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National Emergency  
Management Agency

# Submission to the Independent Review of Commonwealth Disaster Funding

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**Consent option:** Publish with name

**Submitted by:** Blue Mountains City Council

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

The City of Blue Mountains is one of only two cities in the world surrounded by a UNESCO declared World Heritage National Park Area with a community of nearly 80,000 people living in 27 towns and villages located over 100 km of mountainous terrain.

Disaster funding support has not enabled the efficient and effective response to climate change by Local Government and needs significant improvement to ensure our three levels of Government work together to support the community during climate change.

Four declared natural disasters in two years have caused damage that is well beyond the capacity of Council and the local community. Landslides and road damage were catastrophic, and Council spent \$19M from reserves for immediate repair to maintain public safety cost, anticipating that disaster recovery funding would be forthcoming due to in principle approval being provided by TNSW.

Claims were submitted in accordance with disaster recovery guidelines. As at August 2023, only (39%) \$5.3M or 27% of this expenditure has been approved, leaving a shortfall of (\$11.6) \$14 Million, of which \$8 million was funded by emergency grant and the remaining 6M borne by the local community. Community services have been affected and Council has drastically reduced the affordable program of services during 2022-2023 and for 2023-2024.

The primary reason given for repeated refusal of applications has been that roads were not in as new condition prior to a disaster event, and an interpretation of the disaster recovery guidelines that renders these claims ineligible.

In an effort to obtain some funding, valid but refused claims have been re-inspected by Council and resubmitted four times, and still not approved. Council has detailed pre-disaster condition data collected by independent experts to support pre-disaster condition, but this deemed to be not in accordance with the guidelines, and claims were disallowed based on google streetview showing pre-existing road damage. Council offered to pay the difference between pre-existing condition and post disaster condition, and this was also refused as being not eligible under the guidelines, and that only streetview pre-disaster evidence was acceptable. There are two key issues that have caused major problems. Firstly, the interpretation of the 2018 guidelines that any pre-existing road damage renders





any subsequent claim invalid. Secondly, there is inconsistency in the interpretation of the guidelines over time of our Council and we are aware of inconsistency across regions.

Council proceeded in good faith to repair damaged infrastructure following in principle approval of emergency work that was estimated to cost \$33 Million and a detailed work program was provided. After work was completed, the goal posts appeared to be moving, and assessment became increasingly detailed, interpretation of the guidelines increasingly narrow and subject to increasing scrutiny by both state and federal government, resulting in the process bogged down by red tape. Narrow interpretation of the NSW Disaster Assistance Guidelines is requiring substandard temporary repairs that fail at the next storm event and waste community wealth, even when the permanent repair is at a lower cost than the temporary repair.

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

1. Increase the allocation of the Financial Assistance Grant allocation so that councils can afford to adequately renew, maintain and upgrade their assets so they are fit to withstand disasters. In addition, provide specific grants for improving asset resilience to disasters. Funding models are outdated and do not meet the requirements of what is a significantly more complex and uncertain operating environment with more volatile and significant climate events at scales previously not experienced. The local government sector is not prepared or positioned to respond to such significant natural disaster events and needs support to invest more in preparatory planning and resources for emergency response.
2. Develop new guidelines for the Natural Disaster Funding Arrangements to allow increased flexibility to build back better with fast, efficient approval mechanisms that enable timely recovery work post-disaster. Only funding "like for like" and not betterment can result in recovery works simply being washed out by the next extreme wet weather event. Funding guidelines need to recognize that sometimes an area is experiencing cumulative impacts from multiple natural disasters causing scope and evidence for required works to continually change. Current Guidelines are extremely onerous on councils suffering from impacts of disasters.
3. Incentivise councils to make their assets stronger and more resilient instead of constraining them to replace like for like that will just get re-damaged in the next disaster event. Public money should not be wasted repeatedly on the same issues, but be used to solve the problem for both the near future and future generations.
4. A key priority for this review is to provide certainty and transparency between levels of Government so that if Councils proceed in good faith to repair urgent transport infrastructure in accordance with clear and agreed guidelines, the expenditure is reimbursed. The current guidelines allow inconsistent interpretation that can be used to refuse claims after emergency expenditure has been incurred by Councils. The guidelines state that "the restoration to the currently accepted technical standards appropriate to the road's pre-disaster function in the affected area" is eligible expenditure. The guidelines also include a long list of ineligible expenditure that provide reasons to refuse payment based on the opinion of the assessor. The guidelines do not require that road condition is "as new" to qualify for work to restore to pre-existing condition but can and are increasingly being interpreted that way.



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5. Reduce red tape and provide additional Government resources to enable faster approvals for road infrastructure construction, maintenance, and management, including during disaster recovery works. The NSW Disaster Assistance Guidelines (DAG) state that Immediate Reconstruction Works should not be delayed until an eligible disaster is declared or until funding approval or assurance is given. Any reconstruction works that local councils cannot complete within the three (3) month time limit or without assurance of funding should be managed under the Essential Public Asset Reconstruction Works category.

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

Under the NSW Disaster Assistance Guidelines (DAG), the NSW Government provides financial assistance to councils to restore essential public assets that are damaged as a direct result of an eligible disaster. This assistance is partially supported by the Australian Government under the Disaster Recovery Funding Arrangements (DRFA), which are effective from 1 November 2018, and which replace the Natural Disaster Relief and Recovery Arrangements (NDRRA).

The NSW Government and the Australian Government have made arrangements to provide financial assistance in specific circumstances. The assistance is usually in the form of partial reimbursement of actual or estimated expenditure.

The cost-sharing arrangement between the Commonwealth and NSW Government varies in each financial year and is dependent on total NSW Government expenditure in that year on eligible disasters. Cost-sharing arrangements also exist between the NSW Government and local councils for the restoration of damaged essential public assets.

There are multiple State agencies involved, and the NSW Reconstruction Authority established in December 2022 reports to the Minister for Planning and Public Spaces, the Hon. Paul Scully MP and Minister for Emergency Services, the Hon. Jihad Dib MP.

The relationship between the NSW Reconstruction Authority and other agencies such as TfNSW as the agency responsible for distributing disaster funding and resolving for damage to transport assets is unclear.

The NSW DAG and the DRFA have three sub-categories of disaster assistance relating to the restoration of essential public assets, each with different processes and administration requirements.

These are:

- \* Emergency Works
- \* Immediate Reconstruction Works
- \* Essential Public Asset Reconstruction Works.

Regional and Local roads are to be restored to the currently accepted technical standards appropriate to the road's pre-disaster function in the affected area.





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

1. No, it is often unclear which level of government will provide funding and for what during a disaster event and where the funding source is coming from. While the interagency arrangements for bushfires are relatively well developed, the arrangements and roles for cascading storm and flooding events are reactive and not fit for a climate change future. There appears to be a low level of understanding about the differences in response required for the differing essential infrastructure categories. A "one size fits all" approach to guidelines does not work for complex essential infrastructure such as a local road network subject to historical funding limitations and optimization processes.
2. There is no transparency in the amount of funding available to respond to disasters and no clear connection between the funding made available and the cost to recover from disasters.
3. Guidelines and administration processes are not transparent, do not provide certainty to Local Government and appear to be determined by funding allocation.
4. Lack of transparency and the experience of the past two years has damaged trust between levels of Government or agencies within each level of government. Councils need to be able to trust Governments to provide sufficient funding to respond to increasing natural disasters associated with climate change.
5. Disaster Recovery Guidelines are long, complex and difficult to understand. Multiple claim types with different timelines and different rules around what can be claimed are confusing. Claims form is onerous, specifically, it requires a significant amount of information of which councils' struggle to provide. For example, with the local government sector's resourcing limitations it is unreasonable / unrealistic to expect councils to have photo evidence of pre-existing condition for all assets. Form's complexity enhances difficulty of completing and submitting reimbursements. Complexity of claims process and required documentation may prevent some councils from submitting claims and recovery from being implemented.

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

Yes. The current overall Government funding models are reactive, insufficient for the scale of the task, inherently inefficient, and poorly aligned to the function of Local Government. The base funding levels do not support the development and retention of a sustainable workforce within Local Government due to an over-reliance on competitive grants. These arrangements do not support proactive infrastructure planning or efficient delivery of projects and services due to funding uncertainty. Key submissions are:

1. The Australian Government reported that without action, the economic cost of natural disasters will increase from \$38B to \$73B per annum by 2060 (National Climate Resilience and Adaptation Strategy 2021-25). Local Government must play a major role in improving the resilience of the local road network, recognising that this requires immediate action to facilitate network-wide changes over the medium-long term. Improving the resilience of local roads on a network basis will mitigate the traumatic impacts of natural disasters on affected communities and reduce future costs to all levels of Government.





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2. Revise the Roads to Recovery Statement of Intent to include the development of local road safety and resilience plans, as well as the integration of natural disaster adaptation strategies into council transport, asset management, long-term financial plans, delivery programs, and annual budgets.
3. Allow councils to utilise Roads to Recovery funding to assist in the development of Road Resilience, Road Safety Strategic, and Road Network Management Plans.
4. Funding payments in arrears of expenditure creates a significant cashflow challenge for council. When the disaster costs are high and disaster recovery is urgent this requires large amounts of expenditure in a short period of time. Reserve funds for many councils are limited and borrowing large amounts can incur a significant additional costs to council that are a cost of the disaster but not funded by Disaster funding. Managing and reporting on the disaster, and the disaster application process also has a large administrative cost that Council funds at the cost of other services and priorities.
5. Disaster recovery funding requires expenditure to be within a 2 year period and when recovery costs are significant this requires planning and procurement reducing construction time and large amounts have to be spent within a short period. This creates cashflow challenges. In our case we have \$76M of landslide repairs to be planned, approved, procured and delivered within the 2 year period. The process to attain preapproval for this work so that council funds are not put at risk adds to the timeline.

