



Wimmera
Catchment
Management
Authority

Our Ref: WCMA-17311 - Wimmera CMA Submission to National Disaster Insurance Review
Contact: Tony Baker, Planning and Assessment Manager
Date: 14 July 2011

Ms Christine Barron
Natural Disaster Insurance Review Secretariat
Natural Disaster Insurance Review
C/- The Treasury
Langton Crescent
PARKES ACT 2600

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Dear Ms Barron

Thank you for the opportunity to provide a submission to the review into natural disaster insurance.

Wimmera CMA has responsibilities regarding the management of the floodplain through its Statement of Obligations under the *Water Act* (1989). The Authority considers best-practice floodplain management to encompass a suite of functions to reduce; the likelihood of potential loss of life, the risk to health, and damage to property.

Wimmera CMAs approach to achieving this includes the development of thorough understanding regarding flood intensity, frequency, magnitude and extents, coordination of adequate flood warning systems. Provision of adequate planning controls to ensure new developments minimise the risk of flooding and do not lead to increasing the flood risk profile of existing developments.

We feel there is an opportunity for the insurance industry to work collaboratively through sharing information and other resources with government agencies with flood responsibilities to more effectively understand and mitigate risks to life and property. Wimmera CMA has included a number of suggestions related to the issues raised in the issues paper.

Should you have any queries regarding this submission please contact Tony Baker, Planning & Assessment Manager at this office.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David K Brennan'.

DAVID K BRENNAN
CHIEF EXECUTIVE

Wimmera CMA provides the following comments with regards to the Issues Paper prepared by the National Disaster Insurance Review

Chapter 9 - Flood Mapping

Wimmera CMA undertakes flood assessments and flood mapping of priority areas that are impacted by flooding using a combination of flood modelling, local knowledge and historical data. Whilst a national standard is a worthwhile concept, flood mapping is constrained by the available data which is extremely variable. Guidelines around best practice flood mapping with varying requirements depending on the information available to develop flood maps would have merit and gives all parties a common language around understanding and risk. It would improve the knowledge of flood risk by insurers and enable agencies to improve their preparedness and response to floods.

The amount of government funding provided dictates the amount of flood mapping that is undertaken based on Wimmera CMA priorities. Therefore there are some locations that have not yet been able to have accurate mapping. There are also challenging decisions around undertaking new flood studies compared to revising previously completed ones based on improved knowledge gleaned from recent events. Given flood mapping is only as good as the data that informs it, there is also a need to improve this aspect of flood mapping. Improved funding (whether it be from public or private sources) to improve flood flow and rainfall gauging and modelling would be invaluable. It is worth the insurance industry considering contributing to this as it would assist in quantifying and mitigating risks to insured properties.

In Victoria, CMAs and Melbourne Water are responsible for flood mapping which is different to other states. The *Water Act* (1989) provides CMAs and Melbourne Water with powers to, in conjunction with council planning schemes control development on the floodplain. Wimmera CMA maintains this is in the interest of all parties to prevent increases in flood risk and suggests such a model would work well elsewhere, as an authority without conflicting interests (e.g. in increasing the rating base) makes decisions about development based on the flood risk and that alone. Shifts away from this approach may see land use decisions not adequately consider flood risks.

Flood maps should be freely available in the public forum to build community understanding around flood issues. Wimmera CMA has placed flood maps on its website and during a flood event thousands of people accessed the website to understand the areas under threat.

It is crucial that there is improved sharing of information between insurers and agencies. Insurers receive information around claims for flood damage. Details concerning the flooding of properties (location, depth etc.) are invaluable in formulating and improving flood studies and so would be beneficial to all parties if there was a common flood information base for insurers and agencies.

Recommendations:

- ***That there be increased resourcing (potentially also provided by the insurance industry) to supplement current efforts to improve flood mapping and understanding flood risk;***
- ***That guidelines or Codes of Practice for best practice flood mapping be developed that take into account the variation of data availability and accuracy between catchments;***
- ***That flood mapping be freely available to communities to educate them with respect to flood risks; and***
- ***That processes for information sharing between insurers and agencies are developed to ensure that the best available information is obtained.***

Chapter 10 - Flood Mitigation Infrastructure

Flood mitigation infrastructure should only be developed as a last resort to protect development that currently exists on floodplains. Many towns have grown around waterways since European settlement and flood risks to these towns were not well understood. As a result of this, levees have been built to protect these towns from small to medium floods. Levees are expensive to construct and maintain and are susceptible to failure or overtopping can sometimes cause worse flooding problems than if they were not constructed in the first place, with water entering via overtopping or a breach becoming trapped. Levees also reduce local floodplain storage, artificially raising floodwater levels elsewhere and inundating additional areas than would otherwise remain unaffected. The ownership and maintenance of levees and drains across Victoria is extremely ill-defined. Many levees have no defined manager and hence receive no maintenance and as a result cannot be relied upon to mitigate against any floods. Recognising the points above we do not have the ability to retrospectively improve past planning decisions.

It is because of these issues that Wimmera CMA advocates that prevention is better than cure and risks to life and property should be minimised by not allowing inappropriate development on the floodplain. In our opinion it is critical that CMAs retain their functions under the Victorian *Water Act* (1989) regarding referrals for development on floodplains.

Expertise and experience from around the world has shown that when infrastructure and development is constructed to with stand a natural hazard and consequently fails the results are often devastating. . Recent tragedies such as the severe Mississippi River flooding that that made billions of dollars of flood mitigation infrastructure obsolete and the tsunami in Japan washing over walls built to protect towns from tsunamis highlight the unfortunate reality that nature will always be able to overwhelm constructed defences.

Floods also provide are a crucial part of the dynamic Australian landscape in terms of benefiting natural ecosystems and productive land in the long term though cycling nutrients, watering wetlands and adding moisture to the soil profile. Historical flood mitigation activities have often been ill-considered causing damage to environmental and build assets.

Wimmera CMA believes as a last resort discrete well-constructed and maintained levees can be critical for protecting buildings currently at risk of flooding and minimising third-party impacts. It is recommended that rigorous flood modelling (integrated approach considering adjacent reaches impact on levee structures) is used when looking at options around enhancing flood mitigation to ensure that the problem is not being transferred elsewhere (e.g. extending levees on one side of the river worsening flooding on the other side) and the design standards to which they should be built.

It is up to the insurance industry and government to determine risk levels associated with levees. Varying standards and sizes need to be able to offer a commensurate insurance product. Ideally houses subject to flooding would be repaired and improved to increase their resistance to flooding without creating third-party impacts otherwise an ongoing burden to insurers will be created, for example lifting the flooring level of houses on stumps.

Recommendations:

- ***That flood mitigation be seen as a last resort to address current issues and that strong planning controls be implemented to avoid increasing flood risks through new, inappropriate developments; and***
- ***Levees, whilst essential in some cases, have issues with ill-defined management arrangements and construction standards. They also can cause off-site impacts, pushing floodwaters elsewhere. These issues need to be considered by the insurance industry when offering insurance products where flood mitigation infrastructure exists.***

Chapter 18 – Funding Public Infrastructure

It is recommended that there be an ability to access NDRRA (National Disaster Relief and Recovery Arrangements) funding to repair and improve public infrastructure to withstand future flood events. Once again, an approach of paying out a claim to enable a 'like-for-like' reconstruction needs to be examined when for some structures, an additional payment would enable some structures to be built to resist future floods much better and not necessitate additional claims from future floods.

Recommendation:

- ***That NDRRA claims not be restricted to cover a 'like-for-like' reconstruction and that there are avenues for funding improvements for public assets to better resist future floods.***

Involvement of the Insurance Industry in Flooding

It is worth strongly considering that if there is to be increasing involvement in the insurance industry in insuring for flood damage that there should be some additional contributions to improving flood mapping , flood intelligence (i.e. flood warning stream gauges) and flood response (i.e. State Emergency Service). It would be extremely beneficial in reducing risks around flood damages and commensurate to the insurance industry subsidising the Victorian Country Fire Authority to protect properties against bushfire risk.

Recommendation:

- ***That the insurance industry provides additional resources to assist government and the community in flood management.***