



Australian Government

National Emergency  
Management Agency

# Submission to the Independent Review of Commonwealth Disaster Funding

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**Submitted by:** Loddon Shire Council

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

Loddon Shire Council (Loddon) has experienced significant flooding in 2011, 2016, 2018 and 2022 each of which has resulted in claims under the Disaster Recovery Fund Arrangements (DRFA).

Without the DRFA Loddon would not be in a position to reconstruct our flood damaged assets.

Loddon currently has over 1,300 flood reconstruction projects identified as DRFA claims with an estimated value of \$34 million. This damage has impacted more than 10% of our total road network.

Since October 2022, claims have been submitted for reimbursement of:

- \* Relief & Recovery \$68,000;
- \* Counter Disaster Operations \$258,000;
- \* Emergency Works \$288,000; and,
- \* Immediate Restoration Works \$6 million.

The largest claims will be through the Restoration of Essential Public Assets (REPA) claims process which is currently underway and will take in the order of 2 years to deliver.

By comparison to other discretionary funding programs Loddon's experience with the DRFA has been very challenging. Evidence requirements are unrealistic and too onerous to be effective or efficient. Uncertainty of funding has created an unacceptable financial risk to small Councils which has resulted in repair works being delayed. The process appears to focus on evidence and audit rather than people, community and economic output.

Compared to other DRFA processes, the 2022 Floods have been slower, more bureaucratic, less certain and as a result are delivering worse outcomes for our community. The process has diverted Council's very limited resources away from value adding recovery activities in order to gather excessive evidence.

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

The Disaster Ready Fund is an initiative which should be enhanced to better equip local communities to undertake long term resilience initiatives. While the fund is welcomed, the funding ratio of \$1:\$1 does





not recognise the limited financial capacity of small rural communities and the significant asset liabilities they face across a large geographic area.

The Victorian Floodplain Management Strategy transfers an unrealistic burden on to local government for many activities. An example of this is the expectation that local government will install and maintain flood gauges within waterways. Councils have limited expertise in these types of assets and very little responsibility for any other aspect of river systems. It is a mismatch of expertise/knowledge to expect this. In addition to the expertise, these assets are expensive to install and require significant expenditure to maintain each year. Again, this is beyond the financial or human resource capacity of small rural Councils. If a warning system is to be installed, this would be best managed by the waterway managers rather than local government.

### **Q3. Please describe your understanding of Commonwealth disaster funding processes.**

The Disaster Recovery Funding Arrangements (DRFA) is broken into four categories. Each category has a number of specific sub-sets within it, as outlined in the table below. The majority of funding to local government is administered through category B unless exceptional circumstances exist.

A Assistance to individuals to alleviate personal hardship or distress arising as a direct result of a disaster, such as emergency food and essential housing repairs.

B Assistance to the state, territory, and/or local governments for the restoration of essential public assets and certain counter-disaster operations. It also includes concessional loans, subsidies or grants to small businesses, primary producers, non-profit organisations and needy individuals.

C Assistance for severely affected communities, regions or sectors, and includes clean-up and recovery grants for small businesses and primary producers and/or the establishment of a Community Recovery Fund. Category C assistance is only made available when the impact of a disaster is severe. Requires the Prime Minister's approval.

D Exceptional circumstances assistance beyond Categories A, B and C. Category D assistance is generally considered once the impact of the disaster has been assessed and specific recovery gaps identified. Requires the Prime Minister's approval.

The process, evidence, eligible activities, templates, and delivery mode of each category is different making the claims process very onerous, overly complex and resource intensive.

Because the DRFA is jointly funded between the state and federal governments, it is subject to a dual audit process. When Councils submit a claim, that claim is assessed by the state government assessor and approved or declined. Council then deliver the work. The federal government may then audit the claim before repaying their agreed share back to the state government. If the federal government's audit identifies a lack of evidence they will not reimburse the state government who will be left with the full claim cost. Because of this risk, the burden of providing excessive evidence is passed to local government. This is not an efficient or effective process.

The funding process is also difficult if the level of evidence required cannot be satisfied. This often leaves Council with most or all of the cost. For example, proof of a sealed road dig-out versus a pothole repair is difficult to demonstrate with photographs. Or another example; re-sheeting a road should be



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undertaken to 100mm depth, however the maximum funded depth is 75mm unless there is proof that the road has been re-sheeted in the past 5 years.

In addition to the DRFA the National Emergency Management Agency (NEMA) also administers the \$200 million Disaster Ready Fund (formerly Emergency Response Fund). This fund provides for natural disaster resilience and risk reduction.

Round 1 closed 6 March 2023. The funding requires a \$1:\$1 funding ratio which is beyond the capacity of many rural local governments who do not have financial or human resources required to apply or deliver this work given other DRFA resource commitments. A greater funding ratio for small rural Councils is needed.

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

The funding roles and responsibilities are clear, however it should be acknowledged that the rules have changed many times which results in additional work to understand the process and locate the necessary evidence.

While the rules are understandable in the context of a smaller event, given the scale of the October 2022 flood event, they make the claim process too complex. These floods have damaged more than 10% of our 4,800km road network and there is a need for a timely and efficient process which has not been experienced.

Our current estimates are that Loddon will have a funding gap of over \$6 million to repair essential public assets because we are unable to satisfy the evidence requirements. With annual rates income of \$12.7 million, this is beyond our capacity.

Loddon Shire Council has also experienced \$8million damage to our non-essential assets. Because this is beyond our financial capacity these assets will not be repaired until they can be funded from other grants or Council's modest infrastructure program.

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

While the roles of each level of government during an emergency are clearly defined, there were challenges with the October 2022 floods because of the scale of this event. Because the event was of such a magnitude the state multi agency framework for emergency management was unable to cope with demand. At times the Incident Control Centre were beyond capacity and therefore had to triage their attention to certain areas/towns. As a result, when we were unable to reach them local decisions were made to protect life and assets – for example: construction of township levees. While it is a relatively obvious decision to construct a levee which protects a town from flooding, Council's claims for reimbursement under the Counter Disaster Operations category have been challenging because there is a lack of written evidence that permission was obtained from the ICC. It would be unfortunate if these types of claims were not accepted as it would be discouraging of Council's taking timely action in these circumstances.

