

Independent Review of Commonwealth  
Disaster Funding  
Public Submissions  
August 2023



**CENTRAL NSW  
JOINT ORGANISATION**

Bathurst  
Blayney  
Cabonne  
Cowra  
Forbes  
Lachlan  
Lithgow  
Oberon  
Orange  
Parkes  
Weddin

1 August 2023

Reference: jw:jb 230801  
Enquiries: Ms J Bennett: 0428 690 935

Independent Review of Commonwealth Disaster Funding  
via email

Dear Commission,

**Re: Independent Review of Commonwealth Disaster Funding**

Local Government Regional Joint Organisations (JOs) were proclaimed in May 2018 under the NSW Local Government Act 1993. The Central NSW Joint Organisation (CNSWJO) represents over 180,000 people covering an area of more than 53,000sq kms comprising of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes, and Weddin. Associate Members are Central Tablelands Water and Upper Macquarie County Council.

Tasked with intergovernmental cooperation, leadership and prioritisation, JOs have consulted with their stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan and Statement of Strategic Regional Priorities (SSRP) can be found here [Statement of Strategic Priorities](#)

Funding for infrastructure, particularly roads, impacted by natural disasters has emerged as priority in the recently adopted SSRP. Please find following advice from the CNSWJO region to inform the Independent Review of Commonwealth Disaster Funding based on policy and lived experience.

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

**Response:**

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, Cowra Shire, Forbes Shire, Lachlan Shire, Lithgow City Council, 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.

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

### Response:

Central NSW Joint Organisation (CNSWJO) welcomes the review of Commonwealth disaster funding support with the frequency and severity of disasters increasing across the region. Natural disasters are not new occurrences, rather their frequency and intensity have and are increasing as climate change progresses. As concluded in the 2020 report of the Royal Commission into Natural Disaster Arrangements (RCNNDA) 'Natural disasters have changed, and it has become clear to us that the nation's disaster management arrangements must also change'(p.22).

Natural disasters impose a heavy economic burden on communities and our member Councils. The costs associated with damage to infrastructure and disruption to business-as-usual operations can have significant financial impacts. Commonwealth disaster funding support should be designed with climate change progression in mind to better support community preparedness, response, and recovery.

Member Councils of CNSWJO have been impacted by significant natural disaster events in recent years, with many experiencing concurrent events with one natural disaster occurring before recovery from the last. As a result, many areas of improvement have been identified with the current disaster funding arrangements:

#### Early asset condition assessment

The DRFA should provide local government with the resources required to engage in asset condition assessments and revaluations that are commensurate with the scale of the disaster. The immediate burden of disaster recovery is frantic with Councils urgently working to restore access to impacted communities. However, there is often a longer-term impact which requires years of targeted intervention. Early asset condition assessments will ensure that the government has the most accurate information possible to determine the scale of the impact across the state, thereby allowing better decision making surrounding resourcing of recovery processes and also working to reduce the burden of reporting as Councils respond. Second, early data capture will also help ensure that the recovery process is complete. Third, this provision will work to better inform asset impairment data, improving the accuracy of Council's financial reporting.

#### Infrastructure betterment

Resilience measures are invested in and designed to support communities to build back better. Evidence from the US indicates it's worth investing in resilience as every \$1 spent on resilience saves up to \$11 in response and recovery costs, covering these losses would require the Australian community to invest about \$3.5 billion each year on natural disaster mitigation and resilience

[https://www.fema.gov/sites/default/files/2020-07/fema\\_mitsaves-factsheet\\_2018.pdf](https://www.fema.gov/sites/default/files/2020-07/fema_mitsaves-factsheet_2018.pdf)

By investing in resilience funding models there will be reduced immediate costs to Councils as communities become more prepared for and can recover quicker from natural disasters. One example of a methodology that could be applied to support asset betterment is the inclusion of a 'betterment buffer' wherein if a Council can demonstrate significant long-term improvements to asset resilience through the allocation of a recovery budget up to 30% greater than the cost of like-for-like replacement, this is eligible

expenditure without requiring a bespoke review. Similarly, if the 'betterment buffer' is between 30-60%, a simple audit and pre-approval process can be initiated prior to works commencement.

#### Administrative Burden

The administrative burden placed on Councils delays recovery effectiveness and in some instances positions Councils to not access the support as they cannot resource it. Over time, as the impacts of natural disaster cannot be ignored, this results in the core services of Council suffering while the organization responds. Accountability mechanisms, with less reporting and more on the ground action, must be the focus. For example, should a Council adopt the use of Public Works NSW to coordinate, and project manage the disaster recovery, this should be accompanied by a streamlined process of cost recovery.

Further, there are high immediate costs to Councils who are constantly deferring business-as-usual work to free up resources to be able to access this support. Requiring that all costs are paid by the Council upfront clearly threatens the financial sustainability of the Council, thereby placing core services in jeopardy of delay or temporary deferral. Instead, where the scope of a project is pre-approved, a percentage (not less than 50%) must be afforded to Councils up-front.

#### Financial Burden

There are high immediate costs to Councils who are constantly deferring business-as-usual work to free up resources to be able to access this support. Cyclic, guaranteed, reliable funding for Councils to implement proactive maintenance models should be considered.

#### Recognition of cumulative disaster impacts

Disaster funding mechanisms must have the ability to reflect upon the cumulative impacts of recurrent natural disaster impacts, particularly as they occur over a very short timespan. The timeframes applied to Council for Emergency Works response remained the same, overlapped, and overburdened the Council. It becomes impossible for the response to one disaster to conclude before another commenced. This results in poor community outcomes with some recovery works missing out, and others rushed to meet deadlines. Moving forward, periods of time for 'Emergency Work' under the Arrangements must run consecutively, not concurrently as they do now.

#### Eligibility

There are limitations to the eligibility criteria for the Disaster Ready Fund that excludes other natural disasters i.e., landslip caused from heavy rain. This needs to be reviewed to include all natural disasters as they do not discriminate. Well-timed access to the Disaster Ready Fund is needed to support the community when a disaster happens. Councils in the region that were impacted by flooding in November 2022 are waiting for Disaster Ready Fund round 2 to open July/August 2023.

Eligibility should also include community impacts for large scale public asset damage. The DRFA only compensates residents and business owners for financial costs associated with a disaster that impacts their property directly. Of particular interest here are remote localities that have been detrimentally impacted by a loss of access due to natural disaster affectation. When questioned about local business and resident eligibility under this program, direct advice from the NSW Reconstruction Authority was that: "current packages under the Disaster Relief Funding Arrangements (DRFA), are targeted at individuals, households and businesses that have experienced direct impact and not loss of amenity and income due to isolation and access issues." It is critical that the DRFA framework is expanded to include measures which compensate for financial hardship or loss directly attributable to a loss of access for communities which have no other option.

Water and sewer needs to be included as eligible. Currently, the DRFA notes that essential public assets include roads, road-related infrastructure, stormwater assets, hospitals, schools, housing and other

government buildings that provide core community services. However, a glaring omission of the DRFA is the exclusion of reticulated water and sewer infrastructure from eligibility under the program.

#### Additionally

Access to support and investment in resilience for all natural disasters supports equity in the community for preparedness and recovery. Timely access/more appropriate support when a disaster occurs to support efficient recovery efforts in the community. The current Disaster Ready Fund rounds come too late after an event.

Place-based preparedness and recovery support that acknowledges vulnerabilities across communities are different.

This region welcomes an opportunity to codesign Commonwealth disaster funding support that ensures the needs and aspirations of regional communities are well considered.

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

#### **Response:**

##### Disaster Recovery Funding Arrangements

1. Eligibility assessment: Establishing eligibility for Disaster Recovery Funding Arrangements (DRFA) is the first step.
2. Funding Agreement: For eligible organisations, the next step is to enter into a financial agreement to access DRFA funding. This agreement sets out the terms and conditions to access the DRFA.
3. Resource allocation: Central government may allocate resources to a DRFA, including funds, personnel, and services.
4. Cost-sharing: To ensure the delivery of DRFA funds and personnel, the Commonwealth and States/Territories may enter into an agreement to cost-share the provision of support.
5. Expenditure: When eligible organisations spend DRFA funds, it is important to follow the expenditure and reporting guidelines set out in the Funding Agreement.
6. Evaluation: To ensure the DRFA is achieving its intended outcomes and that funds are being spent efficiently, evaluations may be conducted. These evaluations help to identify areas for improvement and inform future DRFA funding arrangements.

##### Disaster Ready Fund

1. Apply for A Disaster Ready Fund Grant: Australia-based organisations can apply for a grant through the Disaster Ready Funding Programme. Applications should include a project plan, budget, and timeline, as well as a list of proposed activities and outcomes.
2. Receive Approval: After reviewing applications, the Disaster Ready Funding Commission will notify applicants if they have been approved for a grant.
3. Begin Implementation: Signed contracts and agreements must be completed before the project can begin. Once approved, organisations may use the grant to cover costs associated with their project, such as manpower, materials, or equipment.

4. Monitor the Project: Regular financial and progress reports must be provided to the Disaster Ready Funding Commission, so they can assess ongoing projects and check the use of the grant.

5. Evaluation: The Disaster Ready Funding Commission will evaluate all projects that have received funding. This helps them to assess the impact of their funding decisions and identify improvements that can be made.

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) milestone 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 involve 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.

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

**Response:**

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

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

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

**Response:**

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 \$600 million per annum, 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 (Warren Sharpe, Chairman of the NSW Roads & Transport Directorate).

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 – the 'first mile' of much of Australia's agriculture task – 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 (Institute of Public Works Engineering Australia (2009) *Road Asset Benchmarking Report 2008* Table 12 p. 9. And Australian Local Government Association "Local Government not spared in Budget cuts" (Institute of Public Works Engineering Australia (2009) *Road Asset Benchmarking Report 2008* Table 12 p. 9. and Australian Local Government Association "Local Government not spared in Budget cuts" <http://alga.asn.au/?ID=12206>).

This underfunding and shortfall in Federal Assistance Grants (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.

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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;

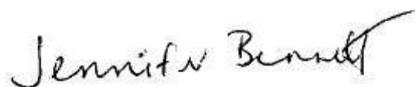
- directly fosters competition between regional stakeholders rather than building the alignment and a collaborative approach that is needed to successfully support communities recover from, and plan resilience to, natural disasters of increasing frequency and intensity;
- places a significant administrative 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
- 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 kilometres of roads and limited resources.

## **Conclusion**

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

Please contact Ms Jenny Bennett, Executive Officer of Central NSW Joint Organisation for more information.

Yours sincerely,



Jennifer Bennett  
**Executive Officer**  
Central NSW Joint Organisation (CNSWJO)