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**Natural Disaster Funding Arrangements**

Productivity Commission  
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Dear Commissioner

**SUBJECT>> SUBMISSION TO PRODUCTIVITY COMMISSION INQUIRY  
INTO NATURAL DISASTER RELIEF ARRANGEMENTS**

Please accept this submission to the Productivity Inquiry into Natural Disaster Relief Arrangements, following the release of the Commission's draft recommendations. The following comments are provided for the Commission's consideration, in the specific context of disaster management in North Queensland, given that it is acknowledged that the recommendations demonstrate the desire for reforms to the Natural Disaster Relief arrangements.

Rather than comment on every recommendation, this submission focusses on a number of key principles as they apply to Northern Australia and North Queensland, in general, and Townsville, in particular.

These principles are:

- **Mitigation versus repair.**  
It is difficult to argue with the principle that prevention is better than cure, however in applying this to disaster management the other considerations of risk assessment and value for money will always dictate the latent risk that each individual community will live with and prepare themselves for. In our case the highest cost disaster risk is from cyclones. It is extremely difficult to estimate the level of damage from any particular cyclone against a statistical annual exceedance probability. Given that damage can be caused by all or any of three main contributors, being - high wind, heavy rainfall and tidal surge, the selection of a range of mitigation options, notwithstanding the latter will always be extremely expensive and environmentally intrusive, will not guarantee a statistical level of protection, over the long term.

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Regardless of any suite of mitigation measures chosen to address each disaster category, in the vast majority of cases, a residual risk will remain, which means that a community preparedness and recovery program must also be in place. This is particularly the case for cyclones, and it is argued will always remain the predominant mitigation strategy for this disaster category. It can be seen that whilst there has been a higher than normal recovery cost for cyclone damage, even if the costs of the Brisbane floods are excluded, over the last five years there has been no loss of life in North Queensland. This is testament to the success of the disaster management and community preparedness practises that are currently in place, and are always being improved.

- **Asset Management principles.**

It is mandatory for all local governments in Queensland to have asset management plans in place for all asset categories under Council's control. Councils are annually measured on their asset management maturity, and their financial ratios related to asset expenditure versus depreciation. Whilst Townsville City Council constantly performs against these measures, it must always be borne in mind that it too, like the collective Local Government across Australia, has a backlog in asset condition. This is particularly evident in the road network and stormwater drainage categories, which is acknowledged by the Federal Government in seeing the need to continue with the highly successful Roads To Recovery program.

In addition, Councils must always assess the costs of what needs to be done to achieve a reliable asset network versus the ability of their communities to pay. This is particularly the case for small rural communities.

Obviously, if the cost to live in a regional city is exorbitantly expensive, then nobody would choose to migrate there, and there would be counterproductive consequences to the Federal Regional Development agenda.

- **Third Party Insurance of Public Infrastructure.**

To put any consideration of this suggestion in context, it needs to be borne in mind that nearly all individuals and body corporates in North Queensland are now struggling to procure adequate and affordable disaster insurance, if in fact, they can secure any cover at all. This predicament is well known and debated in the public arena, and the Federal Government has joined the investigation into a solution. Given the recent history of disaster recovery costs, there would be no worse time than at present to go to the market place, in the hope of procuring reasonable and affordable cover for public assets.

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Therefore, whilst this suggestion may generate a reasonable business case proposition in some parts of Australia, it is definitely not so, in Townsville.

- **Change in Federal contribution to Natural Disaster Recovery Arrangements**

Whilst an increased Federal contribution toward mitigation programs would be welcomed, and has been debated for decades, the amounts suggested in the recommendation report, when spread across Australia, would not address current latent risks in North Queensland, to the point where the Federal contribution to the Recovery funding formula could be reduced, for decades, as communities would remain exposed to these costs until such time as the very expensive mitigation strategies were in place.

In addition, in line with the first point above, it is predictable that a predominant strategy for the management of cyclone disasters, will continue to be community and recovery, in which case the residual recovery costs would remain.

Council has been the beneficiary of substantial NDRRA funding between 2010 and 2014, and without this, Townsville would have struggled to get its community up and running again, particularly in terms of its road network.

There has been a lot of time, effort and energy allocated to the governance and auditing activities associated with four consecutive years of NDDRA activation. Whilst it is acknowledged, first hand, that to gain any “betterment” outcome from the current process is difficult to achieve, Council has maintained a trusting and respectful relationship with all the agencies involved at both a Federal and State level, notably the QRA, and has accordingly achieved decent outcomes for Townsville community.

I look forward to your earnest consideration of Council's submission, and of the recognition that Townsville and North Queensland should be considered in its own particular context.

Yours sincerely

**Ray Burton**

Chief Executive Officer