

Local Government Risk Agency

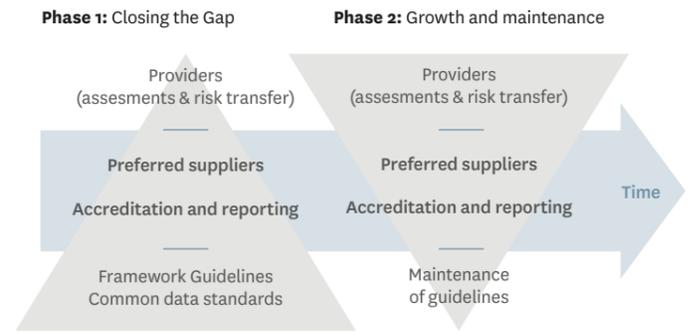
We are. LGNZ.

A new agency to pool and coordinate local government resources to reduce the risk to assets, and the costs, from disasters.

The agency will harmonise risk practices, improve local government skills in management and financing, provide quality assurance, share data and best practice risk modelling, and supply expert staff.

Primarily community and end-user benefits, favouring user pays

Primarily public benefits favouring Crown and/or subscription



THE RISKS FROM DISASTER

Local government owns and manages:

- > \$120 billion of fixed assets
- > 100% of New Zealand's drinking water, wastewater, and stormwater
- > 88% of roads.

The costs of disasters are rising due to:



Increased development



Population growth



Historic settlement patterns in higher risk areas such as the coast and rivers



Construction costs increasing faster than rate of inflation

A LGNZ 2015 survey showed under-resource in local government risk management:

- > **25%** of local authorities and about half of the rural councils do not have a formal risk register;
- > **30%** of risk registers are reviewed annually, but risk management frameworks are reviewed less frequently;
- > **65%** of local authorities have a business continuity plan.

THE CASE FOR RISK MANAGEMENT

The sector says:

- > We want risk assessment and risk mitigation assistance from a risk management agency.
- > We value risk modelling.
- > We value risk assessment, mitigation, and assistance generally with risk management.
- > We are mapping and defining the potential impact of natural hazards.
- > We are concerned about liability and cover.

Experts say:

- > **Office of Auditor General, 2012;** Local Government sector under-insured.
- > **Stobo report, 2013;** Create agency to help councils to improve risk management practices and negotiate insurance. Focus on resourcing risk profiling, risk management, and risk mitigation activities to improve self-reliance and resilience.
- > **Finity Report, 2014;** Local government sector should create an entity to take an integrated risk management approach.

Spend now to save later

$$\$1 \text{ risk reduction saves} = \$3 \text{ in disaster costs}$$

Every dollar spent on hazard risk reduction avoids losses and disruption worth \$3–11.

Deloitte Access Economics (Australia) 2013 Building our Nations resilience to Natural Disasters

BENEFITS AND FEATURES OF THE RISK AGENCY

- > Greater community resilience and welfare
- > Improved national and local visibility and cost certainty

Net economic benefit

\$65 Million

Projected net cumulative economic benefit of Risk Agency work 2016–2035

Features:



Communication and education

Guidelines, practice notes, information, training, communities of interest, conferences, liaison with industry and central government



Quality Assurance and incentives

Accountability and assurance, incentives such as insurance premiums and benchmarking.



Risk assessment and decision support services

Data and information services, modelling advice and capabilities, supply of expertise.

KEY DATES AND COSTS

