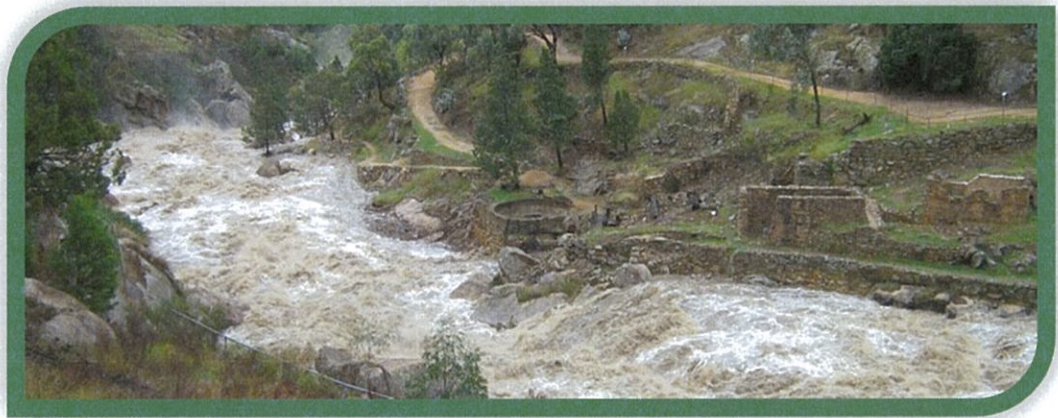




Natural Disaster Funding



**A submission by Tumut Shire Council
for the Productivity Commission
Review into Natural Disaster Funding**

- 6 June 2014

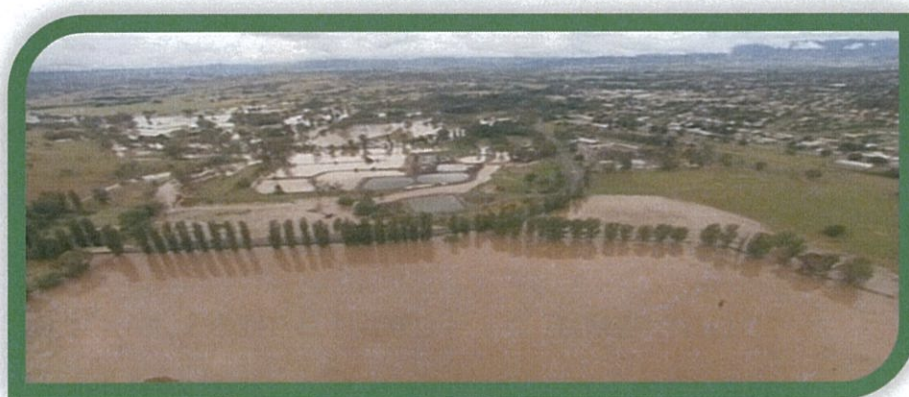
Executive Summary

Tumut Shire Council (TSC) is a medium sized rural council in south western New South Wales.

The area experienced major flooding in 2010 and 2012 with a combined flood damage bill of over \$20 million.

The Shire area was declared a natural disaster on both occasions and NDRRA funding was granted for over 500 individual damage sites.

This submission will describe the successes and failures that were encountered along the journey, and the lessons Council learnt along the way.



Contents

Executive Summary	1
Contents	2
Introduction	3
Tumut Shire Council's Emergency response	3
Initial claim for Recovery Funding.....	4
The reconstruction phase.....	5
The final result.....	6
Appendix.....	7



Introduction

The Natural Disaster Relief and Recovery Arrangements (NDRRA), are an essential tier of funding for Local Government (via State Government) when communities are trying to cope with the devastating damage caused by natural disasters.



In the case of Tumut Shire Council, the two separate floods in 2010 followed by the much greater flooding in March 2012, caused a devastating amount of damage to road infrastructure, and created a great deal of fragility within the community.

The damage bill of \$20 million was simply too great for Tumut Shire Council to cope with, and without the NDRRA safety net, the community would not have been restored to its pre-disaster condition.

Tumut Shire Council's Emergency response.

The community expects its local Council to respond immediately, effect measures to ensure public safety and to restore access to properties and businesses. Councils are well positioned to respond quickly and effectively, due to their local knowledge and their access to staff and heavy equipment.

Whilst the State Emergency Services, the Rural Fire Services and the like, provide a valuable and immediate emergency response, often in a combat role, it is the Council the community expect to reinstate the facilities and infrastructure.

One failing of disaster funding in the past has been the costs of day labour and Council's own equipment could not be claimed for reimbursement during the emergency response phase, however, the cost of contractors could. This seemed innocuous, as Council labour and equipment costs the same or less than contractors. Whilst Tumut Shire Council will always respond in an emergency, with their own day labour and equipment, there were some Councils that decided to continue with their normal tasks while employing contractors to undertake the emergency response work. Whilst this may save Councils money, it is not in the best interests of the community.

This situation appears to have been mostly rectified in the NDRRA 2012 Determination, however there is still a minor Clause in the NSW RMS Natural Disaster Arrangements 7(m), that prevents reimbursement of 'Salaries or other on-going administrative type expenditure'.

Whilst this clause is vague at best, it is also open to interpretation. Senior Engineering positions in metropolitan Councils would be considered administrative, however in a smaller regional rural Council, there is often only one or two engineers with the expertise and experience to assess infrastructure damage.

Often, particularly following flooding disasters, there is a significant amount of time and effort required to assess the damage and document the many individual sites requiring restoration. This takes resources away from normal duties, which are then either covered by other more expensive resources (such as consultants), or not done at all.

To apply this same rule to Councils across the state does not reflect reality, and disadvantages the smaller Councils, the ones who can least afford it.

Recommendation:

- 1) That the NDRRA allow for the reimbursement of justifiable administrative costs during the emergency response phase of a disaster.
- 2) That Clause 7(m) of the NSW Roads and Maritime Services (RMS), Natural Disaster Arrangements, be further clarified to articulate clearly what emergency staff costs are claimable by Council.

Initial Claim for Flood Recovery funding.

Following the 2010 flood events, Tumut Shire Council's recording of damaged infrastructure was, like most Councils, somewhat haphazard and fragmented and paper based.

Council was fortunate in one way to have two flood events relevantly close together (16 months). The lessons learned after the flood in late 2010, were quickly used to improve the response following the March 2012 flood event.

Council implemented a software program called REFLECT for recording flood damage which included GPS coordinates, photos, description, and cost estimates to repair. Having this quality data, made it a simple task for the Roads and Maritime Authority to assess and approve the claim quickly, allowing Council to proceed to the restoration phase.

This level of data is a requirement for disaster funding under the NSW Government RMS Natural Disaster Arrangements and is quite specific. However, the differences in the quality of data between Council is huge and the potential for value adding or reducing waste is lost at this point.

The Reconstruction Phase.

Once Tumut Shire Council had established emergency access, and commenced collecting the data necessary for the disaster funding claim, it became obvious to the General Manager that Council's existing engineering staffing levels could not accommodate the additional project management workload that the flood restoration project would entail.

Whilst consultants could be appointed to undertake this work, an in-house employee could not, under the guidelines, irrespective of the merits of each option.

This situation of course has consultants salivating across the state following a disaster, but whether it's the profit motive, or the inability to understand, sympathise, or work with the community, the results delivered by consultants invariably cost more and achieve less, than those delivered by community employed engineers.

Due to the sheer size and number of damage locations on Councils infrastructure, including significant items such as landslides and bridges, Tumut's General Manager sought and obtained approval from the RMS to employ a Project Manager on a 2 year contract basis.

The role of this person was to manage every aspect of the flood restoration process and to expedite the decision making process, the position answered directly to the General Manager.

The restoration process was carried out on time, under budget, and to the satisfaction of the Roads and Maritime Services, Tumut Shire Council, and most importantly the local communities originally affected by the flood disasters.

An informed purchaser.

Whilst Local Government is usually the best placed agency to deliver the recovery phase, they often have quite lean engineering structures, resourced to deliver the normal program of maintenance and replacement of public infrastructure. Disaster damage of a relatively minor nature, say less than \$5 million per year, or restoration work of a general nature that can be accommodated within a normal works program

can, and regularly is, delivered by the majority of local Councils.

When the disaster restoration cost becomes larger, say greater than \$5 million per year, and there are a greater number of larger, more complex rebuild projects, such as bridges and landslides, there is a greater need for single focus on the restoration required. For a two year period, Council needs to have a greater informed purchasing capacity. A specialist, generally a Civil Engineer, who can plan and develop solutions for the restoration of damaged infrastructure. Engineering solutions that can be implemented quickly, meet the needs of the community, and don't waste money on delays or inappropriate designs.

Not just rebuild what was there before, but also build into the design some resilience to future disasters.

Whilst the dollar figure nominated above is completely flexible due to the nature of damage caused by the disaster, it is obvious, that at some point dedicated technical and project management resources would add value to the delivery of the best infrastructure outcomes for the impacted communities.

There are many past instances of disaster recovery money being grossly wasted through mismanagement, however there is no need to re hash those here. The important thing for Tumut Shire Council is to share the knowledge gained through a successful recovery from two devastating floods.

Recommendation:

- 3) That the NDRRA contain a requirement that above \$10 million in infrastructure damage within a Local Government area, Councils are required to create a dedicated position to manage the disaster recovery.

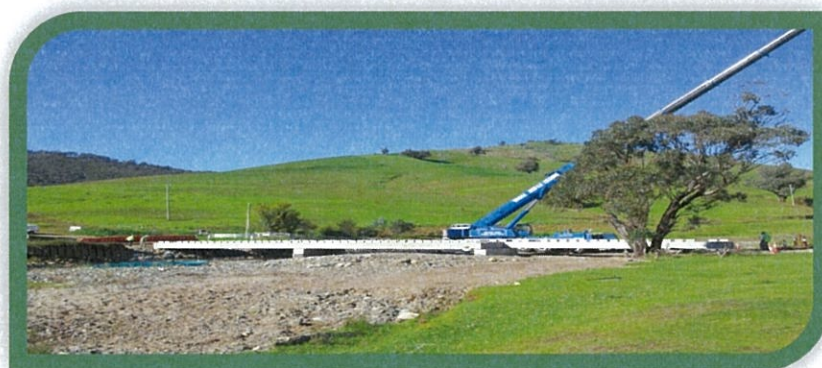
The Final Result.

The flood restoration phase for the Tumut Local Government Area is almost complete, with the last of 3 bridge replacements and 4 major landslides being completed last month.

To deliver the volume of work in excess of \$20 million, the complexity of projects with long lead times, and to navigate the environmental and community expectations all within a two year period is a magnificent achievement. To do it, and hand back close to \$4 million dollars to the State Government authorities administering the grants, is exceptional.

Tumut Shire Council is been recognized by its peers with a number of industry awards for the Flood Recovery program, but it comes down to one simple reason.

Council recognized it needed to increase it's technical and project management capacity to deliver the flood restoration program in a cost effective and timely way.



Appendix

The document - NDRRA 2012 Determination has two Clause 3.7's, the second of these should be Clause 3.8 (page 6).