

# Avenues for Commonwealth bushfire support for Local Government

## Overview

The Commonwealth Government's main avenue for providing financial support to individuals, businesses, communities and governments, including local governments, to respond to and recover from the bushfires remains the Disaster Recovery Funding Arrangements – the DRFA- (previously known as the Natural Disaster Relief and Recovery Arrangements - the NDRRA).

The Government has also established an “initial” \$2 billion National Bushfire Recovery Fund which is in addition to the support provided under the DRFA.

## The Disaster Recovery Funding Arrangements

Funding is provided for eligible disasters (floods, storms, bushfires, etc, where the level of state expenditure – by state and local government – exceeds \$240,000; the small disaster threshold).

Funding is provided for a series of activities classified into Category A, B, C and D. The attachment to this note defines the different categories in detail but in broad terms:

- **Category A** activities are relief measures to alleviate personal hardship and distress. As well as grants to individuals this could include the costs of evacuation and recovery centres and employing a Community Recovery Officer;
- **Category B** covers restoration of essential public assets that are not operating on a commercial basis – such as roads, bridges, schools – and also limited grants, concessional loans and subsidies to small businesses, primary producers and others;
- **Category C** covers further measures for communities, small businesses and primary producers for severe impact disasters; and
- **Category D** covers exceptional circumstance measures.

Category C and D measures can only be activated with the approval of the Prime Minister.

## **Limitation on Essential Public Assets**

It is important to note that the definition of what constitute “essential public assets” is limited and excludes key local government infrastructure such as sporting, recreational or community facilities. This means the costs of replacing damaged or destroyed local government assets, as mentioned above, cannot be claimed under the DRFA.

**There may however be an opportunity to pursue funding to cover such costs under the \$2b National Bushfire Recovery Fund.**

The \$2 billion National Bushfire Recovery Fund was announced by the Prime Minister as an initial fund to be administered by the new National Bushfire Recovery Agency on 6 January 2020.

So far, a total of at least \$443m has been allocated from the fund including \$60m for local governments affected by the bushfires. Additionally, an unspecified amount of funding will also be provided to small business for grants announced on 20 January 2020.

## **Programs allocated from \$2 billion bushfire fund**

**\$443m plus an unknown figure for small business support.**

- \$100m for primary producers
- \$76m for mental health
- \$76m for tourism
- \$60m for local governments
- \$50m for wildlife
- \$40m for charities
- \$15m for rural financial counsellors
- \$10m for financial counselling
- \$8m for children's disaster payments
- \$8m for children's mental health
- \$ unknown for small business support through grants of up to \$50k and low interest loans up to \$500k

The President of ALGA has raised the issue of funding for community infrastructure with the Government which advised that requests for funding could be raised with the Government or by councils with their local Federal Member of Parliament.

Clearly there is an opportunity for councils which have recreational, sporting or community facilities which have been damaged or destroyed by bushfire to advocate to their local MPs that the costs of restoration or replacement of those facilities (and potentially the interim cost of temporary facilities) should be met from the National Bushfire Recovery Fund through a program in addition to the current \$60m in grants to councils. Such advocacy at the local level will support national advocacy by ALGA.

Councils should be encouraged to record in detail the restoration and replacement costs for these public assets not covered by the DRFA along with the cost of any temporary facilities which may be required until permanent restoration/replacement is possible.

It would be helpful if councils could provide details of such facilities lost and costs to ALGA, either directly ([alga@alga.asn.au](mailto:alga@alga.asn.au)) or through their state associations.

ALGA Secretariat  
29 January 2020



# Disaster Recovery Funding Arrangements 2018

## Program overview

Responding to natural disasters, including the provision of relief and recovery assistance to disaster affected communities, is primarily the responsibility of state and territory governments ('the states'). However, in recognition of the significant cost of natural disasters, the Australian Government established the joint Australian Government-State cost sharing arrangements to alleviate the financial burden on the states and to facilitate the early provision of assistance to disaster affected communities. Through the Disaster Recovery Funding Arrangements 2018 (DRFA), the Australian Government provides financial assistance directly to the states to assist them with costs associated with certain disaster relief and recovery assistance measures.

The DRFA makes provisions for state governments to activate relief and recovery assistance immediately following a disaster without seeking approval from the Australian Government. Under these arrangements, the states determine the type and level of assistance to make available. Importantly the states are not bound by the assistance available under the DRFA. That is, states can make available whatever assistance deemed necessary regardless of whether it is eligible for cost sharing under the DRFA. This recognises that states are best placed to identify the type and level of assistance to make available following a disaster, in accordance with their responsibility for disaster management.

## Basic principles for DRFA assistance

The DRFA operates in accordance with the following principles:

- DRFA assistance is intended to be in the nature of an emergency helping hand for those in need, rather than to provide compensation for losses or restore lifestyles to their pre-disaster standard.
- DRFA assistance is not intended to replace the need for appropriate self-help strategies, such as acquiring insurance or undertaking appropriate disaster mitigation.
- In accordance with their responsibilities, the states and local governments should draw on their own resources to provide disaster assistance before seeking support from the Australian Government through the DRFA.
- DRFA assistance should be used to complement and promote disaster resilience outcomes for affected individuals and communities.
- As far as practicable, DRFA assistance is to be designed to achieve an efficient allocation of resources. In particular, assistance should provide value-for-money outcomes for all levels of government.

## DRFA assistance measures

There are four categories of assistance measures under the DRFA:

1. **Category A:** assistance to individuals to alleviate personal hardship or distress arising as a direct result of a disaster. Category A assistance is provided automatically by the states without requiring approval from the Australian Government.
2. **Category B:** assistance to the state, and/or local governments for the restoration of essential public assets and certain counter-disaster operations. Category B assistance also covers assistance to small businesses, primary producers, not-for-profit organisations and needy individuals through concessional loans, subsidies or grants. Category B assistance is provided automatically by the states without requiring approval from the Australian Government.
3. **Category 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. It is intended to be in addition to assistance under Categories A and B and is usually considered once the impacts of the disaster on affected communities have been assessed. Category C assistance is requested from the states and requires agreement from the Prime Minister.
4. **Category 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. Category D assistance is requested from the states and requires agreement from the Prime Minister.

## DRFA funding arrangements

Under the DRFA, the Australian Government provides financial assistance up to 75 per cent to the states in respect of eligible expenditure on relief and recovery assistance. Funding can either be provided in the form of a financial reimbursement or as an advance payment. Advance payments are generally only made in response to significant and extremely damaging natural disasters where the cost is likely to be greater than the state can manage in the immediate to short-term.

The level of financial assistance provided by the Australian Government to the states under the DRFA depends on the type of assistance provided and the level of expenditure incurred by a state within a financial year. In this way, the DRFA operates as a financial safety-net for the states when they experience frequent and/or severe natural disasters. As the cost of providing assistance to disaster affected communities increases, so too does the level of financial support from the Australian Government to the states.

In order to calculate the level of financial support, expenditure thresholds are used, which take into account the capacity of individual states to fund relief and recovery assistance.

## DRFA ASSISTANCE MEASURES, ACTIVATION TRIGGERS AND REIMBURSEMENT RATES

Category	Eligible assistance measures	Reimbursement rate and triggers
<p><b>Category A</b></p> <p>DRFA Determination Clause 4.2</p> <p>Note: assistance may be provided in-kind (i.e. non-monetary)</p>	<p>Assistance to alleviate personal hardship and distress including:</p> <ul style="list-style-type: none"> <li>• emergency food, clothing and accommodation</li> <li>• repair or replacement of essential furniture and personal effects</li> <li>• essential repairs to housing to a habitable condition</li> <li>• demolition or rebuilding to restore housing to a habitable condition</li> <li>• removal of debris from residential properties</li> <li>• extraordinary counter-disaster operations of direct assistance to an individual</li> <li>• personal and financial counselling</li> <li>• extraordinary costs associated with the delivery of the above forms of assistance (e.g. costs of evacuation and operation of recovery centres)</li> <li>• the employment of a Community Recovery Officer.</li> </ul>	<p><u>Reimbursement rate:</u></p> <ul style="list-style-type: none"> <li>• 50% (if total eligible state expenditure in a financial year is below 1st threshold)</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• The higher of the above rate or 50% between 1st and 2nd thresholds plus 75% above 2nd threshold (if total eligible state expenditure in a financial year is above 2nd threshold)</li> </ul> <p><u>Trigger:</u></p> <p>Once eligible state expenditure for an event exceeds the small disaster criterion of \$240,000.</p>
<p><b>Category B</b></p> <p>DRFA Determination Clause 4.3</p>	<p>Assistance available includes:</p> <ul style="list-style-type: none"> <li>• restoration or replacement of essential public assets (that are not operating on a commercial basis) such as roads, bridges and schools to their pre-disaster function</li> <li>• concessional loans, subsidies or grants to small businesses, primary producers, voluntary non-profit bodies and needy individuals</li> <li>• counter disaster operations for the protection of the general public.</li> </ul>	<p><u>Reimbursement rate:</u></p> <ul style="list-style-type: none"> <li>• 50% between 1st and 2nd thresholds plus 75% in excess of 2nd threshold</li> </ul> <p><u>Trigger:</u></p> <p>Once eligible state expenditure in a financial year exceeds 1<sup>st</sup> threshold.</p>
<p><b>Category C (for severe impact events only)</b></p> <p>DRFA Determination Clause 4.4</p>	<p>Assistance available includes a Community recovery package comprising:</p> <ul style="list-style-type: none"> <li>• a community recovery fund</li> <li>• clean-up and recovery grants to small businesses</li> <li>• clean-up and recovery grants to primary producers.</li> </ul>	<p><u>Reimbursement rate:</u></p> <ul style="list-style-type: none"> <li>• Determined at the time of agreement of measures (generally 50% of the agreed measures)</li> </ul> <p><u>Trigger:</u></p> <p>Subject to approval by the Prime Minister.</p>
<p><b>Category D (for severe impact events only)</b></p> <p>DRFA Determination Clause 4.5</p>	<p>Assistance to alleviate distress or damage in circumstances that are considered exceptional.</p>	<p><u>Reimbursement rate:</u></p> <ul style="list-style-type: none"> <li>• Determined at the time of agreement of measures (generally 50% of the agreed measures)</li> </ul> <p><u>Trigger:</u></p> <p>Subject to approval by the Prime Minister.</p>

\* Reimbursement rates provide an indication only. States can only claim costs associated with DRFA eligible disasters and all claims are subject to the assessment by Emergency Management Australia.



# Disaster Recovery Funding Arrangements 2018

## Guideline 1 - An essential public asset

### An essential public asset

1. This guideline applies to the definition of an *essential public asset* as outlined in clause 1 Definitions and Interpretation, of the Disaster Recovery Funding Arrangements 2018 (the *arrangements*).
2. An *essential public asset* under the *arrangements* is a *transport* or *public infrastructure* asset which is owned and maintained, or operated and maintained, by an *eligible undertaking*.
3. The following list provides examples of *transport* or *public infrastructure* assets which the *department* would consider to be *essential public assets* under the *arrangements*:

<b>Transport</b>	<ul style="list-style-type: none"> <li>Roads</li> <li>Road infrastructure (including footpaths, bike lanes and pedestrian bridges)</li> <li>Bridges</li> <li>Tunnels</li> <li>Culverts</li> </ul>
<b>Public Infrastructure</b> (Health, Education, Justice, Welfare)	<ul style="list-style-type: none"> <li>Public hospitals</li> <li>Public schools</li> <li>Public housing</li> <li>Prisons/correctional facilities</li> <li>Police, fire and emergency services' stations</li> <li>Levees</li> <li>State/territory or local government offices</li> <li>Stormwater infrastructure</li> </ul>

4. For those assets which are not listed above, the *state* must write to the *department* seeking approval to treat the asset as an *essential public asset* for the purposes of the *arrangements*.
5. The following list provides examples of assets which the *department* would not consider to be *essential public assets* for the purposes of these *arrangements*:
  - a. sporting, recreational or community facilities (for example, playgrounds, ovals, showgrounds, skate parks, swimming pools and associated facilities)
  - b. religious establishments (for example, churches, temples and mosques), and
  - c. memorials.
6. Only eligible estimated costs to reconstruct an *essential public asset* in accordance with the terms and conditions of these *arrangements* are to be claimed. For building assets (for example, hospitals or schools), this does not extend to the costs of replacing the contents and furnishings not permanently attached to the building.