



Attachment 1 to Item 3.1.2.

Independent Review of Commonwealth
Disaster Funding, Hawkesbury City Council
Submission, August 2023

Date of meeting: 26 March 2024

Location: Council Chambers

Time: 4:00pm

Independent Review of Commonwealth Disaster Funding

Hawkesbury City Council Submission
August 2023

What is the Review about?

The Minister for Emergency Management, Senator the Hon. Murray Watt, has commissioned an Independent Review of Commonwealth Disaster Funding (the Review). Mr Andrew Colvin AO APM was appointed the Independent Reviewer on 1 February 2023. Mr Colvin is being supported by a team from consulting firm Deloitte and a taskforce within the National Emergency Management Agency (NEMA).

The Review will explore the most effective ways for the Australian Government to support communities through the funding it provides to state and territory governments, local governments, businesses and community organisations in support of natural disaster management. It will consider how we can better invest in disaster risk reduction to lessen the impacts of natural disasters and help communities respond and recover more quickly.

What experience have you had with Commonwealth disaster funding support?

455/500 words

Hawkesbury City Council is a Council for the Hawkesbury Local Government Area, constituted under the Local Government Act, 1993.

Located in the northwest of the Sydney Basin, it has an area of 2,700km, serving a population of just under 70,000 through \$1.9 billion worth of public infrastructure assets. It is through the lens of infrastructure that this submission is provided. It is one of the most natural hazard exposed LGAs in NSW and Australia, with significant numbers of residents and infrastructure exposed to flood, bushfire and storm events in particular.

Council's road asset portfolio in particular, stretches to 1,000km and serves many isolated and vulnerable communities such as the MacDonald Valley Community (St Albans), Lower Portland Community, and Colo Valley Community.

Since 2019, Council has been included in natural disaster declarations for:

- 2019-20 bushfires (AGRN871),
- September 2019 Sydney Storms (AGRN881)
- November 2019 Sydney Storms (AGRN878)
- February 2020 Hawkesbury River Flood (AGRN898),
- March 2021 Hawkesbury River Flood (AGRN960),
- March 2022 Hawkesbury River Flood (AGRN1012),
- July 2022 Hawkesbury River Flood (AGRN1025), and
- October 2022 Hawkesbury River Flood (AGRN1034)

Each event has impacted upon Council's assets and community, but AGRN871, 960, 1012 and 1025 are notable for the severity and extent of impacts on both private and public infrastructure.

For example:

- The destruction of the Upper Colo Bridge on the Colo River, splitting the community of Upper Colo and including impacts such as significantly reduced response times for local Rural Fire Service appliances, significant increases in travel distance and time for community to access the wider road network, closure of a Council operated camp ground for a period of two and a half years.
- The destruction of approximately 750m of Greens Road, Lower Portland, across two sites, initially isolating residents between the two failure sites and practically isolating the majority of the Lower Portland community north of the Colo River for a period of two years and three months.
- The failure of convict-built sandstone retaining walls supporting Settlers Road and the Thomas James Bridge as well as landslides on Settlers Road leading to the complete, initially for approximately 8 weeks, and partial isolation of the Central and Lower MacDonald communities, ongoing as essential public asset restoration is about to commence.

Council has accessed funding, via the NSW Government, for emergency works, immediate reconstruction works and essential public asset restoration (Category B measures). Following AGRN1012 and 1025, Council also accessed, via the NSW Government, Category D funding.

Across AGRN960, 1012 and 1025, Council estimates that it has incurred more than \$250 million in damage to its essential public assets and a further \$20 million, approximately, in damage to assets essential to the community but which do not meet the eligibility criteria for essential public assets (a rising sewer main).

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

441/500 words

Precommitment to betterment: a new funding framework that permitted an agreed allowable upper limit for betterment, for example 20% of the cost estimation of the like-for-like restoration costs, which demonstrably lead to a greater level of resilience.

At the present time, there are various programs for betterment, however as these are separate funding programs with their own funding timelines, it is not reasonable to hold back essential public asset restoration works on the off chance that Council may be successful with betterment works.

An example would be on Council's road network, within the 5%AEP floodplain. It is statistically probable that these roads will be inundated by floodwaters twice in their life (and since 2020 they have been flooded on up to six occasions). The typical flexible pavement is highly susceptible to moisture fluctuation impacts leading to significant failures across this portion of the network and delays to the community accessing the network, not to mention the impact on mental health, wellbeing and productivity while Council works through the process of approvals. A simple way to reduce the disaster risk of those communities who depend on this part of the network would be to reconstruct these roads with a modified pavement, greatly improving the strength of the road during and immediately following flood events.

Forward fund an agreed estimate of the total Category B funding: whilst there has been elements of forward funding in the most recent natural disasters, it has been our experience that they are inconsistently applied, increase the administrative burden through duplication of effort and have not achieved any great reduction in the cash-flow gap experienced by our Council.

There are many examples of funding programs where advanced payments of an agreed portion of the full estimated cost of a program is provided to avoid placing councils in the position of having reduced working capital available for the delivery of day to day and business as usual projects and services.

A new funding framework ought to allow for the advanced payment of a portion of all estimated costs arising from Category B measures, placing the burden of reconciling claims toward the back end of the process, where it does not have the undue impact on councils' resources at the critical time of response and immediate recovery that the current process does.

Extension of timing for Immediate Reconstruction Works: for small, isolated declared natural disasters, the three month limit for Category B – Immediate Reconstruction Works may be sufficient timing, but it is not fit for purpose for widescale and/or compounding events. During such events, the timeline for Immediate Reconstruction Works ought to be extended to 12 or 24 months.

**Please describe your understanding of Commonwealth disaster funding processes.
499/500 words**

The funding process (for Category B) is entirely reactive and does not, by any efficient measure, provide funding in a proactive way to reduce the future potential exposure to natural disaster impacts.

This funding is for the reconstruction of essential public assets (most notably roads) and only allows for reconstruction of the asset to its pre-disaster function. This ultimately leads to the perpetuation of vulnerable assets, without improved resilience to future natural disaster impacts.

The process is extremely onerous, time consuming and fails to reflect both the urgency with which essential public assets ought to be restored to reconnect communities and facilitate broader community recovery, and the resources available to councils at a time when their ability to service their communities has been compromised. It is our view that, considering Category B funding flows between levels of government, the drawbacks of this extremely onerous, expensive and time-consuming process cannot be justified by the benefits.

It has been our experience that the inability to meet these onerous requirements have led to some claims being rejected because Council's staff were prioritising actions to support public safety – such as deploying road closures and notifying administrative staff to update the public on road closures – rather than taking photos, for example.

Consequently, across the most recent natural disaster declarations, Council estimates that it has borne in excess of \$3.5 million which, if not for the absence of what we view as unnecessary documentary evidence, ought to have been funded under the DRFA.

Another aspect of the process that Council understands is the time periods allowed for within the various sub-categories of Category B funding.

These allowable time periods may be reasonable in isolated, localized natural disaster events, but they are not reasonable for widespread and compounding events.

Council's anticipates that there will be some restoration projects which have a high risk of commencement outside of the permitted timelines for Category B – Essential Public Asset Restoration.

The delay in commencing these restoration projects are through no fault of the Council, no failure or omission by its staff, but rather because of the complex nature of catastrophic infrastructure impacts in isolated locations arising from multiple natural disasters.

For example, the MacDonald Valley, with a community of approximately 300, is serviced by two roads impacted by AGRN1012 and 1025: St Albans Road (9 landslides) and Settlers Road (7 landslides and bridge abutment failure).

It is not possible to undertake the restoration works on these two roads concurrently; to do so places too great a burden on the community, with the very real risk that the works would require closure of these roads. If that situation came to fruition, this community would be cut from all practical road access into and out of the Valley.

Hence, the physical restoration works must take place consecutively and with the difficulty in accessing certain specialist engineering consultancies, procurement and the time necessary to undertake the works in complex and remote locations, it may simply not be possible to meet the DRFA timelines.

**Are the funding roles of the Commonwealth, states and territories, and local government, during disaster events clear?
497/500 words**

No. It has been observed that different State Agencies – in NSW Transport for NSW (TfNSW) assesses claims for road and road related Essential Public Assets and Public Works NSW (PWNSW) assess claims for all other Essential Public Assets – approach their roles very differently and even within the same Agency, different Regions, in the case of Transport for NSW, undertake different roles.

For example, it has been our experience that our claims to TfNSW have been dealt with as an administrative task, assessing eligibility, sufficiency of documentary evidence, value-for-money and market response etc, whereas neighbouring councils in adjoining Regions have TfNSW play, as it appears to us, a technical advisory role, on at least one occasion to the detriment of the local community.

What is exceptionally clear is that the indirect funding of Local Government, that is Commonwealth Funding passing through the State to Local Government, is inefficient, leads to duplicated effort, results in unnecessary delays and costs and gives rise to sub-optimal community outcomes (noting that the reactive, like-for-like funding model already leads to sub-optimal community outcomes).

Furthermore, the assessment role and supporting evidentiary burden on councils, whilst possibly fit for purpose for minor, isolated and sporadic natural disaster events, are not fit for purpose for major or consecutive natural disaster events. At a time when communities are being subject to gross and widespread disruption, or repeat trauma, the assessment roles have the perverse outcome of drawing the focus and attention of staff away from the care and support for our

communities and instead toward an overly bureaucratic administrative process to ensure that there is not a future financial liability to Council owing to multiple layers of audit.

Furthermore, the risk averse nature and rigid conditions compound and multiply with each level of government. This results in the denial of claims until further evidence is produced, betraying the trust and confidence of the community served by Council and ultimately levelling the greatest financial liability at the base of the tier which can least afford it, particularly given the rate-capped environment NSW operates.

Additionally, DRFA is not clear on how claims for shared Essential Public Assets are to be managed at all, let alone in as an efficient manner as is possible under the current arrangements.

For our Council, this has led to delays while we navigated the complexity of developing agreements to guide our approach to the restoration of shared essential public assets. Furthermore, with the rigid and inflexible approach (it is unclear to us whether this is driven by State requirements or Commonwealth requirements) it has not been possible for one Council to undertake the process in totality, leading to further inefficiencies.

Finally, the cash flow deficit of restoration works rests with councils, the tier of government that can least afford it. At any one point in time during recovery from the recent disasters, Council is carrying between \$20 million and \$30 million between what it has been outlaid on project costs, compared with paid claims.

Is there any further information you would like to provide?

There is a great need to reform how and when disaster funding is applied and the means by which it is applied; the current arrangements are no longer fit for purpose and are leaving our community extremely vulnerable to the impacts of more frequent, more severe natural disaster events, with less and less time to recover between events.

There are two key changes required:

- Direct funding of Local Government, removing the States from the process and thus reducing the administrative burden, costs and time delays, and
- Redistribution of disaster funding to achieve a greater spend proactively

Much of this submission has focused on the toll that the unnecessary administrative burden, in part arising from a lack of direct funding of Local Government by the Commonwealth, places on communities when they are at their most vulnerable and their most traumatised. While there is always a place for assurance of spending public monies, it is our view that this can continue to be achieved via a direct funding model, which provides councils with more money sooner so that we can get on with the job of restoring those critical assets our communities rely upon for the very basic necessities of life.

There are secondary benefits to such reform. Firstly, this would have the effect of dampening the amplification of risk-aversion that arises from uncertainty playing on decision makers across three tiers of government, and which has real and deleterious impacts to councils and by extension communities.

Secondly, it would reduce the occurrence of inconsistent interpretation on such matters as eligibility, pre-disaster function and roles of State agencies, which often leads to the need for councils, including ours, to engage consultants to assist with interpretation, collation and submission of claims and settling disputes.

At the present time, upwards of 95% of disaster funding is spent following a disaster. Often there are significant costs in providing safe and reliable services, particularly transport via the road network, while investigations and designs are undertaken, which also has added social and

economic costs to the community and the broader economy. Additionally, the restoration of a damaged asset is typically a more expensive proposition than strengthening a vulnerable, but as yet undamaged asset.

The modelling of economic and social benefits arising from a redistribution of disaster funding into pro-active programs is beyond our ability, but we strongly encourage the Commonwealth Government to investigate this and establishing a dedicated, ongoing disaster resilience infrastructure funding model, similar to the very successful Roads to Recovery Program.