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*Working for our Local Community*

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Natural Disaster Funding Arrangements  
Productivity Commission  
Locked Bag 2  
Collins St East  
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Dear Commissioner Coppel and Chester  
and Assistant Commissioner, Caver

Draft productivity Commission Report on Natural Disaster Funding

Thank you for allowing me the time to speak with you recently regarding this very important document, the Draft Productivity Commission Report on Natural Disaster Funding.

I would like to take this opportunity to congratulate the Productivity Commission on providing such a comprehensive and substantial review of disaster funding.

I have experienced in the electorate of Macquarie the varying concerns regarding the imposed threat of natural disasters and appreciate these concerns affect the electorate commonly and differently. The Blue Mountains, for example are familiar with storm, bush fires and snow whilst the Hawkesbury have major concerns with floods, storms and bush fires. The common factor off course is the importance of mitigation in all events of natural disaster.

In the aftermath of the October, 2013 Bush Fires, I witnessed firsthand the trauma, anxiety and uncertainty of those who were directly and indirectly impacted by the bush fires. I also witnessed the wonderful and

committed community that came together to assist each other at this difficult time.

Whilst all areas of the Draft productivity Commission Report on Disaster Funding are important, I would like to make comment and suggestion on four areas, that of Insurance, Small Business, the Australian Government Disaster Recovery Payment (AGDRP) and Natural Disaster Mitigation.

## **Insurance Concerns**

### **Clearing of Debris**

For the October 2013 Blue Mountains Bush Fires, the NSW Government acted in the best interests of the community in debris clearing under the cost sharing arrangement with the Commonwealth. However, the process was subject to much criticism and comparisons taking place with other clean-up operations that occurred in other states, such as, the 2009 Black Saturday Fires in Victoria.

This was not beneficial in any way to those eagerly awaiting decisions to be made.

It is my view then, the matter of debris clearing should be a process consistent across the Commonwealth to ensure it is not politicised as it was done in the October 2013, Blue Mountains Bush Fires.

Clearing of debris should be a process for all affected by a natural disaster. Ministerial discretion across states and territories will unfortunately enable inconsistency and spread the feeling of inequality amongst those affected.

The benefits of a consistent process would reduce any psychological effects in future events removing the perception of insured versus the uninsured and the possibility of one property being cleared and another not.

## **Bushfire Attack Level (BAL)**

The BAL changes made post bush fires for many dwellings proved complex and difficult to understand. BAL ratings often changed from street to street and even to the extent of having different ratings on the same property, with one portion of the house having a differing BAL rating to another portion of the house.

The BAL changes, whilst necessary in building a more resilient home for the future, increased the rebuild cost.

There is an obligation that this information should be more readily available to homes in high risk areas. Whilst complex in its availability, property owners should be informed as to how to obtain this information. This may require a fee for information provided.

## **Sum Insured versus Replacement Cost Cover**

There are many people that are not aware of their policies and the actual meaning of terms used, until unfortunately, a policy is carried out and inadequacies are exposed as occurred in 2013.

There were many at that time who were not aware or took seriously the fact that their insured property and contents required updating.

As such, I strongly agree with this draft recommendation 4.9 that insurers should provide additional information regarding their insurance policies.

I would like to add to this, that policy information of this type must be **highlighted** and communicated with customers at every opportunity, in particular in relation to rebuilding and sum insured versus replacement cost cover.

## **Assistance for Small Business**

Natural Disasters in any region generally has a large impact on small business which is often the back bone to a thriving community.

In the case of the 2013, Blue Mountains Bush Fires, both the Blue Mountains and the Hawkesbury were significantly impacted due to the

fires, road closures and a negative TV campaign which left a view to pending visitors that the 'Blue Mountains were on fire'.

Much of the electorate of Macquarie relies on a thriving tourism industry and there were significant impacts both direct and indirect as a result.

Economic recovery is essential. With this in mind, there is room for governments together with local organisations to act swiftly to engage in local campaigns and where appropriate or relevant, broader campaigns to help businesses and industry recover.

In the case of the Blue Mountains Bush Fires, grants were provided at a Commonwealth, State and cost sharing arrangement between both governments for tourism advertising campaigns.

In instances such as this, it would be beneficial for the appropriate advertising to be part of a disaster plan for that region. The electorate of Macquarie is prone to fires and flooding with natural disasters inevitable, as such, advertising campaigns must be part of a predetermined risk and recovery plan.

This may be the responsibility of local governments and local organisation with the Commonwealth and State governments possibly supplementing funding.

Whilst business is essentially responsible for managing their own risks, this should not take away from the fact that small business should have an option for assistance, whether that be via concessional or consequential loans or a government grant.

Consistency of availability and delivery of assistance is vital.

### **Australian Government Disaster Relief Payment (AGDRP)**

The AGDRP was a matter which was unfortunately used for political purposes in a campaign which encouraged the perception of disparity amongst people.

The campaign hurt rather than assisted people as well as causing a psychological burden on those who did not lose assets compared to those that did.

Interestingly, the campaign drew criticism from the public rather than those actually affected as a result of the fires.

Notwithstanding this, it was an issue amplified from a negative political campaign that festered causing undue division and unrest.

As such, I am in agreement with the Commission's view that the AGDRP should be legislated at a Commonwealth level rather than at the discretion of the Minister.

This would allow for consistency from disaster to disaster across states and territories removing the potential for any politicizing of the decision making process and allow for this decision to be made, debated, praised and or criticised before a crisis occurs and remove the perception of inequality and unfairness following a crisis.

I do not support a reduction in the amount provided under the AGDRP.

### **Mitigation**

I congratulate the Productivity Commission in identifying there is a need for more funding for natural disaster mitigation.

The State Infrastructure Strategy 2012 – 2032 report recommended a review of all the major flood mitigation options available, including raising the Warragamba Dam wall to significantly reduce the potential economic and social impact of flooding in the Hawkesbury Nepean Valley. Please refer to report for further details.

Natural Disaster Mitigation requires a substantial and essential investment for the nation and will directly assist areas of concerns in the electorate of Macquarie, in particular, bush fires in the Blue Mountains and floods in the Hawkesbury.

As part of the mitigation process, government should consider funding one off large scale mitigation projects, particularly where it shows economic benefits to the community and nation, and more importantly, where it has the potential to save lives.

I agree with the draft recommendation 3.2 for an increase in mitigation expenditure, however, after observing what took place recently in the

Blue Mountains Bush Fires, the AGDRP financial assistance is vital for those people who have lost everything.

In conclusion, I would again like to take the opportunity to thank the Productivity Commission for their work thus far on the Draft productivity Commission Report on Natural Disaster Funding and hope that my submission together with other submissions received and the upcoming public hearings will enable a fair and equitable government response to disaster funding.

Yours sincerely,

Louise Markus MP  
Federal Member for Macquarie