

Ms Sarah Redden
Secretary
Senate Finance and Public Administration References Committee
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CANBERRA 2600

Lodged via email: fpa.sen@aph.gov.au

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ALGA submission to the Senate Finance and Public Administration References Committee

Thank you for the opportunity to make a submission to the Senate Finance and Public Administration References Committee inquiry on lessons learnt following the 2019-20 bushfire season.

The Australian Local Government Association (ALGA) is the national voice of local government in Australia, representing 537 councils across the country. In structure, ALGA is a federation of State and Territory Local Government Associations. This submission should be read in conjunction with any separate submissions received from State and Territory Associations as well as individual councils. (*Please note: The Western Australian Local Government Association [WALGA] has provided detailed input to ALGA's submission – while key comments have been incorporated into the main submission, WALGA's full submission is provided as an attachment*).

Local Government in Australia makes a substantial contribution to disaster relief, recovery and management. This includes direct financial support as well as in-kind support and assistance. However, Local Government operates under State legislative frameworks and the particular roles undertaken by councils vary between jurisdictions and between councils depending on their capacity and the natural disaster risks faced by their communities.

Against this background, ALGA's submission focuses on a few key issues relevant to local government in terms of preparation for, and recovery after, a bushfire event. Local government sees a pressing need for greater mitigation prior to disaster events., particularly as natural disaster events are predicted to become more frequent and more severe in the future.

The Committee has indicated that it proposes to examine the following issues in this round of consultation:

- **Hazard reduction** – including existing hazard reduction practices (the possibilities for future hazard reduction regimes) and indigenous burning practices and their efficacy.
- **The 2019-20 bushfire season** – and the level of recovery one year on (including the progress and status of recovery efforts).
- **Mitigation infrastructure and land-use planning** – including an assessment of the types (and costs) of mitigation infrastructure that would effectively reduce risk in fire-prone areas.
- **Insurance issues** – the effects of fires on insurance premiums in fire affected regions (one year on from the 2019-20 fire season).
- **Aerial firefighting** – including the establishment of a sovereign aerial firefighting fleet, the use of aerial resources and early suppression.

Overview – Local Government’s role in addressing changing climate risks

One of the key issues facing all communities is the consequences of climate change – such as extreme weather events, heatwaves, drought and bushfires, and communities are struggling to understand the full impacts of global warming and how they can respond. Local governments are on the frontline when dealing with the risks and impacts of climate change.

Councils need to prepare for the unavoidable impacts of climate change (adaptation) and have a significant role in reducing the degree of climate change impacts which may occur (mitigation). Australian councils are ready to step up to tackle climate and manage their assets more wisely. However, there is a mismatch between the amount of local government infrastructure exposed to climate change risks and the resources available to local governments to carry out effective adaptation to manage these risks. Australia’s efforts to address and respond to climate change must take full advantage of the opportunity for partnership and collaboration with local government.

Many councils have responded to the climate change challenge by adopting proactive strategies to reduce emissions and to adapt to unavoidable climate change impacts through climate change risk assessments and adaptation plans. Having identified potential solutions to the range of challenges, many councils need additional help to implement local projects and innovative solutions. Implementation of these projects could have the additional benefit of reducing the need for disaster recovery funding.

Local Government, working in partnership with the Australian Government, can deliver highly effective climate change projects that can mitigate against the production of greenhouse gas emissions, and also greatly assist the community to be better prepared and better able to adapt to future climatic conditions. For other, less prepared councils, particularly smaller councils in regional areas, small grants may also be needed. This

will support them with such things as consulting with their community to undertake climate vulnerability assessments and develop adaptation plans as well as to fund their long-term management and implementation.

As mentioned above, Local Government's roles and responsibilities in emergency management are delegated by their State and Territory Governments, which are primarily responsible for emergency management. Each state and territory has in place legislation dealing with emergencies and disaster response within their own borders. Within this framework, Local Government makes a significant contribution to the response effort during bushfires both through managing council land and also the regulation/management of private land.

For example, in South Australia 220 council employees and 68 units of plant and equipment from 34 councils were used in bushfire affected areas during the Black Summer bushfires. Many councils provided support to multiple events – 23 councils supported Kangaroo Island Council during that bushfire, and 9 councils supported the 4 councils involved in the Cudlee Creek fire. (Source: LGASA submission to the Independent Review into South Australia's 2019-2020 Bushfire Season).

The Local Government Association of South Australia (LGASA) has over the past 2 years assisted its councils with emergency management planning, aligned to State Government arrangements. The *Council Ready Program* is jointly funded by the State and Local Government. The program has been critical to building capacity and improving role clarity in all aspects of emergency management for SA councils.

Local Government New South Wales (LGNSW) highlights the success of the Increasing Resilience to Climate Change grants, funded by the NSW Government and administered by Local Government NSW. The program provides funding to address identified climate change risks and vulnerabilities facing NSW councils. Projects are selected on merit, but with an emphasis on those projects that can be replicated and improve adaptive capacity of the councils involved. Further information can be found at <https://lgnsw.org.au/policy/increasing-resilience-climate-change>.

Mitigation funding

ALGA has consistently advocated for the establishment of a targeted natural disaster mitigation program at a level of \$200 million per annum for four years. In addition to disaster mitigation, such funding would have co-benefits that accrue even in the absence of a natural disaster.

Such co-benefits support economic growth and social capital in Australian communities and are an important driver of regional investment decisions.

The benefits may include:

- Short-term employment
- More reliable services
- Regional growth associated with investment
- More connected communities
- Lower insurance premiums

ALGA's call for increased disaster mitigation funding is supported by a 2014 Productivity Commission inquiry into natural disaster funding which found funding for reconstruction and recovery consumed 97% of disaster funding in Australia, compared with only 3% that went towards mitigation and community resilience measures. Appropriate disaster mitigation serves to protect exposed communities, ultimately reducing the need for recovery funding raised through taxpayers and lowering premiums for those living in highly exposed areas.

The Productivity Commission highlighted the value of disaster mitigation expenditure and raised the idea of a \$200 million per annum mitigation program. The Australian Prudential Regulation Authority and the Insurance Council of Australia, as recently as September 2019 called on the Government to adopt the Productivity Commission's recommendation. Similarly, the Insurance Council of Australia, the Australian Business Roundtable and the Australian Red Cross all support increased disaster risk reduction funding, to help communities anticipate, prepare and recover from disasters.

ALGA and local governments across the nation welcomed the Government's decision to establish the Emergency Response Fund to fund emergency response and recovery following natural disasters in Australia that have a significant or catastrophic impact. The fund has an annual limit on the amount debited from the fund of \$150 million during a financial year.

We understand that the Fund would only be accessed when the Government determines there is a need for additional support following a natural disaster, i.e. the funding is supplementary to funding accessed under the Disaster Recovery Funding Arrangements (DRFA) and that funding for post disaster mitigation is available under S20(1).

In October 2019, there was bipartisan agreement to increase the Commonwealth's proposed Emergency Response Fund from \$150 million to \$200 million a year – with the additional \$50m funding pool solely available for disaster mitigation projects. In December 2021 the Commonwealth Government announced a \$50 million National Flood Mitigation Infrastructure Fund to help communities to better prepare for extreme weather events and flooding.

While this is short of the \$200m in targeted mitigation funding which ALGA has proposed and which is supported by the Productivity Commission, it is nevertheless an opportunity for investment in some mitigation measures. The recurrent nature of the funding is very important and provides an opportunity to establish the effectiveness of mitigation funding, in order to justify its expansion in future years.

State and Territory Associations stress the importance of mitigation funding. For example, the Western Australian Local Government Association (WALGA) advocates for continuation of the Natural Disaster Resilience Program to assist local governments to undertake community resilience building projects as well as specific funding programs to enable local governments to undertake essential mitigation programs to reduce impacts of natural disasters and to ensure the protection of essential community infrastructure.

Currently the Government spends 97 percent of disaster funding on disaster recovery and only 3 per cent on preparation and mitigation – yet every dollar spent on mitigation saves tens of dollars of post-disaster recovery expenditure.

Local Government proposes a rebalance of natural disaster funding and a more focussed investment strategy on mitigation measures. The ability of local communities to better manage natural disasters relies on increased investment in mitigation measures to build community resistance.

Funding assistance for mitigation is imperative, particularly for small councils which rely heavily on federal funding for financial viability. In addition to targeted disaster mitigation funding, the level of preparedness of Local Governments in regional areas where exposure to fires and floods is greatest but local tax revenue is small, would be increased if the Federal Government agreed to restore the funding provided through Local Government's Financial Assistance Grants to 1% of Commonwealth tax revenues, as it was in 1996 when the current Financial Assistance Grants framework was established. The sector has a growing \$30b infrastructure backlog, and without assistance has zero capacity to fund major mitigation measures or significantly increased levels of preparedness.

Mitigation infrastructure and land-use planning

WALGA advises that while the framework for bushfire risk in the land use planning system in Western Australia has improved since the introduction of the *State Planning Policy 3.7 - Planning in Bushfire Prone Areas*, which introduced statutory requirements, some problems remain.

Firstly, there is a lack of regulation and registration for bushfire assessors in WA. While the bushfire planning framework identifies the type and complexity of work that should

be undertaken by either Level 1, Level 2 or level 3 accredited practitioners, there is no statutory mechanism, which permits a local government to reject a proposal where the work has been undertaken by an unqualified or lower-level practitioner.

Secondly, in Western Australia there is no mandatory inspection regime within the building approval process for any structures - this includes homes which are located within bushfire prone areas. An evaluation conducted on 54 homes in bushfire prone areas in the state during 2017 and 2018 found: some assessments did not accurately reflect bushfire risks; some building surveyors did not provide information on the use of alternate methods to achieve compliance; and some of the materials and methods of construction needed improvement.

While this example is specific to Western Australia local governments, land-use planning policies vary across borders. Many local governments incorporate natural hazard mitigation and adaptation into their strategic land use planning. However, planning guidance and supporting policies from the State/Territory Governments are essential to provide local governments with resources and certainty in their planning strategies. Without this, local governments may be constrained by resource limitations or the possibility of legal challenges.

Other State and Territory Associations may provide more specific details in their submissions.

Betterment

ALGA has been advocating for betterment funding for many years. Rebuilding infrastructure to its original specifications and condition is not sufficient to provide communities with the level of resilience they need in the face of more frequent and increasingly severe natural disasters. Betterment funding, or a relatively small additional investment, will save millions of dollars in years to come by ensuring that infrastructure is rebuilt to withstand the new climate reality. However, it will cost more to 'build back better', potentially much more than any insurance payout or funds available to local governments through the Government's Disaster Recovery Funding Arrangements (DRFA).

Following the recent 2019-20 bushfires, Minister Littleproud stated that the underlying ethos that State, Federal and Local Governments should embrace is "build back better". He described this as "a unique opportunity to actually better the infrastructure we put in, to build the resilience of our communities, as we face further disasters into the future. This should be an underlining principle and I will be writing to the States that they work with us on that."

ALGA welcomed this statement and is calling for the Federal Government to commit to ensuring that betterment funding is a core element of disaster recovery funding, to assist

Local Government in strengthening the resilience of local communities. Provision of funding to allow this is necessary for councils to be able to build back better infrastructure to better withstand the impacts of a natural disaster.

Under the current Disaster Recovery Funding Arrangements (DRFA), essential public assets directly damaged by an eligible disaster, or a re-damaged essential public asset may be reconstructed to its pre-disaster function. The Commonwealth only provides funding equivalent to the reconstruction of an essential public asset to its pre-disaster function. These clauses make it difficult for Commonwealth to fund Councils or State Governments to ‘build back better’.

There is also a need for better guidance on what would constitute an acceptable standard for betterment which could then justify the additional investment. Currently, in the absence of an agreed standard for betterment, it can be difficult to construct business cases for investment.

Facilities/infrastructure currently are not considered essential assets

Under the DRFA, funding is available for an essential public asset which is “a transport or public infrastructure asset which is owned and maintained, or operated and maintained, by an eligible undertaking”. Essential assets include roads and road infrastructure (including footpaths, bike lanes and pedestrian bridges), bridges, tunnels, culverts, public hospitals, public schools, public housing, prisons, police and fire stations, levees, State/Territory and local government offices, stormwater infrastructure.

However, the Commonwealth DRFA does not consider sporting, recreational and community facilities, religious establishments or memorials, or landfills/transfer stations as “essential” public assets. Consequently, a significant number of Councils assets, including those important for community recovery and wellbeing, are not covered by the DRFA arrangements.

Evidence shows that programs in the arts, recreation, sport and other community events play an important role in community wellbeing and recovery. ALGA strongly believes that community infrastructure that is publicly accessible and owned should therefore be included in the list of essential infrastructure.

Council libraries are not considered essential public assets, but are used during natural disasters as evacuation centres, refuges, places where people can access information and the internet. While no libraries were lost during the 2019-20 bushfires, the 2009 Black Saturday bushfires saw numerous libraries affected by fire and demonstrated the risk to valuable library collections, including local history documents, manuscripts, etc. Once destroyed, these documents are lost forever. While libraries are in the process of digitising their records to protect the information contained the libraries, the investment in

digitising the entire library collection is often beyond the library's budget. Commonwealth funding assistance to speed up the process of digitisation would ensure that those historical records, community records, newsletter, rare books and collections are preserved forever in the event of further catastrophic bushfires.

On a related issue, the Local Government Association of Queensland (LGAQ) and the LGNSW made representations to Minister Angus Taylor in 2018 to make local government water and waste-water assets eligible on the same terms as other essential public assets under the federal disaster recovery funding arrangements. Unlike other States and Territories, New South Wales councils and the majority of Queensland councils are responsible for the delivery of water and waste-water (sewerage) services to communities across these States. To date water and waste-water have not been classed as essential assets.

Insurance issues - premiums

WALGA has provided input on this issue. It highlights the following points:

- the disincentive by governments to invest in local community risk mitigation results in the withdrawal of insurance options and an increase in under insurance.
- higher insurance reflects higher risk factors and higher claim costs, so greater investment in mitigation will result in more resilient infrastructure and communities, and potentially improved affordability of insurance.
- better access to risk data will allow insurers to vary their pricing models in a more sophisticated way. Higher risk zones will see higher premiums, with lower risk zones seeing premiums lowered.

Conclusion and recommendations

Greater mitigation ahead of disasters is a cost-effective pre-disaster investment, which avoids a much larger investment on recovery following a disaster. Similarly, a small additional investment to allow damaged infrastructure to be built back "better" so that it is more resilient to increasingly frequent and severe weather events will result in more resilient communities. Community assets, currently not treated as essential assets under the DRFA - including arts, recreation, sport and other community facilities, are known to play an important role in community wellbeing and recovery – should be included as essential public assets.

ALGA's submission has focused on these key issues rather than being an attempt to cover the field. ALGA makes the following recommendations for consideration by the Senate Committee:

- Support the establishment of a Commonwealth Government targeted natural disaster mitigation program at a level of \$200m per annum for four years;
- Support the restoration of Local Government Financial Assistance Grants annual funding to a level equal to at least 1% of Commonwealth tax revenue;
- Commitment by the Federal Government to ensure that betterment funding is a core element of disaster recovery funding and agree that a standard should be developed to support betterment; and
- Community infrastructure that is publicly accessible and owned should be included in the list of essential infrastructure under the Disaster Recovery Funding Arrangements.

Please contact Monica Telesny, Senior Policy Adviser on 02 6122 9433 or monica.telesny@alga.asn.au if you require further information.

Yours sincerely



Adrian Beresford-Wylie
Chief Executive
Australian Local Government Association