

Disaster Recovery Funding Arrangements (DRFA) Overview

February 2024



Justice
and Community
Safety

What is the DRFA?



- **The Disaster Recovery Funding Arrangements (DRFA)** is a cost sharing arrangement between States/Territories and the Commonwealth. The DRFA is a **Commonwealth determination**.



- The arrangements enable the State and Commonwealth to provide financial assistance, to support **certain relief and recovery** measures following an eligible disaster, they **do not cover all costs** that may be incurred resulting from an eligible disaster.



- The DRFA applies to natural disasters or terrorist acts only. Activation thresholds apply.

What is the DRFA?



- The DRFA is not intended to replace other actions and measures that should be taken to protect assets or prevent disasters, including having insurance coverage where possible.



- Recovery is a shared responsibility for individuals, households, businesses and communities, as well as for all levels of government.



- In Victoria, DRFA assistance measures are funded from the Victorian Natural Disaster Relief Trust administered by Emergency Recovery Victoria within the Department of Justice and Community Safety (DJCS).

Claims and acquittal process



Claims

- The DRFA process is akin to an insurance claim – to be reimbursed councils need to provide evidence and demonstrate eligibility.
- The DRFA doesn't cover all costs resulting from a disaster.
- For Category A and B claims, councils submit claims to Emergency Recovery Victoria within designated timeframes.
- Claims are independently assessed by the Department of Transport and Planning as the appointed DRFA assessors. Assessors work with councils to maximise claims within the DRFA guidelines.
- Emergency Recovery Victoria provides technical support to the DRFA assessors and undertakes sample quality assurance reviews of assessed claims.
- Category C and D activated measures are overseen by Emergency Recovery Victoria against the same evidentiary requirements and agreed delivery timeframes.



Acquittal

- DRFA is subject to a dual audit process: state and commonwealth, any ineligible expenditure or claimed expenditure lacking supporting documentation is not cost shared by the Commonwealth.
- The acquittal process can take 1-2 years to be finalised after the relevant financial year.
- Category A and C/D are 50:50 cost shared.
- For Category B - Victoria needs to exceed Commonwealth set thresholds of own expenditure before the Commonwealth will provide support.

How is DRFA activated?



CATEGORY A & B ACTIVATION



NOTIFICATION: Notification must be triggered by Councils:

- Councils impacted by a disaster submit an event notification form to Emergency Recovery Victoria.



ASSESSMENT: Emergency Recovery Victoria undertakes an activation assessment to determine if the event is an 'eligible' disaster (i.e. natural disaster or terrorist act for which a coordinated multi-agency response was required with damages/assistance and the estimated cost is >\$240,000).



ACTIVATION: Once deemed 'eligible', Emergency Recovery Victoria requests activation of the DRFA to the Commonwealth (National Emergency Management Agency) for the 'standard' category A and B assistance measures:

- The same process applies for non DRFA events (<\$240,000 threshold), financial assistance is provided but councils need to bear the first \$100,000 of eligible costs incurred.



The DRFA should not be a deciding factor when responding to a disaster – in accordance with their emergency management responsibilities, Councils are required to ensure they are prepared for, and able to respond to natural disasters.

How are Category C and D measures activated?

CATEGORY C & D ACTIVATION



ASSESSMENT #2: Category C and D assistance may be considered for activation (only following activation of Category A and B measures). These are 'special' assistance measures that require States to:

- Assess impact/need to determine whether additional supports are required
- Assess DRFA eligibility
- Seek Commonwealth approval to secure cost-sharing arrangement via a letter from the Premier to the Prime Minister (PM).



ACTIVATION #2: Once PM response and confirmation is received, States/Territories can commence financial assistance programs. These are usually administered through Emergency Recovery Victoria or third-party providers (e.g. financial institutions).

Note: Category C and or D is only sought to be activated for significant events such as the Black Summer Bushfires and June 2021 Storm and Flood event.

DRFA 'standard' assistance measures



Category A: Assistance to individuals

- Early relief and recovery activities including the establishment and operation of a Relief and Recovery Centre.
- Counter disaster operations undertaken to provide direct assistance to individuals, immediately before, during and in the immediate aftermath of a disaster (e.g. sandbagging or the establishment of bushfire control lines).
- Personal hardship assistance programs administered by the Department of Families, Fairness and Housing (DFFH).
- Removal of debris operations carried out by councils from residential properties (immediate house footprint only) to make them safe and habitable.
- Other - personal and financial counselling and the employment of a Community Recovery Officer.



Category B: Essential public assets (i.e. transport or public infrastructure*)

Category B assistance can be divided into five broad areas of assistance designed to support the community to recover from an eligible disaster:

- Emergency works to urgently restore an essential public asset to an acceptable level of service (make safe or temporary repairs) within 3 months from date of the event.
- Immediate Reconstruction Works (to fully restore an asset) undertaken within 3 months from date of the event
- Reconstruction Works outside of the 3 months window (requires a certified estimate to be prepared).
- Counter Disaster Operations for the protection of the general public including the establishment of a Municipal Emergency Coordination Centre.
- Concessional loans to assist impacted small businesses, primary producers and non-profit organisations whose assets have been significantly damaged or who have suffered a significant loss of income as a direct result of an eligible disaster.

DRFA 'special' assistance measures



Category C – Community recovery

- Community Recovery Fund – grants/programs to restore social networks, community functioning and community facilities.
- Recovery grants for small businesses and non-profit organisations and primary producers. Aimed at covering the cost of clean-up and reinstatement (not compensation for losses). Grants can vary depending on event – based on recommendation from Agriculture Victoria and Small Business Victoria.

E.g. Victorian Bushfires Community Recovery Package, Black Summer Bushfires Primary Producer Recovery Grants and Small Business Recovery Grants.



Category D – Exceptional circumstances

- Exceptional circumstances assistance that is beyond what can be covered under Categories A, B and C.

E.g. State Coordinated Clean Up packages for the Black Summer Bushfires and June 2021 Storm and Flood Event.

October 2022 – January 2023 Floods and Storms – Community Recovery Offices, Clean Up program.

How to 'maximise' category A/B claim reimbursements

The below observations are based on councils that have a high % of their claim assessed as eligible:



- Read and understand the **guidelines** and devote **appropriate resources** to the claims task. Please nominate relevant council staff for DRFA training sessions that are held throughout the year.



- **Early Liaison & continued engagement** with their DTP Assessor – Every Council has an Assessor assigned as a contact point, and all claim specific enquiries should be directed through that Assessor. The Assessor is available to provide guidance throughout the claims journey.



- Where Council engages contractors/in-house crews to undertake works, council need to **provide the contractors/in-house staff with clear instructions** on the relevant supporting information to collect which are outlined on Factsheets 1 & 3.



- Where Councils are unable to effectively respond to an event within BAU internal staffing, **additional resourcing costs**, related to categories A/B measures are able to be claimed.

- This may include **staff overtime and/or additional temporary employees**. Check with your assessor.



- Photo Reports are to be submitted with claims in the requested photo report format. All photo are required to have **Metadata embedded** in them that verifies their location and date taken.

- Pre-condition and post disaster photos are to be taken in the same location.



- If pre-condition photos are not available, a **pre-condition report based on maintenance and inspections records can be provided as an alternative** and need to be dated no more than four years prior to the disaster occurring.



Hints to assist with 'timely' assessment of claims

We need councils help to ensure that the claims assessment process runs as smoothly as it can.

This can include:



- Use the **correct claim form** for the category of expenditure being claimed, group similar expenditure together, exclude GST and reconcile to the supporting information provided. Claims need to be structured so that it is easy to follow and understand by a third party reviewing the transactions.



- DRFA does not cover all costs, exclude any ineligible expenditure from your claim. Don't capture 'everything' and then rely on the assessor to identify what is eligible and ineligible under the DRFA. If you are unsure after reading the guidelines, discuss this with your assessor.



- Lodge claims in the ACMS throughout the year as expenditure is incurred, this avoids claim lodgement spikes and also represents sound financial management practice from councils not waiting until the end of the financial year. Claims need to be lodged in the financial year that the expenditure was incurred (no later than 31 July).



- Provide timely response to assessor queries. If no response is provided within the reasonable time, assessor will need to complete the claim assessment on the information provided.

DRFA continuous improvement initiatives



Emergency Recovery Victoria works to continuously improve the Victorian DRFA experience including:



- Victoria DRFA Guidelines are updated quarterly, they are also compared with the guidelines of other jurisdictions to maintain consistency. Commonwealth Government is also working on providing additional guidance material to jurisdictions.



- Funding of additional assessors and refocus on early engagement with councils throughout the claim journey.



- Challenges with the Commonwealths DRFA determination including evidentiary requirements continue to be raised in forums with the Commonwealth and the Commonwealth led reviews of the DRFA.



- A new claims management system is now live, it is one platform to store all information and will provide greater step-by-step guidance and required supporting information. A User Reference Group was established which included representatives from Councils to support the development of the system and has now transitioned into one focussed on streamlining the Victorian DRFA Guidelines.



- Day labour policy introduced, allowing councils to claim in-house crew ordinary hour and eligible plant costs for emergency works/immediate works and the reconstruction of essential public assets.



- Incorporating learnings from the dual audits completed at the State and Commonwealth level.

Key information and contacts



Event Scale	Assistance Type	Contacts
Small	DRFA and emergency relief assistance <u>not</u> activated	Members of the community can contact their relevant impacted council(s) (Home - Know Your Council)
Small	DRFA and emergency relief assistance activated	<p>Members of the community can contact their relevant impacted council(s) (Home - Know Your Council)</p> <p>Councils can contact the DRFA team on ndfa@justice.vic.gov.au</p>
Medium - Large	DRFA and emergency relief assistance activated and key other supports activated	<p>Members of the community can contact their relevant impacted council(s) (Home - Know Your Council)</p> <p>For larger scale events members of the community can contact Emergency Recovery Victoria on https://www.vic.gov.au/recovery-support or 1800 560 760</p> <p>Councils can contact the DRFA team on ndfa@justice.vic.gov.au</p>