrastructure. These should include: <ul style="list-style-type: none"> <li>• stronger processes for project selection that incorporate requirements for cost-benefit analyses that are independently scrutinised and publicly released;</li> <li>• consideration of natural disaster risk in project selection; and</li> <li>• a clearer link between road user preferences and maintenance and investment decisions.</li> </ul>	Generally support
H	<b>INSURANCE</b>	
H1	DRAFT RECOMMENDATION 4.8 State and Territory taxes and levies on general insurance should be phased out and replaced with less distortionary taxes.	Agree. Insurance levies only apply to consumers who select to take out insurance and that don't seek 'free support' from governments. Property based levies such as the Emergency Services Levy in SA are more widely accepted.
H2	DRAFT RECOMMENDATION 4.9 Insurers should provide additional information to households regarding their insurance policies, the natural hazards they face and possible costs of rebuilding after a natural disaster. This work could be led by the Insurance Council of Australia to ensure consistency in the provision of information across insurers.	Consistent definitions and insurance coverage of catastrophic risks (i.e. Flood, Fire, Earthquake already exist in insurance policies. LGA agrees that the ICA should support an ongoing community awareness campaign.
	<b>INFORMATION REQUEST</b>	
H3	What is the prevalence of sum insured versus total replacement cost cover in household building and contents insurance policies? Has this changed in recent years? Are there any impediments to insurers disclosing an indicative estimate of the difference between the sum insured and the replacement value of the property?	Outside LGA scope
H4	Are there barriers to insurers recognising property level mitigation through reduced premiums? Where commercial insurers adopt more risk reflective pricing are reinsurers adjusting their prices	ICA is developing more complex data mapping with support of Local Authorities and can now identify specific risks to individual properties. This will reduce premiums for low risk properties and increase premiums for high risk

	accordingly?	properties.
H5	<p><b>DRAFT FINDING 4.2</b></p> <p>International experience has shown that Government intervention in property insurance markets (either through direct provision of insurance or by providing reinsurance) weakens the price signals that insurance premiums send to households and businesses about the level of risk faced. These schemes also create fiscal risks. Governments have had to bear significant costs following large natural disasters because their insurance schemes failed to accumulate adequate reserves.</p>	<p>Agree. The protection of assets should be the responsibility of the asset owner (i.e. individual householders).</p> <p>Government should be responsible for the assets that they own and funding of damage to these assets should be the responsibility of multiple parties to fund:</p> <ul style="list-style-type: none"> <li>• damage below certain thresholds (an excess or deductible using insurance terms);</li> <li>• mitigation funding; and</li> <li>• any catastrophe insurance arrangements.</li> </ul>