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Ms Karen Chester and Mr Jonathan Coppel
Natural Disaster Funding Arrangements
Productivity Commission
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Dear Commissioners Chester and Coppel

Victoria welcomes the release of the draft Report of the Productivity Commission's Inquiry into Natural Disaster Funding Arrangements (the Inquiry). I am pleased to present to you the Second Victorian Government public submission to the Inquiry.

In this submission, Victoria responds to the draft reform options and recommendations proposed by the Inquiry. Victoria notes the Inquiry's efforts to cut red tape, increase funding to mitigation and provide greater autonomy to States in the expenditure of recovery funds.

Following on from the recommendations in Victoria's first submission, the second submission proposes a pathway to reform the current natural disaster funding arrangements. This reform pathway will cut red tape, rebalance investment across the emergency management spectrum and acknowledge a continued role for the Commonwealth Government in recovery funding. Victoria encourages the Inquiry to consider this proposed reform pathway in its Final Report.

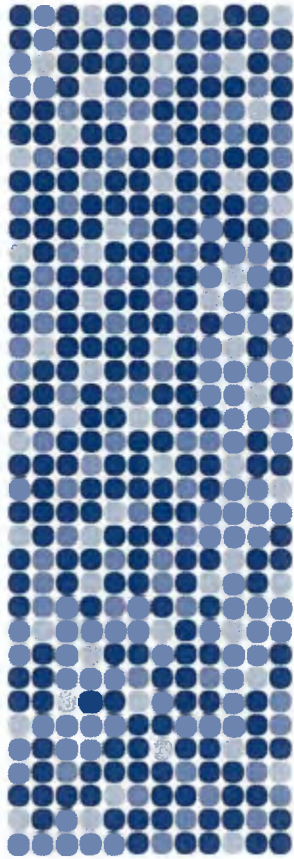
The Victorian Government's contact officer for the Inquiry is Mr Mark Duckworth, Executive Director, Citizenship and Resilience, Department of Premier and Cabinet

Victoria looks forward to the release of the Inquiry's final Report by the Commonwealth Government in early 2015.

Yours sincerely

KIM WELLS MP
Minister for Police and Emergency Services
Minister for Bushfire Response





**Productivity Commission
Inquiry into Natural Disaster
Funding Arrangements**

**Victorian Government
Submission to the Draft Report**



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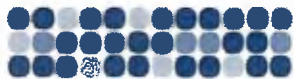


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1. Executive summary

1. Victoria welcomes the draft Report of the Productivity Commission Inquiry into Natural Disaster Funding Arrangements (the Commission).
2. Victoria is pleased to note the Commission's efforts to cut red tape, increase funding to mitigation and provide greater autonomy to States in the expenditure of recovery funds. However, the mechanisms proposed by the Commission include a significant cost-shift to States and Territories (States), a decrease in support for individuals, small business, primary producers and communities impacted by natural disasters and increased responsibility for States to resource and support local governments.
3. Victoria supports the focus on building resilient communities, which is evidenced in the Commission's Draft Report through the increase in mitigation funding. However, Victoria submits that the increase in mitigation funding proposed by the Commission does not offset the proposed reduction in recovery funding. An increase in mitigation funding may possibly result in a decrease in the need for Category B recovery funding, but is unlikely to affect the need for Category A and Category C funding. Despite this, the Commission's proposal would lead to a reduction in Category A and C funding.
4. This Submission addresses each of the Commission's recommendations, providing a State perspective on the effect of implementation on State and local governments, and disaster-affected individuals and communities.
5. The Submission also proposes a Victorian Reform Pathway, which presents a reform option that will cut red tape, rebalance investment across the emergency management spectrum and recognise a continuing role for the Commonwealth in funding recovery. Victoria's proposal focuses on building community resilience by promoting self-reliance, and incentivising mitigation and betterment activities, while providing appropriate support to communities and individuals impacted by natural disasters.
6. Victoria notes that the Commission will release its Final Report to the Commonwealth in December 2014. Victoria reserves the right to respond to the Commission's Final Report, final reform options and final Recommendations.



2. Introduction

7. Victoria welcomes the opportunity to make a second submission to the Commission and looks forward to working collaboratively with the Commission and all Australian jurisdictions to develop effective and efficient natural disaster funding arrangements. This will help all Australian Governments and communities to be better placed to prepare for, mitigate against, respond to and recover from natural disasters.
8. In its first Submission (July 2014), Victoria foreshadowed a reform pathway that proposed:
 - cutting red tape at the national level to support States with high-performing arrangements and avoiding onerous and duplicative reporting and oversight where these are not required;
 - rebalancing investment across the cycle of emergency management, to take advantage of mitigation opportunities; and
 - recognising that there will always be events of such a magnitude that Commonwealth involvement is essential to ensure an effective recovery.
9. Victoria is encouraged that the Commission's draft Report shares, in principle, these reform objectives. However, Victoria does not support the pathways for reform identified by the Commission to achieve these objectives. As currently articulated in the draft Report, the Commission's reform pathways would shift a significant and unsustainable financial burden on to State governments, local governments and disaster-affected communities.
10. Victoria submits that pursuing reform pathways identified by the Commission – in their current form – would severely inhibit the ability of Victorian communities to recover from natural disasters. Victoria's proposed reform pathway, detailed in Chapter 4, would achieve these reform objectives without a significant negative impact on State and local government budgets, and disaster-affected communities.

2.1 White Papers on the Reform of the Federation and Australia's Taxation System

11. Victoria supports the Commission's view that "a more enduring and optimal solution to improving natural disaster funding arrangements would involve achieving significant, lasting reforms to federal financial relations." Victoria supports further consideration of federal financial relations through the White Papers on Reform of the Federation and Australia's Taxation System. Victoria supports changes that ensure States have stable, transparent and untied funding sources that support their service delivery responsibilities.
12. As highlighted in Victoria's first submission, the gap between the States' own sourced revenue and their expenditure responsibilities means they are highly reliant on the



Commonwealth for revenue transfers to discharge basic responsibilities. This leaves State budgets consistently exposed to the funding implications of Commonwealth policy decisions. Victoria currently relies on the Commonwealth for around half of its revenue, with around 20 per cent of the State's budget provided as tied funding (excluding grants for on passing), associated with Commonwealth policy prescriptions.

13. Victoria acknowledges that changes to natural disaster funding are likely to be considered in advance of finalising the White Papers. It is on this basis that Victoria provides its second submission.

2.2 Submission structure

14. This Submission will:
 - detail Victoria's response to the Commission's draft recommendations and proposed reform options (**Chapter 3**).
 - presents Victoria's proposal to reform the Natural Disaster Relief and Recovery Arrangements (NDRRA). The proposal cuts red tape, rebalances investment across the emergency management spectrum and maintains a role for the Commonwealth. The proposed reform option also maintains key support for individuals, small businesses, primary producers and communities, and encourages Councils to mitigate against their risks and pursue betterment projects (**Chapter 4**).



3. Victorian response to the Productivity Commission draft Report

15. The Commission's draft Report presents three options for reforming the natural disaster funding model in Australia. The draft Report also makes 16 recommendations. One of these recommendations is specific to reform options 1 and 2. The remaining 15 recommendations are general policy recommendations to be implemented separately from a reform option.
16. In its draft Report, the Commission notes the objective of the NDRRA is to act as a 'safety net' against large fiscal impacts on States from natural disasters. The Commission asserts that this objective has been eroded over time, with the current NDRRA providing too much Commonwealth financial support to States, Territories and local governments. Victoria agrees with the objective of the NDRRA, but does not accept the Commission's definition of the 'safety-net,' and submits that the Commission's proposed model would underfund recovery, place considerable burden on State and local governments and unfairly disadvantage communities.

3.1 National Strategy for Disaster Resilience

17. There is a national policy shift in the natural disaster space towards a focus on disaster resilience and mitigation, as evidenced by the endorsement of the *National Strategy for Disaster Resilience* (NSDR). This Strategy promotes building our understanding of the risk environment, empowering individuals and communities to take responsibility for their risks, and investment in mitigation activities.
18. Victoria submits that the Commission's proposed reform options do not fully align with the NSDR. The Commission's proposals would build understanding of the risk environment faced by individuals, communities and governments through increased information availability, which is an important element of empowering individuals and communities to take responsibility for the risks they face. While increases in mitigation funding will assist local and state governments to manage their risks, this assistance is not targeted at an individual or community level. The proposed cuts to recovery funding for individuals and communities will take place without any action to empower these groups to manage their risks. Furthermore, the Commission's proposed reform options would make Commonwealth assistance harder to obtain, without promoting betterment activities. Mitigation funding is increased, but not proportionally to the Commonwealth savings in the recovery space.
19. The NDRRA should represent a development model of assistance, where all levels of government, and individuals and communities, are actively encouraged to manage their risks and mitigate against future disasters.



3.2 Recommendation 3.1 – Reform option 1

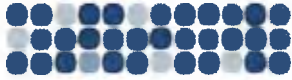
20. Recommendation 3.1 deals specifically with reform options 1 and 2, and proposes increasing the small disaster criterion and annual expenditure threshold, and reducing the Commonwealth's marginal cost sharing contribution rate to 50 per cent. This is a cost-shifting exercise, which will result in considerable savings for the Commonwealth, add significant costs to the States and risk impairing the recovery of communities affected by disasters.

3.2.1 Reducing the marginal cost-sharing contribution

21. Victoria welcomes the Commonwealth's continued involvement in funding recovery activities. Despite the possible funding allocation of up to 75 per cent of recovery costs under the NDRRA, the Commonwealth contribution in Victoria has, in practice, been significantly less than 50 per cent across the past 10 years, and only been close to or equal to 50 per cent on three occasions – 2008-09, 2009-10 and 2011-12. As such, Victoria does not oppose the proposal to reduce the Commonwealth marginal cost sharing contribution rate to 50 per cent as it is not a reduction in the Victorian context.

3.2.2 Increasing the small disaster criterion and cost sharing thresholds

22. The small disaster criterion sets a low threshold for recovery expenditure, which is regularly exceeded for small-scale natural disasters. Victoria agrees with the need for an increase in the small disaster criterion and cost-sharing thresholds. Victoria does not support the magnitude of the increases proposed by the Commission, especially if these changes were to be implemented in a single step. Increasing the small disaster criterion to \$2 million, and the cost-sharing thresholds to 0.45 per cent State Government Revenue (SGR), is overly aggressive, poorly evidenced and would remove a significant number of communities from benefiting from Commonwealth support post disaster.
23. Modelling based on the previous five years indicates that Victoria would have borne an additional \$9.7 million in natural disaster expenditure through the raising of the small disaster criterion from \$240,000 to \$2 million. Modelling also indicates that the introduction of the revised small disaster criterion trigger would have reduced eligible natural disaster events from 29 to 13 over the same period.
24. Victoria currently provides financial assistance associated with the undertaking of counter disaster activities and the repair and restoration of essential public assets to local governments and Catchment Management Authorities (CMAs) for small disaster events estimated at less than the small disaster criterion of \$240,000. Should the Commission's recommendation be implemented by the Commonwealth Government, Victoria would need to review the funding available under the current Natural Disaster Financial Assistance Scheme.
25. Under Reform Options 1 and 2, Victoria would have met the revised threshold of 0.45 per cent of SGR (\$219 million) only twice over the past decade, in 2008-09 and 2012-13.

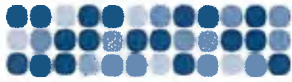


These were exceptional natural disaster events, with cumulative damage arising from the 2007 Gippsland Floods, 2009 Bushfires and 2010-11 Victorian Floods.

26. Victorian modelling indicates that Victoria would only have received assistance in 2008-09, due to the recovery costs incurred from the 2009 Bushfires, and 2012-13, due to the cumulative recovery costs incurred the 2010-11 Victorian Floods and subsequent, abnormally severe, floods.
27. Under the Commission's proposed changes, Victoria would have been required to bear an additional \$850 million of expenditure in recovery from 2008-09 to 2013-14, which equates to 0.34 per cent of State revenue for that period. This is a significant impact, particularly over a sustained period. Had this support not been available from the Commonwealth, Victoria would have been faced with managing these costs alone or pushing a great portion of costs back to local government and communities which would either significantly impede the progress of recovery or render it not achievable. While Victoria supports the principle that communities should be proactive in building resilience, it is not clear how withdrawing this level of recovery support assists in meeting this goal. Recovery and resilience building is a joint responsibility of all levels of government.
28. Victoria further submits that the proposed arrangements (and Option 1 in particular) do little to simplify the NDRRA, while removing significant levels of support. A preferred option would be to reduce the quantum of assistance by a lesser amount, and simplify the categories and requirements – Victoria's proposal to reform the NDRRA is discussed in Chapter 4.
29. Under Option 3, Victoria would only be eligible for Commonwealth cost-sharing if eligible recovery expenditure for a single natural disaster event exceeded 0.2 per cent SGR (\$97 million), suggesting only large scale events such as the 2009 Bushfires, the 2010-11 Victorian Floods and the February/March 2012 Floods would be eligible. However, this would ignore other medium sized events, such as the 2007 Gippsland Floods and the June 2012 flood event, which impacted the same local government areas.
30. While the Commission conducted modelling to estimate the possible Commonwealth savings under proposed reform option 1, no similar analysis was undertaken for the associated costs to States and local governments. Victoria submits that this analysis is a necessary component of the Commission's work. Further modelling could set a more meaningful small disaster criteria and threshold, which would create appropriate incentives while not penalising such a large portion of the community. Victoria will provide additional data to support such modelling.

3.2.3 Benchmark pricing and the role of the Commonwealth Inspectorate

31. Recommendation 3.1 does not explicitly reference the use of benchmark pricing, but Commonwealth funding contribution through benchmark pricing is an element of all



reform options proposed by the Commission. Victoria does not support the use of benchmark pricing in an estimates-in-advance funding model, due to the difficulty in obtaining accurate estimates of damage quickly following an event, the potential for significant delays in commencing recovery activities, and the possibility of bias from the Commonwealth and the States affecting the estimation of benchmark prices.

32. The use of estimates-in-advance funding is likely to place a considerable burden on communities and local governments to quickly collect and analyse impact information to create a financial estimate for recovery, leading to considerable delays in the commencement of recovery activities. Given the difficulty that most jurisdictions currently experience collecting accurate and complete impact data for many widespread or high intensity events, benchmark pricing is not a practical means of providing Commonwealth funding. The Commission has provided no evidence to support the statement that estimates-in-advance funding based on benchmark pricing will improve the efficiency or cost-effectiveness of recovery.
33. The Commission has suggested the use of the National Impact Assessment Model (NIAM) to inform benchmark costs. Victoria submits that the NIAM cannot inform the estimation of benchmark costs. The system remains untested, and has not been developed with the intention of establishing benchmark costs. The impact of an emergency across the recovery environments (social, built, economic, natural and agricultural) is not translated into economic terms, and cannot effectively inform funding for relief and recovery.
34. Implementation of benchmark pricing will require an agreement between the State and the Commonwealth on the extent of damage and the cost of recovery. Victoria has concerns regarding how this price will be agreed. The Commission has suggested a possible role for the Australian Government Reconstruction Inspectorate in providing timely advice and clarity on cost estimates. Victoria considers this may be a conflict of interest for the Commonwealth, as minimising cost estimates will minimise the Commonwealth funding contribution. If a benchmark pricing model were to be adopted, there would need to be an independent, third party who would be responsible for assessing damage and estimating costs in a reliable and timely manner.

3.2.4 Betterment

35. Victoria supports the Commission's recommendation to increase State government autonomy to manage relief and recovery expenditure in a way that reflects the preferences and characteristics of affected communities. This increase in autonomy will cut red tape and allow State and local governments to pursue betterment projects with decreased Commonwealth oversight.
36. However, the manner in which betterment projects will be funded under the Commission's proposed NDRRA is not known. Victoria requests more information regarding how the Commission sees betterment integrating with the NDRRA under reform options 1 and 2.



37. If the NDRRA continues to require local governments to absorb more of the costs of betterment projects than 'like-for-like' replacement projects, betterment will continue to be dis-incentivised during recovery. Consideration of betterment during recovery must be a necessary element of any new funding model which upholds the policy shift towards building resilience.

3.2.5 Community Recovery Packages

38. The Commission's recommendations do not refer to community recovery packages, but the proposed reform options detail their continued funding. Victoria supports the Commission's comment that "[a]ssistance to help restore social networks, community functioning and community facilities produces community-wide benefits that could not be achieved without some support from governments." Building upon this principle, Victoria supports continuation of the Community Recovery Fund components of the NDRRA.
39. In supporting the ongoing inclusion of a Community Recovery Fund, Victoria is of the view that:
- flexibility in Community Recovery Funds needs to be maintained to ensure that funding can be targeted to the different needs of communities; and
 - greater clarity is required on the activation of Community Recovery Funds in order to ensure greater consistency in relation to the activation of assistance, and clarity for communities regarding when this type of assistance could be reasonably accepted.
40. Victoria would not support further restrictions on the activation of Community Recovery Funds. The current NDRRA arrangements are cumbersome, with inter-governmental negotiations delaying the development of timely and tailored community recovery programs.

3.3 Recommendation 3.2 – Increased mitigation funding

41. Victoria supports in-principle Recommendation 3.2.
42. Victoria welcomes an increase in mitigation funding, and is supportive of the proposed allocation of funding on a per capita basis, provided smaller jurisdictions receive a meaningful quantum under that allocation. Victoria would support this funding being administered under the National Disaster Resilience Program (NDRP).
43. The Commission has proposed that the additional mitigation funding be conditional on a matched contribution from the States and Territories. This matched funding component, coupled with the reduced Commonwealth contribution under Recommendation 3.1, represents a significant cost-shift to the States across the emergency management spectrum.



44. To minimise the potential impact on State budgets, Victoria proposes that the 'matched funding contribution' be the responsibility of the States to source, either from their own budgets, or from local government or other project managers such as research bodies and the private sector. This is consistent with the current National Partnership Agreement on Natural Disaster Resilience. In calculating matched funding, consideration should also be given to mitigation activities already undertaken by States, outside of the NDRP, which account for considerable State spending.
45. Victoria supports the proposal to implement best-practice institutional and governance arrangements for the administration of the NDRP by requiring robust and transparent evaluations of project proposals, consideration of all alternative or complementary mitigation options, and using private funding sources where feasible.
46. New funding arrangements for mitigation should allow significant autonomy to States in the administration of funding, consistent with a risk-based approach in the NSDR. This includes allowing funding to be used for recurrent-type expenditure, such as fuel-reduction burning, as well as capital projects, which are more flood-relevant.
47. Victoria submits that a proportion of funding should be allocated towards a less-rigorous program for smaller projects, such as are funded under the current Natural Disaster Resilience Grants Program. A small proportion of funding should also be available for program management, including monitoring and ex post evaluation of projects and programs.
48. Victoria supports investigating the possibility of partnerships between government and insurers to encourage private insurance and private mitigation. Victoria is in the process of providing flood information to the insurance industry both directly and via the Geoscience Australia Flood Risk Information Portal, and is supportive of these partnerships. The matter of insurers making premium adjustments recognising private mitigation is not a matter for government involvement at the State level.

3.4 Recommendation 3.3 – Budget provision for future recovery spending

49. Victoria supports Recommendation 3.3.
50. Victoria currently applies the same principles for budgeting as are applied for financial reporting purposes. Accounting standards require provisions to be recognised only when an event is probable and the estimated economic outflows can be reliably measured. Where a sufficiently reliable estimate of the quantity of recovery costs required cannot be determined, an unquantifiable contingent liability is disclosed.
51. Given the volatility of expenditure arising from natural disasters, Victoria provisions annually through the State Appropriation, with the forward estimates updated regularly where there are expected changes to local government and CMA expenditure.



52. Due to the severity of natural disasters in recent years, Victoria has been required to invest substantially in whole of State government packages incorporating response, relief, recovery and mitigation initiatives through the budget process. Recent examples of the use of these packages include the 2009 Bushfires, the 2010-11 Victorian Floods, the February – March 2012 Floods and the 2014 Bushfires.

3.5 Recommendation 3.4 – Non-traditional insurance for road assets

53. Victoria supports in-principle Recommendation 3.4 to encourage State and local governments to further investigate non-traditional insurance products for roads.
54. Victoria insures all State owned assets, including roads, and has sufficient data sets to reinsure State road infrastructure. Local government road infrastructure is not insured, with local governments reporting that they are not able to obtain affordable insurance.
55. With non-traditional insurance, the premiums associated with insuring road assets may exceed the financial capacity of many Councils in Victoria, especially following a natural disaster event. This issue is particularly relevant for rural Councils with small rate bases and substantial geographical areas.
56. Non-traditional insurance products may not be as cost-effective as traditional insurance products, as premiums reflect the lack of detailed data on which risk assessments can be made. Investigations should be made into the possibility of using non-traditional insurance products to insure State, Territory and local government assets not currently covered by traditional products. Victoria submits that it would be more cost-effective to develop the data requirements to allow Councils to access and afford traditional insurance products for local road infrastructure.
57. Victoria supports the recommendation to encourage governments to compile and publish detailed registers of road asset condition and maintenance. Accurate road asset registers are a necessary pre-condition for obtaining traditional insurance coverage for road assets. Road registers also assist assessors of damage (i.e. undertaken by VicRoads in Victoria) to assess the eligibility of repairs and restoration expenditure following a natural disaster. Victoria does not support the recommendation to have road asset registers independently audited, as this will place a resource burden on local and State governments.

3.6 Recommendation 3.5 – Changes to individual recovery funding

58. Victoria does not support Recommendation 3.5 to eliminate a wide range of current supports available to households and businesses. Victoria submits that, in making Recommendation 3.5, the Commission has failed to consider the broader social and economic implications for communities.
59. Victoria agrees that individuals, households and businesses have a responsibility to be self-reliant through insurance, their own resources and the broader community in the



face of a natural disaster event. In many cases, particularly where population displacement and social impacts are not a consequence of a disaster, an expectation of self-reliance is reasonable. For small scale disasters, or those with limited social impacts, Recommendation 3.5 would result in only minimal disadvantage to communities.

60. Severe natural disasters often result in longer term population displacement of large parts of the community (e.g. 2009 Victorian Bushfires) and major social impacts, including death, injury and significant trauma. In such circumstances, an expectation of self-reliance for individuals and businesses can be detrimental to longer-term community recovery. In some instances, social support structures that facilitate self-reliance may not exist or may not be able to cope with demand. Significant trauma may impact on decision making capacity and the collective community impact may not be able to be addressed through individual self-reliance. The NDRRA acts as a community safety net, not just an individual safety net.
61. In these scenarios, a broad range of government assistance may be required and appropriate. The elimination of a wide range of current supports, as proposed by the Commission, will impact on a community's capacity to recover from natural disasters. While this recommendation cuts red tape by abolishing Categories A and C of the NDRRA, and replacing it with a reduced Australian Government Disaster Recovery Payment (AGDRP), it also cuts an important safety net for individuals and communities.

3.6.1 Personal Hardship Assistance to individuals

62. Victoria submits that the Commonwealth Government should continue to cost-share emergency relief and recovery assistance under Category A with State and Territory governments, and cease its own AGDRP.
63. Victoria has strong governance arrangements for administering Personal Hardship Assistance Programs (PHAP) under NDRRA Category A. Assistance is provided to those most in need to alleviate personal hardship and distress, specifically:
 - Relief Payments assist individuals and households to meet their basic needs and maintain dignity in the immediate aftermath of an emergency; and
 - Re-establishment Payments assist low-income, needy households that have lost their primary residence to re-establish their home following a natural disaster.
64. These State-administered payments are in line with the Commission's comments that there is a need for emergency relief payments and support to assist low-income earners re-establish their homes. Victoria's *State Emergency Relief and Recovery Plan* recognises that individuals should be self-sufficient, as emergency support is intended for the most vulnerable. The PHAP provides a safety net to help directly-affected vulnerable Victorians return to a proper and effective level of functioning as soon as possible. This seeks to prevent long-term dependence on government assistance.
65. The Victorian PHAP is well administered, quickly activated and also provides assistance for small-scale events below the NDRRA thresholds. There is no evidence provided by



the Commission that these payments, or those made by other States and Territories, have been inefficient or inconsistently applied, or that communities would be better supported by the AGDRP alone.

3.6.2 The Australian Government Disaster Recovery Program

66. Victoria submits that the AGDRP should be abolished. Victoria further submits that support to individuals be provided through the continuation of cost-sharing under Category A of the NDRRA.
67. Victoria's experience with the AGDRP is that the program is inconsistently available following disasters, and is poorly targeted. In contrast, Victoria's Personal Hardship Assistance Program, administered by the Victorian Department of Human service, is consistently available to disaster-impacted communities, and is well targeted to meet individuals' needs. The Commission noted that the Commonwealth is in a better position than States to administer personal payments due to pre-existing infrastructure and networks, such as Centrelink offices. This fails to recognise that similar infrastructure and networks also exist in the State context.
68. Victoria notes that the Commission's assertion that the payment 'may be higher than necessary' does not appear to be supported by any evidence about what is 'necessary' emergency relief assistance. Reducing relief and recovery support without considering the impact on affected individuals and communities risks increasing hardship, delaying the recovery process and increasing dependence on other government services in the future.
69. Victoria does not support legislating the criteria for emergency relief payments. As evidenced in the 2014 Hazelwood Coal Mine Fire, relief payments need to be flexible to assist households experiencing hardship as a result of non-traditional emergency events. Each emergency and community is different, requiring flexibility to effectively support the recovery process.

3.6.3 Other assistance under Category A

70. Victoria recommends maintaining the cost-sharing of other relief and recovery services under Category A, such as the costs associated with establishing and operating emergency relief and recovery centres, the undertaking of counter-disaster operations to protect private property and demolition and debris removal. Victoria seeks clarity from the Commission regarding what funding under Category A will remain eligible for cost-sharing with the Commonwealth.

Emergency Relief and Recovery Centres

71. Under the current NDRRA, States are able to seek reimbursement from the Commonwealth for the extraordinary costs of evacuation, or the establishment and operation of evacuation centres and recovery centres. The services provided by these



centres are vital to communities impacted by natural disasters, and must continue to be provided in the future. If the State were no longer able to cost-share these services with the Commonwealth, the establishment and operation of these centres would significantly burden the financial capacity of local governments and the State.

Counter-disaster Operations

72. Victoria does not support the Commission's proposal to tighten the definition of eligible counter disaster operations to comprise only those extraordinary operations for the protection of the general public. Under this tightened definition, counter disaster operations to protect private property would be ineligible for cost-sharing. This would have significant financial implications for Victoria if the State were to experience extraordinary bushfires or significant floods, as evidenced in recent years.
73. Victoria currently claims reimbursement for a proportion of aerial firefighting costs, which are over and above the normal core budget for the Department of Environment and Primary Industries, the Victorian Government Department in control of resourcing the State aerial fire response. If the Commonwealth were to cease cost-sharing for these operations, significant strain would be placed on the Victorian Government to deliver these necessary services in protection of private property. Protecting private property with counter-disaster operations can save lives, and prevents significant private property damage which, even if covered by insurance, has significant social and economic consequences for individuals and communities.

3.6.4 Assistance to small businesses and primary producers

74. Victoria does not support the Commission's draft finding 2.7 that the case for government assistance to small businesses and primary producers after a natural disaster is weak.
75. Victoria notes that the central premise of the reports submitted by the Regional Australia Institute (RAI) (Submission 61) and quoted by the Commission (page 109) is that business recovery is central to community recovery and resilience. The RAI reports identify a strong inter-relationship between business recovery and population return post-disaster. The RAI suggests that this relationship is more heavily weighted towards businesses re-opening, meaning that businesses re-opening, including agricultural businesses, will encourage residents to return to a disaster affected region.
76. Victoria submits that this evidence supports the provision of government assistance to businesses and primary producers following a natural disaster, particularly where that disaster results in significant displacement of residents. Many regional economies are reliant upon small businesses and primary producers. Reinstating small businesses and primary producers will have larger community recovery outcomes.
77. For small businesses, a similar argument also exists for where a disaster "displaces" customers. This is most likely to impact upon communities with a high reliance on



tourism, and where a disaster forces visitors to leave and discourages them from returning.

78. In making draft Finding 2.7, the Commission has also failed to acknowledge the difficulties faced by many primary producers in mitigating against all business risks. While in theory, the market provides various insurance products and access to capital through financial institutions, in practice, many products fail to meet primary producer needs. Victoria supports the analysis of the Australian Red Cross (Submission 56) that NDRRA payments are generally too small to act as a disincentive to acquiring insurance.
79. Victoria does not support Recommendation 3.5 to discontinue clean-up and recovery grants to support small businesses and primary producers. Provided grants are targeted towards accelerating business reinstatement, Victoria's experience suggests that this will have a positive and much broader impact on a community's recovery and resilience.
80. Victoria acknowledges the lack of evidence regarding the most appropriate mechanism to support small businesses and primary producers during recovery. Victoria submits that what is clear is the need to provide support. Rather than cease business recovery support under the NDRRA, Victorian submits that existing support be continued in the short term while consideration is given to whether more appropriate and effective business and economic recovery programs can be developed.
81. Victoria does support the Commission's suggestion to retain the Disaster Recovery Allowance for employees, small business owners and primary producers who can demonstrate a loss of income as a result of a natural disaster. This support provides immediate and short term assistance to those facing hardship as a result of a loss of income, and accelerates recovery.

3.7 Recommendation 3.6 – Commonwealth Grants Commission policy

82. Victoria supports in-principle Recommendation 3.6 for the Commonwealth Grants Commission to conduct a review of the natural disaster assessment. However, Victoria only supports an update of the methodology if:
 - appropriate consultation with jurisdictions is undertaken;
 - a more accurate and transparent assessment is identified; and
 - the Commonwealth Grants Commission's definition of materiality can be met.
83. Victoria notes the Commission's reasoning underling Recommendation 3.6. However, Victoria remains unconvinced that the equalisation of natural disaster costs under the current allocation of Goods and Services Tax revenue affect the incentives of States to effectively manage natural disaster risk in their jurisdictions.



3.8 Recommendation 4.1 – Natural hazard data and modelling

84. Victoria supports Recommendation 4.1 to make new natural disaster data and modelling publicly available.
85. The Victorian Government readily shares its hazard-specific data with partner agencies, industry, communities and individuals. For example:
 - New hazard data collection for the mapping of natural hazards under the planning and building system is undertaken for the public, and provided to the public via the land channel website¹ and through local government Planning Schemes;
 - Victoria has launched DataVic Access Portal,² a tool specifically developed to support public access to government-generated hazard data;
 - Bushfire hazard data, generated using Phoenix RapidFire, has been incorporated into strategic bushfire management plans and informs statutory planning through the Bushfire Management Overlay;
 - Flood hazard data is freely available to individuals for many floodplains via Geoscience Australia, allowing individuals to assess their community flood risk;
 - Planning zones for bushfire, flood and landslide are readily available to the public, allowing owners and residents to obtain location-specific risk information for natural hazards regulated through planning schemes; and
 - Victoria has legislated a requirement for property vendors to disclose bushfire and flood risk information to property purchasers under section 32 of the *Sale of Land Act 1962* (Vic).
86. Accompanying education for agencies, companies and individuals is needed to maximise understanding of the hazard data's correct interpretation, and appropriate use.
87. Victoria requests more information from the Commission regarding possible mechanisms for the use of private sector providers, and cost-recovery arrangements.

3.9 Recommendation 4.2 – Partnerships between government and insurers

88. Victoria supports Recommendation 4.2 to develop partnerships between all levels of government and insurance providers, encourage two-way communication between government and insurers, and promote collaboration to inform households of the risks they face.
89. This Recommendation aligns with the *Draft Victorian Floodplain Management Strategy*, which seeks to provide better information to drive affordable insurance premiums for individuals to manage their risks. Victoria has begun to provide flood hazard data

¹ <http://www.land.vic.gov.au/>

² <https://www.data.vic.gov.au/>



collected under the Government's extensive floodplain mapping program to the Insurance Council of Australia and the Insurance Australia Group.

90. Victoria welcomes the sharing of claims data from insurance providers. This data will assist in flood damage assessment, and subsequent evaluation of flood mitigation measures.
91. Victoria notes that this Recommendation may lead to better outcomes for flood hazards. Information can be provided on the probability of a flood occurring in any area in any one year. Similar data is not available for other hazards. The Commission's proposal would need to take into account the difficulties in establishing the risk of, for example, a bushfire occurring in a location in any one year.

3.10 Recommendation 4.3 – Implementing the Enhancing Disaster Resilience in the Built Environment Roadmap

92. Victoria supports Recommendation 4.3
93. Victoria notes that the Land Use Planning and Building Codes Taskforce will consider Recommendation 4.3 at its next meeting. Victoria has supported the work of the Taskforce in overseeing the preparation of jurisdiction capability and investment plans. The future of the Taskforce, and how it responds to this Recommendation, is a matter to be determined by the Commonwealth and the Taskforce.

3.11 Recommendation 4.4 – Land use planning

94. Victoria supports Recommendation 4.4 to encourage State governments to articulate the relative importance of natural disaster risk management, relative to other priorities, in land use planning policy frameworks. Victoria's current State Planning Policy Framework already articulates priorities for bushfire-related and, to a lesser extent, flood-related planning applications. Victoria welcomes the opportunity to effectively extend this principle across other natural hazards regulated through the planning systems.
95. Victoria supports in-principle Recommendation 4.4 to encourage State governments to provide guidance on how to prioritise competing objectives within land use planning. Victoria provides planning guidance to local governments on implementing planning provisions for bushfire and, to a lesser degree, flood. This guidance is provided by the Victorian Planning Program, which is a professional development program for Councils and other planning professionals that provides guidance on specific topics such as hazard planning. Victoria will update existing guidance tools, and provide new planning guidance, to address natural hazards in local government land use planning as required. Reference in Recommendation 4.4 to encouraging States to provide this guidance to local government is duplicative and unnecessary.



96. Victoria's *Integrated Planning and Building Framework for Bushfire* integrates the land use planning and building standards. Victoria will use this framework to inform future reviews of other natural hazards, such as flood and landslide. Victoria supports the Recommendation for other Australian jurisdictions to provide similar integrated frameworks.
97. Victoria supports Recommendation 4.4 to encourage local governments to publish the reasoning behind development assessment decisions. In Victoria, it is common practice for Councils to include their deliberations on planning decisions in their minutes. Local Government Regulations require Councils to make available, to the public, minutes of all council meetings in the preceding 12 months. As a matter of practice, Victorian Councils publish the agenda and minutes of Council meetings on their websites.

3.12 Recommendation 4.5 – Resourcing Local Governments

98. Victoria does not support Recommendation 4.5, and rejects the proposal that State governments bear the onus for ensuring local governments in their jurisdiction are sufficiently resourced to effectively implement their land use planning responsibilities. Under the *Local Government Act 1989 (Vic)*, responsibility for land use planning lies with the local governments as part of their business as usual operations.
99. Councils in Victoria should be adequately resourced to carry out their local land use planning responsibilities without relying on State assistance. The collection of rates is one mechanism that enables Councils to carry out their responsibilities. As the draft Report states, additional funding can be sourced by Councils, as legitimate businesses, from different sources.
100. This Recommendation has substantial cost implications for the States, as well as compliance burdens for the State and local governments regarding the review of local government resource and capability adequacy. It is not practical for States to bear resource burdens associated with responsibilities that legally rest with the Councils.

3.13 Recommendation 4.6 – Addressing Local Governments' legal liability

101. Victoria does not support Recommendation 4.6. This Recommendation may place an unjustified burden on State governments, including by extending the legal liability from Councils to State governments. The Commission should conduct further analysis into the possible consequences of this Recommendation to the State.
102. Following State-made changes to land use regulations, Victoria provides a range of support to Councils to assist them to understand and implement changes. This support can include specific training, guidance material, information sessions and funding to undertake specific projects. In designing the planning controls, the State will ensure that the controls are legally robust prior to their introduction. Local governments have



discretion as to what controls they incorporate into their planning schemes. As such, local governments are, and should remain, solely responsible for the decisions they make.

3.14 Recommendation 4.7 – Changes to the Queensland Sustainable Planning Act 2009

103. This Recommendation does not relate to Victoria. Victoria has no view on this Recommendation.

3.15 Recommendation 4.8 – State taxes and levies on insurance

104. Victoria supports in-principle Recommendation 4.8 to abolish transaction taxes to encourage take up of insurance. The State collects revenue from these taxes, which is vital to the State budget, and will have to be replaced from an efficient tax or untied grant. From 2013-14, Victoria has replaced its previous insurance-based Fire Services Levy with a proper levy. This represents a significant reduction in taxes on insurance.

3.16 Recommendation 4.9 – Insurance policy information to individuals

105. Victoria supports in-principle Recommendation 4.9 to increase individual awareness of their insurance policies, the hazards they face and their costs of rebuilding, as better informed households will make better decision regarding their level of risk. Victoria notes that there would be significant financial and practical considerations in implementing this Recommendation, which should be addressed in more detail by the Commission.

106. Victoria supports the Insurance Council of Australia’s Building Resilience Rating Tool, detailed by the Commission at Box 4.5 (page 167) of the draft Report. This tool will allow property owners to be proactive in obtaining knowledge about their risks from natural hazards.

107. Victoria requests more detail from the Commission regarding what “additional information” insurers should be providing to households regarding their insurance policies.

3.17 Recommendation 4.10 – Institutional and governance arrangements for the provision of public infrastructure

108. Victoria will reserve a position on Recommendation 4.10 pending further information from the Commission.



109. Victoria has strong and arguably best practice governance and accountability arrangements for planning and procuring public infrastructure. Victoria has extensive, rigorous, clear and transparent investment lifecycle guidance material which is subject to continuous improvement. The Victorian Government has introduced a High Value High Risk process to improve project scrutiny and has extensive guidance material relevant to each stage of a project lifecycle.
110. The Investment Lifecycle and High Value High Risk guidelines have recently been updated to include revised Economic Evaluation Guidelines to supplement evaluation of investment proposals. These Guidelines advocate cost benefit analysis as the preferred method for evaluating costs and benefits of a project to society as a whole.
111. Victoria's Economic Evaluation Guidelines address how to deal with issues of risk and uncertainty, such as those raised by natural disasters. In particular, the Guidelines advocate for an emphasis on risk-based costs and benefit estimates; the use of sensitivity/scenario testing or Monte Carlo analysis; and the use of Real Options analysis.
112. A cost benefit analysis is a key tool in evaluating projects however can be a relatively narrow measure of economic costs and benefits. From a state perspective the key decision making drivers also include the impact of an investment on budget sustainability, competitiveness, gross state product and growth potential.
113. Victoria is cautious of supporting Recommendation 4.10 until the Commission has clarified how demonstration of sound governance arrangements will be considered in the administration of the NDRRA. More clarity is sought from the Commission regarding how this requirement will influence the Commonwealth's decision as to NDRRA activation, and whether this requirement for best-practice institutional and governance arrangements will result in a delay in receiving recovery funding.



4. The Victorian reform proposal

4.1 The NDRRA

114. As a system for cost sharing with the Commonwealth, Victoria considers that the NDRRA functions adequately. The increasing trend and impact of natural disasters in Australia has placed considerable strain on the NDRRA, such that it is no longer administered to effectively and efficiently support recovering communities. Victoria is not advocating for a new model for recovery funding. However, the issues highlighted in Chapter 3, and by the first Victorian Submission, should be addressed so that the NDRRA can provide the best possible outcomes for communities.
115. As outlined in Figure A, Victoria proposes that the NDRRA be reviewed and amended so that:
- the current Category C is abolished and the measures within this Category be absorbed into Category A (Community Recovery Funds) and Category B (Clean-up and restoration grants);
 - Category B funding for essential public asset reconstruction is amended to require public asset owners (whether a State or Territory government, local government or CMA) to manage and make all reasonable attempts to insure their assets, contribute to the costs of restoring an essential public service and actively pursue betterment projects; and
 - Betterment of disrupted essential public services be funded through the NDRP, in conjunction with Category B funding.
116. Victoria also proposes an increase in the funding available under the NDRP, to support resilience and encourage communities to plan for, and mitigate against, natural disasters. To fund this increased investment, Victoria proposes abolishing the AGDRP to benefit the NDRP and reinvesting the savings from the restructure of Category B into the NDRP.
117. Through these three major reforms to the NDRRA Determination, and reinvestment into the NDRP, jurisdictions will move a long way towards:
- cutting red tape at the national level and avoiding onerous and duplicative reporting and oversight;
 - rebalancing investment across the cycle of emergency management, to take advantage of mitigation opportunities; and
 - maintaining a significant role for the Commonwealth to ensure effective recovery.
118. Implementing Victoria's proposed changes will require a change to the NDRRA Determination. The Determination is altered unilaterally by the Commonwealth. The Commonwealth has previously altered the Determination without analysing the effect those changes will have on recovering communities. This is not an optimal arrangement. Victoria would like more collaboration between the States and the Commonwealth on changes to the NDRRA Determination in the future.

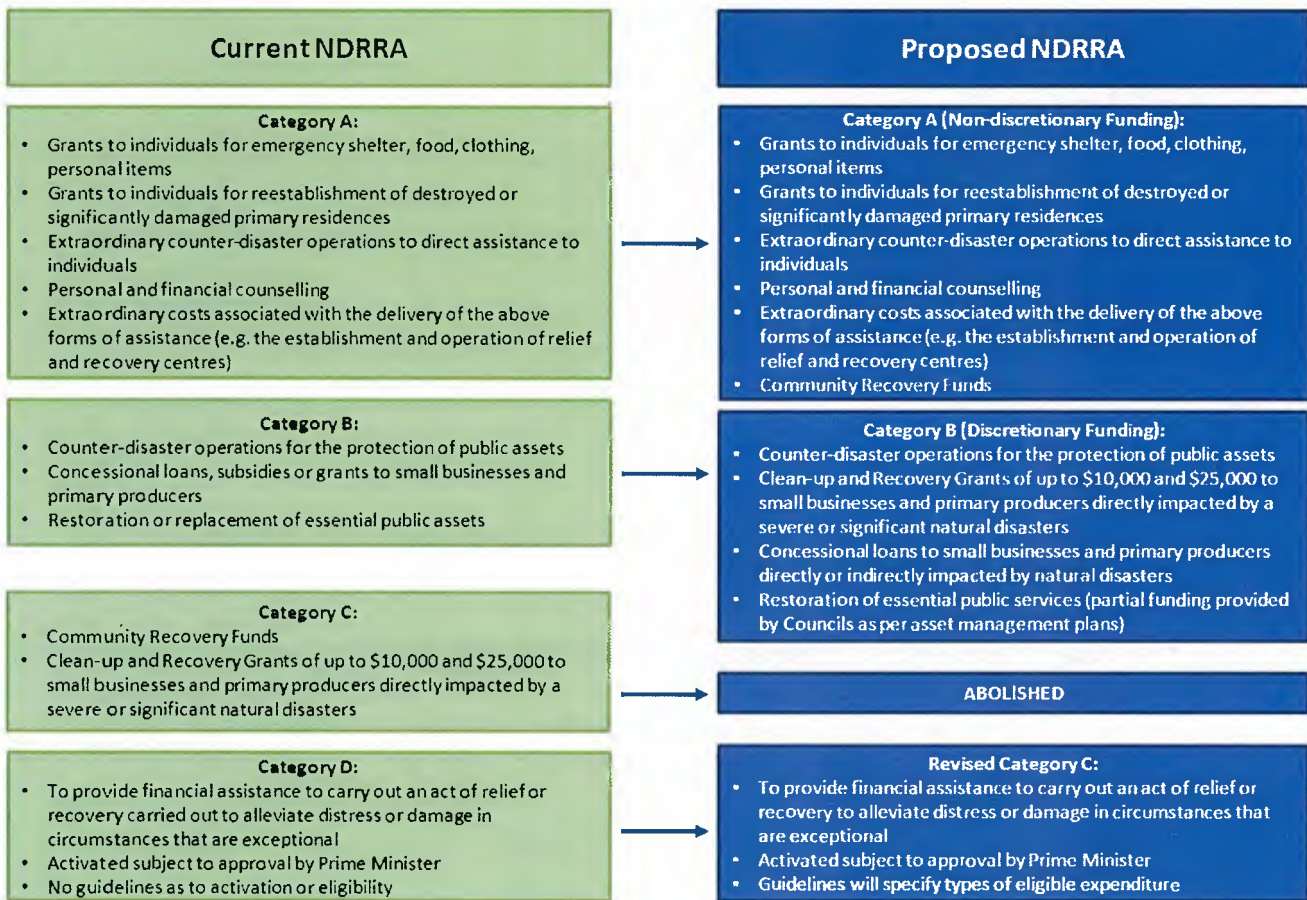


FIGURE A: Eligible NDRRA expenditure under current and Victoria’s proposed arrangements

4.2 New Category A

119. Under Victoria’s proposed amendments to the NDRRA, Category A will comprise personal and community funding designed to provide relief to directly affected individuals; assist with the re-establishment of primary residences that have been destroyed or significantly damaged; and assist communities to manage their recovery.

4.2.1 Personal Hardship Assistance

120. The current NDRRA Category A funding for personal hardship assistance provides support for individuals suffering personal hardship due to the impacts of a natural disaster; including grants to assist with emergency shelter, food and clothing, and reestablishment grants to assist with household damage. Victoria proposes retaining the funding currently available under Category A at the current rate.



4.2.2 Community Recovery Funds

121. Community Recovery Funds are currently funded under Category C of the NDRRA. The Funds are designed to assist communities to restore social networks, community functioning and community facilities following a severe natural disaster. An important component of Community Recovery Funds is the engagement of Community Development Officers for a defined period. Community Development Officers assist communities to identify and address their medium to long term recovery needs. Victoria believes that Community Recovery Funds provide valuable and cost-effective assistance to communities.
122. Victoria considers that current funding of Community Recovery Funds under Category C limits their accessibility to recovering communities. Category C funding requires detailed activation data to be collected and analysed, and onerous reporting requirements to be complied with. For communities recovering from significant or severe natural disasters, these onerous requirements are time-consuming and divert resources away from recovery activities.
123. Funding Community Recovery Funds, and the associated Community Development Officers, under Category A of the NDRRA will increase their accessibility to recovering communities and improve the timeliness of assistance. Activation under Category A will require a State determination that a community has been severely impacted by a natural disaster, and the community has significant recovery needs that will extend into the medium and long-term.

4.2.3 Relief and Recovery centres

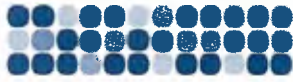
124. Emergency relief and recovery centres are currently cost-shared under Category A of the NDRRA. These centres are vital for providing information, support and services to communities impacted by natural disasters. Victoria proposes that costs associated with establishing and operating these centres continue to be cost-shared under Category A.

4.3 New Category B

125. A revised Category B will fund recovery loans to directly and indirectly affected small businesses, primary producers and non-government organisations; clean-up and restoration grants for small businesses, primary producers and non-government organisations; and funding to assist public asset owners (whether a State, Territory or local government, or a CMA) with the costs of restoring essential public services disrupted by a natural disaster.

4.3.1 Recovery loans

126. Victoria submits that the NDRRA should continue to provide funding for concessional loans to small businesses, primary producers and not-for-profit (NGOs) directly and



indirectly impacted by natural disasters. Victoria proposes that the quantum of those loans – up to \$200,000 for directly impacted and \$100,000 for indirectly impacted, at 1.67 per cent interest – remain unchanged.

127. Victoria is also proposing no change to how loans are activated, or the eligibility criteria for activation.

4.3.2 Recovery grants

128. The provision of clean-up and restoration grants to assist primary producers and small businesses provides an important mechanism for aiding recovery. The administration of these grants under Category C means that they are currently subject to detailed activation criteria, and their accessibility is dictated by geographic location, rather than need. The decision to activate these grants is a Commonwealth decision, and often results in inequitable outcomes for communities, such as the communities of Greens Creek and Bass Coast illustrated in Victoria's first Submission.
129. Activation of grants should be dependent upon the jurisdiction having strong governance arrangements, which can assure the Commonwealth that funds are accessed only by those in true need, and provide value-for-money. In Victoria, these strong governance arrangements exist through Rural Finance Victoria (RFV), which administers current Category C grants on behalf of the State and Commonwealth. RFV undertakes detailed eligibility assessments on all grant applications, which require primary producers and small business owners to demonstrate that they are in financial need and cannot self-fund clean-up and restoration costs. Grants are given to meet costs already expended, so receipts are required.
130. Victoria asserts that strong governance arrangements, such as demonstrated by the RFV, means that Commonwealth requirements for activation and administration under Category C do not add value. Clean-up and restoration grants should be funded through Category B, where the State has discretion to make decisions regarding activation and administration.
131. Victoria proposes that the current quantum of recovery grants be maintained, but provided under the new Category B. Grants of \$10,000 and \$25,000, depending on severity, will be available to assist primary producers and small businesses to clean up and restore operations following a severe or significant natural disaster. Grants would be activated by the State.

4.3.3 Restoration of essential public services – non-road assets

132. Under current arrangements, Category B provides financial assistance to Councils or State/Territory governments, as the public asset owner, to repair or restore essential public assets, with reimbursement of up to 100 per cent of their costs jointly funded by the State and Commonwealth Governments. This arrangement provides little financial



incentive for public asset owners to effectively manage their risks, as the owner must cover the costs of risk management but not restoration.

133. The current Category B refers to 'like-for-like' replacement, and reconstruction of 'essential public assets.' Victoria submits that this wording, and the operation of Category B, actively discourages betterment works. This is financially irresponsible, as the increasing occurrence of natural disasters means assets can be damaged or destroyed by numerous disasters across multiple years. Replacing assets 'like-for-like' ignores any lessons learnt from past disasters, and contravenes the national resilience agenda.
134. Under Victoria's proposed new Category B, funding will be available to States/Territories, Councils and CMAs to restore 'essential public services.' The focus will be on the restoration of services to communities, whether through the betterment of assets or through asset restoration. Public asset owners will be required to be more proactive in managing their risks, with stricter eligibility requirements for accessing Category B funding. Public asset owners will be required to:
 - a. maintain asset registers and asset maintenance plans;
 - b. actively pursue betterment works where supported by asset maintenance plans; and
 - c. undertake risk management, including by obtaining insurance.
135. Victoria understands that the proposed new Category B will result in the provision of new responsibilities for some public asset owners, specifically Councils. To ensure that no public asset owner suffers long-term disadvantage, any changes will need to be subjected to a transition plan, which helps to build capability.

a. Asset Registers and Maintenance Plans

136. Under Victoria's proposed new Category B, funding will be available to assist public asset owners to repair, restore or replace, with betterment, an asset that provided an essential public service only if:
 - owners have an accurate and up to date asset register, showing the importance and condition of the damaged or destroyed asset;
 - the asset was the subject of a maintenance plan; and
 - any funding that the asset owner had allocated to the future repair or replacement of the asset is provided by that owner to contribute in funding the recovery.
137. Public asset owners should be required to keep sufficiently detailed and accurate asset registers that are fit-for-purpose, containing key information about their owned assets, including the condition of the asset, the number of people in the community who regularly utilise it and whether it provides an 'essential public service.' This asset register can be used to demonstrate the importance of an asset to the community, and provide evidence to the State and Commonwealth that the asset provides an essential public service and should be eligible for Category B funding. Failure to keep an asset



register, or place an asset on the register, will be evidence that the asset/s do not provide an essential public service. This will make any asset owners' expenses associated with restoring the service ineligible for NDRRA assistance under the new Category B.

138. In most jurisdictions within Australia, public asset owners are currently required to have maintenance plans for all their owned assets, including work schedules and replacement timelines. Under the new Category B, failure to have an asset maintenance plan will be further proof of the asset not providing an essential public service, and will make the costs of service restoration ineligible for Category B funding.
139. If public asset owners are effectively managing their assets, funding should be available to repair and replace old assets when necessary. How much funding exists to repair or replace assets will depend upon the age and lifespan of the asset – for example, a Council-owned asset at the beginning of its 100 year lifespan will have less Council funds saved for its eventual replacement, whereas for an asset nearing the end of its 100 year lifespan, Council should have considerable funds available for repair and replacement. This funding should be utilised by public asset owners to help repair or replace assets in order to restore essential public services following a natural disaster.

b. Betterment

140. Betterment, or rebuilding damaged or destroyed assets to a more disaster-resilient standard, is not incentivised under the current NDRRA. Victoria believes that increasing the availability and attractiveness of betterment funding will result in more cost-effective recovery activities over multiple disaster seasons.
141. Under the new Category B, public asset owners will have to justify their decision to seek 'like-for-like' replacement. If the asset management plan demonstrates a need to undertake betterment works on the asset in order to prevent foreseeable future damage, owners will be required to pursue betterment.
142. Victoria proposes that funding for betterment activities be shared between the public asset owner, Category B of the NDRRA and the NDRP. As Stated above, public asset owners will be required to contribute funding allocated to the damaged or destroyed asset under the asset management plan. Funding will also be provided under Category B, up to the cost of replacing the asset on a 'like-for-like' basis. Any additional funding required to complete the betterment work will be provided under the NDRP.

c. Insurance

143. Council and CMA risks are often underwritten by the State and the Commonwealth, who fund the majority of reconstruction of Council/CMA-owned assets. Councils and CMAs need to manage their own risks, and should be insuring their assets. Under the new Category B, Councils and CMAs will be required to provide proof that their assets are insured before they can access NDRRA assistance.



4.3.4 Restoration of essential public services – roads

144. The restoration of roads, which provide an essential public service, presents unique challenges. The cost of repairing and reconstructing roads is the major cost recovered from the Commonwealth under the NDRRA. Most Councils in Victoria, and other jurisdictions, have reported that they do not insure road assets because the cost of premiums is not affordable, or an insurer is not available. This leaves Councils, and thereby States and the Commonwealth, vulnerable to large road recovery costs following natural disasters.
145. Under Victoria's proposed new Category B, funding will be available to public asset owners to restore 'essential public services' provided by road assets. Similar eligibility requirements will exist for road restoration as those for non-road assets, with public asset owners required to:
- a. maintain accurate asset registers and asset maintenance plans for roads in their jurisdiction;
 - b. actively pursue betterment works where appropriate; and
 - c. undertake risk management, including by demonstrating that all reasonable attempts were made to obtain insurance.

a. Asset Register and Maintenance Plan

146. Public asset owners will be subject to the same requirements for road asset maintenance as non-road asset maintenance under Victoria's proposed new Category B. Asset registers should provide accurate and up-to-date information on all roads, including their condition and average use. Those that provide an 'essential public service' may be assets eligible for Category B funding following natural disasters.

b. Betterment

147. As for non-road assets, betterment should be a necessary consideration when public asset owners seek to restore essential public road services. Funding for betterment of road assets will be the same as for non-road assets – through the public asset owner's funds, Category B and the NDRP.

c. Insurance

148. In order for public asset owners to effectively manage their risks in regards to road assets, insurance must be accessible and affordable. Victoria proposes pursuing insurance affordability through increasing accessibility to high quality information, and undertaking appropriate mitigation activities. A valuable mechanism for increasing insurance affordability would be recommencing funding through the National Insurance Affordability Initiative.



149. Increasing the accessibility and affordability of insurance is likely to take considerable time. Public asset owners can contribute to the accessibility and affordability by developing detailed road asset registers and maintenance plans, which will develop a detailed data set that can be utilised by insurance providers.
150. In order to be eligible for new Category B funding, public asset owners must demonstrate that they took all reasonable steps to insure their road assets, including through conducting appropriate risk mapping and mitigation works.

4.4 New Category C

151. Victoria advocates for abolishing the current Category C, and merging funding currently provided by Category C into Categories A and B.
152. Victoria believes that, given the increasing incidence and impact of natural disasters and the difficulty in accurately predicting the possible damage from all, especially severe, natural disasters, it is necessary to retain the funding available under the current Category D. Under Victoria's proposed model, this funding will be referred to as Category C.
153. The revised Category C will provide more guidance on the activities that can be funded, and the reimbursement and cost-sharing rates. This will increase the transparency of the administration of this assistance, minimising the risk of inconsistent application. Activation of the revised Category C will remain at the discretion of the Prime Minister, informed by the guidelines.

4.5 Natural Disaster Resilience Program

154. The NDRP, administered under the National Partnership Agreement on Natural Disaster Resilience, provides an important source of funding for mitigation activities in Australia. However, the NDRP provides only \$52 million of funding over two years across all jurisdictions. Victoria is apportioned 16 per cent of this funding, or roughly \$4 million a year. This is a fraction of the annual Commonwealth expenditure on recovery activities, which in 2012 alone was more than \$3 billion.
155. Victoria supports continued funding through the NDRP. However, the funding available under the NDRP should be increased to provide greater support for mitigation and betterment activities. This funding increase can come from reinvesting funding across the emergency management spectrum, diverting savings from recovery expenditure and abolishing the AGDRP into resilience.



4.5.1 Resilience projects under the NDRP

156. Victoria considers the NDRP to be a successful program that is well received by communities. As part of Victoria's commitment to continuous improvement of the NDRP, it submits that the quantum of funding available, and the administration of that funding, should be reformed.
157. Under Victoria's proposed new NDRP, funding will be apportioned to jurisdictions based on their population and risk profile. Jurisdictions with larger populations, and higher risk profiles, should be apportioned more funding. This allocation must not provide a disincentive for jurisdictions to effectively manage their risks by providing disproportionate funding to States with high risk profiles. As such, population should be the primary driver in determining funding allocations under the NDRP.
158. Victoria's new NDRP will not alter how funds are administered by each jurisdiction, as Victoria reasonably believes that this is a governance matter for each State individually. However, the NDRP should make allowances for States with strong governance arrangements, allowing funding to be guaranteed beyond an annual allocation to support multi-year projects.
159. For example, flood mitigation works can be complex and interconnected, with isolated projects building off previous works to strengthen resilience outcomes for a community. The annual process of allocating funding under the NDRP means that projects are not guaranteed funding year to year, and projects lose funding before they are completed. Funding should be able to be guaranteed across multiple years, provided the State governance arrangements in place can ensure the Commonwealth value-for-money.

4.5.2 Betterment projects under the NDRP

160. As outlined in section 2.3.2 and 2.3.3, Victoria is proposing changes to the way betterment activities are funded under the NDRP. These changes involve partially funding betterment activities through the NDRP. This will encourage Councils to actively pursue betterment of damaged or destroyed assets, resulting in less subsequent or repeat damage to assets and better resilience outcomes of communities.

4.5.3 Funding the NDRP

161. Victoria's proposed changes to the operation of the NDRP will require an increase in funding available under the program. Victoria does not propose increasing the overall funding available in the resilience and recovery space, but rather rebalancing the investment across the emergency management spectrum. This rebalancing will occur as less funding is required for recovery activities and more money is available for investing in resilience and mitigation activities.
162. Victoria proposes abolishing the AGDRP. This single, non-means tested payment program is a significant cost to the Commonwealth, for example costing \$169 million in



the 2012-13 financial year. Victoria asserts that this money could be better invested in programs designed to minimise the occurrence of natural disasters, and their impact on communities. As such, funding saved by abolishing the AGDRP should be reinvested into the NDRP.

163. Victoria proposes a significant change to reconstruction funding under Category B of the NDRRA. If implemented, this change will result in considerable savings in recovery spending as insurance becomes a primary funding source for reconstruction activities. Savings made in the recovery space should be reinvested into the NDRP to support mitigation and betterment activities.



5. CONCLUSION

164. The Victorian Submission has detailed serious concerns regarding the reform options and Recommendations proposed by the Commission. The concerns include that:
- Reform options 1 and 2, and Recommendation 3.1, represent a large cost-shift from the Commonwealth to States and Territories;
 - The increase in mitigation funding under Recommendation 3.2 is not significant enough to offset the reduction in recovery funding from the Commonwealth;
 - Implementation of Recommendation 3.5 would significantly disadvantage individuals and communities recovering from a natural disaster; and
 - The Commission proposes increasing the responsibilities of State and Territory Governments in regards to resourcing local governments within their jurisdictions.
165. The Commission's analysis of the effect of the Recommendations and reform options focused entirely on the Commonwealth's economic position. No analysis has occurred to attempt to understand the effect of the proposals on State and Territory economic positions.
166. In formulating their reform options and Recommendations, Victoria also submits that the Commission has failed to understand the social impacts of their proposals on recovering communities. These possible social impacts should be investigated by the Commission.
167. Victoria encourages the Commission to consider the proposed reform pathway detailed in Chapter 4 of this Submission. This reform pathway would cut red tape, rebalance investment across the emergency management spectrum and recognise that the Commonwealth will always have a role in the recovery space. Unlike the Commission's reform options, Victoria's proposed pathway would decrease investment in recovery funding without significantly disadvantaging communities and encourage mitigation and betterment activities to build resilience.
168. Victoria looks forward to working collaboratively with other jurisdictions to reform the natural disaster funding arrangements so that they operate efficiently and effectively to support communities recovering from natural disasters. Victoria awaits the release of the Commission's Final Report, noting that the right to provide a Victorian Government Submission to the Final Report, final reform options and final Recommendations has been reserved.



APPENDIX 1 – SUMMARY OF VICTORIAN RESPONSES TO THE COMMISSION’S DRAFT RECOMMENDATIONS

Rec no.	Recommendation	State Position	State Response
3.1	<p>The Australian Government should:</p> <ul style="list-style-type: none"> • reduce its marginal cost sharing contribution rate to disaster recovery outlays to 50 per cent under the Natural Disaster Relief and Recovery Arrangements • increase the triggers for Australian Government assistance (small disaster criterion and annual expenditure threshold). <p>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.</p>	<p>Support increase in autonomy, reduction in cost sharing contribution rate and increase in triggers</p> <p>Do not support magnitude of increase in triggers</p>	<p>Cost-shifting to the State</p> <p>Significant financial burden expected by the Commonwealth to be picked up by States and Territories</p> <p>More autonomy will decrease administrative burden and increase availability of betterment</p>
3.2	<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.</p> <p>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"> • 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-term asset management plans, and subject to public consultation and public disclosure of analysis and decisions • considering all alternative or complementary mitigation options (including both structural and non-structural measures) • using private funding sources where it is feasible and efficient to do so (including charging beneficiaries) • partnering with insurers to encourage take-up of adequate private insurance and private mitigation through measures such as improved information sharing and reduced premiums. 	<p>Support-in-principle</p> <p>Advocate for a larger increase than to the proposed \$200 million annually</p>	<p>More funding for mitigation will assist in building community resilience</p>



3.3	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.	Support	Recommendation directed to Commonwealth
3.4	State, territory and local governments should further investigate non-traditional 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.	Support-in-principle	No objection to investigating non-traditional insurance products but feasibility of utilising non-traditional insurance is low
3.5	<p>The Australian Government should:</p> <ul style="list-style-type: none"> • 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) • 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 • legislate the eligibility criteria for the AGDRP and the Disaster Recovery Allowance and make these not subject to Ministerial discretion. 	Do not support	<p>NDRRA will cease reimbursement for personal hardship assistance and counter-disaster operations to protect private property</p> <p>May result in no more cost-sharing for establishment and operation of relief and recovery centres</p> <p>State preference is to abolish AGDRP</p>
3.6	The Commonwealth Grants Commission should revisit its assessment of 'average state policy' and accompanying accountability requirements for natural disaster policies once the Australian Government has announced its decision regarding relief and recovery funding arrangements.	Support-in-principle	Aligns with Victorian First Submission recommendation 6
4.1	<p>When collecting new natural hazard data or undertaking modelling, all levels of governments should:</p> <ul style="list-style-type: none"> • make information publicly available where it is used for their own risk management and/or there are significant public benefits from doing so • 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 • apply cost recovery where governments are best placed to collect or analyse specialist data for which the benefits accrue mostly to private sector users. 	<p>Support the public availability of information</p> <p>Support-in-principle the use of private sector providers and cost recovery mechanisms</p>	<p>State already has considerable information-sharing capacity/capability with public</p> <p>Request more information regarding use of private sector and cost recovery</p>



4.2	<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"> governments sharing natural hazard data that they already hold and undertaking land use planning and mitigation to reduce risk exposure and vulnerability insurers sharing expertise and information (for example, claims data) to inform land use planning and mitigation collaboration to inform households of 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. 	Support	<p>State already developing partnerships with insurance industry</p> <p>Local government should be brought into these early relationships</p>
4.3	<p>State and territory governments should hasten implementation of the <i>Enhancing Disaster Resilience in the Built Environment Roadmap</i>, 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>	Support	
4.4	<p>State governments should:</p> <ul style="list-style-type: none"> clearly articulate the statewide natural hazard risk appetite in land use planning policy frameworks provide local governments with guidance on how to prioritise competing objectives within land use planning provide local government with guidance on how to integrate land use planning and building standards. Consideration should be given to Victoria’s <i>Integrated Planning and Building Framework for Bushfire</i> in this regard. <p>Furthermore, local governments should publish the reasoning behind development assessment decisions.</p>	<p>Support the articulation of risk appetite</p> <p>Support-in-principle the provision of guidance to local governments</p>	<p>Resourcing implications for guidance to local governments, and Victoria submits that it is not a state responsibility</p> <p>Victoria already provides guidance to Council on land use planning and building standards, but does not wish to create a requirement or precedent which moves responsibility from councils to the State</p>
4.5	<p>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>	Do not support	<p>Onus should reasonably be on local governments to manage their resources and responsibilities</p>



4.6	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 making changes to land use planning regulations.	Do not support	Onus should reasonably be on local governments to manage their resources and responsibilities
4.7	The provisions in the Queensland Sustainable Planning Act 2009 for injurious affection should be repealed.	No position	Recommendation does not affect Victoria
4.8	State and territory taxes and levies on general insurance should be phased out and replaced with less distortionary taxes.	Support-in-principle	Would need an efficient tax to replace revenue lost through implementation of this 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.	Support-in-principle	Support the principle of increasing information to Individuals/households, but they should remain responsible for accessing this information
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"> stronger processes for project selection that incorporate requirements for cost-benefit analyses that are independently scrutinised and publicly released consideration of natural disaster risk in project selection a clearer link between road-user preferences and maintenance and investment decisions. 	Preliminarily support-in-principle	Support the adoption of best-practice institutional and governance arrangements More information is requested from Commission regarding how this requirement for best-practice institutional and governance arrangements will affect access to NDRRA funding



APPENDIX 2 – VICTORIAN RESPONSES TO THE COMMISSION'S INFORMATION REQUESTS

Budget treatment of natural disaster risks

Do state, territory and local governments maintain up-to-date asset registers?
How is asset management planning integrated into state, territory and local government budgets?
How do state, territory and local governments' asset management plans incorporate natural disaster risk management?

Under Section 44B of the *Financial Management Act 1994* and Section 23 of the *Victorian Managed Insurance Authority Act 1996*, a department or public body must maintain a register of assets and develop, implement and keep under review a risk management strategy. The Victorian Managed Insurance Authority (VMIA) must report to the Minister on the adequacy of the register of assets and risk management strategy (this requirement applies only to agencies required to insure with VMIA).

The Commission seeks feedback on approaches for the Australian Government to provision for some base level of natural disaster risk in the budget each year.

- What would be the advantages and disadvantages of using historical averages?
- Are there more sophisticated models available to estimate potential future liabilities?
- How should 'imputed savings' from changes to the Natural Disaster Relief and Recovery Arrangements be estimated?

Victoria will not provide information to the Commission on this issue as Australian Government budget provisions are not a matter for the State to consider.



Funding arrangements for recovery

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.

A list of eligible NDRRA events with total expenditure over the past five years is provided in the following table:

AGRN	Description	Total Expenditure (\$)
320	South Gippsland Bushfire – Jan/Feb 2009***	-
322	February 2009 Bushfires	691,851,771
	Victorian storms (Melbourne) – March 2009	245,830
	Storms – May 2010	358,451
	Floods – August 2010	3,591,900
413	Floods - September 2010 *	985,639,155
419	Floods - November/December 2010 **	-
423	January 2011 - Flooding event **	-
429	Severe Storm/Flooding - February 2011 **	-
443	Gippsland Flood 22-23 March 2011 **	-
447	Flood - March 2011	312,139
456	Flood - August 2011	2,777,747
457	Gippsland Flood - July 2011	-
461	Severe Storm - 9-10 November 2011	1,320,418
467	Victorian storms and flash flooding - 18 December 2011	4,586,392
468	Victorian severe weather Melbourne 25 December 2011	4,133,863
480	Severe weather - 27-28 February 2012	147,532,250
494	Storms and Flooding - June 2012	45,739,607
495	Storms and Flooding - 25-27 May 2012	2,337,218
497	Flooding - 22-24 June 2012	11,020,488
609	Flood Victorian Mornington Peninsula Flooding - April 2012	-
503	Severe Storm - 5-8 Sept 2012	1,508,064
506	South Gippsland Flood - June 2011	462,230
539	Vic - South West Victorian Bushfire - January 2013	5,410,466
540	Vic - Gippsland Bushfires - January 2013	52,112,817
550	Vic Bushfires - February 2013	11,287,734
551	Vic Hippo Track Bushfire - October 2012	336,929
552	Vic Casterton Bushfire - November 2012	1,115,676
555	Vic - Storms and tornadoes - March 2013	913,402
557	Vic bushfires - March 2013	1,042,911
575	Floods June 2013	792,391
581	Victorian Storms and Floods - August 2013	398,610
584	Storms - 26 September - 3 October 2013	1,005,483
602	January Bushfires - 16 January 2014 *	56,617,613
608	Victoria—Bushfires (February 2014) *	4,880,319
633	Victoria—East Gippsland Floods (June 2014) *	2,000,000
635	Victorian Storms (commencing 24 June 2014) *	2,000,000
637	Victoria Storms (July 2014) *	1,500,000
638	Victoria Storms and Floods (September 2014) *	1,000,000
Total		2,045,831,874

* based on estimates

** incorporated into AGRN413

*** incorporated into AGRN332



Should there be a more explicit definition of counter disaster operations under the Natural Disaster Relief and Recovery Arrangements (or any future arrangements)?

- To what extent are extraordinary counter disaster operations costs subject to separate Australian Government cost-sharing arrangements?
- To what extent are activities that are the normal responsibilities of state and territory governments being included as eligible expenditure under this clause?
- To what extent do councils utilise day labour and own equipment for community recovery activities, such as counter disaster operations?

Over the past year, Emergency Management Australia, in conjunction with the NDRRA Stakeholders Working Group, has been working with States on a new guideline for Counter Disaster Operations. Victoria notes that there is still confusion on the interpretation of wording in the NDRRA Determination and guidelines, especially with regards to plant and equipment use.

To reduce confusion surrounding counter disaster operations by States and local governments in the reimbursement of eligible expenditure, Victoria supports a more explicit definition of counter disaster operations, including a more definitive list of eligible activities and activities undertaken in the “interests of health and safety.”

Victoria is not able to comment on the extent to which Councils utilise day labour or own equipment for community recovery activities.

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?

Victoria does not support the Commission’s reform option 3.

A 0.2 per cent state government revenue trigger would require the Victorian budget to absorb the first \$97 million in recovery expenditure for every natural disaster. If the Commission proceeds with suggesting this reform option, Victoria advocates for further analysis regarding a financially viable and sustainable trigger.

Transitional requirements

To what extent would currently available estimation methods, such as the National Impact Assessment Model, inform the estimation of benchmark costs? Would additional assessment tools need to be developed? Who should be responsible for developing these tools?

- Could this be overseen by the Australian Government Reconstruction Inspectorate?
- What timeframe would be required for the development of benchmark cost estimates to be applied across all jurisdictions?

Victoria does not support the use of benchmark pricing to determine the Commonwealth’s contribution to recovery. Our concerns include the difficulty involved in obtaining accurate estimates of damage quickly following a natural disaster, the potential for significant delays in commencing recovery activities and the possibility of bias from the Commonwealth and the States affecting estimation of benchmark prices. Victoria also submits that the NIAM is not viable as an estimation tool, as it was not developed for this purpose and remains untested.

Victoria does not support the Australian Government Reconstruction Inspectorate being involved in the development of assessment tools for the estimation of benchmark costs. Victoria would view this involvement as a conflict of interest. If a benchmark tool is required, Victoria advocates for an independent body to lead the work.



What governance and institutional arrangements would be required to implement the Commission's 'top-up' insurance option? Could premiums be estimated by the Department of Finance, the Australian Government Actuary, Comcover or another body?

- How could reinsurers be involved in this process?
- What timeframe would be required before such a model could be operational?

In addition to allowing cover for a lower small disaster criterion, small annual expenditure threshold and higher rate of cost sharing from the Australian Government, would there be merit in the 'top-up' insurance option also providing cover for broader eligible expenditure?

The 'top-up' insurance model would require actuarially fair insurance pricing for State, Territory and local government assets. This would depend on the assets, the risk faced by, and historical damage profile of, those assets. A detailed data set would be required. This would be time consuming to compile.

Reinsurance markets also require this data to price risk. The more comprehensive the data, the fewer assumptions of risk by reinsurers, resulting in an optimal pricing outcome.

The Victorian Managed Insurance Authority (VMIA) has detailed asset records, including road assets, risk profiles and historic cost data for all state-owned assets. Whether other jurisdictions hold similar data is not known.

Should the VMIA be required to participate in a 'top-up' insurance option, they would need to be sure that pricing properly reflects their detailed risk data sets, and long-term claims experience information. Victoria would be keen to avoid having to pay into a premium pool that has been inflated because it is based on less than optimal data from, and adverse claim experience of, other jurisdictions.

What transitional arrangements are required for state and territory governments to meet the proposed accountability requirement put forward by the Commission to apply to both mitigation and recovery assistance?

Victoria does not support the reform options proposed by the Commonwealth.

If one of the Commission's reform options was implemented, a transition plan that supports communities and governments would be needed to address the significant decrease to recovery funding, and the likely disadvantage it would bring to individuals, communities and governments.

The Commission's proposals represent a significant cost-shift to State, Territory and local governments, and will have serious negative financial impacts. These impacts will be exacerbated if all cost-shifting proposals – the increased small disaster criterion, the increased cost-sharing threshold, the reduced Commonwealth contribution rate and the changes to personal and small business assistance – are implemented in simultaneously. A multi-year transition plan, which spreads the increased financial burden over multiple years, would be preferable.

Victoria would not support the transition plan to increase mitigation funding over a three year period. The increase to the full \$200 million annual mitigation funding should be implemented in conjunction with the significant cuts to recovery funding which, under the Commission's proposed transition plan, will be at year 1.

Victoria would support the transition to accountability, with two years of operation where accountability measures can be put in place and tested without compromising funding eligibility.



Government insurance

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.

Victoria insures its State owned assets through the VMIA, a captive insurer. The VMIA does not utilise non-traditional insurance products. As such, Victoria has no information to provide the Commission on non-traditional insurance products, such as tailored parametric or index-based insurance and catastrophe bonds.

Information

If guidelines for the collection and dissemination of hazard mapping and modelling are developed:

- who would be best placed to develop these guidelines?
- what hazards could be covered?
- how could guidelines for hazard type be prioritised for development?

Victoria is not able to provide information on this matter.

Insurance

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 sum insured and the replacement value of the property?

Are there any barrier to insurers recognising property-level mitigation through reduced premiums? Where commercial insurers adopt more risk-reflective pricing are reinsurers adjusting their prices accordingly?

Victoria is not able to provide information on this matter.