**New streamlined DRFA Category C and D activation process**

**KEY POINTS**

* The new Category C and D activation process recognises that states and territories (the states) are best placed to determine whether additional assistance under Category C/D of the Disaster Recovery Funding Arrangements (DRFA) is needed following a disaster.
* The new process is based on the design principles at Attachment A, which have been endorsed by all state DRFA Review stakeholders.
* The impact indicators for Category C assistance, as outlined in Guideline 3 of the DRFA, will not apply.
* The Prime Minister is responsible for approving assistance under Category C/D of the DRFA.
* Category C/D requests must be made by the state Premier/Chief Minister to the Prime Minister and will consist of the following two products:
  1. A cover letter from the state Premier/Chief Minister to the Prime Minster.
  2. A completed Category C/D Assistance Request Form for each Category C/D recovery initiative being requested.
* A key design feature of the new Category C and D activation process is that it places greater emphasis on contextual/qualitative information about recovery needs and the state’s commitment to share the cost of the requested assistance equally.
* To avoid delays, the relevant state agency must notify the National Emergency Management Agency (NEMA) of potential Category C/D requests as soon as possible.

**DRAFT ACTIVATION PROCESS**

1. **Disaster occurs**

* The relevant state agency notifies NEMA of an eligible DRFA disaster and continues to assess the recovery needs.

1. **The state determines that Category C/D assistance is needed**

* The relevant state agency notifies NEMA of a potential Category C/D request.

1. **The state develops a Category C/D request**

* The following two products are required for a state Category C/D request:
  1. A cover letter from the state Premier/Chief Minister to the Prime Minster, which:
  + identifies the name of the disaster and its DRFA Australian Government Reference Number (AGRN)
  + provides a general overview of the broad impacts of the disaster
  + references and outlines the Category C/D recovery initiative(s) being requested, and
  + confirms that the state will share the cost of the initiative(s) on a 50:50 basis with the Australian Government.
  1. A Category C/D Assistance Request Form (Attachment B) for each Category C/D recovery initiative being requested, which:
  + describes the initiative
  + explains the identified recovery needs and how they will be addressed
  + justifies the cost and provides costing table with an estimated breakdown per measure over financial years
  + advises the administrative arrangements
  + advises the consultation process that has taken place, and
  + allows for additional supporting information to be provided.

*Examples of completed Category C/D Assistance Request Forms are at Attachment C. The information requirements are generally consistent with those of a government new policy/funding proposals.*

1. **The state Premier/Chief Minister makes a Category C/D request to the Prime Minister**

* The state Premier/Chief Minister sends a completed Category C/D request to the Prime Minister.
* The relevant state agency sends a copy of the Category C/D request to NEMA.

1. **The Prime Minster considers the request and responds to the Premier/Chief Minister**

* The Prime Minister’s response letter will: advise whether the Category C/D request is approved (either in full or partially); confirm the cost-sharing arrangements between the Australian Government and the state; and detail any conditions/requirements that must be met.
* NEMA sends a copy of the Prime Minister’s response to the relevant state agency.

1. **The approved Category C/D assistance is jointly announced**

* The relevant state Minister’s office makes arrangements with the office of the Commonwealth Minister with responsibility for the DRFA to jointly announce the approved Category C/D recovery initiative(s), unless otherwise agreed.
  + NEMA and the relevant state agency should agree the content of draft media releases before they are sent to Minister’s offices.
* The relevant state agency must identify, and notify NEMA of, any other opportunities for public announcements relating to approved initiatives.

1. **Subsequent Category C/D requests**

* Repeat steps 3 to 6 above if the state determines that additional Category C/D recovery initiatives are needed to support community recovery.

**Final design principles for a new Category C/D activation process**

The process for activating Category C/D assistance should:

1. Enable the **quick** activation of assistance
   * Affected communities rightly expect that governments will act quickly following a disaster to provide recovery assistance as soon as possible. Governments expect that the funding arrangements for disaster recovery will appropriately facilitate this.
   * Processes need to be clear, simple and consistently applied.
   * Where appropriate, administrative burden should be reduced and decisions should be delegated to officials.
2. Ensure **equity**
   * A key policy principle of disaster recovery is to ensure that those affected in the same way have access to the same type and level of assistance, regardless of geographic location.
   * Application and assessment processes, rather than geographic location, should be used to determine access to assistance.
   * Assistance should be needs based, with flexibility to support local recovery.
   * Assistance measures should be supported by nationally consistent eligibility criteria, application and administrative processes.
3. Be based on demonstrated **need**
   * States and territories are best placed to identify what assistance is needed following a disaster.
   * Decision makers should be provided with an appropriate level of information to understand the impacts and why additional recovery assistance is needed.
   * Depending on the nature of assistance being requested (i.e. a Community Recovery Fund or Recovery Grants), information requirements should be scalable and provide the flexibility for contextual/qualitative and/or quantitative information/data to be used where appropriate.
4. Support communities to become more **resilient**
   * Assistance should be consistent with relevant national policy frameworks that support community resilience, including the National Disaster Risk Reduction Framework and the National Strategy for Disaster Resilience.
5. Be **cost-shared**
   * As a general rule, assistance should be cost-shared on a 50:50 basis between the Commonwealth and the states.
   * Additional financial risk transfer should be avoided.
   * Funding is for new initiatives to address recovery needs that are directly associated with the disaster, rather than to cover the costs of existing programs.
6. Include appropriate **governance** and **assurance** provisions
   * A streamlined activation process needs to be balanced with appropriate governance and assurance requirements at all levels of government for managing public money.
   * Assistance should incorporate nationally consistent reporting/monitoring and evaluation arrangements.

**New Category C/D Assistance Request Form**

**KEY POINTS**

* To avoid delays, the relevant state agency must notify NEMA of potential Category C/D requests as soon as possible.
* Officers from NEMA can provide guidance on how to complete the Category C/D Assistance Request Form.
* The information requirements in the Category C/D Assistance Request Form are intended to provide decision makers with sufficient information to appropriately consider the request in a timely manner. They are generally consistent with those of a government new policy/funding proposals.
* States may use contextual/qualitative information to complete the Category C/D Assistance Request Form. Where appropriate/available, quantitative information/data should also be provided. Depending on the nature of assistance being requested and the time since the disaster occurred, it may be appropriate for more detailed supporting information to be provided.
* A completed Category C/D Assistance Request Form is required for every Category C/D recovery initiative being requested and must be referenced in, and provided as an attachment to, the Premier/Chief Minister’s cover letter to the Prime Minister.
* Incomplete requests or requests with insufficient information could lead to delays.
* Examples of completed Category C/D Assistance Request Forms are at Attachment C.

**INFORMATION REQUIREMENTS**

**Part 1: Requested Category C/D recovery initiative**

In this section the state should:

* Describe the Category C/D recovery initiative being requested.
* As appropriate, the following information should be included:
  + the name/title of the initiative
  + the type of assistance to be provided and who will receive support/benefit from the initiative
  + the amount of funding being requested
  + a description of the initiative, including: relevant amounts/levels of support; how the assistance will be provided/delivered; and eligibility criteria
  + the locations where the initiative will be made available/provided, and
  + the state administering agency.
* Note: a table may be used for Part 1 – see examples of completed Category C/D Assistance Request Forms at Attachment C.

**Part 2: Recovery needs**

In this section the state should:

* Provide advice about specific disaster impacts that are relevant to the Category C/D recovery initiative. For example, by describing the damage across relevant recovery domains and/or industry sectors and/or the impacts on those who will receive support/benefit from the initiative.
* Provide advice about why the initiative is needed and how it will specifically address the identified recovery needs.
* Provide advice about whether the initiative will also help to build community resilience, and if so, why this is important and how it will occur.
* As appropriate, address the following questions:
  + What has specifically happened to trigger the need for the initiative, and how is this known?
  + What are the recovery needs of those who will receive/benefit from the initiative?
  + Why is it important to help those who will receive support/benefit from the initiative?
  + What assistance is already available to address the identified recovery needs and why isn’t it sufficient (i.e. why is additional assistance needed)?
  + What could happen if the initiative isn’t made available/provided?

**Part 3: Cost**

In this section the state should:

* Confirm the specific cost sharing arrangements for the Category C/D recovery initiative.
* Provide advice about whether the initiative is a demand driven program (e.g. recovery grants to primary producers) or if it has a fixed cost (e.g. an $X million program).
* Provide a cost estimate for the initiative, including justification. As appropriate, a cost breakdown of the various components, including delivery costs, should be provided.
* Confirm that an appropriate amount of funding has been allocated for monitoring and evaluation, which is a requirement for all Category C Community Recovery Fund initiatives.

The costing section should also include a summary costing table as per below that shows the estimated breakdown of total cost by financial year. This is only an indication and will be updated through the quarterly estimates process

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Program** | **Measure** | **Category C/D** | **Total requested** | **FY1** | **FY2** | **FY3** |
| *If there is an overarching program* | *If there are sub-programs or separate components* | *Specify which category of assistance it is requested under* | *Total funding being requested* | *Should include an estimated breakdown of the total requested funding per financial year (as relevant).* | | |

**Part 4: Administrative arrangements**

In this section the state should:

* As appropriate, provide advice about:
  + how the initiative will be administered/delivered
  + whether program guidelines are needed/will be developed
  + how the initiative can be accessed, including details of the application, assessment, prioritisation and funding processes
  + the relevant timeframes associated with the initiative
  + the proposed reporting and monitoring/evaluation arrangements, and
  + how opportunities for joint public announcements will be identified and advised to the Australian Government/NEMA.

**Part 5: Consultation process**

In this section the state should:

* Provide advice about who has been consulted regarding the Category C/D recovery initiative, and why. For example, this could include the community, local government, industry groups and relevant state/Australian Government agencies.

**Part 6: Other information**

In this section the state should:

* Provide any other additional information to support the Category C/D request. Additional information may be provided as an appendix/attachment to the Category C/D Assistance Request Form.

***Example of a completed Category C/D Assistance Request Form***

**Disaster Recovery Funding Arrangements (DRFA)**

**Category C/D Assistance Request Form**

**Part 1: Requested Category C/D recovery initiative**

|  |  |
| --- | --- |
| Name/title of initiative | Repairs to flood damaged community and recreational assets |
| AGRN and name of event |  |
| Type of assistance and who will receive support/benefit | Direct funding to specified councils |
| Amount of funding being requested | $10.2 million, comprising:   * $10 million for asset repairs * $0.2 million for monitoring and evaluation |
| Description of initiative, including: relevant amounts/levels of support; how the assistance will be provided/delivered; and eligibility criteria | The state/territory will provide funding directly to councils X, Y and Z to assist them to clean-up and repair flood damaged community and recreational assets, including walking trails, mountain bike tracks, public parks, sportsgrounds, reserves and playgrounds. The level of funding that each council will receive is outlined below. Under this initiative it will be a requirement that councils: 1) own the assets being repaired; 2) can provide evidence of flood damage; and 3) ensure clean-up activities and repairs are appropriate and cost-effective. |
| Locations where the initiative will be made available/provided | The local government areas (LGAs) of:   * X * Y * Z |
| State administering agency and contact | The Department of XX Name, position, branch/division, contact details (email and phone) |

**Part 2: Recovery needs**

The floods have caused significant damage to infrastructure and the environment across large parts of the state/region. The worst affected regions/communities include A and B. *[Include contextual advice about the affected regions/communities, including the demographics. For example, the regions/communities are: remote; relatively disadvantaged; and well known for their environmental assets, which attract significant numbers of visitors each year].* Impact assessments are ongoing, however preliminary reports suggest that damage costs across the built and environmental recovery domains could be in the order of $XX million.

There has been extensive flood damage to council owned community and recreational assets in the LGAs of X, Y and Z. Damaged assets include walking trails, mountain bike tracks, public parks, sportsgrounds, reserves and playgrounds. Repairing damaged community and recreational facilities is essential to restoring social and community networks, which is an important component of disaster recovery. It also helps the economic recovery of local businesses who rely on these assets for tourism and visitors.

*[Include advice about specific flood damaged assets, including their location and how they are used by the community and/or local businesses. For example, Council X has advised that approximately 50 km of mountain bike tracks in the XXX National Park have been washed out or damaged by floodwaters. These tracks are used by approximately XX riders each year, which helps to stimulate an estimated $XX economic benefit to the local economy. For example, the XXX oval is used by XX local sporting clubs. As appropriate, also include advice about the historic/cultural significance of specific flood damaged assets. For example, the XXX oval hosts the annual fair, which has been running since 19XX.]*

Costs associated with repairing community and recreational assets and are not eligible to be claimed under standard DRFA Category B provisions. There are no other existing available programs/grants that could be used to fund the clean-up and repairs. In accordance with Guideline 3 the DRFA Determination, funding to repair community and recreational assets may be provided under a Category C Community Recovery Fund, subject to the Prime Minister’s approval.

The state *[through XXX process]* confirms that councils X, Y and Z do not have financial capacity to clean-up and repair the flood damaged community and recreational assets without additional funding from the Commonwealth and the state government. Disaster affected communities within these LGAs will struggle to recover if these important flood damaged assets cannot be repaired in a timely manner.

**Part 3: Cost**

The total cost of the initiative is $10.2 million. This amount will be shared equally by the Commonwealth ($5.1 million) and the state ($5.1 million).

The following council funding allocations are based on damage assessments and estimated clean-up and repair costs, which have been verified by the state:

* Council X ($4 million)
* Council Y ($3 million), and
* Council Z ($3 million).

*[Include advice about any administrative costs proposed to be claimed.]*

Attachment X provides a cost breakdown of the flood damaged community and recreational assets, which will be cleaned-up and repaired under this initiative, by LGA.

In accordance with the requirements of the DRFA, $0.2 million has been allocated for the state to undertake monitoring and evaluation. This will be undertaken in accordance with the national monitoring and evaluation framework. The final monitoring and evaluation report will be shared with the Commonwealth.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Program** | **Measure** | **Category C/D** | **Total requested** | **2022/23** | **2023/24** | **2024/25** |
| Council funding |  | D | $10,200,000 | $7,186,000 | $3,014,000 | $0 |

**Part 4: Administrative arrangements**

Funding will be provided directly from the state to councils via funding agreements *[include specific details of the funding agreements or attach an example]*. Councils receiving funding will be required to provide quarterly progress reports to the state *[a standardised template could be developed]*. The state will provide these reports to the Commonwealth for visibility and to help identify appropriate opportunities for public announcements.

All community and recreational assets repair works are to be completed by 30 June 20XX. The state will seek reimbursement of the Commonwealth’s funding contribution through the normal DRFA claims process. For DRFA audit and assurance purposes, councils will be required to keep appropriate evidence/documentation to demonstrate that:

* the community and recreational assets being cleaned-up and repaired under this initiative were damaged as a direct result of AGRN XXX
* the assets being cleaned-up and repaired are owned by council
* the repair works being undertaken are cost-effective and appropriate
* funding can be reconciled to eligible clean-up activities and repair works, and
* funding has not been used for any costs that could be recovered through insurance.

**Part 5: Consultation process**

The following stakeholders were consulted regarding this initiative:

* Councils X, Y and Z to identify flood damage community and recreational assets in their LGA.
* The Department of X to confirm damage and verify the appropriateness of the estimated clean-up and repair costs.
* Community groups who regularly use the flood damaged community and recreational assets.

**Part 6: Other information**

The table below includes a lists the flood damaged community and recreational assets, which will be cleaned-up and repaired under this initiative.

Table of flood damaged community and recreational assets

|  |  |  |  |
| --- | --- | --- | --- |
| Council/LGA | Damaged community and recreational asset | Estimated repair cost | 50% of estimated repair cost |
| Council X | XXX National Park walking trail | $1.6 million | $0.8 million |
| XXX National Park mountain bike tracks | $2.0 million | $1.0 million |
| XXX public park | $0.4 million | $0.2 million |
| **Sub total** | **$4.0 million** | **$2.0 million** |
| Council Y | XXX State Forest walking trail | $1.0 million | $0.5 million |
| XXX State Forest picnic area | $0.6 million | $0.3 million |
| XXX sportsground | $1.0 million | $0.5 million |
| XXX camping ground | $0.4 million | $0.2 million |
| **Sub total** | **$3.0 million** | **$1.5 million** |
| Council Z | XXX Nature Reserve walking trail | $1.0 million | $0.5 million |
| XXX Showground | $0.6 million | $0.3 million |
| XXX oval | $1.0 million | $0.5 million |
| XXX playground | $0.4 million | $0.2 million |
| **Sub total** | **$3.0 million** | **$1.5 million** |
| **Total** | | **$10.0 million** | **$5.0 million** |

The state Department of XXX has verified that the assets listed in the table above were damaged by the floods and that the estimated repair costs are appropriate.

***Example of a completed Category C/D Assistance Request Form***

**Disaster Recovery Funding Arrangements (DRFA)**

**Category C/D Assistance Request Form**

**Part 1: Requested recovery initiative**

|  |  |
| --- | --- |
| Name of initiative | Recovery grants up to $XX,000 for primary producers (direct damage) |
| AGRN and name of event | AGRN XXX – Tropical Cyclone XX | |
| Amount of funding being requested | Estimated at up to $XX million, based on up to XX applications from impacted primary producers for grants of up to $75,000. |
| Description of initiative | The state will provide grants to eligible primary producers who have suffered direct damage from Tropical Cyclone XX. The grants are designed to provide short-term targeted assistance for recovery and reinstatement activities, including salvaging crops and repairs to damaged farm infrastructure (e.g. fencing) and equipment. |
| Locations where the initiative will be made available/provided | The grants will be made available across all local government areas (LGAs) notified under AGRN XXX.  This will ensure that primary producers who are affected in the same way have access to the same type and level of assistance regardless of their geographic location. This is a design principle of the new DRFA Category C/D activation process. |
| State administering agency and contact | The Department of XX Name, position, branch/division, contact details (email and phone) |

**Part 2: Recovery needs**

The Tropical Cyclone XX has had a catastrophic impact on communities across parts of [state/territory]. Lives have been lost and many people were forced to evacuate. There has been extensive damage to residential properties, public infrastructure, agriculture, businesses and the environment.

*[Add data to demonstrate agriculture impacts and recovery needs of primary producers from the storms and floods. Importantly, justification is needed to support the request for recovery grants up to $75,000, rather than $25,000 under standard Category C provisions.]*

*[For Category C/D recovery grants for primary producers, advice about the following would be useful to include in the request form:*

* *Scale and nature of impact – overview of the disaster, including type, timeframes, relevant maps and sit reps, etc.*
* *Disaster impacted locations, including how important the agricultural sector is to local economies and where the grants would be made available.*
* *Estimated number/proportion of producers affected in the impacted locations.*
* *Types and levels of production lost/damaged/disrupted (e.g. 60% banana plants, XXX cattle).*
* *Estimated value of production losses (overall/by sector/average per producer).*
* *Damage to farming infrastructure and equipment/machinery (e.g. kms of fencing destroyed, XX water pipes/pumps/tractors, ha. of damage to pasture).*
* *Estimated timeframes for the reinstatement of production operations and the return to pre-disaster production levels (noting this may vary depending on the season and the types of crop/stock).*
* *Other factors that may affect recovery (e.g. drought, high cost of feed, season).]*

*[Also add data to demonstrate the compounding effects of previous/current disaster events (e.g. COVID-19, 2019-20 Black Summer Bushfires, other floods, drought and trade sanctions, etc.).]*

*For example:*

*Rapid damage assessments have been undertaken by the XXX Department in consultation with impacted industry sectors and affected primary producers. A summary of the key impacts and losses from AGRN XXX is as follows:*

* *Large numbers of primary producers across the impacted areas have sustained damage/losses. XXX Department estimates that up to XX applications for recovery grants could be received from affected primary producers.*
* *The most severe impacts are within the XXX regions. DPIE estimates that the total economic impact, expressed as a percentage of the Gross Value of Agricultural Production (GVAP) for the XX LGAs/region agricultural sector is XX per cent, representing approximately $XX million in losses.*
* *Cattle/dairy/aquaculture producers have been significantly affected, with livestock/crop losses estimated at XX. XXX Department estimates that approximately XX per cent of the [type of livestock/stock] production area within the XX LGAs/region has been affected, with at least XX per cent of producers in this area suffering damage/losses.*
* *There has been damage to X, Y and Z crops and other [types of agriculture]. Specifically, XXX Department advises that [include an example/case study of loss noting things like decreases in supply/production and longer-term viability impacts].*
* *There has been direct damage to farm infrastructure and equipment.*
* *The downturn in production will result in business and cash flow implications for impacted producers for the next XX to XX months, which could affect their longer-term viability.*
* *Flow on effects are expected beyond the current season, including a reduction in farm labour as workers move out of the affected region to seek employment elsewhere. This will make it difficult for affected farmers to meet their targets, even when pre-disaster production levels return—particularly given the compounding effects of COVID-19, which has already created labour shortages.*

*[Include tables to capture data as appropriate.]*

*For example:*

|  |  |  |  |
| --- | --- | --- | --- |
| ***Agricultural Sector Impacted*** | ***Production Area Impacted*** | ***Sector GVAP*** | ***Estimated $ Losses*** |
| *E.g. Cattle* | *XX%* | *$XX* | *$XX* |
| *E.g. Crops* | *XX%* | *$XX* | *$XX* |
| *Other* | *XX%* | *$XX* | *$XX* |
| ***Total*** | ***XX%*** | ***$XX*** | ***$XX*** |

**Part 3: Cost**

This initiative is a demand driven program that will provide recovery grants to impacted primary producers. The total cost of the initiative is estimated at up to $XX million, based on up to XX applications from impacted primary producers for grants of up to $75,000. This amount will be shared equally by the Commonwealth ($XX million) and the state ($XX million).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Program** | **Measure** | **Category C/D** | **Total requested** | **2022/23** | **2023/24** | **2024/25** |
| Primary Producer Grants |  | D | $xx,xxx,xxx | $xx,xxx,xxx | $0 | $0 |

*[Include advice about any assumptions, including how the estimated uptake compares to previous grant activations.]*

*[Include advice about any administrative costs proposed to be claimed.]*

The state will only claim actual costs incurred, which could be less or more than the estimated figure.

**Part 4: Administrative arrangements**

Recovery grants will be provided directly from the state to applicants through *[delivery agency]*. Application and assessment processes will safeguard access to the recovery grants by ensuring assistance is only provided to primary producers who can demonstrate (with appropriate evidence) that they have been directly affected and have genuine need.

*[Include advice about when the grants will open and how people apply.]*

*[Provide advice about data and reporting arrangements.]*

The state will seek reimbursement of the Commonwealth’s funding contribution through the normal DRFA claims process. For DRFA audit and assurance purposes, the state will keep appropriate evidence/documentation to demonstrate that expenditure being claimed can be reconciled to eligible components of the recovery grants program.

**Part 5: Consultation process**

This initiative has been developed by the Department of XX in consultation with:

* The Department of the Premier and Cabinet
* [Recovery grants delivery agency]
* [Add other relevant agencies and industry bodies]
* NEMA.

**Part 6: Other information**

DRFA Category B assistance for primary producers has already been activated for AGRN XXX. Financial support in the form of freight subsidies and concessional loans is available. However, given the nature and scale of impact on the agriculture sector additional assistance in the form of recovery grants is required to support recovery.

*[Include maps, graphs, photos and survey statistics as appropriate.]*