



Australian Government

National Emergency
Management Agency

Submission to the Independent Review of Commonwealth Disaster Funding

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Q1. What experience have you had with Commonwealth disaster funding support?

Our most recent experience has been with the 2022 October Floods.

The City found the process to claim very complex and resource intensive. While the introduction of day labour costs (use of councils in-house resources to undertake allowable repair and restoration works after eligible events) and internal plant use was welcomed, a standard rate adopted would be better than each Council needing to produce justification for plant hire rates.

The process and clarity for claiming was not straight-forward and the roll out of the new platform was not supported at a level needed in order to utilise the system to its fullest potential. This, coupled with our assessor being relatively new, meant we lacked authoritative advice at each stage and a lack of support for our processes.

Shared costs were difficult to navigate as there were additional administration costs involved and the linking to asset part of the process didnt lend itself to being efficient or effective.

Due to a lack of betterment funding, Councils are left to fund between 50% and 75% of costs, which is simply unaffordable. An example of this is gravel road re-sheets being funded at 50-75mm, however, many councils re-sheet to the standard size of 100mm. The cost of gravel re-sheeting for one flood impacted Council in our Northern Victorian Emergency Management Cluster will be more than \$10 million.

The strict interpretation of allowable works also means that Councils have to make choices between funding betterment or undertaking works in a highly inefficient manner. For example, working on isolated defects such as scours on gravel roads due to flooding, but not grading of the rest of the road as it would be considered betterment. We understand the principle of betterment to improve resilience is applied differently in other states. (see below)

Q2. How could Commonwealth funding support communities to reduce their disaster risk?

The increasing complexity, frequency and intensity of emergency events is leading to even greater financial impacts on councils and communities.





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A structural review of funding arrangements presents as a significant opportunity for the Victorian Government to properly support Councils to deliver on the roles and responsibilities they have been delegated.

Existing arrangements under the NDRA program are inefficient and place significant administrative burdens on councils and communities impacted by emergencies.

Higher levels of ongoing funding, reflective of risk-assessments and community expectations, would dramatically enhance the service-delivery offering and ensure local community needs are met before, during and after emergencies.

A new model should include sufficient base level funding for all metropolitan, regional and rural councils. Funding allocations should not be unnecessarily skewed by population density, political interests or other factors.

The current Disaster Ready Fund needs to be expended to enable further climate resilience projects to be scoped and funded in the long term.

Betterment

Under the current model in Victoria, funds are provided to councils to reinstate the infrastructure to their pre-disaster condition. Should councils wish to improve the infrastructure by designing and developing more modern or disaster-resilient solutions, councils must fund the improvements in full. If there was a more flexible approach to betterment claims, councils would be incentivised to consider potential improvement in the early assessment phase.

There is a need for Commonwealth and Victorian Governments to reach agreement on a Betterment Fund (part funded by each) similar in purpose and operation to the Queensland Betterment Fund.

Betterment funding is calculated as the difference between the Category B estimated cost to restore an eligible essential public asset to its pre-disaster function and the cost to build back the damaged asset to a more resilient state.

This is critical to increase the resilience of public assets and to avoid large scale waste of public money replacing assets to a sub-standard level where they are vulnerable to future events. Betterment funding ensures communities are more resilient to future disasters while also reducing associated costs.

Q3. Please describe your understanding of Commonwealth disaster funding processes. We needed to adapt and learn quickly in order to understand the relevant categories of emergencies and other works under the revised DRFA requirements. However, we believe we were behind in our understanding and did not have our acquittal or expenditure systems set-up to properly record information in a timely manner. These systems are long, complicated and onerous to use, causing stress and frustration for staff in getting up to speed.

Due to the arduous evidence collection needed prior to works being undertaken, authorities are forced to make a choice: either collect the data required to justify the claim, delaying rectification works or prioritise the rectification works and risk not having the necessary documentation to support the claim for funding under the DRFA guidelines.





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For example: For general maintenance tasks we have the defect identified and completed in our system (Konect). The cost of the rectification is recorded on timesheets and the finance system (Tech One). Tech 1 and Konect are not linked so there is no direct information on the cost to repair each defect.

To claim the funding under DRFA, there has to be evidence of cost of repair against the asset. This has meant that the two pieces of information, defect and cost, have needed to be reconciled manually and evidence to show the link between the pieces of information. In the haste to undertake the repair there are instances where the level of documentation has not been sufficient to create the link between the pieces of information and whilst the works undertaken were clearly flood related, the cost of these works could not be claimed.

For more substantial work, information on the condition of the asset prior to the flood event is required. This is not available by one source with information obtained both from Konect (previous defects and photos) and Conquest (asset condition).

There is also greater scrutiny placed on works undertaken using internal staff and plant. Additional staff required the need to have a PD approved by the assessor prior to appointment. Internal plant hire rates are still be assessed and have not been approved as yet. Whilst use of internal resources are more cost effective, there is less scrutiny placed on use of external consultants and external contractors. Whilst the cost of engaging external services is more expensive than use of internal resources, provided there is an invoice which documents the flood repair works undertaken, the cost of the work has not been questioned.

The engagement of external consultants to inspect and coordinate works and engagement of external contractors to undertake repair works is a slower, more expensive process but will enable Councils to claim back more of the cost of the works.

Administrative simplicity and an approach that recognises the complexities of asset tracking for some storm events vs other emergency relief centres would be strongly preferred.

Q4. Are the funding roles of the Commonwealth, states and territories, and local government, during disaster events clear?

There has been an increase in engagement recently from DRFA representatives (Victorian State government), which has been appreciated, however, the multiple layers and assessment agencies (vs EMV) is exceedingly complex.

Where there are opportunities to access other funding sources, the acquittal and prioritisation of those funds can be dependent on the DRFA funds available. Therefore, the ability to speed up the overall process for claim approvals will be more beneficial administratively.

Q5. Is there any further information you would like to provide?

As outlined, there are two approaches that Councils can take:

Minimise the disruption to the community and prioritise the rectification of damaged assets or;

Maximise the reimbursement of cost via the DRFA claim, which results in slower rectification works due to the requirement to collect data of damages and seek approval for more substantial works.





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These approaches should not be mutually exclusive and a less onerous documentation process, particularly for emergency works, would assist in early rectification of damage without the risk of these costs not being reimbursed.

There is also a need for greater trust in Councils to do the right thing amongst communities. It is Councils that are on the ground who get judged by the community for the level of service, which is often provided in very stressful situations during or after an emergency event.

State and Federal governments are heavily dependent on local government to respond and recover from an emergency, but the systems don't reflect the extent to which Councils are expected to just get on and do the work.

