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Submission to the Independent Review of Commonwealth Disaster Funding

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Submitted by: Central NSW Joint Organisation

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

The Central NSW Joint Organisation (CNSWJO) has been successful in receiving Disaster Risk Reduction Funding (DRRF) for 2023-2024 in collaboration with our 11 member Councils (Bathurst Regional, Blayney Shire, Cabonne Shire, Cowra Shire, Forbes Shire, Lachlan Shire, Lithgow City, Oberon, Orange City, Parkes Shire and Weddin Shire)

- **Project:** Building knowledge and improving practice in disaster risk reduction in Central NSW - a systemic approach
- **Description:** Leveraging the work JOs have already undertaken, this project builds capacity, shares information and develops leading practice. This will include a more systematic collaboration with key state agencies and embedment in IP&R.
- **Funding amount:** \$647,989

Additionally, many CNSWJO member Councils have been impacted by concurrent natural disasters in recent times. This has meant that many member councils have accessed commonwealth disaster funding of the Disaster Recovery Funding Arrangements and the Disaster Ready Fund many times.

While the member Councils of CNSWJO appreciate the support provided so far, there are real opportunities to enhance Commonwealth disaster funding support available.

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

The Central NSW Joint Organisation (CNSWJO) welcomes the review of Commonwealth Disaster Funding as member Councils of CNSWJO having faced significant impacts from natural disasters in recent times, often dealing with multiple consecutive events. These disasters not only impose economic burdens on communities and councils but also highlight the need for disaster funding arrangements to adapt to the progression of climate change.

One key improvement area identified is early asset condition assessment. The Disaster Recovery Funding Arrangements (DRFA) should provide resources for local governments to assess and revalue assets affected by disasters. This would enable better decision-making during recovery processes, reduce reporting burdens, and improve financial reporting accuracy.





Australian Government

National Emergency
Management Agency

Infrastructure betterment through resilience measures is another crucial aspect. Investment in resilience has been proven to yield substantial savings in response and recovery costs. By adopting funding models that focus on asset improvement, communities can better prepare for and recover from natural disasters. One proposed approach is the inclusion of a 'betterment buffer', allowing councils to allocate funds for significant long-term asset resilience improvements without extensive review processes.

The administrative burden placed on councils during recovery hinders effectiveness. Simplifying accountability mechanisms and emphasizing on-the-ground action over excessive reporting can streamline the process. Offering upfront funding for pre-approved projects would alleviate the immediate financial strain on councils.

Financial sustainability is a concern due to the ongoing costs of accessing support. A cyclic, reliable funding model for proactive maintenance could be considered to mitigate these concerns.

The review underscores the importance of recognising the cumulative impacts of recurring natural disasters, which often overlap and strain council resources. Adjusting timeframes for emergency response works to run consecutively, rather than concurrently, could alleviate these challenges.

Eligibility criteria for disaster funding, like the Disaster Ready Fund, need expansion to encompass a wider range of natural disasters, including landslides caused by heavy rain. Providing timely access to such funds is vital for community support during disasters. Furthermore, eligibility should also extend to instances where large-scale public assets are damaged, compensating for loss of access and income.

The review highlights the need to include water and sewer infrastructure in eligibility criteria, as the current framework neglects these essential systems.

Ultimately, equitable access to support and resilience investment for all natural disasters is crucial for community preparedness and recovery. The current timing of Disaster Ready Fund rounds is deemed inadequate, necessitating more immediate assistance after events. A place-based approach that acknowledges community vulnerabilities would enhance disaster preparedness and recovery efforts. The CNSWJO welcomes the opportunity to collaborate on a Commonwealth disaster funding support system that prioritises regional community needs and aspirations.

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

The current system of Commonwealth disaster funding is largely available post disaster and is reactive rather than proactive. The grant process is usually competitive and directly fosters competition between regional stakeholders rather than building the alignment and a collaborative approach that is needed to successfully support communities recover from, and plan resilience to, natural disasters of increasing frequency and intensity.

In our recent experience, funding is allocated from the Commonwealth to state agencies (NSW Reconstruction Authority) to manage. The level of involvement and oversight of the grant funding varies significantly between grant authorities and even between grants. Some require significant amounts of reporting and financial reports while others require less.

While the frequency and level of monitoring and reporting can vary significantly across different funding programs, there has been a discernible increase in the requirement for more frequent (in some cases monthly) progress reporting. This is on top of an additional trend toward requiring more frequent





(quarterly) milestone and financial reporting. Given the scale and duration of most projects being delivered, 6-monthly financial and implementation reporting at most is considered appropriate. In particular it should be noted that the direct impact of the increasing frequency of grant reporting being required to deliver grant programs focused on disaster resilience, is that significantly more time is being spent on project administration at the expense of actual project delivery.

There is a noticeable trend occurring across disaster resilience grant programs, that while offering substantive and appropriate levels of funding for projects, the time period allowed for project delivery is unreasonably short (in many cases 12 months or less). This is of particular concern to JO's, where delivery of regional scale projects across multiple local council authorities and state and commonwealth government agencies typically involves a level of complexity, collaboration, stakeholder alignment and cross organisational systems development, that require adequate time to deliver. Longer term project time frames are also critical to:

- enabling project outputs to be embedded within local government and other project stakeholders, to ensure the sustainability of outcomes; and
- addressing the challenge of attracting and retaining staff that arises from short term employment contracts linked to short term project delivery timeframes.

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

Federal Government: The federal government plays an important role in coordinating national efforts for major disasters, especially those that involve multiple states. The federal government works with the states and territories to define the roles and responsibilities of each level of government, makes financial resources available to respond to the event, and aids local authorities, communities, and individuals.

State/Territory Government: Each State and Territory government has its own laws and policies for responding to natural disasters. These governments usually conduct their own initial assessment and act as the first point of contact for communities within their jurisdiction. State/Territory governments can deploy specialist teams to mitigate the impacts of disasters and provide access to temporary shelters, medical services, financial assistance, and other essential resources.

Local Government: Local governments are usually the first on the ground when responding to natural disasters. Their roles can include conducting assessments; aiding individuals and families; coordinating volunteer efforts; implementing local emergency plans; providing medical assistance; and cleaning up and restoring affected areas. Local governments also have responsibility for safety and security in their region.

Having said the above - this is unclear to the community. The community does not understand roles and responsibilities and assumes that the local council does (or should do) everything. The community also does not understand grant funding restrictions, and sees money being spent on one thing and not another which can often cause frustration. When multiple regions are impacted, it is difficult to get consistent support and Council often has to pick up the slack, straining resources.

When short-term resources (including grant-funded roles) are provided to Councils during or immediately after a disaster event, the community sees this as an expansion of Councils' role and



Australian Government

National Emergency
Management Agency

expects this to continue even after the extra resourcing or role ceases, further adding to Councils' expected workload.

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

Local government is currently responsible for 164,000km - or 90 per cent - of all public roads in NSW, excluding Crown roads.

Local and regional roads are under-funded in NSW by more than \$600M annually, without accounting for works to meet demand from growth or upgrades to meet the increasing pressures to support higher productivity trucks. This shortfall is inclusive of existing Federal Assistance Grants (FAGs) and Roads to Recovery programs.

Local government must have control of its revenue raising and investment decisions and be fairly funded by the Commonwealth and State/NSW Governments to meet its infrastructure and service responsibilities.

1. FAGs funding should be increased to 1% of total Commonwealth tax revenue.
2. That the FAGs distribution methodology be reviewed and modified to achieve a more equitable distribution based on need.

Research suggests that it is unsealed local roads that are usually the first victim of Local government road budget pressures: the 2008 Institute of Public Works Engineering Australia Road Asset Benchmarking Project revealed that local unsealed road re-sheeting life cycle costs in NSW were \$132 million per annum, yet only \$29 million of this amount was actually allocated to resealing these roads due to wider pressures.

This underfunding and shortfall in FAGs and Roads to Recovery programs further compounds community preparedness, response, and recovery efforts in the face of more frequent and severe natural disasters and needs to be considered under this review.

The current system of reactive, post disaster competitive grant processes to facilitate local and regional recovery and disaster resilience planning does not provide the best value for money. Such an approach;

- directly fosters competition between regional stakeholders rather than building the alignment and a collaborative approach that is needed to successfully support communities recover from, and plan resilience to, natural disasters of increasing frequency and intensity;
- places a significant administrative impost on Councils in the post disaster period, at the very time that maximum resources (human and financial) need to be focused on disaster recovery and resilience efforts;
- places a disproportionate negative impact on the capacity of smaller and less resourced Councils and Joint Organisations to access adequate and sustainable recovery and resilience funding;
- is short-term in nature embedding vulnerability into local systems and processes, in direct contrast to the need to build and sustain core capability and resilience within Local Councils and their communities;
- adds significantly to Council workload and creates new that Councils don't have the capacity to take on, rather than supplementing existing work & priorities; and





Australian Government

**National Emergency
Management Agency**

- includes the complexity of the claims process. Councils have to demonstrate prior road condition. Photographic inspection programs may be feasible for larger metro councils but not for regional councils with thousands of kilometers of roads and limited resources.

This region welcomes the opportunity to codesign a more optimal funding framework for natural disaster funding.



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