

3 November 2017

Mr Simon Roberts
Director Security and Emergency Management
Department of Premier and Cabinet
GPO Box 123
Hobart TAS 7001

Dear Mr Roberts

**Local Government Association of Tasmania Response to the Discussion Paper –
Natural Disaster Relief to Government Policy**

Thank you for giving the Local Government Association of Tasmania (LGAT) the opportunity to provide feedback on the Discussion Paper - Natural Disaster Relief to Local Government Policy (the Policy). LGAT has provided the discussion Paper to our member councils for feedback.

The discussion paper identified a number of potential changes to the policy. These included:

1. Notification process – change to improve data collection and reporting;
2. Claims process – change to financial year, rather than link with the event;
3. Eligible expenses – provide more guidance in the Policy or develop additional guidance material;
4. Threshold calculations- a change to the data used to calculate thresholds; and
5. Requirement for council to provide information that will assist the state comply with the proposed Natural Disaster Relief and Recovery Arrangements (NDRRA) reforms at the Federal level.

Feedback from councils on the discussion paper has been relatively consistent. Detailed feedback against each of the discussion topics is provided at **Attachment One**.

The key issues and opportunities identified by councils to improve the policy include:

- The opportunity to align damaged asset data requests at the State level. Following the 2016 floods various people and organisations were requesting data on damaged assets from councils. This included the Department of Premier and Cabinet (DPAC), Flood Recovery Taskforce, State Emergency Services and the Department of State Growth.

These requests were coming into council through different divisions e.g. works manager, community services, General Manager and the Mayor. This created confusion and duplication of work. A more streamlined process, developed and agreed by State agencies and Councils, is recommended.

- Concern about the time taken by the Tasmanian Audit Office to audit claims. The current process puts councils operating budgets under pressure, resulting in repair work being deferred to the following year to guarantee a claim is paid in the same financial year that the work is done. Some councils have commented that it can take up to twelve months to audit. Councils have suggested that there should be a mandated two-month period for audits. Timeliness of the auditing process may be improved through better guidance documentation on what can and can't be claimed under the policy.
- The need for significant work to be done to build guidance material and documentation to support the policy. The policy and supporting documentation needs to be readily available on the DPAC website. A process for communicating and educating councils on the policy would also be beneficial.
- The inability for day labour to be claimed as part of the policy has long been an issue with local councils. This issue should be rectified as soon as possible, with Tasmanian Councils given the same exemption as Queensland and Western Australia.
- Concern has been raised around the proposed changes to the source data to be used to determine thresholds. The proposed changes will have a significant impact on the dollar amount that needs to be exceeded to meet the first and second threshold for all Tasmanian Councils. Any change should not impact on the quantity of funding available to councils under the policy
- A number of the issues raised through this review are consistent with feedback provided to DPAC in a review in 2013. LGAT urges the State Government to put resources into developing documentation and processes to streamline and improve the relief and recovery process, which will ultimately lead to better outcomes for both the State and Councils.

LGAT appreciates the opportunity to provide feedback on the discussion paper and welcomes the opportunity to continue to work with the Department of Premier and Cabinet on the Policy.

If you have any further questions please contact Georgia Palmer, Senior Policy Officer, Local Government Association on 6233 5961 or georgia.palmer@lgat.tas.gov.au

Yours sincerely

Dr Katrena Stephenson
CHIEF EXECUTIVE OFFICER

Attachment one

Notification process

Councils identified a number of barriers to providing damaged asset data and estimated repair/replacement costs, especially within the current policy time frames. This was particularly evident with the 2016 floods due to the scale of the event and the number of municipalities affected. During the 2016 floods it took time for the floods to recede and as such it was difficult to identify all damaged assets and the extent of damage until the waters had fully receded. Flooding can also damage substructures which may not be evident on first inspection. Assets in more remote locations may also take time to identify.

Determining repair and replacement costs can be more challenging for complex projects such as the reinstatement of bridges and landslips which may require detailed investigation and modelling to determine a long-term repair or renewal approach.

There was general agreement from Councils that a seven day period to notify DPAC of damage was too short and a longer period should be included in the new policy. Opinion varied from council to council ranging from fourteen days to six months with the majority proposing a three month period. A number of councils also qualified that they would be able to provide a list of damaged assets in a shorter time frame with more detailed repair costs to be provided in the longer time frame (three month period). It was also noted that the size of the event and type of event impacted on the time frame achievable.

Claims process

Clarification is required in relation to the impact of changing timeframes and thresholds to a financial year rather than an event. In particular, if the threshold is applied annually and the works associated with an event crosses financial years, will the threshold be applied twice to the one event? If the change is to be made it is essential that councils are not financially impacted by this change.

The change to a financial year may also be challenging for many councils due to competing priorities at the end of the financial year, such as councils' financial statements which need to be finalised by 31 September each year. The end of November may be achievable.

The Tasmanian Government also needs to be mindful that Tasmanian auditors will be busy auditing the annual accounts at the same time as disaster claims, which could further compromise the timeliness of their response.

A number of suggestions were made by councils on how the Tasmanian Government could make the claims process more efficient, these included:

- More clarity on what is and isn't able to be claimed;
- Clear documentation as to what is required;
- Agreed service level/time frames from the Tasmanian Audit Office;
- Workshops and training where the notification/claims process is worked through with councils and resulting data clarified;
- Use of private external prequalified auditors for validation of claims; and
- Case studies and examples of what councils have claimed through the policy in the past.

Eligible Expenses

Greater clarity is required as to what is accepted as claimable under the policy. As the policy now stands this is not well qualified and may be person dependant. A clear and well understood list would be useful to councils when deciding to procure services or utilise its own resources and would minimise negotiations when claims are submitted.

The current documentation also needs to include consultants time for design, procurement and project management as well as waste disposal charges. The current exclusion of day labour as an eligible expense is a major flaw with the policy.

It should also be noted that while many councils would be eligible for Category A claims, the cost to councils in completing the claims process can outweigh the benefit. It is essential that the process is made as simple as possible.

The key assistance measures that councils provide to reduce personal hardship and distress (CAT A) include:

- Emergency shelters (evacuation centres);
- Recovery centres
- Waivers for tip fees;
- Waived planning permit fees;
- Food and in some cases emergency accommodation;
- Outreach during the emergency and following the emergency;
- Rate remissions for those most severely affected; and
- Community forums, community BBQ etc.

Councils may also get involved when a complaint is made that the support agency is not able to assist a person.

Councils also provide information on community facilities impacted by the event (i.e. not classified as essential public assets) to the Regional Emergency Management Committees through Situation reports. Councils noted that generally there should be no issue in councils providing data on these facilities as required by the Commonwealth. Councils noted that the definition of essential public assets needs to be broadened to include things such as public toilets and river retaining walls and boat ramps. It is understood that currently there may not be a consistent approach provided for such assets.

As outlined above, the eligibility of day labour under the relief and recovery arrangements has been a significant issue for councils for many years. It is understood and acknowledged in the discussion paper that some jurisdictions (WA and QLD) have received day labour exemptions from the Federal Government and therefore councils in these jurisdictions are able to claim day labour as part of their eligible expenses. This is particularly important for rural and regional councils who do not have the same access to contractors as their city counterparts for restoration works.

A number of other factors also impact on the availability and cost effectiveness of contractors. These may include;

- Isolation as a result of the emergency making it difficult for outside contractors to access the municipality;
- A disaster affecting multiple councils who use the same contractors and suppliers;
- Timeliness of contractors and the ability to reopen roads as soon as possible after an event; and
- The restriction placed on councils by the procurement processes and the cost and time in undertaking these processes.

Council day labour also has the benefit of local knowledge of the assets, the community and a clear understanding of council system and processes. As well as being able to be deployed during the event in a timely manner.

The cost effectiveness of using day labour can be demonstrated through assessing the availability of external resources and comparing internal hire chargers (labour and plant) to contract rates (readily available from the contractors or demonstrated through past project quotes/contract price).

It is recommended that a body of work be undertaken at an industry level to make the case for the cost and resource effectiveness of day labour, based upon a number of local case studies.

Calculation of Assistance

This part of the discussion paper suggests changing the data used to determine the policy thresholds for assistance from the current general rates and grant revenue to total recurrent revenue. Attachment Three of the discussion paper outlines the new thresholds showing significant increases in the thresholds for some councils. For example, for Burnie the old threshold for reimbursement was \$35,921 compared to the new one of \$75,821 an increase of 109%.

The proposed change is significant and would negatively affect every council. Under the proposed changes the councils that have a high non-rate revenue appears to be the worst affected. Councils should not be worse off if the revenue base changes and additional non-financial support from the state to compensate for the change would seem like a poor outcome.

The omission of good documentation, processes and publicly available information and guidance has been a major issue with the policy in the past and should be implemented as soon as practicable. This should not be contingent on a change to the data used to support an increase in real threshold amounts.

NDRAA Reforms

Many councils have the capacity to provide geospatial data, video or photographs of impacted areas. Often initial inspections are conducted by Council works officers, technical officers and engineers to provide a basic understanding of the damage.

Depending on the damage, consultants may be required to undertake detailed inspections and reports (such as bridges & landslips). However, different councils have different capability, particularly in specialised areas such as civil engineers & qualified quantity surveyors. Some of the smaller councils rely solely on consultants to undertake assessments.

In relation to pre-existing conditions, most councils are likely to rely on an inspection report or certification by a suitably qualified engineer or quantity surveyor undertaken at the time of the damage and it is important that this can be relied upon as the only evidence required. It is also important to understand the way in which any data or estimates of the pre-disaster condition of essential public assets is to be used in decision-making.

Many Tasmanian councils have reasonable asset management systems, which include condition information, asset registers, and some inspections records. Inspections are likely to be most comprehensive for bridges. Inspection cycles may vary and would not meet the two year requirement under the current draft damage assessment requirements.

Councils also have a requirement to provide details to the Auditor General for the purpose of testing asset movements and balances. The information that is included does not include condition data, but would include age/remaining useful life. The valuation data is provided to the Auditor General's office every three years.

The proposed reforms require States to establish the estimated reconstruction cost through either market response or cost estimations. Councils currently use a combination of methods depending on the damage or failure. Market response is the most accurate and reflects the actual cost.

When the estimated cost model applies, States will be required to account for residual risk through the inclusion of a contingency allowance. Councils generally use a 10% contingency where there is a high level of confidence and approximately 20% to 30% where there is lower confidence due to the complexity of the reconstruction.

Generally, CPI is used for normal cost escalation allowances for councils. The type of project may require consideration of other indices such as oil and bitumen prices, fuel costs etc.

Where a cost estimation model applies there may be an opportunity for councils to use any leftover funds for mitigation projects. Funding for mitigation projects through existing programs in Tasmania has been minimal with little ability to fund major infrastructure projects. The funding split under the existing arrangement of 50:50 between local councils and the Federal Government has also been prohibitive, particularly when a small council carries a large natural hazard risk. Funding for mitigation activities would be very welcomed.