



Submission to the Inquiry into Natural Disaster Funding

Productivity Commission Issues Paper

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Local Government Association of Queensland

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Executive Summary

The Local Government Association of Queensland (LGAQ) is pleased to provide this submission in response to the Commission's Issues Paper. The LGAQ looks forward to participating in hearings and other engagements conducted as part of the Inquiry, as well as providing additional information to assist the Commission.

The following sections discuss matters raised in the Commission's Issues Paper. Key points raised by the LGAQ in this submission are summarised below:

Funding Natural Disaster Recovery and Mitigation

- Over time, the direct contribution of local government to disaster related matters will have increased substantially. The LGAQ is seeking further information on council contributions from five case study councils to illustrate this.
- From a local government financial perspective, there is no capacity for cost shifting of natural disaster funding responsibilities to councils in Queensland.
- The severity of natural disasters bears no relationship to the fiscal capacity of the local council. For local government, maintaining the level of Commonwealth support provided as a proportion of the costs of natural disasters once relevant trigger points are reached is essential.
- The LGAQ is particularly concerned with the recommendations in the Commission of Audit Report, which implies a substantial reduction in the funding role of the Commonwealth. This could place an unmanageable burden on a council faced with substantial damage to infrastructure.
- There is a need for substantial ongoing funding for natural disasters from Federal and State resources to sustain councils across Queensland. As a result of the vertical fiscal imbalance between the Commonwealth and States, the Commonwealth must continue to fund a large proportion of extreme events.
- Given the vertical fiscal imbalance between the Commonwealth and States, it is essential that direct funding from the Commonwealth continues.
- The current arrangements provide a high degree of certainty on what is funded and the contribution by each sphere of government.
- The LGAQ considers the current trigger points for both state and local governments under NDRRA are appropriate.
- The LGAQ does not support any changes to eligibility, thresholds or reimbursement levels as they relate to local government.
- A well-resourced natural disaster recovery, mitigation and resilience program is essential to the aims expressed in the *Developing Northern Australia* policy¹, particularly in ensuring viable communities, transport routes and other infrastructure essential to economic development.
- Increased expenditure on mitigation and resilience is supported.
- The LGAQ strongly supports the betterment concept but considers that current funding arrangements do not provide an appropriate incentive.

¹ The Coalition's 2030 Vision for Developing Northern Australia, June 2013

- There is a significant positive benefit-cost ratio from mitigation work which supports the call for enhanced funding for mitigation.
- Greater use of cost–benefit analysis in mitigation and resilience program selection is supported.
- The LGAQ supports ongoing programs on both betterment and mitigation, with equal shares between the Commonwealth and State and up to 20% local government funding share. However, the local government share should be flexible, up to a limit, depending on the capacity of the individual council involved.
- The LGAQ supports increased funding for the Natural Disaster Resilience Program. Measures to streamline and coordinate programs on an ongoing basis (as is currently the case in Queensland) are desirable.

Risk Management

- The LGAQ submits that insurance coverage of local government roads is not a viable, cost effective option, having regard to market availability of cover, necessary premium levels and the financial capacity of the councils most affected.
- The LGAQ considers that Queensland councils currently undertake effective risk management assessments as a component of their local disaster management planning activities.
- A concern to local government in terms of risk management for natural hazards is the potential for compensation claims for injurious affection where a previously allowable use is restricted. Current legislation is open to interpretation and argument when including natural hazard responses in local government planning instruments. The LGAQ has formally requested the State Government to change the planning legislation by limiting the scope for injurious affection for natural hazard responses in local government planning instruments.
- A broader concern to local government is, in meeting its statutory obligations, councils must make potentially difficult decisions responding to natural hazards, based on the advice of relevant experts, which raises serious concerns of current and future exposure to liability claims. To mitigate these risks and to allow councils to facilitate appropriate growth and development, the LGAQ has formally requested the State Government to amend the *Local Government Act 2009* to include necessary provisions to relieve local governments from liability for reasonably based decision making and actions, similar to those provided for in section 733 of the New South Wales *Local Government Act 1993*.
- The LGAQ considers that planning frameworks in Queensland are adequate in facilitating effective and sustainable risk management, apart from the need to change legislation by limiting the scope for injurious affection and introducing a statutory protection from liability for claims as noted above.
- The LGAQ does not consider that there is an issue with the way in which the Commonwealth Grants Commission (CGC) treats natural disaster payments in terms of greater incentive for more effective risk management.
- The LGAQ does not support such an approach where states would pay an insurance premium to the Commonwealth as the current arrangements recognise the vertical fiscal imbalance across the spheres of government.

Cost Effective Decision Making and Administration

- The LGAQ submits that the value for money approach of the trial should be permanently adopted by the Australian Government as the basis for the use of council day labour staff in performing works under the NDRRA. The use of council day labour has been shown as cost effective.
- For local government, roads are the most significant asset impacted by natural disasters. The LGAQ would support changes that streamline processes for road construction. As noted above, the use of day labour for such works (based on the VFM trials) should be an ongoing element in NDRRA assistance.
- It is not feasible for local government to generally make provision for natural disaster contingent liabilities in budget frameworks given the potential size of such events relative to a council budget.
- The LGAQ supports measures that can simplify processes and reduce the cost to councils in compliance.
- The LGAQ considers that there is now rigorous monitoring and enforcement of the conditions of NDRRA through the QRA.
- The LGAQ does not consider that there is overlap in disaster assistance with other Commonwealth, state or territory programs.

1 The Local Government Association of Queensland

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association setup solely to serve councils and their individual needs.

The LGAQ has been advising, supporting and representing local councils since 1896, allowing them to improve their operations and strengthen relationships with their communities. The LGAQ does this by connecting councils to people and places that count; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and delivering them the means to achieve community, professional and political excellence.

2 Scope of Inquiry

In undertaking this review the Productivity Commission has been asked to consider:

- (a) How business, the community, Commonwealth, state, territory and local governments can most effectively fund natural disaster recovery and mitigation initiatives;
- (b) How to ensure the right incentives are in place to support cost-effective decision making within and across all levels of government, business, non-government organisations and private individuals;
- (c) Mechanisms and models to prioritise mitigation opportunities and evaluate the costs and benefits of a range of mitigation options;
- (d) Options for urban planning, land use policy and infrastructure investment that support cost-effective risk management and understanding of the changes to the risk profile;
- (e) Options to fund identified natural disaster recovery and mitigation needs, including thresholds for triggering Commonwealth assistance to the states and territories;
- (f) Projected medium and long term impacts of identified options on the Australian economy and costs for governments as compared to impacts of the current funding arrangements; and
- (g) Options for transitioning to and implementing any proposed reforms to national natural disaster funding arrangements.

The LGAQ is pleased to provide this submission in response to the Issues Paper. As noted in the covering letter, the LGAQ looks forward to participating in hearings and other engagements conducted as part of the Inquiry.

The above aspects of the Terms of Reference are discussed later in this submission in terms of their relevance to local government.

3 Queensland Local Government and Disaster Management

3.1 LGAQ Policy Position

The LGAQ Policy Statement 2013 includes the following specific positions in relation to Disaster Management:

3.6 Disaster Management

3.6.1 Natural Disaster Relief and Recovery Arrangements (NDRRA)

3.6.1.1 Arrangements for natural disaster relief and recovery funding should be amended to allow more flexibility in the use of that funding for the betterment of damaged assets where it is deemed necessary and appropriate.

The LGAQ Annual Conference to be held in October 2014 will put to its membership a proposition, in line with recent representations to parties contesting the 2013 Federal election, that Betterment works be funded through equal shares between the Commonwealth and State and up to a maximum 20% contribution by local government. The local government share should be flexible up to a limit depending on the capacity of the individual council involved.

3.6.1.2 The Value For Money (VFM) trial should be permanently adopted by the Federal Government as the basis for the use of council day labour staff in performing works under the NDRRA.

3.6.2 Community Disaster Resilience and Disaster Mitigation

3.6.2.1 The Federal and State Governments should commit to continued funding of the Natural Disaster Resilience Program (NDRP) as a fund to assist local governments to undertake community resilience building projects to reduce the impacts of identified natural disaster risks on communities.

3.6.2.2 The Federal and State Governments should commit to specific funding programs to enable local governments to undertake essential physical mitigation programs to further reduce the exposure of communities to the impacts of natural disasters and to ensure the protection of essential community infrastructure.

5.1.6 Climate Change

5.1.6.6 Local government requires appropriate levels of funding and resourcing assistance to meet urgent climate change mitigation and adaptation requirements for the short and long term protection and benefit of communities.

3.2 Contribution to Disaster Relief, Recovery and Management

Queensland local government makes a substantial contribution to disaster relief, recovery and management. This includes direct financial support as well as in-kind support and assistance.

Under the *Disaster Management Act 2003*, the role of local government specified includes:

- establishing a Local Disaster Management Group (LDMG);
- appointing a Councillor as chairperson of the LDMG;
- preparing and approving a local disaster management plan;
- appointing the CEO or another council employee as Local Disaster Coordinator;
- ensuring it has a disaster response capability (the ability to provide equipment and a suitable number of persons, using the resources available to local government, to effectively manage, or help another entity to manage, an emergency situation or a disaster in the local government area);
- ensuring information about an event in its area is promptly given to the district disaster coordinator.

Under the NDRRA, there are costs for local government which are ineligible for funding. These include:

- indirect and overhead costs including internal administration costs such as finance, human resources, back-office processing and administration;
- preparation of NDRRA submissions and NDRRA reporting and NDRRA acquittal;
- damage to sporting, recreational or community facilities and memorials;
- clean up and restoration of natural vegetation, natural banks, streams, rivers, beaches, undeveloped public land.

Councils also provide facilities and other support to the local SES and Rural Fire Brigades.

The NDRRA guidelines have, over time, become increasingly restrictive in terms of items eligible for financial support.

Burdekin Shire notes² that *“...Councils commit substantial capital and maintenance expenditure to provide modern recreational facilities to promote and encourage healthy recreational activities. These facilities include playground equipment, skate parks, BBQ’s, covered play area, parks and swimming pools. Most of these facilities are accessed by residents at no charge. Swimming pools are provided to residents at a nominal user pays fee. Our council does not have the population base to recover enough fees from swimming pool operations to cover the cost. As such, all of the facilities mentioned previously should be recognised as an essential public asset ensuring the health of the community and assisting in the recovery of the community following natural disasters.”*

² See Appendix B, Burdekin Shire Council Submission

The Burdekin Shire submission also notes that reinstatement of flood damaged river banks should be classed as essential public infrastructure because of their role in protecting valuable farm land and public infrastructure.

As Bundaberg Regional Council notes³ *“...Despite the current financial contributions received under the jointly funded (Commonwealth and State) NDRRA program, local governments are still exposed to considerable expense following each disaster. These costs can impact on affected local governments’ ability to provide even the most basic of services to their communities. In addition to the NDRRA threshold that applies to each local government area, a significant proportion of expenses incurred by Council in response to a disaster are classified as “ineligible”. Local governments are therefore further burdened with these additional disaster costs and it often takes several budget cycles for Council to repay the debt.”*

Over time, the direct contribution of local government to disaster related matters will have increased substantially. Unfortunately, there is no published information on this direct financial contribution of Queensland councils to natural disaster related matters. The LGAQ is seeking further information on council contributions from five case study councils and will forward this when it becomes available.

3.3 Financial Sustainability Pressures

Queensland local government is under considerable financial pressure in terms of ensuring sustainable local government in the communities they serve.

The most recent risk assessment by the Queensland Audit Office⁴ shows that only 52% of Queensland councils are categorised as low risk using the three financial sustainability measures required by the *Local Government Regulation 2012* against the sustainability targets set by the Department of Local Government, Community Recovery and Resilience.

Table 3.1 provides details of the (QAO) risk assessment.

Table 3.1: Relative risk assessment

Category	Higher	Moderate	Lower
Very large	1	7	4
Large	2	3	11
Medium	0	3	10
Small	3	1	11
Indigenous	10	4	1
Total	16	18	37
Per cent	23%	25%	52%

Source: QAO Report 14

Table 3.2 provides details of the increase in Queensland local government expenditure in real terms per capita over the last ten years. Expenditure on natural disaster activities are not reported separately.

Table 3.3 shows the increase in general rate revenue over the same period.

³ See Appendix B, Bundaberg Regional Council Submission

⁴ Queensland Audit Office, Report 14, 2013/14

Changes in arrangements for water providers in South East Queensland mean that there is a discontinuity in the data for 2010/11 and 2012/13, reflected in the decrease in expenditure in the housing and community amenities function which include water and sewerage functions.

Key points to note are that:

- Queensland councils have increased their taxation effort in real terms per capita by 31% over the ten year period shown.
- Overall outlays have increased by over 38% in real terms per capita, including a significant growth in fixed capital formation.
- In the roads and transport function, outlays have increased by 43% in real terms per capita. Part of this increase would relate to NDRRA work on damaged road assets.

Table 3.2: Queensland Local Government Expenses per capita by Purpose, Real Terms 2013

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	increase 03/04 to 12/13
General public services	\$371	\$382	\$377	\$418	\$429	\$407	\$408	\$410	\$499	\$528	42.5%
Public order and safety	\$26	\$26	\$30	\$30	\$25	\$27	\$24	\$38	\$28	\$29	11.0%
Education	\$1	\$1	\$1	\$1	\$1	\$4	\$3	\$1	\$2	\$1	-36.4%
Health	\$16	\$16	\$12	\$13	\$13	\$11	\$13	\$12	\$11	\$11	-32.4%
Social security and welfare	\$18	\$18	\$18	\$15	\$13	\$14	\$14	\$15	\$16	\$14	-19.3%
Housing & community amen.	\$491	\$504	\$520	\$532	\$551	\$594	\$558	\$373	\$383	\$466	-5.1%
Recreation and culture	\$163	\$163	\$172	\$171	\$171	\$197	\$198	\$205	\$191	\$182	11.4%
Fuel and energy	\$1	\$1	\$15	\$12	\$5	\$1	\$0	\$1	\$2	\$1	-20.6%
Ag., forestry & fishing	\$8	\$8	\$12	\$10	\$5	\$3	\$3	\$3	\$3	\$3	-64.1%
Mining, manuf. & constrn.	\$27	\$27	\$26	\$26	\$25	\$18	\$21	\$24	\$21	\$31	14.2%
Transport & communication	\$402	\$413	\$418	\$414	\$423	\$479	\$501	\$583	\$624	\$574	42.7%
Other economic affairs	\$36	\$37	\$34	\$35	\$42	\$42	\$39	\$39	\$43	\$43	22.2%
Public debt transactions	\$62	\$59	\$53	\$50	\$50	\$28	\$41	\$58	\$63	\$67	8.4%
Other	\$15	\$17	\$13	\$17	\$19	\$26	\$26	\$24	\$31	\$22	43.0%
Sub Total	\$1,637	\$1,671	\$1,701	\$1,743	\$1,772	\$1,851	\$1,849	\$1,787	\$1,917	\$1,972	20.5%
Net acquisition non-financial assets	\$210	\$273	\$325	\$498	\$387	\$519	\$655	\$462	\$493	\$578	174.8%
Total	\$1,847	\$1,944	\$2,026	\$2,240	\$2,159	\$2,370	\$2,504	\$2,249	\$2,410	\$2,550	38.0%

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	increase 02/03 to 11/12
Taxation (rate) revenue	\$523	\$532	\$557	\$587	\$596	\$627	\$636	\$655	\$669	\$686	31.3%

Source: ABS Cat. 5512.0, ABS 3218.0 & ABS 6401.0; CPI used as inflator

Gross local government debt increased from \$2.8 billion in 2006/07 to \$5.2 billion in 2011/12 and was \$6.7 billion at December 2013⁵. In real terms per capita, this is an increase in debt of 81% in the six year period.

Over the same period, funding from the Commonwealth has remained relatively static, and Queensland State funding has been reduced in nominal terms. However, local government own-source revenue growth is limited and many local government areas are not expected to experience the same rates of growth over forward years. Given the narrow base on which rates are levied and in consideration of communities’ capacity to pay, the rate at which local government rates have increased is not sustainable into the future.

From a local government financial perspective, there is no capacity for cost shifting of natural disaster funding responsibilities to councils in Queensland.

4 Effectively Funding Natural Disaster Recovery and Mitigation Initiatives

4.1 Social and Economic Considerations

Queensland is a highly decentralised State, with a significant portion (16%) of the population living north of the Tropic of Capricorn where extreme weather events are more likely to occur. Communities impacted by disasters are important to the national economy with significant contributions to agricultural production, to mining and other resource outputs and to the tourism industry. It is estimated that at least 30% of Gross State Product comes from regions impacted by natural disasters⁶. The location of urban centres relates to the history of settlement and particularly to access to sea transport to carry commodities to market.

These communities are important not only in terms of the Australian economy but also from a social perspective. When a natural disaster does strike there is no option but to support recovery through reinstatement of property and assets. It is not solely an issue of the economic merit of rebuilding. There are many intangible social costs of a disaster including disruption of social life, stress, mental illness, loss of personal memorabilia and community heritage such as cemeteries and memorials. These all must be considered in any disaster management framework.

⁵ Queensland Treasury Corporation Half Yearly Report, December 2013

⁶ Queensland Treasury and Trade, Experimental Estimates of Gross Regional Product 2010–11 – estimate includes only northern and western regions

Where opportunities for mitigation exist, there is choice and this can be judged on cost benefit grounds (which would include intangible community benefits). However, in an emergency situation, time is of the essence and it is not always practical to allow time for comprehensive analysis of options. Mitigation and betterment options are best evaluated prior to an event.

4.2 International Assessment

In 2011, the World Bank undertook an assessment of recovery and reconstruction in the aftermath of the 2010/11 flood events. The report ⁷ provides comment and analysis of relevance to this Inquiry. Some specific comments include:

- The Queensland reconstruction effort meets international good practice standards in many ways... Australia's recovery framework includes a number of elements of international good practice.
 - Pre-agreed relief and recovery measures.
 - A clearly defined threshold and cost sharing formula.
 - Incentives for mitigation.
- Australia now benefits from a robust and efficient disaster preparedness regime.
- Multi-tier institutional arrangements, legislation and formal coordination forums for disaster management are in place.
- There is a clear distribution and delineation of disaster management functions across departments, facilitating coordinated reaction processes.
- Successful recovery is closely associated with speedy mobilization of funds.
- The state of Queensland focuses on "building back better" in order to reduce the impact of future disasters and create resilient communities.

The current NDRRA measures up very well in an international context.

The World Bank review contrasts with the criticisms levelled at government response in New Orleans to Hurricane Katrina. Criticism generally focuses on a lack of an organised and coordinated arrangement for recovery with clear lines of command leading to mismanagement and lack of preparation in the relief effort.

⁷ World Bank in collaboration with the Queensland Reconstruction Authority, *Queensland Recovery and Reconstruction in the Aftermath of the 2010/2011 Flood Events and Cyclone Yasi*, June 2011

The report of a Select Bipartisan Committee created to Investigate the Preparation for and Response to Hurricane Katrina noted the following⁸:

"failures at all levels of government that significantly undermined and detracted from the heroic efforts of first responders, private individuals and organizations, faith-based groups, and others."

"Katrina was primarily a failure of initiative."

"The failure of local, state, and federal governments to respond more effectively to Katrina — which had been predicted in theory for many years, and forecast with startling accuracy for five days — demonstrates that ... we are still not fully prepared. Local first responders were largely overwhelmed and unable to perform their duties, and the National Response Plan did not adequately provide a way for federal assets to quickly supplement or, if necessary, supplant first responders."

4.3 Role of Australian Government

Natural disasters in recent years have had a significant financial impact in Queensland. More than \$5.4 billion of local government assets have required reinstatement as a result of natural disasters over the last six years (2008/09 to 2013/14)⁹. In many cases, affected councils are relatively small with a low revenue base. **The severity of natural disasters bears no relationship to the fiscal capacity of the local council.**

For local government, maintaining the level of Commonwealth support provided as a proportion of the costs of natural disasters once relevant trigger points are reached is essential.

The LGAQ is particularly concerned with the recommendations in the Commission of Audit Report, which implies a substantial reduction in the funding role of the Commonwealth. The report states:

"Consistent with the general approach taken that the Commonwealth should avoid attempting to duplicate the functions of the States, the Commission recommends that the current claims-based process be replaced by a grant arrangement to the affected State after a major natural disaster. The grant would be paid over a number of instalments.

The level of Commonwealth contribution would vary depending on the size and severity of the disaster event, but could be set at between 25 per cent and 33 per cent of likely reconstruction costs (with the amounts based on assessments by insurance expert assessors)."

The report does not recommend any specific local government portion, but it can be assumed that the State Government would be unlikely to cover the loss of 40% to 50% of the current Commonwealth contribution which is a maximum of 75% at present. **This could place an unmanageable financial burden on a council faced with substantial damage to infrastructure.**

⁸ US Government Printing Office, Executive Summary, Select Bipartisan Committee created to Investigate the Preparation for and Response to Hurricane Katrina, 2006

⁹ Queensland Reconstruction Authority

For example, Bundaberg Regional Council faced damage of \$139 million in 2012/13. At present its maximum contribution in 2012/13 is capped at \$351,825 (0.75% of its 2010/11 general rate revenue). If for example, a 30% contribution was expected from this council under the 2012/13 damage, then Bundaberg Regional Council would face a damage bill of almost \$42 million (equivalent to 76% of its 2012/13 general rate revenue). Clearly this would not be sustainable.

Table 4.1 shows the estimated cost of natural disasters on Queensland local government assets over the period from 2008/09 to 2013/14. The average cost per year relative to the general rate base of each council is also shown. Figures for indigenous councils are not included as they do not have general rate revenue. However, Queensland indigenous councils had an estimated \$216 million of asset damage over the six year period.

The table shows that small western Queensland rural councils such as Croydon and Diamantina suffer average annual losses in excess of 1000% of annual general rate revenue. Cook Shire on Cape York also has a similar level of damage relative to rate revenue.

Only a handful of large SEQ councils have an annual average damage cost of less than 10% of general rate revenue. Across the State, natural disaster damage of council assets averaged 34% of general rate revenue. As noted earlier, if a contribution of 30% of the cost of reinstatement of damaged assets was to be placed on councils, there would be very few councils that would remain financially sustainable in Queensland.

The table clearly illustrates the need for substantial funding from Federal and State resources to sustain councils across Queensland.

Of the asset classes damaged over the six year period, 90% related to council roads (\$4,816.1 million of \$5,361.5 million).

Appendix A of this submission provides data for each council by event year and asset class.

The point is that vulnerable communities are typically located in North Queensland and have only a very small capacity for self-help. As a result of vertical fiscal imbalance between the Commonwealth and States, the Commonwealth must continue to fund a large proportion of extreme events.

Table 4.1: Estimated damage of local government assets 2009 to 2014 events

	Total 2009 to 2014 events \$m	Average per Year \$	Net General Rates 2010/11 \$	Average Annual Damage as % Rate Revenue
Croydon Shire Council	\$44.1	\$7,350,000	313,000	2348.2%
Diamantina Shire Council	\$37.3	\$6,216,667	515,551	1205.8%
Cook Shire Council	\$186.3	\$31,050,000	2,788,000	1113.7%
Barcoo Shire Council	\$30.5	\$5,083,333	643,000	790.6%
Paroo Shire Council	\$76.9	\$12,816,667	1,650,000	776.8%
Boulia Shire Council	\$31.1	\$5,183,333	714,000	726.0%
Richmond Shire Council	\$31.2	\$5,200,000	726,000	716.3%
Carpentaria Shire Council	\$116.8	\$19,466,667	2,773,000	702.0%
Murweh Shire Council	\$81.8	\$13,633,333	2,578,000	528.8%

	Total 2009 to 2014 events \$m	Average per Year \$	Net General Rates 2010/11 \$	Average Annual Damage as % Rate Revenue
Balonne Shire Council	\$138.0	\$23,000,000	4,951,000	464.6%
Etheridge Shire Council	\$45.3	\$7,550,000	1,678,000	449.9%
McKinlay Shire Council	\$46.1	\$7,683,333	1,790,000	429.2%
Flinders Shire Council	\$39.2	\$6,533,333	1,604,000	407.3%
North Burnett Regional Council	\$136.7	\$22,783,333	6,433,000	354.2%
Quilpie Shire Council	\$44.5	\$7,416,667	2,383,000	311.2%
Barcaldine Regional Council	\$57.6	\$9,600,000	3,206,000	299.4%
Winton Shire Council	\$33.1	\$5,516,667	1,946,000	283.5%
Burke Shire Council	\$43.7	\$7,283,333	2,631,000	276.8%
Hinchinbrook Shire Council	\$185.8	\$30,966,667	12,786,000	242.2%
Blackall-Tambo Regional Council	\$31.0	\$5,166,667	2,295,794	225.0%
Maranoa Regional Council	\$157.1	\$26,183,333	11,891,651	220.2%
Bulloo Shire Council	\$42.0	\$7,000,000	3,416,000	204.9%
Lockyer Valley Regional Council	\$227.3	\$37,883,333	18,522,000	204.5%
Somerset Regional Council	\$149.8	\$24,966,667	12,229,736	204.1%
Charters Towers Regional Council	\$92.5	\$15,416,667	7,689,000	200.5%
Western Downs Regional Council	\$161.6	\$26,933,333	22,078,000	122.0%
Cassowary Coast Regional Council	\$177.5	\$29,583,333	27,221,000	108.7%
Whitsunday Regional Council	\$194.5	\$32,416,667	30,535,000	106.2%
South Burnett Regional Council	\$111.9	\$18,650,000	18,089,000	103.1%
Scenic Rim Regional Council	\$131.3	\$21,883,333	23,703,389	92.3%
Banana Shire Council	\$79.7	\$13,283,333	15,339,000	86.6%
Cloncurry Shire Council	\$28.9	\$4,816,667	5,811,000	82.9%
Torres Shire Council	\$3.8	\$633,333	787,000	80.5%
Longreach Regional Council	\$16.3	\$2,716,667	3,724,000	73.0%
Goondiwindi Regional Council	\$37.8	\$6,300,000	9,203,300	68.5%
Bundaberg Regional Council	\$180.7	\$30,116,667	46,910,000	64.2%
Central Highlands Regional Council	\$122.9	\$20,483,333	33,318,000	61.5%
Burdekin Shire Council	\$68.6	\$11,433,333	20,313,000	56.3%
Isaac Regional Council	\$94.2	\$15,700,000	28,083,889	55.9%
Tablelands Regional Council	\$84.6	\$14,100,000	25,851,000	54.5%
Gympie Regional Council	\$75.3	\$12,550,000	25,516,000	49.2%
Mackay Regional Council	\$234.0	\$39,000,000	79,416,000	49.1%
Gladstone Regional Council	\$141.8	\$23,633,333	48,320,000	48.9%
Southern Downs Regional Council	\$54.8	\$9,133,333	19,339,678	47.2%
Toowoomba Regional Council	\$199.4	\$33,233,333	87,200,000	38.1%
Townsville City Council	\$208.3	\$34,716,667	113,330,501	30.6%
Rockhampton Regional Council	\$65.0	\$10,833,333	51,041,803	21.2%
Mount Isa City Council	\$10.5	\$1,750,000	8,686,000	20.1%
Ipswich City Council	\$113.9	\$18,983,333	94,574,000	20.1%
Fraser Coast Regional Council	\$35.4	\$5,900,000	52,657,000	11.2%

	Total 2009 to 2014 events \$m	Average per Year \$	Net General Rates 2010/11 \$	Average Annual Damage as % Rate Revenue
Cairns Regional Council	\$67.2	\$11,200,000	101,253,000	11.1%
Brisbane City Council	\$179.7	\$29,950,000	592,682,000	5.1%
Moreton Bay Regional Council	\$48.7	\$8,116,667	164,696,000	4.9%
Sunshine Coast Regional Council	\$18.1	\$3,016,667	178,738,000	1.7%
Redland City Council	\$6.0	\$1,000,000	65,951,000	1.5%
Logan City Council	\$7.6	\$1,266,667	90,859,000	1.4%
Gold Coast City Council	\$9.2	\$1,533,333	325,626,000	0.5%
Douglas Shire Council	\$22.1	\$3,683,333	NA	NA
Livingstone Shire Council	\$11.4	\$1,900,000	NA	NA
Mareeba Shire Council	\$37.3	\$6,216,667	NA	NA
Noosa Shire Council	\$0.0	\$0	NA	NA
TOTAL	\$5,145.7	\$857,616,667	\$2,519,005,293	34.0%

Source: Queensland Reconstruction Authority

Table 4.2 shows the taxation revenue by government sector in 2011/12.

The current arrangement where up to 75% of NDRRA funding is from the Australian Government is clearly consistent with the fiscal capacity of each sphere of government.

Table 4.2: Taxation Revenue by Government Sector 2011/12

Government Sector	Taxation Revenue \$ billion	Share
Australian	\$317.7	82%
State	\$57.4	15%
Local	\$13.2	3%
	\$386.8	100%

Source: ABS Cat. 5512.0

The LGAQ considers the current trigger point for local government under NDRRA (0.75% of net general rate revenue) is appropriate. Similarly, the trigger points for the States (0.225% of state revenue including grants for the first threshold where the Commonwealth contributes 50%, and 1.75 times the first threshold for the second threshold after which the Commonwealth contributes 75%) are appropriate and recognises the issue of vertical fiscal imbalance.

It is also relevant to note that the area most prone to the impact of natural disasters is Northern Australia. Any reduction in Australian Government support would be in conflict with the Government's commitment to put in place policies and plans to develop Northern Australia's potential with more investment, infrastructure, jobs and services.

The White Paper currently being developed is intended to capitalise on Northern Australia's existing strengths and natural advantages in agriculture, cattle and energy as well as to seize opportunities in tourism, education and health services.

A well-resourced natural disaster recovery, mitigation and resilience program is essential to the aims expressed in the *Developing Northern Australia* policy¹⁰, particularly in ensuring viable communities, transport routes and other infrastructure essential to economic development.

¹⁰ The Coalition's 2030 Vision for Developing Northern Australia, June 2013

4.4 Betterment

Under the current NDRRA, funding from the Australian Government at the 50% or 75% thresholds is only available for restoring or replacing essential public assets to the pre-disaster standard.

While under the NDRRA Determination 2012, additional funding for betterment to a more disaster resistant standard is allowed, the Australian Government support for local government is limited to 30% of the cost compared with 50% for State assets. The rationale for this difference is not apparent.

Betterment is intended to limit the cost of rebuilding repeatedly damaged infrastructure by allowing essential public assets to be rebuilt to a more resilient standard where it is cost-effective to do so. The **LGAQ strongly supports the betterment concept but considers that current funding arrangements do not provide an appropriate incentive.**

It is also appropriate to note that, in many parts of Queensland (eg Channel Country & Gulf), there is unlikely to be any cost effective engineering solutions that can protect the road assets from flood damage. These road assets are often essential for the local economy, and will need reinstatement as damage occurs.

In addition to the betterment funding under NDRRA noted above, the Queensland Betterment Fund was established as part of the NDRRA. On 28 February 2013, the Commonwealth Government approved funding of \$40 million, matching the Queensland Government's \$40 million to create the \$80 million Betterment Fund.

The betterment framework allows councils to restore or replace essential public assets damaged by Tropical Cyclone Oswald to a more disaster-resilient standard than their pre-disaster standard. However, this fund only covers damage from this January 2013 event. The share of funds from each council applicant varies depending on the submission and each particular situation.

Table 4.3 provides details of the funding of betterment by council.

Table 4.3: Approved Betterment Totals by Council for 2013/14 events

Council	Betterment Funding	Council Contribution	Total Project Cost **	Council Contribution as % total betterment
Aurukun	\$1,215,000	\$0	\$1,684,874	0%
Banana	\$2,102,301	\$215,430	\$3,743,734	9%
Brisbane	\$216,927	\$54,232	\$322,457	20%
Bundaberg	\$7,850,813	\$642,800	\$15,104,776	8%
Burdekin	\$340,908	\$88,000	\$602,938	21%
Carpentaria	\$2,478,544	\$70,000	\$3,434,769	3%
Cassowary Coast	\$512,753	\$35,000	\$1,186,038	6%
Central Highlands	\$2,421,470	\$403,718	\$3,677,411	14%
Cherbourg	\$277,757	\$0	\$624,187	0%
Croydon	\$1,918,734	\$213,193	\$3,780,196	10%
Etheridge	\$917,750	\$151,687	\$1,671,231	14%
Fraser Coast	\$2,417,088	\$467,739	\$4,064,668	16%

Gladstone	\$1,574,614	\$177,853	\$6,049,674	10%
Gympie	\$1,931,921	\$489,163	\$3,156,579	20%
Hinchinbrook	\$1,231,307	\$136,812	\$2,104,412	10%
Hope Vale	\$1,506,967	\$10,000	\$1,811,464	1%
Ipswich	\$3,474,662	\$848,214	\$8,492,296	20%
Livingstone	\$212,842	\$48,000	\$690,661	18%
Lockyer Valley	\$6,364,621	\$1,305,716	\$12,708,439	17%
Logan	\$182,888	\$163,968	\$412,325	47%
Mapoon	\$975,038	\$0	\$1,923,488	0%
Mareeba	\$2,261,381	\$150,000	\$2,837,320	6%
Moreton Bay	\$4,284,298	\$950,515	\$6,625,744	18%
North Burnett	\$5,052,950	\$245,000	\$15,064,079	5%
Palm Island	\$1,017,142	\$0	\$1,525,370	0%
Rockhampton	\$693,542	\$120,000	\$1,192,322	15%
Scenic Rim	\$2,969,960	\$168,021	\$6,501,376	5%
Somerset	\$7,262,905	\$1,034,824	\$13,952,246	12%
South Burnett	\$4,343,003	\$481,928	\$8,511,632	10%
Southern Downs	\$283,278	\$194,000	\$613,386	41%
Tablelands	\$383,034	\$80,000	\$732,086	17%
Toowoomba	\$7,757,315	\$2,287,801	\$12,461,119	23%
Western Downs	\$1,795,612	\$343,955	\$2,975,703	16%
Yarrabah	\$272,988	\$0	\$2,137,110	0%
Grand Total	\$78,502,313	\$11,577,567	\$152,376,108	13%

Source: Queensland Reconstruction Authority; ** total includes restoration component funded under NDRRA

For the 2013/14 events, Queensland councils have contributed \$11.6 million towards betterment. Across all council projects, the betterment component from councils is equivalent to 13% of the overall cost of betterment (16% if indigenous councils excluded).

With this funding, these councils intend to deliver 220 betterment projects by June 2015.

The council contribution share varies. This relates to the nature of the project and council funding capacity. Larger councils have generally contributed over 20% whereas indigenous councils have not had the capacity to make more than a small contribution to betterment.

An ongoing program with equal shares between the Commonwealth and State and up to 20% local government funding share would result in greater emphasis on both betterment and mitigation. However, the local government share should be flexible, up to a limit, depending on the capacity of the individual council involved.

4.5 Use of Insurance

The Issues Paper raises questions in relation to whether current arrangements reduce the incentive to take out insurance.

The 2011 NDRRA Determination required each State to provide the Commonwealth with an independent assessment of their insurance arrangements, including those related to local government assets.

The independent report¹¹ notes that councils and the LGAQ approached overseas markets in relation to road insurance in 2011. Little market interest was shown. The report notes that a traditional insurance solution was unachievable, and that insuring roads would not be cost effective.

The Australian Government review of insurance arrangements¹² notes that *"...As indicated by the level of NDRRA funding that supports road repair and rectification, roads are particularly susceptible to damage in natural disasters. Insurance for losses that are expected to occur (sometimes termed 'working losses') is in general very expensive as premiums will reflect the expected loss payment stream over the longer term. Insurance for roads is also complicated by the claims settlement and loss adjustment process."*

Council assets, other than roads and some bridges, generally do have insurance coverage. This includes flood coverage, although sub limits do apply (typically a maximum of \$250,000, although a council can pay more to increase this limit).

The LGAQ submits that insurance coverage of local government roads is not a viable, cost effective option, having regard to market availability of cover, necessary premium levels and the financial capacity of the councils most affected. As noted above, market testing reveals no interest in insurance of local government roads.

4.6 Risk Management

An Emergency Risk Management (ERM) process is part of local disaster management planning activities. Queensland councils are required to be compliant with Queensland Disaster Risk Management Guidelines¹³ (these are being updated).

The LGAQ facilitated Natural Hazard Risk Assessments for 19 councils, funded by a grant under the Natural Disaster Resilience Program. The context was to provide councils with a contemporary reference document to inform both council and the LDMG of the hazards and risks that may impact on their communities.

These studies incorporated the latest State Government climate change advice as an indicator of the future hazard-scape potential. Councils involved were Banana, Boulia, Bundaberg, Cairns, Cassowary Coast, Diamantina, Gold Coast, Lockyer Valley, Logan, Mapoon, McKinley, Mornington Island, Murweh, Quilpie, Scenic Rim, South Burnett, Tablelands, Wujal Wujal and Yarrabah.

¹¹ NDRRA: Independent Assessment of Local Government Insurance Arrangements, Infinity, March 2012

¹² Commonwealth of Australia, Department of Finance and Deregulation, Review of the Insurance Arrangements of State and Territory Governments under the Natural Disaster Relief and Recovery Arrangements Determination 2011, p.35

¹³ Emergency Management Queensland, Queensland Local Disaster Management Guidelines, Sept. 2012

As well as the detailed natural hazard risk study, councils now also have reference material about natural hazards, risks and consequences that can be applied not just in Disaster Management planning, but can influence/impact on other areas of council business.

Local Government Mutual (LGM) Queensland has, since 1994, provided the vehicle by which Queensland local government has been able to collectively exercise control over and management of the legal liability exposures confronting local government. Services include claims management, risk management, insurance placement, and associated fund management and consulting services.

An Enterprise Risk Management program has also been funded through LGM and Queensland Local Government Workers' Compensation Self-insurance Scheme (LGW). The program funds four regionally based risk coordinators whose sole job is to support councils enhance their risk management framework and processes. This service is backed up by comprehensive guidance material on the introduction and implementation of Enterprise Risk Management.

The LGAQ considers that Queensland councils currently undertake effective risk management assessments as a component of their local disaster management planning activities.

5 Supporting Cost-Effective Decision Making

5.1 Use of Council Day Labour

The use of council day labour for reinstatement of assets damaged by disaster events has been an issue in NDRRA funding.

Prior to June 2012 reimbursement to deliver reconstruction work was available for 'eligible' labour costs, such as:

- council internal, extra-ordinary labour;
- outsourced labour costs incurred by councils;
- other personnel engaged by council to backfill council staff working on reconstruction projects;
- external contractors engaged by council to deliver reconstruction works.

On 22 June 2012, the Commonwealth approved a trial reimbursement of councils' internal labour costs related to the reconstruction of assets where better value-for-money could be demonstrated - the Local Government Value-for-Money Pricing Model Trial.

The QRA in its interim assessment of the value for money trial¹⁴ notes that the use of day labour has enabled Queensland councils to deliver projects at a cost below comparable market values. The report estimates that the applications from 30 councils show a saving of \$126 million in a program of \$1.048 billion from the use of day labour rather than contract arrangements. These savings result from lower labour, material and equipment costs, local knowledge in design and construction techniques, and being able to mobilise faster.

¹⁴ Qld Reconstruction Authority, Interim Assessment of the Value for Money Pricing Model (Day Labour) by Qld Local Authorities, February 2014

The LGAQ is currently collecting information on value for money projects from five case study councils. This will be forwarded separately to the Commission after the information is collated.

An example from Burdekin Shire Council illustrates the cost savings which can be achieved on reconstruction through use of council day labour. Burdekin Shire Council states¹⁵:

“... In late 2011, Council called tenders for the reconstruction of five roads within its Shire as part of the reconstruction works following an event earlier that year. Estimates to complete the works utilising Councils Day Labour work force were \$ 2,845,835. Tenders received ranged from \$ 5,472,499 to \$ 9,471,761. For the 2011 event, the QRA advised Council it could utilise our own day labour to carry out repairs, but only up to a ceiling of \$1 million. Council decided to carry out the works utilising our day labour work force whilst attempting to remain within its \$1,000,000 grant for this event.”

Had Burdekin Shire used contractors, it would have cost the Federal Government an estimated additional \$2 million. This example illustrates that the current Commonwealth position on the use of day labour is not economically sound, and typically results in additional expenditure under NDRRA.

Councils in regional areas of Queensland have identified the following concerns if ongoing use of day labour for NDRRA works is prohibited:

- Increased costs to State and Federal Governments through use of contractors as a result of higher establishment costs and competition to engage contractors when the event impacts on a number of councils in a region;
- Slower recovery of assets because of mobilisation times from non-local contractors, leading to flow on effects to the local economy including agricultural production, tourism and resource industries;
- Poorer economic outcomes for local communities including potentially increased unemployment;
- Loss of skilled staff along with specialised plant and equipment from the local area;
- Significant reduction in the ability of councils to assist their communities post the event.

The LGAQ submits that the value for money approach of the trial should be permanently adopted by the Australian Government as the basis for the use of council day labour staff in performing works under the NDRRA. The use of council day labour has been shown as cost effective.

¹⁵ See Appendix B, Burdekin Shire Submission for full details

6 Supporting Mitigation Opportunities

The Queensland Government has streamlined the process to deliver disaster mitigation and resilience funding to help protect communities from the impact of future flooding and other natural disasters.

There is now a joint application package which incorporates the following programs:

Local Government Floods Response Subsidy - \$12.8 million available in 2014-15 for flood mitigation projects.

Royalties for the Regions - \$10 million available in 2014-15 for flood mitigation projects.

Natural Disaster Resilience Program- \$24 million available for flood mitigation and all hazards projects (50% Commonwealth, 50% State).

The LGAQ considers enhanced and ongoing funding programs are necessary to enable local governments to undertake essential physical mitigation programs to further reduce the exposure of communities to the impacts of natural disasters and to ensure the protection of essential community infrastructure.

As noted earlier under Betterment, the LGAQ supports a program with equal shares between the Commonwealth and State and up to a maximum 20% local government funding share. However, the local government share should be flexible, up to a limit, depending on the capacity of the individual council involved.

In a benefit-cost analysis for the Federal Emergency Management Agency (FEMA) mitigation grants¹⁶, it was found that the benefit-cost ratio was about 5:1 for flood mitigation. **This is a significant benefit-cost ratio from mitigation work and supports the above call for enhanced funding for mitigation.**

7 Urban Planning and Land Use Policy and Risk Management

The Queensland Government established the State Planning Policy (SPP)¹⁷ in December 2013 to simplify and clarify matters of state interest in land use planning and development, replacing multiple planning policies.

The SPP states the following in relation to making or amending a planning scheme and designating land for community infrastructure:

State interest—natural hazards

The risks associated with natural hazards are avoided or mitigated to protect people and property and enhance the community's resilience to natural hazards.

¹⁶ Rose A, Porter K et al, Benefit-Cost Analysis of FEMA Hazard Mitigation Grants, 2007

¹⁷ Queensland Government, State Planning Policy, December 2013

The planning scheme is to appropriately integrate the state interest by:

- (1) **For all natural hazards:** identifying natural hazard areas for flood, bushfire, landslide and coastal hazards, and
- (2) including provisions that seek to achieve an acceptable or tolerable level of risk, based on a fit for purpose natural hazards study and risk assessment, and
- (3) including provisions that require development to:
 - a. avoid natural hazard areas or mitigate the risks of the natural hazard, and
 - b. support, and not unduly burden, disaster management response or recovery capacity and capabilities, and
 - c. directly, indirectly and cumulatively avoid an increase in the severity of the natural hazard and the potential for damage on the site or to other properties, and
 - d. maintain or enhance natural processes and the protective function of landforms and vegetation that can mitigate risks associated with the natural hazard, and
- (4) facilitating the location and design of community infrastructure to maintain the required level of functionality during and immediately after a natural hazard event.

For coastal hazards—erosion prone areas:

- (5) maintaining erosion prone areas within a coastal management district as development-free buffer zones unless:
 - a. the development cannot be feasibly located elsewhere, and
 - b. it is coastal-dependent development, or is temporary, readily relocatable or able to be abandoned development, and
- (6) requiring the redevelopment of existing permanent buildings or structures in an erosion prone area to, in order of priority:
 - a. avoid coastal erosion risks, or
 - b. manage coastal erosion risks through a strategy of planned retreat, or
 - c. mitigate coastal erosion risks.

The SPP is supported by interactive mapping which depicts, amongst other things, land:

- in erosion prone areas;
- at medium or high risk of storm tide inundation;
- identified by QRA as being at risk of flood.

The mapping is meant to be a trigger for more detailed investigation.

The Queensland Reconstruction Authority (QRA) has taken a lead role in supporting councils to better align floodplain management and land use planning. *Planning for stronger, more resilient floodplains*¹⁸ is a two-part Guideline that provides councils with a suite of practical measures.

Part 1, *Interim measures to support floodplain management in existing planning schemes*, provides a ready-made toolkit of floodplain mapping and development assessment controls that can be fast-tracked for inclusion in existing planning schemes.

Part 2, *Measures to support floodplain management in existing planning schemes*, is a continuation of the journey to improving floodplain management practice in Queensland through land use planning. It provides detailed advice on how to investigate flooding and address its impacts through future Queensland planning schemes by providing step-by-step guidance and example planning scheme provisions.

A concern to local government in terms of risk management for natural hazards is the potential for claims for injurious affection where a previously allowable use is restricted. The LGAQ Policy Statement notes:

1.6.1.1 Compensation should not be available where local planning instruments are made or amended to manage risks associated with natural hazards, including flood, bushfire, landslide, storm tide inundation and coastal erosion.

Current legislation is open to interpretation and argument when including natural hazard responses in local government planning instruments.

The LGAQ has formally requested the State Government to change the planning legislation by limiting the scope for injurious affection for natural hazard responses in local government planning instruments. To date such changes have not been introduced.

A broader concern to local government is, in meeting its statutory obligations, councils must make potentially difficult decisions responding to natural hazards, based on the advice of relevant experts, which raises serious concerns of current and future exposure to liability claims.

To mitigate these risks and to allow councils to facilitate appropriate growth and development, the LGAQ has formally requested the State Government to amend the *Local Government Act 2009* to include necessary provisions to relieve local governments from liability for reasonably based decision making and actions, similar to those provided for in section 733 of the *New South Wales Local Government Act 1993*.

¹⁸ <http://qldreconstruction.org.au/publications-guides/land-use-planning/planning-for-stronger-more-resilient-flood-plains>

8 Impacts of Potential Options

The Issues Paper raises a number of potential changes to current systems that could be considered. The LGAQ makes the following comments:

Changing the NDRRA thresholds, eligibility criteria and reimbursement levels.

The LGAQ does not support any changes to eligibility, thresholds or reimbursement levels as they relate to local government. As noted earlier the criteria for eligible works has become increasingly restrictive in recent years, increasing the financial burden for Queensland councils.

1. *Having separate arrangements for roads reconstruction relative to other natural disaster recovery.*

For local government, roads are the most significant asset impacted by natural disasters. The LGAQ would support changes that streamline processes for road construction. As noted earlier the use of day labour for such works (based on the VFM trials) should be an ongoing element in NDRRA assistance.

2. *Providing increased funding for mitigation through the NPANDR and state and territory expenditure.*

The LGAQ supports increased funding for the Natural Disaster Resilience Program. Measures to streamline and coordinate programs on an ongoing basis (as is currently the case in Queensland) are desirable. The LGAQ would support a program with an equal Commonwealth and State share and up to 20% local government funding share. However, the local government share should be flexible depending on the capacity of the individual council involved.

3. *Making Commonwealth natural disaster funding conditional on state and territory governments implementing asset and liability management and governance arrangements for natural disaster risk management, such as:*

(a) Making provision for natural disaster contingent liabilities in budget frameworks.

It is not feasible for local government to generally make provision for natural disaster contingent liabilities in budget frameworks given the potential size of such events relative to a council budget. The level of damage simply cannot be predicted as each event has different attributes.

(b) Increased adoption of external insurance or self-insurance to manage these contingent liabilities.

As noted earlier, **insurance coverage of local government roads is not a viable, cost effective option.**

(c) Requiring a proportion or higher level of expenditure on mitigation and resilience (in addition to expenditure that would have occurred anyway).

Higher levels of expenditure on mitigation and resilience is supported. However, the capacity of individual councils to contribute to such programs must be considered.

(d) Expanding the use of cost–benefit analysis in mitigation and resilience program selection.

Greater use of cost–benefit analysis in mitigation and resilience program selection is supported. While individual councils may not have in-house capacity for such analysis, provided funding support is available then the market can provide this capacity. Programs should allow such assessments to be undertaken in advance of a disaster as there is an urgency in the recovery phase to reinstate the existing asset to allow the impacted community to recover.

(e) Requiring changes to land-use planning frameworks to facilitate effective and sustainable risk management.

The LGAQ considers that planning frameworks in Queensland are adequate in facilitating effective and sustainable risk management, apart from the need to change legislation by limiting the scope for injurious affection and introducing a statutory protection from liability for claims as noted earlier.

(f) Simplifying claim processes.

The LGAQ supports measures that can simplify processes and reduce the cost to councils in compliance.

(g) Increasing the monitoring and enforcement of the conditions of the NDRRA Determination.

The LGAQ considers that there is now rigorous monitoring and enforcement of the conditions of NDRRA through the QRA.

4. *Whether the Commonwealth should provide any direct funding to the states for natural disaster mitigation, resilience and recovery, and whether such funding should be tied to specific purposes or provided as block funding*

Given the vertical fiscal imbalance between the Commonwealth and States, it is essential that direct funding from the Commonwealth continues. Block funding should only be considered if it can be demonstrated that it would streamline recovery. **The current arrangements provide a high degree of certainty on what is funded and the contribution by each sphere of government.** It is essential that the overall level of Commonwealth support for natural disasters continues.

5. *Whether the current CGC treatment of natural disaster payments and expenditure in the GST allocation should be changed to provide incentives for asset and liability management (in state budgets) and thereby more effective risk management at the state level.*

The LGAQ does not consider that there is an issue with the way in which the CGC treats natural disaster payments in terms of greater incentive for more effective risk management. Both the Queensland State Government and local governments have increased their overall funding for natural disaster related matters in recent years as noted earlier in this submission, indicating that there is no disincentive in the current CGC approach. Commonwealth payments through NDRRA have no impact on relativities at present and given the nature of these events this should remain as it is at present.

The LGAQ also notes that the Queensland Local Government Grants Commission (QLGGC) does not include natural disaster revenue or expenditure in its assessment of the distribution of Financial Assistance Grants.

6. *Whether state and territory governments should pay a premium to the Commonwealth for the insurance that it provides through the NDRRA.*

The LGAQ does not support such an approach where states would pay an insurance premium to the Commonwealth as the current arrangements recognise the vertical fiscal imbalance across the spheres of government.

7. *Eliminating some Commonwealth natural disaster assistance programs if there is evidence that they overlap with other Commonwealth, state or territory programs.*

The LGAQ does not consider that there is overlap in disaster assistance with other Commonwealth, state or territory programs.

8. *Changes to urban planning, land use policy and policies relating to investment in and management of infrastructure.*

The LGAQ considers that land use planning arrangements in Queensland are adequate as outlined in Section 7 of this submission (apart from the issue previously noted of claims for injurious affection where a previously allowable use is restricted).

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APPENDIX A

ESTIMATES OF COST OF NATURAL DISASTER EVENTS FOR QUEENSLAND COUNCIL ASSETS

S' millions	Estimate by event year (2009 to 2014 Events)							Estimate by asset class (2009 to 2014 Events)					
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	TOTAL	Roads	Parks & Rec.	Water Sewer	Buildings	Other	TOTAL
Aurukun	4.0	0.9	3.4	0.2	6.9	1.1	16.5	16.5	0.0	0.0	0.0	0.0	16.5
Balonne	0.0	41.0	29.8	56.7	10.5	0.0	138.0	130.2	0.0	0.5	0.0	7.3	138.0
Banana	0.0	2.8	39.8	0.0	37.1	0.0	79.7	75.5	0.0	0.0	0.0	4.2	79.7
Barcaldine	0.8	4.3	21.0	11.2	3.1	17.2	57.6	57.3	0.0	0.0	0.0	0.4	57.6
Barcoo	5.4	11.2	5.1	6.0	0.0	2.8	30.5	30.5	0.0	0.0	0.0	0.0	30.5
Blackall-Tambo	0.0	0.9	27.8	0.7	0.0	1.7	31.0	30.8	0.0	0.0	0.0	0.1	31.0
Boulia	14.5	2.5	6.4	0.0	0.0	7.7	31.1	31.1	0.0	0.0	0.0	0.0	31.1
Brisbane	17.5	0.0	129.9	0.0	32.4	0.0	179.7	60.2	35.8	30.0	1.7	52.1	179.7
Bulloo	0.0	14.5	10.8	11.2	0.0	5.5	42.0	42.0	0.0	0.0	0.0	0.0	42.0
Bundaberg	0.0	5.6	55.0	0.0	120.1	0.0	180.7	154.2	3.3	3.3	3.6	16.4	180.7
Burdekin	3.8	11.0	19.2	25.5	4.7	4.4	68.6	66.9	0.0	0.5	0.0	1.2	68.6
Burke	6.1	15.6	6.6	4.3	0.2	11.0	43.7	43.1	0.0	0.0	0.0	0.7	43.7
Cairns	7.7	14.6	30.3	12.4	0.0	2.2	67.2	49.3	0.0	0.0	0.0	17.9	67.2
Carpentaria	15.9	9.5	34.0	18.6	21.2	17.6	116.8	115.1	0.0	0.0	0.0	1.7	116.8
Cassowary Coast	7.8	19.2	124.3	3.0	11.7	11.5	177.5	122.5	11.2	0.6	0.0	43.2	177.5
Central Highlands	0.7	6.6	94.3	6.0	13.9	1.4	122.9	113.3	0.0	0.9	0.0	8.6	122.9
Charters Towers	9.6	13.8	19.0	50.2	0.0	0.0	92.5	92.2	0.0	0.0	0.0	0.4	92.5
Cherbourg	0.0	0.0	0.7	0.0	0.7	0.0	1.4	0.1	0.0	0.7	0.0	0.7	1.4
Cloncurry	8.3	2.0	4.1	8.8	1.3	4.4	28.9	28.9	0.0	0.0	0.0	0.0	28.9
Cook	17.3	60.6	29.1	10.0	34.0	35.3	186.3	186.1	0.0	0.0	0.0	0.2	186.3
Croydon	8.0	9.2	10.1	8.3	4.0	4.4	44.1	44.0	0.0	0.0	0.0	0.0	44.1
Diamantina	5.6	9.8	21.8	0.0	0.0	0.1	37.3	37.3	0.0	0.0	0.0	0.0	37.3
Doomadgee	1.1	3.8	0.0	0.2	3.6	3.9	12.7	12.7	0.0	0.0	0.0	0.0	12.7
Douglas	0.0	0.0	0.0	0.0	0.0	22.1	22.1	16.2	0.0	0.0	0.0	5.9	22.1
Etheridge	8.3	8.1	9.6	7.6	3.9	7.7	45.3	44.9	0.0	0.0	0.0	0.3	45.3
Flinders	5.4	13.2	0.0	20.0	0.0	0.6	39.2	26.0	0.0	0.0	0.0	13.1	39.2
Fraser Coast	0.5	0.0	20.3	1.0	13.6	0.0	35.4	30.9	0.9	0.0	0.0	3.6	35.4
Gladstone	0.0	2.2	45.1	12.6	81.8	0.0	141.8	140.7	0.0	0.0	0.0	1.1	141.8
Gold Coast	0.0	0.0	0.0	0.0	9.2	0.0	9.2	6.6	1.1	0.0	0.0	1.5	9.2
Goondiwindi	0.0	3.9	22.8	2.7	8.5	0.0	37.8	30.8	0.0	0.0	0.0	7.0	37.8
Gympie	2.0	1.7	35.9	6.2	29.5	0.0	75.3	67.1	0.0	2.8	0.0	5.4	75.3
Hinchinbrook	16.9	8.7	99.8	27.3	27.6	5.5	185.8	167.8	1.1	0.0	0.0	16.9	185.8
Hope Vale	1.6	4.8	0.5	2.6	3.9	0.4	13.8	13.8	0.0	0.0	0.0	0.0	13.8
Ipswich	3.8	0.0	99.7	0.0	10.3	0.0	113.9	60.7	24.0	8.7	9.6	10.8	113.9
Isaac	0.0	1.8	44.0	21.5	13.6	13.2	94.2	90.5	0.0	1.5	0.0	2.2	94.2
Kowanyama	2.0	3.1	0.0	4.0	12.0	7.7	28.7	12.8	3.0	1.4	0.0	11.6	28.7
Livingstone	0.0	0.0	0.0	0.0	7.1	4.3	11.4	8.6	0.6	0.0	0.0	2.1	11.4
Lockhart River	7.7	5.2	0.0	1.2	4.3	1.1	19.5	19.5	0.0	0.0	0.0	0.0	19.5
Lockyer Valley	3.2	0.5	154.7	0.0	69.0	0.0	227.3	206.6	0.5	6.0	0.0	14.3	227.3
Logan	0.0	0.0	0.0	0.0	7.6	0.0	7.6	2.0	0.4	0.0	0.0	5.2	7.6
Longreach	2.0	2.5	2.6	2.9	4.6	1.7	16.3	16.3	0.0	0.0	0.0	0.0	16.3
Mackay	26.1	67.4	105.3	35.1	0.0	0.1	234.0	217.2	0.0	2.4	0.0	14.4	234.0
Mapoon	1.0	1.0	0.0	0.0	2.0	0.0	4.0	4.0	0.0	0.0	0.0	0.0	4.0
Maranoa	0.0	84.0	16.2	53.7	3.2	0.0	157.1	156.4	0.3	0.0	0.0	0.3	157.1
Mareeba	0.0	0.0	5.9	2.6	8.9	19.9	37.3	37.3	0.0	0.0	0.0	0.0	37.3
McKinlay	10.9	6.0	6.3	3.0	7.8	12.1	46.1	46.1	0.0	0.0	0.0	0.0	46.1
Moreton Bay	4.4	0.0	32.0	0.1	12.1	0.0	48.7	44.9	0.1	0.0	0.0	3.7	48.7
Mornington	0.0	0.0	0.0	0.0	2.5	0.6	3.1	3.1	0.0	0.0	0.0	0.0	3.1
Mount Isa	4.2	4.8	0.0	0.0	0.0	1.5	10.5	9.3	0.3	0.2	0.0	0.7	10.5
Murweh	0.0	24.2	1.1	56.5	0.0	0.0	81.8	81.5	0.0	0.0	0.0	0.3	81.8
Napranum	0.0	1.8	0.0	0.9	1.8	1.2	5.7	5.7	0.0	0.0	0.0	0.0	5.7
Noosa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
North Burnett	0.0	0.2	18.7	0.0	117.8	0.0	136.7	121.2	3.6	6.4	0.0	5.4	136.7
NPA	3.4	2.4	3.3	0.0	3.0	0.0	12.0	12.0	0.0	0.0	0.0	0.0	12.0

\$' millions	Estimate by event year (2009 to 2014 Events)							Estimate by asset class (2009 to 2014 Events)					
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	TOTAL	Roads	Parks & Rec.	Water Sewer	Buildings	Other	TOTAL
Palm Is	2.1	9.4	19.1	0.5	4.4	0.6	36.1	13.6	21.3	1.0	0.0	0.2	36.1
Paroo	0.0	37.5	0.4	39.0	0.0	0.0	76.9	76.0	0.0	0.2	0.0	0.8	76.9
Porpuraaw	6.3	6.1	0.0	1.8	4.2	4.4	22.8	22.8	0.0	0.0	0.0	0.0	22.8
Quilpie	0.0	8.7	7.0	15.6	0.0	13.2	44.5	44.0	0.0	0.0	0.0	0.5	44.5
Redland	0.0	0.0	1.5	0.0	4.3	0.2	6.0	2.6	0.0	0.0	0.0	3.4	6.0
Richmond	2.1	3.4	9.8	16.0	0.0	0.0	31.2	27.6	0.0	0.0	0.0	3.7	31.2
Rockhampton	0.0	4.9	37.1	0.0	23.1	0.0	65.0	56.9	2.6	0.4	0.0	5.1	65.0
Scenic Rim	0.0	0.5	30.1	30.5	70.3	0.0	131.3	130.9	0.0	0.0	0.0	0.4	131.3
Somerset	2.0	0.0	95.3	0.0	52.5	0.0	149.8	148.2	0.0	0.0	0.0	1.6	149.8
South Burnett	0.0	0.7	47.5	0.0	63.7	0.0	111.9	102.8	0.7	2.5	0.0	6.0	111.9
Southern Downs	0.0	0.0	42.0	0.0	12.8	0.0	54.8	53.7	0.7	0.1	0.0	0.2	54.8
Sunshine Coast	2.4	0.0	7.2	3.8	4.8	0.0	18.1	16.3	0.9	0.0	0.0	1.0	18.1
Tablelands	8.1	25.1	35.4	6.1	4.3	5.5	84.6	84.0	0.0	0.0	0.0	0.6	84.6
Toowoomba	1.2	0.4	146.9	0.0	46.5	4.4	199.4	185.7	1.5	11.4	0.0	0.8	199.4
Torres	0.0	1.7	1.3	0.0	0.8	0.0	3.8	3.8	0.0	0.0	0.0	0.0	3.8
Torres Strait Is.	5.2	7.4	3.3	0.1	5.3	0.0	21.3	21.3	0.0	0.0	0.0	0.0	21.3
Townsville	8.6	56.2	102.0	36.0	0.0	5.5	208.3	182.5	10.3	0.0	0.0	15.5	208.3
Western Downs	0.0	5.0	81.0	2.3	69.2	4.0	161.6	159.7	0.1	0.2	0.0	1.6	161.6
Whitsunday	44.2	90.7	54.1	0.0	0.0	5.5	194.5	193.4	0.0	1.1	0.0	0.0	194.5
Winton	7.5	6.6	1.9	5.8	0.0	11.3	33.1	33.1	0.0	0.0	0.0	0.0	33.1
Woorabinda	0.0	0.0	2.3	0.0	1.2	0.0	3.5	3.1	0.0	0.4	0.0	0.0	3.5
Wujal Wujal	1.0	0.5	1.0	0.0	0.0	0.1	2.5	2.5	0.0	0.0	0.0	0.0	2.5
Yarrabah	2.0	0.0	3.5	0.2	4.9	1.4	12.1	11.4	0.0	0.0	0.1	0.6	12.1
Total Program	330.2	771.5	2175.9	652.6	1143.3	288.0	5361.5	4816.1	124.2	83.2	15.1	322.8	5361.5

Source: Queensland Reconstruction Authority Updated February 2014 NDRRA Estimates Review

APPENDIX B

INPUT TO INQUIRY FROM QUEENSLAND COUNCILS

Bundaberg Regional Council Submission

30 May 2014

Mr G Hallam
Chief Executive Officer
Local Government Association of Queensland
PO Box 2230

FORTITUDE VALLEY BC QLD 4006

Attn: Mr Michael Dickinson

Dear Mr Dickinson

RE: Productivity Commission Review of Natural Disaster Relief and Recovery Arrangements

The Bundaberg Regional Council wishes to confirm its strong support of the LGAQ's submission to the Productivity Commission with regard to the review of the Natural Disaster Relief and Recovery Arrangements.

The recent Commission of Audit recommendation that the Commonwealth contribution toward NDRRA be reduced and that the Productivity Commission undertake an Inquiry into Natural Disaster Funding Arrangements is a matter of deep concern to our Council. Any reduction in NDRRA funding will have a significant negative impact on communities across Australia affected by natural disasters and will seriously compromise their financial viability into the future.

The Bundaberg local government area is an excellent example of a region that has been able to effectively and efficiently rebuild and recover with the aid of the financial assistance provided through the NDRRA program and the generosity of the many business organisations and community groups. In recent years the Bundaberg Region has suffered from two major flood events, the first in late December 2010 and the second in January 2013. The 2013 flood was indeed unprecedented and coupled with five tornados devastated our community physically, economically and emotionally. The major flood events of 2010 and 2013 were each followed within a month by a smaller flood.

The fact that the NDRRA program was in place provided the required financial resources and confidence to facilitate the rebuild of the region's roads and essential infrastructure and the provision of other disaster life-saving support including evacuation centres and resupply operations. The NDRRA funding significantly reduced hardship across our regional communities.

In excess of 5,500 people were evacuated from North Bundaberg alone during the January 2013 flood event, with some 2,000 of these residents and visitors accommodated in evacuation centres at the flood peak. More than 2,000 homes were damaged by flood waters, with 50 homes completely destroyed. Evacuation centres were established to provide emergency accommodation and assistance in the short term and a mobile evacuation centre was established at the Bundaberg Showgrounds for evacuees who required accommodation until longer term temporary

accommodation was provided at a Council operated caravan park. Once again this would not have been possible without the financial assistance provided through NDRRA. Payments through NDRRA to Council for the 2010 event were \$55.5 million with costs for the 2013 event estimated to be in excess of \$130 million.

Despite the current financial contributions received under the jointly funded (Commonwealth and State) NDRRA program, Local Governments are still exposed to considerable expense following each disaster. These costs can impact on affected Local Governments' ability to provide even the most basic of services to their communities. In addition to the NDRRA threshold that applies to each local government area, a significant proportion of expenses incurred by Council in response to a disaster are classified as "ineligible". Local Governments are therefore further burdened with these additional disaster costs and it often takes several budget cycles for Council to repay the debt.

Local governments are also exposed to uncertainty with regard eligibility classifications for NDRRA claims, including Emergent Works eligibility. This is due to the subjective nature of some of the criteria and Council requests that the criteria surrounding this area of eligibility be more clearly defined.

Council is very mindful of ensuring that the claims process is completed in an open and truthful manner and ensures that staff are well versed in the NDRRA process. As part of an ongoing NDRRA program into the future, Council suggests that a detailed training and engagement program be formulated with the aim of having local government staff across Australia provided with a comprehensive range of training opportunities relative to the program.

It is acknowledged that Emergency Management Queensland and now Queensland Fire and Emergency Services provide an introductory NDRRA course which may be able to be expanded to meet this need.

Reducing the Commonwealth's exposure to disaster costs is best achieved by improving processes and communications around eligibility and completion of claims rather than reducing the proportion of funding provided. Through process improvements developed in conjunction with the Queensland Reconstruction Authority (QRA), the delivery of the reconstruction works following the January 2013 flood has been most efficient and expedient, therefore contributing to a reduction in ineligible claims. These improvements have been beneficial and Council appreciated the QRA sending staff to Bundaberg to work in close collaboration with Council officers immediately following the event. This collaborative approach we believe could be expanded particularly focussing on the claims process.

Rather than reducing the level of assistance provided to Councils, it is recommended that the Commonwealth investigate opportunities for Local and State Governments to reduce their dependence on NDRRA through opportunities such as:

- Avenues or processes to increase the value for money;
- Increased controls and guidance over eligible expenditure;
- Encourage a higher level of resilience when renewing existing infrastructure or building of new facilities;
- Tighter criteria for assessing assistance for new assets built after 2014;
- Assess the community's economic risk profile for natural disaster and catastrophic events.

The magnitude of funds required to recover from the events experienced within the Bundaberg region and across Australia in recent years could not be raised from Local Government and it is concerning that the level of assistance provided by the NDRRA program would in any way be diminished. Indeed the NDRRA funding is insurance for catastrophic events, and communities, particularly regional and remote communities who would struggle to recover without this level of support. Depending on the size of the event, a reduction in funding assistance may also exacerbate an already catastrophic event within a community.

Once again Council supports the LGAQ in lobbying to have the NDRRA retained and we look forward to a positive response from the Federal Government in regard to this matter.

Signed: _____

Name: MAL FORMAN

Position: MAYOR

Date: _____

Signed: _____

Name: PETER BYRNE

Position: Chief Executive Officer
Local Disaster Coordinator

Date: _____

Burdekin Shire Council Submission

30 May 2014

LGAQ
PO Box 2230
FORTITUDE VALLEY BC QLD 4006

Dear Sir

Productivity Commission inquiry into Natural Disaster Funding

Comments on Natural Disaster funding arrangements

In response to a request from the LGAQ for comments into the Productivity Commission enquiry into Natural Disaster Funding arrangements, Burdekin Shire Council submits the following information.

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

Council is satisfied with current arrangements that trigger assistance for Natural Disaster Funding.

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

In late 2011, Council called tenders for the reconstruction of five roads within its Shire as part of the reconstruction works following an event earlier that year. Estimates to complete the works utilising Councils Day Labour work force were \$ 2,845,835. Tenders received ranged from \$ 5,472,499 to \$ 9,471,761. For the 2011 event, the QRA advised Council it could utilise our own day labour to carry out repairs, but only up to a ceiling of \$1 million. Council decided to carry out the works utilising our day labour work force whilst attempting to remain within its \$1,000,000 grant for this event. Council completed the works for an estimated final cost of \$3.5 million. The cost increase (\$3.5 million actual to \$2.8 million estimated) resulted from unsuitable sub-grade requiring extensive repairs. The \$0.7 million repairs were carried out by Council at cost (no profit). The tendered rate for this variation was significantly higher than \$0.7 million. It would have been economically beneficial to Council, given day labour constraints, to award the work to private contractors and would have cost the Federal and State Governments an additional two million dollars minimum to complete the same five roads.

In addition, Council carries out Counter Disaster Operations (CDO's) and Emergent Works in rapid response to the event at cost and is not reimbursed for its ordinary time 'day labour' expenses. Our Council (like many other Queensland Councils) constructs and maintains our roads using our own workforce. We do not have contractors at call to carry out Emergent Works and CDO's. It is Council's belief that local government should be reimbursed for its ordinary time 'day labour' expenses for CDO's and Emergent works because it is a more efficient and cost effective delivery method than utilising contractors.

Further examples of the efficiency of utilising 'day labour' is when various sections of a road are damaged in consecutive events, different consultants and contractors may be awarded jobs adjacent to each other. This can cause delays as each contractor needs to complete its works prior to the other starting. Council simply does all the works at once with costing controls in place to cost to the appropriate event. This avoids the potential for costly time delays or the preparation of tender and contract documentation, calling and evaluation of tenders, and expensive mobilisation costs of contractors. Maintaining Council workforces in rural shires is an essential part of retaining critical mass in those communities and ensuring the social fabric of the townships is viable. Ayr is located 80 km from Townsville. If council contracted out its road works construction and maintenance, it is most likely that this workforce would commute from Townsville.

3. **'Value for Money' examples of actual savings, foregone savings, or demonstrable overall project savings from following a particular procurement method.**

Council seconded a senior technical officer into the role of NDRRA Manager and with his extensive local knowledge and engineering experience is responsible for the expenditure of all NDRRA funds. Fee proposals are sourced from consulting engineers as required and all contract documentation and consulting fees approved by the Manager prior to engagement. Council was previously approved an overhead of 12.5% to its works to cover survey, design and supervision fees. These fees were charged against Council completed works at cost. Where works are completed by Council under this arrangement all external plant and materials are utilised from Council's annual tenders, thus ensuring competitive rates on plant and materials. Subsequently, Council recently received approval to carry out reconstruction works for its 2013 event under the Local Government value for money model after demonstrated savings to the Q.R.A. Council is disappointed that the Local Government Value for Money Model is unavailable as a delivery option for damage as a result of tropical Cyclone Ita April 2014 as Council is confident that for small events the Local Government Value for Money Model is the most economical and efficient method of delivery to all levels of government.

4. **Projects which include betterment or natural disaster resilience.**

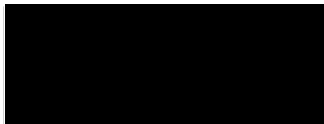
Following the 2013 Event, Council was successful in obtaining three (3) Betterment Projects. One has been completed within budget and two are currently in the design phase. The completed project allowed council to construct two larger culverts with a bitumen causeway where previously smaller culverts and a gravel road existed. Prior to the betterment project being undertaken, this section of road would suffer serious damage during every flood event. Following the completion of this betterment project, a flood earlier this year resulted in no damage to the section of road. Council has a history of carrying out complementary works at its own cost whilst carrying out NDRRA restoration works. For example, when a 4m wide bitumen road is damaged by flooding, Council will replace the 4m bitumen under NDRRA and also add another 2m of bitumen width paying for the extra width out of our own funds. The new 6m wide bitumen road has more chance of remaining serviceable after the next flood, because the extra width gives more allowance for damage along the edges without having to close the road. This improves the resilience of the community. Council has no hesitation in funding these works whilst Council does the works. Council is unlikely to pay a contractor to widen a road during the NDRRA repairs as the contractor's rates are higher than council's rates and the council prefers to use our own workforce to construct and maintain our roads.

5. **Public infrastructure, such as parks and landscaping, that may currently be classed as ‘ineligible’ expenditure and the impact on the capacity to complete works in line with community expectations.**

Councils commit substantial capital and maintenance expenditure to provide modern recreational facilities to promote and encourage healthy recreational activities. These facilities include playground equipment, skate parks, BBQ's, covered play area, parks and swimming pools. Most of these facilities are accessed by residents at no charge. Swimming pools are provided to residents at a nominal user pays fee. Our council does not have the population base to recover enough fees from swimming pool operations to cover the cost. As such, all of the facilities mentioned previously should be recognised as an essential public asset ensuring the health of the community and assisting in the recovery of the community following natural disasters.

6. **Reinstatement of natural environment such as river banks and foreshores.**

Burdekin Shire Rivers Improvement Trust raised an annual budget in the vicinity of \$300,000 from ratepayers for the maintenance and improvement of the river banks within the Shire. Typically funds are spent stabilising and strengthening the banks of the Burdekin and Haughton Rivers and endeavour to protect valuable farm lands and public infrastructure. Consequently such assets should be classed as essential public assets and be reinstated when damaged by natural disasters. In 2008 the trust spent \$425,000 reconstructing a section of natural bank which was destroyed when the Haughton River flooded. Should this natural bank have not been repaired then substantial damage to the road and rail network and adjacent farmlands would have occurred in future floods. If left unrepaired, the next flood may have resulted in a realignment of the river path, which could have catastrophic effects on the land, infrastructure and people. As a consequence of the works, the river is maintained in its current path, as are other rivers within the shire and state due to these bank protection works.



Wayne Saldumbide
MANAGER OF OPERATIONS