



# Disaster Recovery Funding Arrangements Western Australia 2018

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## How to read the DRFAWA guideline

The DRFAWA guideline has been prepared to support State agencies and local governments to understand the disaster funding assistance available after an eligible disaster.

Points to help you read this document:

- An overview is provided in a dark grey box at the start of each section. This summarises the section and highlights key information.
- A coloured explanatory box is provided for clauses of particular importance or that need further clarification.
- Following the overview or explanatory box, the plain text is a direct extract from the Commonwealth's Disaster Recovery Funding Arrangements 2018.
- All clause referencing is exactly the same as the Commonwealth's document.
- Light grey text (that appears faded) is used for clauses provided by the Commonwealth, but which the State does not offer under the DRFAWA guideline.
- Colours and icons are used to assist readers follow information about specific assistance measures:



**Yellow** – Category A measures



**Purple** – Category B measures



**Green** – Category C and D measures

**Grey** – generic information across all measures

- References to both Commonwealth and State guidelines, fact sheets and templates are hyperlinked throughout the document.



The State has developed templates and fact sheets to support readers.



The Commonwealth has released Guidelines and Schedules to provide further detailed information on specific clauses within the arrangement.

## Overview

The Disaster Recovery Funding Arrangements (DRFA) is an arrangement, not an agreement, between the Commonwealth and states and territories (states).

It is each State's choice whether or not they wish to adhere to the arrangements and apply for funding in the event of a disaster.

The DRFA determines the terms and conditions that must be met if states are to claim financial assistance from the Commonwealth, for the purposes of disaster relief and recovery.

For all events that occur after 1 November 2018 these DRFAWA rules apply.

For events that have occurred prior to 1 November 2018, WANDRRA (Western Australia Natural Disaster Relief and Recovery Arrangements) will continue to apply.

## Disaster Recovery Funding Arrangements 2018

### Terms and Conditions

by the Hon Angus Taylor MP, Minister for Law Enforcement and Cyber Security

#### Preliminary

I, the Hon Angus Taylor MP, Minister for Law Enforcement and Cyber Security, determine the terms and conditions applicable to payments of financial assistance by the Commonwealth to any State, the Australian Capital Territory or the Northern Territory, for the purposes of disaster relief and recovery, to be the terms and conditions recorded in this document, the Disaster Recovery Funding Arrangements 2018 (the arrangements).

The arrangements take effect from **1 November 2018** in respect of eligible disasters that occur on or after this date, and apply to all claims relating to those eligible disasters.

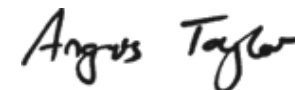
The arrangements have effect in relation to:

- a) national partnership payments made for the above purposes – as part of the Inter-Governmental Agreement on Federal Financial Relations, entered into between the Commonwealth, the States, the Australian Capital Territory and the Northern Territory (as amended)
- b) payments made out of the amount appropriated by the *Appropriation Act (No. 2) 2018-2019* to the Commonwealth Department of Home Affairs for the outcome, 'Protect Australia's sovereignty, security and safety through its national security, emergency management system, law enforcement and managing its border, including managing the stay and departure of all non-citizens'.

Note: The arrangements have effect as part of the Inter-Governmental Agreement on Federal Financial Relations by virtue of clauses D42 and D43 of Schedule D to that agreement. These clauses allow for payments to be made to any State, the Australian Capital Territory or the Northern Territory in accordance with the arrangements. The arrangements have effect under the *Appropriation Act (No. 2) 2018-2019* by virtue of section 16 of that Act.

The arrangements are also intended to have effect in relation to any later Appropriation Act that appropriates an amount for the same outcome, or for a different outcome that includes the purposes of disaster relief and recovery, and authorises the terms and conditions applicable to payments to be determined.

This document incorporates a statement of the arrangements, and of the related administrative procedures and guidelines, in respect of eligible disasters or terrorist acts that occur on or after 1 November 2018.



**Angus Taylor**

Minister for Law Enforcement and Cyber Security  
5 June 2018



01

# Definitions and interpretation

# 01. DEFINITIONS AND INTERPRETATION

## Overview

There are many definitions to help understand this document. Some definitions don't apply and will appear as faded grey text. This may be because the measure is not offered by Western Australia or the definition relates to a function performed by the [DFES Disaster Recovery Funding Officers](#).

## 1.1. Definitions

1.1.1. All definitions relevant to these *arrangements* are set out below:

<b>arrangements</b>	This document; Disaster Recovery Funding Arrangements 2018.
<b>appropriate assessment methods</b>	An assessment that would support a <i>small business</i> , <i>primary producer</i> 's or a <i>non-profit organisation</i> 's claim for eligibility under these <i>arrangements</i> and support the <i>small business</i> , <i>primary producer</i> 's or <i>non-profit organisation</i> 's ability to repay the loan. An assessment may include: site visits to establish the <i>small business</i> , <i>primary producer</i> 's or <i>non-profit organisation</i> 's pre and post disaster context and situation, review of tax returns for the preceding financial years, comparison of budgeted net income to historical financial statements, confirmation of existing bank loans and facilities to identify possible peak debt issue(s) throughout the 12 month period prior to the <i>eligible disaster</i> , loan security, and proof of an insurance claim.
<b>ASAE3150</b>	ASAE3150 Assurance Engagements on Controls, issued by the Auditing and Assurance Standards Board.
<b>ASA 580</b>	Auditing Standard ASA 580 Written Representations, issued by the Auditing and Assurance Standards Board.
<b>ASA 701</b>	Auditing Standard ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report on a Financial Report, issued by the Auditing and Assurance Standards Board.
<b>ASA 800</b>	Auditing Standard ASA 800 Special Considerations-Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks, issued by the Auditing and Assurance Standards Board.
<b>bad debts</b>	Amount of loan which is unlikely to be paid and is treated as a loss.
<b>budget funded</b>	Those <i>state</i> entities or agencies that receive a funding allocation from the <i>state</i> .
<b>claim pack</b>	The financial reporting pack provided by the <i>department</i> to the <i>state</i> each year.
<b>Commonwealth</b>	The Australian Government.
<b>Commonwealth concessional interest rate</b>	50 per cent of the ten-year Treasury bond rate averaged from 1 April to 30 June for the preceding financial year. The rate is based on data published by the Reserve Bank of Australia.

<b>Community Recovery Officer</b>	One twelve month full-time equivalent officer per <i>eligible disaster</i> employed by the <i>state</i> to work with affected communities to: <ul style="list-style-type: none"> <li>• identify recovery needs</li> <li>• assist in accessing relevant information and resources to develop community recovery programs, and</li> <li>• provide community capacity building as required.</li> </ul>
<b>control objectives</b>	The <i>control objectives</i> established within these <i>arrangements</i> , as required under ASAE3150.
<b>cost estimation</b>	The process of developing the <i>estimated reconstruction cost</i> for the <i>reconstruction of essential public assets</i> by building up the component elements including: <ul style="list-style-type: none"> <li>• scoping and defining the works required for <i>reconstruction</i> of the <i>essential public asset</i></li> <li>• applying relevant assumptions and exclusions, and</li> <li>• using available historical data of actual costs (that is, benchmark pricing) and/or supplier quotes to estimate the cost of <i>reconstruction</i> works.</li> </ul>
<b>criteria</b>	The <i>criteria</i> established within these <i>arrangements</i> , as required under ASAE3150.
<b>department</b>	The <i>Commonwealth</i> department responsible for administering these <i>arrangements</i> . A reference to the department includes a reference to the Secretary and appropriate Senior Executive Service officials of the department.
<b>direct result</b>	Affected by an <i>eligible</i> disaster and located within the affected geographical area that has been notified by the <i>state</i> in the form provided by the <i>department</i> . Applicants outside the affected geographical area who do not operate in the affected geographical area are not eligible, including those with a supply chain relationship to the affected geographical area.
<b>Disaster Recovery Funding Arrangements Management System</b>	The processes and controls implemented by a <i>state</i> agency and third party organisations (where applicable) in relation to an <i>estimated reconstruction cost</i> , as defined by these <i>arrangements</i> .
<b>eligible disaster</b>	A <i>natural disaster</i> or <i>terrorist act</i> for which: <ul style="list-style-type: none"> <li>• a coordinated multi-agency response was required, and</li> <li>• <i>state expenditure</i> exceeds the <i>small disaster criterion</i>.</li> </ul>
<b>eligible measure</b>	A relief or recovery assistance measure specified in these <i>arrangements</i> , or a cost to the <i>state</i> under clause 8.1 of these <i>arrangements</i> .
<b>eligible undertaking</b>	A body that: <ul style="list-style-type: none"> <li>• is one of the following: <ul style="list-style-type: none"> <li>- a department or other agency of a <i>state</i> government, or</li> <li>- established by or under <i>state</i> legislation for public purposes (for example, a local government), and</li> </ul> </li> <li>• in the operation of the asset provides services free of charge or at a rate that is 50 per cent or less of the cost to provide those services.</li> </ul>

<b>emergency works</b>	Urgent activities necessary following an <i>eligible disaster</i> to temporarily restore an <i>essential public asset</i> to enable it to operate/be operated at an acceptable level of efficiency to support the immediate recovery of a community, and take place: <ul style="list-style-type: none"> <li>• prior to the state commencing <i>essential public asset reconstruction works</i> in accordance with these <i>arrangements</i>, or</li> <li>• prior to or at the same time as <i>immediate reconstruction works</i> and where no <i>essential public asset reconstruction works</i> are required.</li> </ul>
<b>employee</b>	A person, including family members, who the business directly engages, controls and pays a wage for labour.
<b>essential public asset</b>	An asset which <i>must</i> be a <i>transport</i> or <i>public infrastructure</i> asset of an <i>eligible undertaking</i> which, the state considers and the <i>department</i> agrees, is an integral part of a state's infrastructure and normal functioning of a community.
<b>essential public asset reconstruction works</b>	<i>Reconstruction</i> works on an <i>essential public asset</i> directly damaged by an <i>eligible disaster</i> for which an <i>estimated reconstruction cost</i> has been developed.
<b>Essential Public Asset Function Framework</b>	The <i>Essential Public Asset Function Framework</i> as defined by these <i>arrangements</i> (refer to clause 6.3).
<b>estimated reconstruction cost</b>	The estimated cost of <i>reconstruction</i> of an <i>essential public asset</i> damaged by an <i>eligible disaster</i> and calculated in accordance with these <i>arrangements</i> .
<b>farm enterprise</b>	An activity listed in Division A of the Australian New Zealand Standard Industrial Classification 2006 (ANZSIC) 1292.0 (Revision 2.0) published by the Australian Bureau of Statistics.
<b>habitable</b>	Refers to a residential property being fit for human habitation, possessing basic amenities in working order and not being in substantial disrepair.
<b>immediate reconstruction works</b>	Immediate <i>reconstruction</i> activities following an <i>eligible disaster</i> to fully <i>reconstruct</i> an <i>essential public asset</i> , and where no <i>essential public asset reconstruction works</i> are required.
<b>Independent Technical Review</b>	A review of <i>estimated reconstruction costs</i> in accordance with these <i>arrangements</i> .
<b>long-term viability</b>	The ability of a <i>small business</i> 's, <i>primary producer</i> 's or <i>non-profit organisation</i> 's operation to continue to operate and be able to meet its liabilities as they become due. Long-term would generally be considered a period greater than three years.
<b>loss of income</b>	Net income which would have been earned if the <i>small business</i> , <i>primary producer</i> or <i>non-profit organisation</i> had not been interrupted by the <i>eligible disaster</i> based on past performance during similar periods. Net income takes into account the costs that would have been incurred to earn the income. Examples of what could result in a loss of income would be cancellation of bookings and where customers cannot physically reach the <i>small business</i> , <i>primary producer</i> or <i>non-profit organisation</i> due to damaged public infrastructure.
<b>market response</b>	The process of developing <i>estimated reconstruction cost</i> for <i>reconstruction</i> of <i>essential public assets</i> by tender or competitive bidding.
<b>Minister</b>	The <i>Commonwealth Minister</i> responsible for these <i>arrangements</i> .
<b>must</b>	Indicates a mandatory requirement.

<b>natural disaster</b>	<p>A natural disaster is one, or a combination of the following rapid onset events:</p> <ul style="list-style-type: none"> <li>• bushfire</li> <li>• earthquake</li> <li>• flood</li> <li>• storm</li> <li>• cyclone</li> <li>• storm surge</li> <li>• landslide</li> <li>• tsunami</li> <li>• meteorite strike, or</li> <li>• tornado.</li> </ul>
<b>needy individual</b>	An individual who is in urgent and genuine need of financial assistance.
<b>non-budget funded</b>	Those state entities or agencies that do not receive a funding allocation from the state and operate independently through public and private tender processes.
<b>non-profit organisation</b>	<p>An incorporated charity or non-profit entity which is registered with the Australian Charities and Non-Profits Commission (ACNC) or an equivalent state regulatory body. This may include:</p> <ul style="list-style-type: none"> <li>• non-profit schools (that is, those run by a church)</li> <li>• religious institutions</li> <li>• homeless hostels</li> <li>• aged persons homes</li> <li>• organisations relieving the special needs of people with disabilities</li> <li>• community child care centres</li> <li>• cultural societies</li> <li>• environmental protection societies</li> <li>• neighbourhood associations</li> <li>• public museums and libraries</li> <li>• scouts</li> <li>• sports clubs</li> <li>• surf lifesaving clubs, or</li> <li>• traditional service clubs.</li> </ul>



<b>participating authorised deposit taking institution</b>	Corporations which are authorised under the <i>Banking Act 1959</i> . These include banks, building societies and credit unions.
<b>person</b>	An individual, a body politic, or a body corporate.
<b>pre-disaster function</b>	As defined by the <i>Essential Public Asset Function Framework</i> .
<b>primary producer</b>	<p>An individual, partnership, trust or company which:</p> <ul style="list-style-type: none"> <li>• has a right or interest in a farm enterprise, and</li> <li>• contributes a part of his, her or its labour and capital to the enterprise, and</li> <li>• derives at least 50 per cent of his, her or its income from the enterprise.</li> </ul> <p><i>Primary producers</i> are defined as those that are listed under the Australian New Zealand Standard Industrial Classification 2006 (ANZSIC) 1292.0 (Revision 2.0) Codes 01 (Agriculture), 02 (Aquaculture), 03 (Forestry and Logging), 04 (Fishing, Hunting and Trapping) and 05 (Agriculture, Forestry and Fishing Support Services).</p>
<b>program of works</b>	Comprises all <i>essential public asset reconstruction works</i> for all <i>eligible disasters</i> in a single financial year.
<b>project</b>	<p><i>Reconstruction works</i> to be undertaken following an <i>eligible disaster</i> on:</p> <ol style="list-style-type: none"> <li>a) a single <i>essential public asset</i>, or</li> <li>b) a group of related <i>essential public assets</i> which could be contracted jointly within local government areas notified for the relevant <i>eligible measure</i>.</li> </ol>
<b>public infrastructure</b>	An asset that is an integral part of a <i>state's</i> infrastructure and is associated with health, education, justice or welfare.
<b>reasonable assurance</b>	A reduction in assurance engagement risk to an acceptably low level in the circumstances of the assurance engagement, as the basis for a positive form of expression of the auditor's conclusion. Reasonable assurance means a high but not absolute level of assurance.
<b>reconstruction</b>	The restoration or replacement of an <i>essential public asset</i> .
<b>re-damaged essential public asset</b>	An <i>essential public asset</i> is considered to be re-damaged if it suffers additional damage from a subsequent <i>eligible disaster</i> which occurs after the development of an <i>estimated reconstruction cost</i> for the preceding <i>eligible disaster</i> .
<b>reinstatement</b>	Activities undertaken by a recipient of a Category C recovery grant to assist in the re-establishment of the enterprise to substantially the same position it was in prior to the <i>eligible disaster</i> , in order to aid the enterprise to continue/resume normal trading/production as soon as possible.
<b>small business</b>	<p>A business, other than a <i>farm enterprise</i>, which employs fewer than 20 full-time equivalent staff. That is, the sum total of all standard hours worked by all employees (whether full-time or part-time) is less than the number of standard hours which would be worked by 20 full-time employees, as defined by the Australian Bureau of Statistics.</p> <p>A <i>small business</i> does not include a sole trader small business where 50 per cent or less of the sole trader's income comes from that business.</p>

<b>small disaster criterion</b>	For the purposes of these <i>arrangements</i> , the amount of \$240,000 or an amount as published by the department.
<b>special circumstances</b>	<p>means the following:</p> <ul style="list-style-type: none"> <li>• geotechnical conditions that could not reasonably have been foreseen or investigated in the design period</li> <li>• previously unidentified indigenous and cultural heritage discoveries</li> <li>• previously unidentified heritage discoveries</li> <li>• delays caused by subsequent <i>eligible disasters</i></li> <li>• environmental conditions that could not have reasonably been foreseen (for example, threatened species discovery)</li> <li>• safety threats that could not reasonably have been foreseen (for example, asbestos discovery), or</li> <li>• critical reduction in water availability that could not reasonably have been foreseen or investigated in the design period.</li> </ul>
<b>state</b>	All Australian states, including the Australian Capital Territory and the Northern Territory.
<b>state agency</b>	The agency responsible for the central co-ordination of these <i>arrangements</i> within the <i>state</i> .
<b>state appointed auditor</b>	A <i>state</i> audit office or an independent auditor appointed by the <i>state</i> for the purposes of complying with these <i>arrangements</i> .
<b>state expenditure</b>	<p>Total <i>state</i> expenditure for <i>eligible measures</i> in relation to <i>eligible disasters</i> that have occurred within a financial year that a <i>state</i> – or body established by or under <i>state</i> legislation for public purposes (for example, a local government) – is claiming for <i>Commonwealth</i> reimbursement under these <i>arrangements</i>.</p> <p><b><i>Estimated reconstruction costs claimed as state expenditure</i></b></p> <p><i>State</i> and local government <i>estimated reconstruction costs</i> established in accordance with these <i>arrangements</i> must be recorded against the financial year in which the <i>estimated reconstruction costs</i> have been established.</p> <p><b><i>State expenditure actually spent and/or incurred as a liability</i></b></p> <p>For <i>state expenditure</i> actually spent on <i>eligible measures</i> and/or incurred as a liability on <i>eligible measures</i>, the expenditure must be recorded against the financial year in which the expenditure is actually spent or incurred as a liability. It is not to be recorded against the year in which the <i>state</i> expends cash, conducts an audit, submits an audited claim to the <i>Commonwealth</i> or reimburses its agencies or local governments.</p> <p>When recording local government expenditure as <i>state expenditure</i>, a <i>state</i> incurs a liability at the time the local government undertakes an <i>eligible measure</i>, and it is at that point that the liability <i>must</i> be recorded by the <i>state</i>.</p>

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**state expenditure (cont.)**

*State expenditure* actually spent on *eligible measures* and/or incurred as a liability on *eligible measures*, may also include expenditure for:

- *emergency works for essential public assets*, including salaries and wages and internal plant and equipment used for the *emergency works*
- *immediate reconstruction works for essential public assets*, including salaries and wages and internal plant and equipment used for the *immediate reconstruction works*
- expenditure on *eligible measures* for non-monetary assistance (for example, goods, waived revenue, free or subsidised services)
- expenditure on *eligible measures* for concessional interest rate loans
- expenditure for salaries and wages, and internal plant and equipment use, of *non-budget funded state* entities or agencies undertaking *eligible measures* not related to the *reconstruction of essential public assets* under clause 4.3 of these *arrangements*
- certain expenditure for salaries and wages, and internal plant and equipment use, of *state budget funded* entities or agencies for *eligible measures* not related to the *reconstruction of essential public assets* under clause 4.3 of these *arrangements*, such as:
  - overtime for *state* employees outside of normal working hours
  - employment costs for contractors or temporary (fixed-term) employees
  - other costs for contractors or temporary (fixed-term) employees such as travel expenses, allowances, accommodation, and on-costs such as superannuation entitlement and workers compensation
  - costs of back-filling *state* employees who have been seconded to assist with *eligible disaster* activities
  - additional fuel and oil expenditure, and maintenance costs required as a direct consequence of using internal plant and equipment.

Note: If any part of *state expenditure* is in the form of concessional interest rate loans, a component of the *Commonwealth* assistance will also be in the form of a concessional interest rate loan to the *state* – see clause 9.5.

**Ineligible state expenditure**

*State expenditure* does not include:

- amounts which the *state* has recovered or may recover from any source
  - amounts which a person is liable to reimburse to the *state* (including amounts attributable to GST)
  - amounts directly or indirectly receivable from the *Commonwealth* under a joint *Commonwealth-state* financial arrangement or some other form of specific purpose financial assistance to a *state*
  - amounts attributable to administrative expenditure for which the *state* would have been liable for had the *eligible disaster* not occurred
  - core disaster response activities which are the responsibility of, and budgeted for by, the *state*
  - amounts that have been transferred from a *state* to a department or other agency of the *state* government for possible expenditure on an *eligible measure*, but have not yet been spent by that department or agency, and
  - profit margins to an *eligible undertaking*.
-

<b>technical reviewer</b>	Professional(s) meeting the criteria to conduct an <i>Independent Technical Review</i> in accordance with these <i>arrangements</i> .
<b>terrorist act</b>	<p>An action or a series of actions committed in Australia which the <i>Minister</i> has determined is a <i>terrorist act</i> for the purposes of an <i>eligible disaster</i> under these <i>arrangements</i>.</p> <p>Without limiting the matters to which the <i>Minister</i> may have regard in determining whether the action or series of actions is a <i>terrorist act</i>, the <i>Minister</i> may have regard to:</p> <ul style="list-style-type: none"> <li>• the definition of a <i>terrorist act</i> under section 100.1 of the <i>Criminal Code Act 1995</i>, and</li> <li>• if available, the advice of other <i>Commonwealth</i> agencies.</li> </ul> <p>In the event of one or more acts, the <i>Minister</i> may determine two or more related acts to be a single <i>terrorist act</i>.</p>
<b>thresholds</b>	The first threshold is 0.225 per cent of the <i>state's</i> total general government sector revenue and grants in the financial year two years prior to the relevant financial year; and the second threshold is 1.75 times the <i>state's</i> first threshold.
<b>transport</b>	An asset that is an integral part of a <i>state's</i> infrastructure and includes <i>essential public assets</i> associated with roads, road infrastructure (including footpaths, bike lanes, and pedestrian bridges), bridges, tunnels and culverts.
<b>working capital</b>	<p>The amount required to continue the <i>small business's</i>, <i>primary producer's</i> or <i>non-profit organisation's</i> operations for the next 12 months or until the next major income is received, and may include:</p> <ul style="list-style-type: none"> <li>• salaries and wages</li> <li>• paying creditors</li> <li>• paying rent and rates</li> <li>• procuring fodder or water for livestock or produce</li> <li>• procuring alternative transport for livestock and produce, and</li> <li>• fuel and other supplies essential to the business or primary production operation.</li> </ul>

## Overview

The Commonwealth provides guidance on interpreting the arrangements, for example the use of gender and plural versus singular.

### 1.2. Interpretation

1.2.1. In these arrangements:

- a) The singular includes the plural and vice versa, and a gender includes other genders.
- b) Clause and subclause headings are inserted for convenience only and have no effect in limiting or extending the language of the provisions of these *arrangements*.
- c) Notes and examples to the terms and conditions of these *arrangements* form part of the *arrangements* but if there is any inconsistency between a term or condition of these *arrangements* and a note or guideline for example, the term or condition prevails.
- d) Another grammatical form of a defined word or expression has a corresponding meaning.
- e) If a day on or by which an obligation *must* be performed or an event *must* occur is not a business day, the obligation *must* be performed or the event *must* occur on or by the next business day.

1.2.2 The definitions and interpretation clauses also apply to any guideline or other instrument issued under these arrangements.



# 02

## Introduction



## 02. INTRODUCTION

### Overview

The DRFA is designed to be a safety net for States.

Natural disasters or terrorist events may result in large scale expenditure for states. The DRFA enables the Commonwealth to provide assistance to states, usually in the form of partial reimbursement of state expenditure and estimated reconstruction costs.

### 2.1 Aim and overview of the Disaster Recovery Funding Arrangements

- 2.1.1 *Natural disasters or terrorist acts* may result in large-scale expenditure by state governments in the form of disaster relief and recovery payments and infrastructure reconstruction. To assist with this burden, the *Commonwealth* has made arrangements to provide financial assistance to the *states* in certain circumstances. Usually the assistance is in the form of partial reimbursement of *state expenditure* and *estimated reconstruction costs*.
- 2.1.2 These *arrangements* are administered by the *department*.
- 2.1.3 *Commonwealth* assistance under these *arrangements* is not intended to fund every possible relief and recovery assistance measure delivered by a *state*.
- 2.1.4 These *arrangements* identify the relief and recovery assistance to which the *Commonwealth* will financially contribute.



# 03

## Basic principles for assistance







Photo taken by Kashmir Rouw

## 03. BASIC PRINCIPLES FOR ASSISTANCE

### Overview

Commonwealth assistance is not designed to fund every possible relief and recovery assistance measure delivered by the State. The basic principles are:

- Recovery from disasters is a shared responsibility between individuals, households, businesses and communities, as well as governments. The DRFA provides some assistance, however, recovery from an eligible disaster event is the State's responsibility in the first instance.

### 3.1 Principles for assistance to States

- 3.1.1 States are best placed to identify the type and level of assistance to make available following a *natural disaster* or a *terrorist act*, in accordance with their responsibility for disaster and emergency management. States are not bound or limited by the assistance measures identified in, or funding available under these *arrangements* and should make available whatever assistance they deem necessary regardless of whether it is eligible for reimbursement.
- 3.1.2 The *Commonwealth's* assistance is intended to support certain relief and recovery measures delivered by the *states* in relation to *eligible disasters* which complement other state-based strategies, such as insurance and natural disaster mitigation planning and implementation.

- 3.1.3 In carrying out, or contributing to, the cost of *eligible measures*, the *state must* act consistently with the principles that:
- a) recovery is a shared responsibility for individuals, households, businesses and communities, as well as for governments where access to capital or appropriate strategies of natural disaster mitigation are considered
  - b) its assistance is not to supplant, or operate as a disincentive for, self-help by way of either access to capital or appropriate strategies of natural disaster mitigation
  - c) the assistance is designed to achieve an efficient allocation of resources, and
  - d) those affected in the same way by the same *eligible disaster* should receive the same assistance, within the limitations of these *arrangements*.
- 3.1.4 The *Commonwealth* considers that natural disaster mitigation, in partnership with the *states*, is an important principle to be advanced under these *arrangements*. This principle is consistent with good accountability, and provides assurance to communities and the general public of the ongoing commitment of all Australian governments to "safeguard" the well-being of communities through providing effective levels of disaster prevention and protection.
- 3.1.5 States have a responsibility to put in place insurance arrangements which are cost effective for both the state and the *Commonwealth*.
- 3.1.6 The financial exposure borne to taxpayers, by all levels of government, under these *arrangements* should be minimised.

# 04

## Relief and recovery assistance measures



## 04. RELIEF AND RECOVERY ASSISTANCE MEASURES

### Overview

These arrangements provide funding assistance to support individuals and communities recover from a disaster event. The arrangements also provide assistance to agencies and local governments, with essential public assets that have been damaged in an eligible disaster.

To access funding under these arrangements, a disaster event must be deemed eligible.

To be considered an eligible disaster it must be a natural disaster or terrorist act for which:

- A coordinated multi-agency response was required; and
- State expenditure exceeds the small disaster criterion (which is \$240,000 and does not include insurance related expenditure).

A natural disaster is one of ten defined disasters – bushfire, earthquake, flood, storm, cyclone, storm surge, landslide, tsunami, meteorite strike or tornado.

DFES coordinates all communication with the Commonwealth and will confirm whether an event is deemed eligible.

Once an event is declared eligible, the Commonwealth issues a unique Australian Government Reference Number (AGRN) to be noted on all claims and supporting documentation.

The different funding options available under these arrangements are referred to as *assistance measures*. Assistance measures must be carried out to alleviate damage or distress that has occurred as a direct result of an eligible disaster.

These are broken into four main categories including:



**Category A** – Emergency assistance for individuals.



**Category B** – Emergency assistance for the repair of essential public assets and to support primary producers and small businesses recover from a disaster event.



**Category C** – A community recovery package that is intended to support a holistic approach to the recovery of regions, communities or sectors severely affected by an eligible disaster.



**Category D** – Covers 'exceptional circumstances', in the opinion of the Commonwealth, to alleviate distress or damage.

There are many different clauses that summarise the type of assistance available. If you have any queries or are unsure about the assistance available, please contact the [DFES Disaster Recovery Funding Officers](#).

### 4.1. General requirement

- 4.1.1. For any of the below relief and recovery assistance measures to be an *eligible measure* they *must* be carried out to alleviate damage or distress arising as a direct result of an *eligible disaster*.
- 4.1.2. If states are unsure of the eligibility of a relief and recovery activity under these *arrangements*, states *must* write to the *department* using Form Attachment E: Eligibility Enquiry Form.

## 4.2. Category A measures



### What are Category A measures?

Category A measures are the different assistance measures that are available to support individuals after a disaster event.

This assistance ranges from providing financial assistance towards emergency food and clothing to making properties habitable following an eligible event.

In Western Australia, Category A measures are generally administered by the Department of Communities and local governments. In some cases, the State may also be responsible for the administration of Category A measures.

The Commonwealth has also provided two very detailed guidelines to support the understanding and application of Category A measures.

- There is a comprehensive overview of all Category A measures in [Schedule A](#) of this document. It provides useful background information regarding the available assistance measures and provides examples of eligible costs.
- Counter Disaster Operations are referred to in Clause 4.2.2.f. [Guideline 2](#) provides more detailed information about this assistance measure.

The employment of a Community Recovery Officer (Clause 4.2.2.h) is a new measure that has been introduced in the DRFA. For more information about this, there is a [Community Recovery Officer Fact Sheet](#).

- 4.2.1. States have 24 months from the end of the financial year in which the relevant *eligible disaster* occurred to incur *state expenditure* for Category A measures.
- 4.2.2. A Category A measure is one or more of the following forms of **emergency assistance** for individuals:
  - a) emergency food, clothing or temporary accommodation
  - b) repair or replacement of essential items of furniture and personal effects
  - c) essential repairs to housing, including temporary repairs and repairs necessary to restore housing to a *habitable* condition
  - d) demolition or rebuilding to restore housing to a *habitable* condition
  - e) removal of debris from residential properties to make them safe and *habitable*
  - f) extraordinary counter disaster operations for the benefit of an affected individual
  - g) personal and financial counselling
  - h) the employment of a *Community Recovery Officer*.
- 4.2.3. A *Community Recovery Officer* under clause 4.2.2 h) is only to be employed by a *state* in regard to an *eligible disaster* when the *state* is providing emergency assistance for individuals under clause 4.2.2 a), b) and c) above.

- 4.2.4. Where the *state* is providing emergency assistance for individuals under clause 4.2.2 a), b) and c) above in regard to an *eligible disaster*, the *state* may write to the *Minister* seeking approval for the employment of additional *Community Recovery Officer/s* beyond the one activated under clause 4.2.2 h). The *state* must demonstrate that the nature, scale and circumstances of the *eligible disaster* (including the number of impacted local government areas, known fatalities and injuries of individuals, private properties and/or businesses destroyed or damaged) warrant the employment of additional *Community Recovery Officer/s*.



[Schedule A – Category A Measure  
Guideline 2 – Counter disaster  
operations](#)



[Community Recovery Officer Fact  
Sheet](#)



## 4.3. Category B measures



### What are Category B measures?

Category B measures are the different assistance measures that are available to support asset owners, small businesses and primary producers. There are a lot of different assistance measures covered by Category B.

It is important to note that the State does not provide all of the assistance measures offered by the Commonwealth. The measures that are not available in Western Australia are in grey font, for your reference.

There is however, an additional assistance measure relating to fencing for primary producers who have livestock on property that directly borders a major roadway or railway. Although this is not a clause in the Commonwealth arrangements, additional information is provided on this fencing assistance at the end of section 4.3.

### Expenditure timeframes

Section 4.3.1 simply tells you the time period for which each of the assistance measures are available. Further detail explaining each of the Category B measures and what they mean is provided later in this section (4.3).

- 4.3.1. State expenditure for Category B measures is as follows:
- a) for *emergency works* and *immediate reconstruction works* states can incur *state expenditure* in the period of three (3) months from the date the *essential public asset* becomes accessible by the state
  - b) for *essential public asset reconstruction works* states must establish *estimated reconstruction costs* in the period of up to 12 months from the end of the financial year in which the relevant *eligible disaster* occurred
  - c) for all other Category B measures states can incur *state expenditure* in the period of 24 months from the end of the financial year in which the relevant *eligible disaster* occurred.



## All available Category B measures

This section lists all the available Category B assistance measures.

There are a number of measures that are offered by the Commonwealth, that the State has previously determined it will not offer in Western Australia. The measures that are not available in Western Australia are in grey font.

All measures summarised in Clause 4.3.2, are detailed in the sections directly following and have links to supporting documents and templates.

The reconstruction works for essential public assets is a Category B measure. [Guideline 1](#) provides further detail on what is defined as an essential public asset.

Counter Disaster Operations is a Category B measure for the protection of the general public. There are also measures under Category A (Counter Disaster Operations) to assist affected individuals. A detailed explanation of all Counter Disaster Operations is provided in the Commonwealth's [Guideline 2](#).

- 4.3.2. A Category B measure is one or more of the following forms of assistance:
- a) counter disaster operations for the protection of the general public
  - b) *emergency works for essential public assets*
  - c) *immediate reconstruction works for essential public assets*
  - d) *essential public asset reconstruction works for which the state develops an estimated reconstruction cost in accordance with these arrangements*
  - e) *concessional interest rate loan to small businesses or primary producers whose assets have been significantly damaged as a direct result of an eligible disaster*
  - f) *concessional interest rate loan to needy individuals or non-profit organisations whose assets have been significantly damaged as a direct result of an eligible disaster*
  - g) *concessional interest rate loan to small businesses, primary producers or non-profit organisations that have suffered a significant loss of income as a direct result of an eligible disaster*
  - h) *interest rate subsidy to small businesses or primary producers whose assets have been significantly damaged as a direct result of an eligible disaster*
  - i) *interest rate subsidy to needy individuals or non-profit organisations whose assets have been significantly damaged as a direct result of an eligible disaster*
  - j) *interest rate subsidy to small businesses, primary producers or non-profit organisations that have suffered a significant loss of income as a direct result of an eligible disaster*

- k) freight subsidy to *primary producers* whose assets have been significantly damaged
- l) grant to *needy individuals or non-profit organisations* whose assets have been significantly damaged as a *direct result of an eligible disaster*.

## Counter disaster operations for the protection of the general public

4.3.3. The requirements for counter disaster operations for the protection of the general public are:

- a) the costs are associated with counter disaster operations carried out to protect communities from the *eligible disaster* and ensure public health and safety in public areas, and
- b) the costs exceed the costs which a state could reasonably have expected to incur for these purposes, in accordance with the definition of extraordinary costs as outlined in [Guideline 2 – Counter disaster operations](#), and
- c) the operations carried out were intended to reduce the need for other forms of assistance under these *arrangements* (i.e. to reduce *state expenditure* on other *eligible measures*).



[Guideline 1 – An essential public asset](#)

[Guideline 2 – Counter disaster operations](#)



### Emergency works

There is a strict 3-month timeframe that applies to this option. An [Emergency Works Fact Sheet](#) has been developed to help clarify this measure. There are also two cost estimate templates for Emergency and Immediate Works; one for roads and a simpler version can be used for all assets.



### Immediate reconstruction works

There is a strict 3-month timeframe that applies to this option. An [Immediate Reconstruction Works Fact Sheet](#) has been developed to help clarify this measure. There are also two cost estimate templates for Emergency and Immediate Works; one for roads and a simpler version can be used for all assets.



### Essential public asset reconstruction

This measure is explained in detail in Section 6 of these arrangements. Please refer to Section 6 for the supporting fact sheets and templates.

As noted above, the measures that are not available in Western Australia are in grey font, for your reference.

### Emergency works for essential public assets

- 4.3.4. *Emergency works* activities occur following an *eligible disaster*, and are carried out by the state within three (3) months from the date the *essential public asset* becomes accessible to the state.
- 4.3.5. *Emergency works* activities are urgent activities necessary to temporarily restore an *essential public asset* to enable it to operate/be operated at an acceptable level of efficiency to support the immediate recovery of a community, and are completed before *essential public asset reconstruction works* take place in accordance with these *arrangements*.
- 4.3.6. Where the state decides that no *essential public asset reconstruction works* are required, the state can carry out *emergency works* activities prior to or at the same time as *immediate reconstruction works*. In this instance, the *emergency works* and *immediate reconstruction works* must be completed within the defined time limits.
- 4.3.7. *Emergency works* activities include, but are not limited to, initial grading, pothole repairs, temporary gravel re-sheeting, replacement of rock, and traffic management.

### Immediate reconstruction works for essential public assets

- 4.3.8. *Immediate reconstruction works* occur following an *eligible disaster*, and are carried out by the state within three (3) months from the date the *essential public asset* becomes accessible to the state.
- 4.3.9. *Immediate reconstruction works* are immediate activities carried out by the state to fully reconstruct an *essential public asset*, and occur following a decision of the state that no *essential public asset reconstruction works* are required.

### Essential public asset reconstruction

- 4.3.10. The reconstruction of an *essential public asset* must be based on the estimated reconstruction cost developed through *market response* or *cost estimation*. Further detail on this measure is outlined in clause 6 of these *arrangements*.
- 4.3.11. An *essential public asset* directly damaged by an *eligible disaster*, or a *re-damaged essential public asset* may be reconstructed to its *pre-disaster* function.



[Emergency Works Fact Sheet](#)

[Immediate Reconstruction Works Fact Sheet](#)

[Emergency and Immediate Works \(All Assets\) Template](#)

[Emergency and Immediate Works \(Roads\) Template](#)

### Concessional interest rate loans

4.3.12. In response to an *eligible disaster*, eligible applicants *must* either receive a concessional interest rate loan or an interest rate subsidy. The state will assess the types of assistance to be provided to the eligible applicants. See sub-clauses 4.3.26–4.3.34 for interest rate subsidies.

4.3.13. A concessional interest rate loan *must* be made directly from the state to the eligible applicant.

### Concessional interest rate loan to small businesses or primary producers whose assets have been significantly damaged as a direct result of an eligible disaster

4.3.14. For an applicant to be eligible, the state *must* be satisfied that:

- a) the applicant's assets (including fodder) have been significantly damaged as a *direct result* of an *eligible disaster*, and
- b) the applicant's *small business* or *primary producer* operation was viable prior to the *eligible disaster* and the assistance will ensure it continues to be viable. The state should implement *appropriate assessment methods* to establish past and future long-term viability, and
- c) the applicant is continuing or is to re-establish the *small business* or *primary producer* operation within the same location, or within the same local government area.

4.3.15. The principal loan amount is to be established by the state.

### Concessional interest rate loan to needy individuals or non-profit organisations whose assets have been significantly damaged as a direct result of an eligible disaster

4.3.16. For an applicant to be eligible, the state *must* be satisfied that:

- a) the applicant's assets have been significantly damaged as a *direct result* of an *eligible disaster*, and
- b) the applicant has no alternative funding source to rectify the damage and has used any available insurance prior to seeking assistance. This could be any available insurance or funding received from government disaster programs which are not linked to the *eligible measures* or a loan from a financial institution. The state should implement *appropriate assessment methods* to determine if the applicant has sought alternative funding.

4.3.17. The principal loan amount is up to \$100,000 to any one eligible applicant.

4.3.18. In addition to the loan, an applicant can also receive a grant (see subclauses 4.3.36–4.3.37).

### Concessional interest rate loan to small businesses, primary producers or non-profit organisations that have suffered a significant loss of income as a direct result of an eligible disaster

4.3.19. For an applicant to be eligible, the state *must* be satisfied that:

- a) the applicant has suffered a significant *loss of income* as a *direct result* of an *eligible disaster*, and
- b) the applicant's *small business*, *primary producer* or *non-profit organisation* operation was viable prior to the *eligible disaster* and the assistance will ensure it continues to be viable. The state should implement *appropriate assessment methods* to establish past and future long-term viability, and
- c) the applicant is continuing or is to re-establish the *small business*, *primary producer* or *non-profit organisation* operation within the same location, or within the same local government area.

4.3.20. The concessional interest rate loan for a significant *loss of income* may be used for *essential working capital*.

4.3.21. The principal loan amount is up to \$100,000 to any one applicant.

4.3.22. The repayment term for the loan amount is up to ten (10) years with the ability to offer interest only for a period of up to two (2) years.



## Calculation for the concessional interest rate

- 4.3.23. In setting the *state's* interest rate on concessional interest rate loans in a financial year, the *state must* have regard to the following factors:
- a) the *Commonwealth concessional interest rate*, and
  - b) the estimated amount required by the *state* to cover the costs of establishing and maintaining the loan arrangements, including undertaking recovery action and *bad debts*.
- 4.3.24. If the *state* charges a margin above the rate established in clause 4.3.23, the *state must* pay to the *Commonwealth*, on or before 15 June in each successive year until maturity of the loan, an amount equal to three quarters of the associated margin on the value of the concessional interest rate loan balance.
- 4.3.25. The *state must* review the interest rate charged to eligible applicants from time to time, making adjustments where appropriate to accommodate any improvement in the circumstances of the eligible applicant.

For example, the interest rate charged by the *states* on concessional loans in 2014-15 is 1.25 per cent. This is based on:

- 50 per cent of the 10 year Treasury bond rate from 1 April to 30 June for the preceding financial year (*Commonwealth concessional interest rate*). In 2013-14 the average rate for the period was 2.0 per cent, resulting in a 1.0 per cent *Commonwealth concessional interest rate*; and
- the *states* determining that 0.25 per cent is an applicable rate to cover the cost of establishing and maintaining the loan arrangements, including recovery and *bad debts*.

However, if the *state* charges an additional rate above this, say 0.25 per cent, then the *state must* pay three quarters of this margin or 0.19 per cent to the *Commonwealth* on or before 15 June in each successive year of the loan period or until the rate is returned to 1.25 per cent.

It is important that the *states* document how they determine the rate to cover the cost of establishing and maintaining the loan arrangements, including recovery and *bad debts*. The *states* should provide this to the *Commonwealth* when setting the concessional interest rate loans each financial year in line with clause 11.5.



Photo taken by L. Allison, 2018



## Interest rate subsidies

Interest rate subsidies apply to primary producers and small businesses. The current maximum principal loan amount which qualifies for an interest rate subsidy in Western Australia, available to small businesses and primary producers, is \$150,000.

Small businesses that wish to apply for an interest rate subsidy need to submit an [Expression of Interest \(EOI\)](#) to DFES Disaster Recovery Funding Officers who administer this assistance measure. A [Small Business Interest Rate Subsidies Fact Sheet](#) is also available.

Primary producers that wish to apply for an interest rate subsidy need to submit an online application via the [Department of Primary Industry and Regional Development](#) website. Further information about the interest rate subsidy scheme for primary producers can also be obtained via the [Department of Primary Industry and Regional Development](#) website.

The measures that are not available in Western Australia are in grey font, for your reference.

## Interest rate subsidies

- 4.3.26. In response to an *eligible disaster*, eligible applicants can only receive a concessional interest rate loan or an interest rate subsidy. The *state* will assess the type of assistance to be provided. See sub-clause 4.3.12–4.3.25 for concessional interest rate loans.
- 4.3.27. Requirements for an interest rate subsidy scheme are:
- applicants *must* apply to the *states* who assess eligibility
  - the *state* will issue a letter to eligible applicants, which they provide to a participating authorised deposit taking institution (ADTI)
  - the ADTI assesses the eligible applicant against lending guidelines developed by the *state* under this scheme
  - the subsidy is paid by the *state* to the ADTI, and
  - the subsidy reimburses the ADTI for the interest rate it gives on the loan.

## Interest rate subsidies to small businesses or primary producers whose assets have been significantly damaged as a direct result of an eligible disaster

- 4.3.28. For an applicant to be eligible, the *state must* be satisfied that:
- the applicant's assets (including fodder) have been significantly damaged as a *direct result* of an *eligible disaster*.
  - the applicant's *small business* or *primary producer* operation was viable prior to the *eligible disaster* and the assistance will ensure it continues to be viable. The *state* should implement *appropriate assessment methods* to establish past and future long-term viability, and
  - the applicant is continuing or is to re-establish the *small business* or *primary producer* operation within the same location, or within the same local government area.
- 4.3.29. The maximum principal loan amount which qualifies for an interest rate subsidy is to be established by the *state*.



[Small Business Interest Rate Subsidies Fact Sheet](#)

[Small Business Interest Rate Subsidy EOI](#)

**Interest rate subsidies to needy individuals or non-profit organisations whose assets have been significantly damaged as a direct result of an eligible disaster**

4.3.30. For an applicant to be eligible, the *state must* be satisfied that:

- a) the applicant's assets have been significantly damaged as a *direct result* of an *eligible disaster*, and
- b) the applicant has no alternative funding source to rectify the damage and has used any available insurance prior to seeking assistance. This could be any available insurance or funding received from government disaster programs which are not linked to the *eligible measures* or a loan from a financial institution. The *state* should implement *appropriate assessment methods* to determine if the applicant has sought alternative funding.

4.3.31. The maximum principal loan amount which qualifies for an interest rate subsidy is to be established by the *state*.

**Interest rate subsidy to small businesses, primary producers or non-profit organisations that have suffered a significant loss of income as a direct result of an eligible disaster**

4.3.32. For an applicant to be eligible, the *state must* be satisfied that:

- a) the applicant has suffered a significant *loss of income* as a *direct result* of an *eligible disaster*, and
- b) the applicant's *small business, primary producer* or *non-profit organisation* operation was viable prior to the *eligible disaster* and the assistance will ensure it continues to be viable. The *state* should implement *appropriate assessment methods* to establish past and future long-term viability, and
- c) the applicant is continuing or is to re-establish the *small business, primary producer* or *non-profit organisation* operations within the same location, or within the same local government area.

4.3.33. The maximum principal loan amount from the ADTI which qualifies for an interest rate subsidy is \$100,000.

4.3.34. The repayment term for the loan amount from the ADTI is up to ten (10) years with the ability to offer interest only for the first two (2) years.





### Freight subsidy to primary producers

In Western Australia this assistance measure is administered by the Department of Primary Industries and Regional Development (DPIRD). Information can be found on their website at [Department of Primary Industry and Regional Development](#).

If you have any queries please contact DPIRD in the first instance on 1800 198 231.

### Freight subsidy to primary producers

4.3.35. The requirements for a freight subsidy scheme to a *primary producer* are:

- a) the grant is made by the state to a *primary producer*, and
- b) the grant reimburses the *primary producer* a maximum of 50 per cent of the costs to the producer of transporting any of the following as a direct result of the *eligible disaster*:
  - i. livestock
  - ii. fodder or water for livestock, and
  - iii. building or fencing equipment or machinery.



### Fencing assistance measure for primary producers (WA only)

The State Government provides assistance to support primary producers who have livestock on a property that borders a major road/rail transport corridor. Although this is not a clause in the Commonwealth arrangements, the State Government has identified the need for this assistance measure.

Primary producers that wish to apply for WA's fencing assistance measure need to submit an online application via the [Department of Primary Industry and Regional Development website](#).

### Fencing subsidy to primary producers (WA only)

This assistance reimburses the primary producer 100% of the costs associated with any of the following:

- restoration/replacement of fencing (to pre-disaster standard) where the fencing has been deliberately dismantled or damaged due to counter disaster operations activities undertaken in order to combat the *eligible disaster* event; and/or
- reimbursement of the costs of materials only (to pre-disaster standard) to repair/replace boundary fencing damaged/lost as a direct result of the *eligible disaster* event, where the fencing adjoins a major road/rail transport corridor and where the roaming of livestock may present a danger to the travelling public (i.e., the aim being to preserve public safety).

In respect of the latter dot-point, for a claim to be considered under this measure the applicant must demonstrate to DPIRD's satisfaction that at the time of the *eligible disaster* event the property was being used to hold or agist livestock.

A property that was used solely for cropping purposes at the time of the *eligible disaster* event would not be eligible for fencing assistance under the DRFA.

As the intent of this measure is to ensure public safety, to be eligible, all works must be undertaken as soon as is practicable after the impact of the *eligible disaster* event. It must also be noted that where a claimant has insurance and the insurance policy includes fencing, the claim must be lodged with the insurer and not via the DRFA.

### Grant to needy individuals or non-profit organisations

4.3.36. For an applicant to be eligible, the *state must* be satisfied that:

- a) the applicant's assets have been significantly damaged as a *direct result* of the *eligible disaster*, and
- b) the applicant has no reasonable prospect of obtaining commercial finance.

4.3.37. A maximum grant of \$10,000 for *non-profit organisations* and \$5,000 for individuals (subject to means testing) is available to any one applicant.

## 4.4. Category C measures



### What are Category C measures?

Category C funding is a community recovery package that is intended to support a holistic approach to the recovery of communities affected by an eligible disaster.

There are several measures that may be activated individually or together. These include:

- a Community Recovery Fund (CRF), where a community is severely affected
- recovery grants for primary producers; and
- recovery grants for small business.

If you feel that an eligible disaster has had a severe impact on your community and is not supported by the Category A or B assistance measures, please contact DFES Disaster Recovery Funding Officers to discuss developing an application.

A detailed overview of the Category C assessment framework is provided in [Guideline 3](#) and a [Category C Fact Sheet](#).

If you believe that you may be eligible for Category C funding, please contact [DFES Disaster Recovery Funding Officers](#).

- 4.4.1. States have 24 months from the end of the financial year in which the relevant *eligible disaster* occurred to incur *state expenditure* for Category C measures.
- 4.4.2. A Category C measure is a community recovery package that is intended to support a holistic approach to the recovery of regions, communities or sectors severely affected by an *eligible disaster*, and may comprise of one or more of the following:
- a) A **community recovery fund** in circumstances where a community is severely affected and needs to restore social networks, community functioning and community facilities. Expenditure from the fund is aimed at community recovery, community development and community capacity building, and is administered by the *state* in close collaboration with local government or other community bodies.
  - b) **Recovery grants for small businesses and non-profit organisations** where the business sector is severely affected and the community risks losing essential businesses. Grants are aimed at covering the cost of clean-up and *reinstatement*, but not at providing compensation for losses.
  - c) **Recovery grants for primary producers** where the farming sector is severely affected, with threats to viability and disruption of production likely to extend beyond the current season. Grants are aimed at covering the cost of clean-up and *reinstatement*, but not at providing compensation for losses.
- 4.4.3. The cost sharing ratio between the *Commonwealth* and the *state* for each Category C measure is equal – 50/50.
- 4.4.4. In order to receive a Category C measure in relation to an *eligible disaster*, the recovery assistance *must* meet the following conditions:
- a) it either meets the intent of the community recovery package, or it contains only variations which have been approved by the *Minister* in writing, and
  - b) the use of that assistance has been approved by the Prime Minister in writing in relation to the *eligible disaster*, and
  - c) it meets any other terms and conditions imposed by the *Commonwealth* in writing.
- 4.4.5. A Category C assistance request *must* be made by the *state* using Form Attachment C: Category C request form, and submitted with a covering letter to the Prime Minister for consideration.
- 4.4.6. The value of a community recovery fund under clause 4.4.2 a) will be determined at the time the assistance is approved by the Prime Minister.
- 4.4.7. Grants made under clauses 4.4.2 b) and 4.4.2 c) *must* not exceed \$10,000, unless exceptional circumstances are identified, in which case up to \$25,000 may be granted.



See [Guideline 3 – Category C assessment framework](#) for further information.



[Category C Fact Sheet](#)

## 4.5. Category D measures



### What are Category D measures?

Category D measures are considered for exceptional circumstances, as agreed by the Commonwealth.

If you feel that an eligible disaster has had an exceptional impact on your community and is not supported by the Category A, B or C assistance measures, please contact [DFES Disaster Recovery Funding Officers](#) to discuss developing an application.

- 4.5.1. States have 24 months from the end of the financial year in which the relevant *eligible disaster* occurred – or such longer period as the *Commonwealth* specifies – to incur *state expenditure* for Category D measures that have been requested by a *state* and agreed to by the *Commonwealth*.
- 4.5.2. A Category D measure is an act of relief or recovery carried out to alleviate distress or damage in circumstances which are, in the opinion of the *Commonwealth*, exceptional.
- 4.5.3. Consistent with clause 4.5.2, assistance provided under Category D is to alleviate distress or damage caused as a direct result of an *eligible disaster* and is not provided for new *state* or local government infrastructure that did not exist prior to the *eligible disaster*.
- 4.5.4. A Category D assistance request *must* be made by the *state* in writing and submitted with a covering letter to the Prime Minister for consideration. The request *must*, where applicable, include information in relation to the following:

- a) the nature of the impact of the *eligible disaster*
    - i. dates of the *eligible disaster*
    - ii. *natural disaster* type and intensity, for example, a Category 5 cyclone, or 1 in 100 year flood
    - iii. affected locations, including communities/regions
    - iv. the communities that have been affected
    - v. impacts in the social, built, economic and environmental domains – for example:
      - social – number of fatalities, disruption to essential utilities and services
      - built – number of houses damaged/destroyed, damage to transport networks
      - economic – *small business* closures, agricultural losses
      - environmental – pollution/contamination issues, impacts on native habitats
  - b) frequency and impacts of *natural disasters* within affected locations
  - c) the type and level of assistance already available to support the affected communities and sectors, including other *eligible measures* made available under these *arrangements*
  - d) the additional assistance measures requested to support the specific recovery needs of the affected communities and sectors, including:
    - i. an outline of each additional assistance measure required to support the specific recovery needs of the affected communities and sectors
    - ii. evidence demonstrating the specific recovery needs of the affected communities and sectors have occurred as a direct result of the *eligible disaster*
    - iii. detailed information on each additional assistance measure requested, including the intended recovery outcomes, administering *state* agencies and a detailed breakdown of costs for each additional assistance measure, and
    - iv. evidence demonstrating that the additional assistance measures requested to support the specific recovery needs of the affected communities and sectors, are consistent with the purpose of these *arrangements*
  - e) the consultation process which has taken place in the *state* to identify the specific recovery needs of the affected communities and sectors supporting the *state's* Category D assistance request.
- 4.5.5. In order to receive a Category D measure in relation to an *eligible disaster*, the assistance *must*:
    - a) be consistent with the purpose of these *arrangements*, and
    - b) be approved by the Prime Minister in writing, and
    - c) meet any other terms and conditions imposed by the *Commonwealth* in writing.
  - 4.5.6. The cost-sharing ratio between the *Commonwealth* and the *state* for each Category D measure is equal – 50/50 – or such other cost-sharing ratio determined by the *Commonwealth* that may be guided by advice provided by the *state* in its Category D assistance request.

# 05

## Conditions for Commonwealth assistance

## 05. CONDITIONS FOR COMMONWEALTH ASSISTANCE

### Overview

Notifying and communicating with the Commonwealth is the responsibility of the DFES Disaster Recovery Funding Officers. If there has been a significant event, these officers may contact agencies and local governments that have been impacted to determine the estimated cost of damage to essential public assets. DFES Disaster Recovery Funding Officers will then manage the notification process.

If the event is believed to be a terrorist event, the Commonwealth will determine this in accordance with [Guideline 5 – Process for determining a terrorist act](#).

If there has been an event that has affected your agency or local government please contact the [DFES Disaster Recovery Funding Officers](#), so that they can assist you and determine whether it is appropriate to notify the Commonwealth.

### 5.1. Notification

- 5.1.1. When a *natural disaster* occurs and the relevant *state* knows, or expects, the *natural disaster* to be an *eligible disaster* the *state* must notify the department of that fact within three (3) months.
- 5.1.2. *States* may also write to the *Minister* seeking advice on whether the *Minister* considers the event to be a *terrorist act* for the purposes of these *arrangements*.
- 5.1.3. When an act is determined by the *Minister* to be a *terrorist act* for the purposes of these *arrangements*, the *Minister* or *department* will write to the relevant *state*.
- 5.1.4. If the *Minister* determines the event to be a *terrorist act* for the purposes of an *eligible disaster* under these *arrangements*, this does not equate to any assumption with respect to the admissibility of evidence before a Court, or the guilt of persons accused of engaging in a *terrorist act* under the *Criminal Code Act 1995*.
- 5.1.5. When an act is determined to be a *terrorist act*, the relevant *state* must notify the *department* of that fact within three (3) months from the date of the *Minister's* or the *department's* letter.
- 5.1.6. The notification *must* be in the form set out in Form Attachment A: Notification Form.



See [Guideline 5 – Process for determining a terrorist act](#) is an [eligible disaster](#).



Photo taken by L. Allison, 2018



## Overview

It is the DFES Disaster Recovery Funding Officers' responsibility to manage the process of announcing eligible disasters and the measures available, jointly with the Commonwealth.

However, if you are planning any event or ceremony associated with eligible measures that are provided under these arrangements, this must be done in consultation with the Commonwealth. [DFES Disaster Recovery Funding Officers](#) are responsible for all consultation with the Commonwealth, so any arrangements must be provided to DFES, who will then consult with the Commonwealth on your behalf.

DFES Recovery are responsible for liaising with the Commonwealth so please contact us if you are planning anything, including:

- a media release or any media event,
- public ceremonies to open repaired assets, or
- any plaques, signage or public acknowledgement of projects that have been completed using DRFAWA funds.

## 5.2. Public acknowledgment of Commonwealth assistance

- 5.2.1. The announcement of an *eligible measure* or *eligible measures* must be through a joint media release, or other joint announcement, unless otherwise agreed by the *Commonwealth*.
- 5.2.2. The *Commonwealth* and the *state* must work together on the details of a joint media release or other joint announcement.
- 5.2.3. When referring to an *eligible measure* under these *arrangements*, it must be described as "jointly funded by the *Commonwealth* and <sup>^</sup>insert name of state<sup>^</sup> under the Disaster Recovery Funding Arrangements".
- 5.2.4. The *state* must advise the *department* in writing where there is an intention to undertake *projects* for which *estimated reconstruction costs* have been established within a local government area notified for an *eligible disaster* (including for local government *essential public asset reconstruction projects*). The *state* must advise the *department* at the time the *state* submits quarterly budget reports under clause 5.4 of these *arrangements*.
- 5.2.5. *States* must reach prior agreement with the *Commonwealth* on the nature and content of any subsequent events, announcements, promotional material or publicity relating to an *eligible measure* under these *arrangements*. This includes but is not limited to:
  - a) any *state* media releases regarding *eligible measures* under these *arrangements*
  - b) *essential public asset* ceremonies
  - c) media events which include reference to funding or *eligible measures* under these *arrangements*, and/or
  - d) plaques and signage at any *essential public asset reconstruction project* funded under these *arrangements*.
- 5.2.6. *States* may seek an exemption from clause 5.2 where it is clear that a *state* is not likely to reach its first *threshold* for a financial year, which would preclude a *state* from receiving partial reimbursement for Category B assistance measures. The request must be in the form set out in Form Attachment A: Notification Form.

## Advice and quarterly budget reports

This is the DFES Disaster Recovery Funding Officers' responsibility.

Please skip to the next section.

### 5.3. Advice on state eligible measures

- 5.3.1. By 1 September each year *states must* provide the *Commonwealth* with details of all *eligible measures* which may be made available during that financial year in response to an *eligible disaster*.
- 5.3.2. All *eligible measures must* be categorised according to the relevant measures listed at clauses 4.2 and 4.3.

### 5.4. Quarterly budget reports

- 5.4.1. Each *state* must provide to the *department*, for budgetary purposes, reports of the *state's*:
  - a) unacquitted *state expenditure*, including *state expenditure* in the current financial year to date
  - b) latest estimates of *state expenditure* for the remainder of the current financial year and for the next three financial years
  - c) unacquitted established *estimated reconstruction costs*, including *estimated reconstruction costs* established in the current financial year to date

- d) preliminary estimates of expenditure on the *reconstruction* of *essential public assets* that have not yet been calculated in accordance with these *arrangements*, and
- e) intention to undertake *projects* for which *estimated reconstruction costs* have been established within a local government area notified for an *eligible disaster* (including for local government *essential public asset reconstruction projects*) in accordance with clause 5.2.4.

- 5.4.2. The reports *must* be provided quarterly or, if the *department* requests, at any other time.
- 5.4.3. The reports *must* be in the form prescribed in Form Attachment B: Estimates Pack.
- 5.4.4. The reports *must* be certified by an officer at the level, and in the format, designated by the *department*.
- 5.4.5. Any *state expenditure* arising from discretionary *Commonwealth* agreements (for example, Category C measures and/or Category D measures) *must* be itemised separately and be described in accordance with the description of each item as agreed by the *Commonwealth*.
- 5.4.6. The *department* may at any time ask the *state* to provide information, including access to project level information, that the *department* considers necessary to ensure that *state expenditure* and *estimated reconstruction costs* are in accordance with the principles, conditions, and eligibility requirements of these *arrangements*.
- 5.4.7. For the avoidance of doubt, quarterly budget reports are not required to be subject to assurance activities.





# 06

## Essential public asset reconstruction

## 06. ESSENTIAL PUBLIC ASSET RECONSTRUCTION

### 6.1. Essential public asset



#### Essential public assets

In Western Australia, the repair and reconstruction of essential public assets has made up the majority of claims for funding in the past, under the Commonwealth-State disaster funding arrangements.

There are a number of rules that define what can be funded under these arrangements. Section 6.1 provides greater detail about the rules, but some of the key definitions include:

- Eligible disaster – One of the 10 natural disasters as defined in the arrangements or a terrorist act for which:
  - A coordinated multi-agency response was required, and
  - State expenditure exceeds the small disaster criterion (which is currently \$240,000)
- Essential public asset – An asset which must be a transport or public infrastructure asset of an eligible undertaking which, the state considers and the department agrees, is an integral part of a state's infrastructure and normal functioning of a community (see Guideline 1).
- Eligible undertaking – A body that is one or more of the following:
  - A department or other agency of a state government, for example Department of Communities
  - or
  - established by or under state legislation for public purposes, for example a local government
  - and
  - in the operation of the asset provides services free of charge or at a rate that is 50% or less of the cost to provide those services.

6.1.1. *An essential public asset directly damaged by an eligible disaster, or a re-damaged essential public asset may be reconstructed to its pre-disaster function.*

6.1.2. *An essential public asset must be an asset of an eligible undertaking.*



Guideline 1 – An essential public asset



## 6.2. Damage assessment of an essential public asset



A [Damage Assessment Template](#) has been developed to assist asset owners undertaking a damage assessment, which meets the requirements of these arrangements.

The damage assessment must be comprehensive and it is required to include information about the pre-disaster condition of the asset.

Examples are provided in the template to demonstrate how supporting information can be evidenced. There are a number of options available when considering how to provide evidence of the exact location, nature and extent of the damage. You only need to select one of the options listed and provide the necessary information.

It is important that the damage report is verified by a suitably qualified professional. A [Verification Fact Sheet](#) is available with further details about the need for this verification.

- 6.2.1. *States must* undertake a damage assessment of each *essential public asset*. This *must* be conducted or verified by a suitably qualified professional with the appropriate level of expertise and experience from either:
  - a) the *state* or local government, or
  - b) a delegated third party.
- 6.2.2. The purpose of a damage assessment is to provide evidence of the condition of an *essential public asset* following an *eligible disaster*, proving the damage is directly attributable to the *eligible disaster*.
- 6.2.3. The assessment *must* include all evidence relied upon to demonstrate new damage (that is, damage from the *eligible disaster*) and the pre-disaster condition of the *essential public asset*.
- 6.2.4. The evidence *must* demonstrate that the damage to the *essential public asset* was caused as a direct result of an *eligible disaster*.
- 6.2.5. The *state must* be able to provide evidence of the exact location, nature and extent of damage to an *essential public asset* through one or more of the following most appropriate means:
  - a) geospatial data, including satellite images (as soon as reasonably practicable, but no later than 12 months from the *eligible disaster*)
  - b) visual data, including photographs or video footage, (as soon as reasonably practicable, but no later than 12 months from the *eligible disaster*), or
  - c) asset inspection report(s) conducted or verified by a suitably qualified professional, with the appropriate level of expertise and experience (as soon as reasonably practicable, but no later than 12 months from the *eligible disaster*).



[Damage Assessment Template](#)  
[Verification Fact Sheet](#)

## Pre-disaster condition of an essential public asset

- 6.2.6. To assure the *Commonwealth* of the pre-disaster condition of an *essential public asset* prior to an *eligible disaster*, evidence of pre-disaster condition is required.
- 6.2.7. The *state* must be able to provide evidence of the location, nature and pre-disaster condition of the *essential public asset* through one or more of the following most appropriate means:
- a) geospatial data, including satellite images (latest available data but no older than two (2) years before the *eligible disaster* or for local government *essential public assets* no older than four (4) years before the *eligible disaster*)
  - b) visual data, including photographs or video footage (latest available data but no older than two (2) years before the *eligible disaster* or for local government *essential public assets* no older than four (4) years before the *eligible disaster*)
  - c) maintenance records, (latest available data but no older than two (2) years before the *eligible disaster* or for local government *essential public assets* no older than four (4) years before the *eligible disaster*)
  - d) asset registers (latest available data but no older than two (2) years before the *eligible disaster* or for local government *essential public assets* no older than four (4) years before the *eligible disaster*), or
  - e) an inspection report or certification (undertaken at the time of the damage assessment) conducted or verified by a suitably qualified professional, with the appropriate level of expertise and experience that confirms the damage was caused by the *eligible disaster*.



Photo taken by Becca Bolton

## 6.3. Defining essential public asset pre-disaster function



The purpose of this clause is to ensure that the asset owner can clearly identify the function of the essential public asset prior to the disaster.

There is an Essential Public Asset [Pre-disaster Function Fact Sheet](#) and [Pre-disaster Function Sample Report](#) available on this topic.

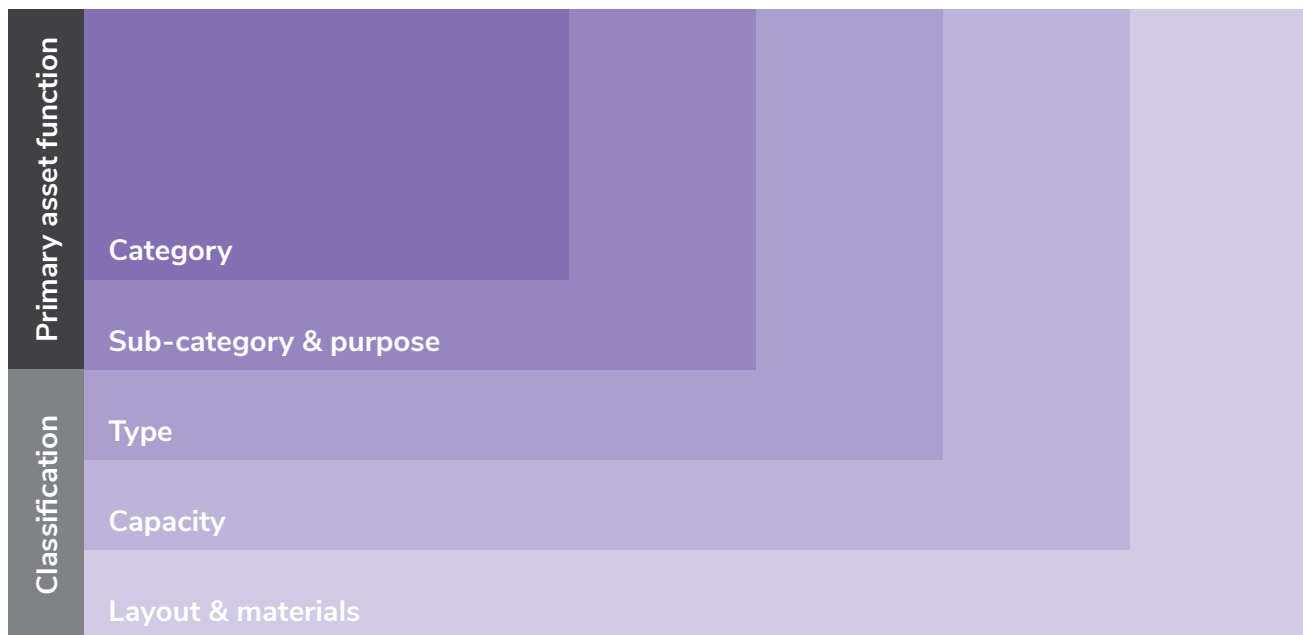
A [Pre-disaster Function Template](#) outlines the information that must be provided by the asset owner to demonstrate the pre-disaster function of the asset. The [Pre-disaster Function Template](#) is included in the [Damage Assessment Template](#), either as a table within the document or as an attachment.

For local governments undertaking road repairs, an automated report has been prepared which can be run through Main Roads Western Australia Integrated Road Information System (IRIS) and provides the necessary pre-disaster function information.

Providing pre-disaster function information, along with the damage report and cost estimate, gives confidence to the Commonwealth and State that the arrangements are funding the reinstatement of the asset to its pre-disaster function.

- 6.3.1. The *Commonwealth* only provides funding equivalent to the *reconstruction* of an *essential public asset* to its *pre-disaster function*.
- 6.3.2. The *Essential Public Asset Function Framework* must be used to determine the *pre-disaster function* of an *essential public asset*. The function of an *essential public asset* is the main factor in assessing whether reconstruction will provide the same *pre-disaster function*.
- 6.3.3. The *pre-disaster function* of an *essential public asset* must be determined in order to establish the *estimated reconstruction cost*.
- 6.3.4. Where the *state* carries out minor *reconstruction works* that result in no change to the *pre-disaster function* of the *essential public asset* – for example, gravel re-sheeting, patching, grading, road infrastructure replacement or drainage repair – the *state* is not required to document the primary asset function and the asset classification under the *Essential Public Asset Function Framework*.
- 6.3.5. The process for defining *pre-disaster function* of an *essential public asset* is:
  - a) Step 1: Define primary asset function by establishing:
    1. category, and
    2. sub-category and purpose.
  - b) Step 2: Define asset classification by establishing:
    3. type
    4. capacity, and
    5. layout and materials.





**Table 1:** Essential Public Asset Function Framework

### Step 1

- 6.3.6. The category and sub-category of an *essential public asset* depicts the primary asset function. This is required in order to determine whether an *essential public asset* will continue to provide its *pre-disaster function* following *reconstruction*.
- 6.3.7. All eligible *essential public assets* fall into two separate categories – *Transport* or *Public Infrastructure*. Each category can then be further split into sub-categories – for example, a road, bridge, public hospital, public school.

### Step 2

- 6.3.8. The next step in defining *pre-disaster function* is to classify the level of service the *essential public asset* provides to the community. This builds further details of the *essential public asset* by defining the asset type, capacity, layout and materials.

### Asset type

- 6.3.9. It is critical that the *essential public asset* type is defined. If there are multiple types within a particular category, these should be separated to ensure the *estimated reconstruction cost* is accurate.
- 6.3.10. The primary function of an *essential public asset* should remain the key consideration when assessing the specific *essential public asset* type. For example, if assessing a road, what is the specific use of that road – is it an arterial road, sub-arterial road or local road? What was the original design intent of the road – for example, an unsealed road for light commuter traffic between rural towns?

### Asset capacity

- 6.3.11. After defining the *essential public asset* type, the capacity of the *essential public asset* should be established. This is the capacity of the *essential public asset* to perform its primary function and, additionally, other services it may have been providing to the community prior to the *eligible disaster*. For example, the capacity of the road to perform the primary function of transport vehicles travelling from point A to point B might include two lanes of local traffic in each direction or one lane in each direction, a pedestrian walkway on one side of the road, and a breakdown lane on both sides of the road. What is the main role of the road – for example, a two lane highway? Are there multiple roles of the road – for example, a two lane road with pedestrian walkways?



## Asset layout and materials

6.3.12. The final level in defining the function of an *essential public asset* is the layout and materials. Defining the layout and materials of the *essential public asset* is strongly linked with the capacity of the *essential public asset* and may directly inform the layout and materials of the *essential public asset*.

6.3.13. This should focus on engineering details of the *essential public asset*. It is essential that the appropriate expertise is applied in developing the *estimated reconstruction cost*. Consideration should be given to:

- dimensions and layout
- materials used, and
- road infrastructure, including: barriers, signage, signalling, lighting, noise attenuation, drainage, and associated footpaths or bikeways.

For example, what are the general dimensions and features (including safety) of the *essential public asset*? In the instance of a road, how wide are the lanes, shoulders and pedestrian walkways? What is the depth of the pavement? Does the road have line markings, safety barriers, lighting or traffic signals? What materials have been used to construct the road – gravel, granular with seal, concrete or asphalt? How does the road interface with its surroundings – are there signalised intersections?



[Pre-disaster Function Template](#)

[Damage Assessment Template](#)

[Pre-disaster Function Fact Sheet](#)

[Pre-disaster Function Sample Report](#)



Photo taken by Deb Flower Jones, 2011

## 6.4. Establishing the estimated reconstruction cost



### Estimating the reconstruction cost

Cost estimates can be based on market response or a cost estimation process.

Cost Estimate Templates and a [Fact Sheet](#) are available, which outline how and what cost information should be provided. The template ensures that the construction, design and project management, contingency and cost escalation amounts are all included.

All cost estimates must be verified by an engineer or quantity surveyor, whose qualifications will be checked against the National Engineers' register or the Australian Institute of Quantity Surveyors.

It is important that the cost estimate includes only those costs associated with restoring the asset to its pre-disaster function.

If your estimated cost changes during the project lifecycle, by greater than 5%, please refer to the [Cost Variation Template](#).

For any project over \$5 million please contact [DFES Disaster Recovery Funding Officers](#).

- 6.4.1. Prior to establishing the *estimated reconstruction cost*, states must have determined the *pre-disaster function* of the *essential public asset* under clause 6.3.
- 6.4.2. States must establish the *estimated reconstruction cost* for the *reconstruction* of an *essential public asset* through:
  - a) *market response*, or
  - b) *cost estimation*.
- 6.4.3. A critical step in this process is the estimate of the *reconstruction cost* of the *essential public asset* and identification of a total *project cost*. States must develop the *estimated reconstruction cost* for the *reconstruction* of an *essential public asset* comprising eligible *state expenditure* for construction, design and project management, contingency and cost escalation.
- 6.4.4. The selected *reconstruction treatment* must be consistent with the *pre-disaster function* of the *essential public asset*.
- 6.4.5. Where it is not possible to undertake the *reconstruction* of the *essential public asset* due to obsolete or outdated construction methodologies and building materials, states must use the *Essential Public Asset Function Framework* to develop an *estimated reconstruction cost* of the *essential public asset* to its *pre-disaster function*.

### Market response

- 6.4.6. If *market response* is the selected method, the applicable procurement processes must be followed when requesting pricing from the market.

### Cost estimation

- 6.4.7. If *cost estimation* is the selected method, states must verify the *estimated reconstruction cost* by:
  - a) using an internal engineer or quantity surveyor with the appropriate level of expertise and experience, or
  - b) engaging an independent engineer or quantity surveyor with the appropriate level of expertise and experience.



[Cost Estimate Fact Sheet](#)

[Cost Estimate Template \(All Assets\)](#)

[Cost Estimate Template \(Roads\)](#)

[Cost Variation Template](#)

## 6.5. Contingency allowance for reconstruction of an essential public asset



### Adding contingency to your cost estimate

When developing a cost estimate, an allowance for contingency is required to be included in accordance with the Commonwealth requirements. Contingency allows for residual risks that may impact the cost of your project.

There are many different approaches that can be used to calculate a contingency value. The Commonwealth arrangements note that a deterministic factor based approach will be suitable for most projects.

Simply put, deterministic factor based cost means that a number of factors are identified and a value is assigned to each factor, which represents the level of risk associated with the factor.

The Cost Estimate templates include a risk table, where a user can assess the project against a number of factors, which automatically calculates the appropriate contingency figure.

A separate [Contingency and Cost Escalation Template](#) has been developed, which should be used if assets owners are developing their own cost estimate templates and need to identify the appropriate contingency figure.

A [Contingency Fact Sheet](#) is available and provides further information on how contingency is calculated and how to calculate risk contingency for larger and more complex projects.

- 6.5.1. In estimating *reconstruction* costs, the *states* will be required to account for residual risks through the inclusion of a contingency allowance.
- 6.5.2. The calculation of a contingency allowance estimate should reflect the *reconstruction project* risk profile, complexity, investment lifecycle, benchmarks and past performance for similar projects. In determining a contingency allowance, the *Commonwealth* will require the *states* to use an appropriate contingency estimation approach, noting that a deterministic factor based cost estimation approach will be suitable for most *reconstruction projects*. For certain *reconstruction projects*, *states* may consider a streamlined approach to the application of a contingency allowance based on the type of treatment required and the unique characteristics of a particular region of a *state*. However more sophisticated approaches to estimating contingency may also be appropriate for complex/high dollar value *reconstruction projects*.
- 6.5.3. In identifying a contingency allowance, *states* will be expected to follow the established cost estimation guidance published by the *Commonwealth* Department of Infrastructure, Regional Development and Cities at [www.investment.infrastructure.gov.au](http://www.investment.infrastructure.gov.au).



[Contingency Fact Sheet](#)

[Contingency and Cost Escalation Template](#)

[Cost Estimate Template \(All Assets\)](#)

[Cost Estimate Template \(Roads\)](#)

## 6.6. Cost escalation for reconstruction of an essential public asset



### Cost escalation for reconstruction of an essential public asset

If the project is likely to extend beyond 12 months, an allowance for cost escalation can be included in the cost estimate. This is to ensure there are sufficient funds to cover for price rises over the life of the project.

The escalation rates used must be consistent with the rates provided by the Commonwealth. The cost escalation rates are updated by the Commonwealth annually.

The cost escalation rates are provided in the Cost Escalation Fact Sheet, which will be updated as new rates are provided.

The escalation rates are also included in the cost estimate templates, where a user can input the project details to automatically calculate the appropriate cost escalation figure.

A separate [Contingency and Cost Escalation Template](#) has been developed, which should be used if assets owners are developing their own cost estimate templates and need to identify the appropriate contingency and cost escalation values.

- 6.6.1. Cost escalation allowances are applied to an *estimated reconstruction cost* to ensure adequate capital funding is provided to compensate for the expected change, generally positive, in costs over the life of a *reconstruction project*. These cost increases can be the result of a number of factors including price fluctuations in labour, plant and material, and global and local market pressures.
- 6.6.2. The *Commonwealth* expects that at the time of preparing the *estimated reconstruction cost* the *states* will be required to account for cost changes, generally increases, over the life of a *reconstruction project* by establishing a realistic cost escalation allowance. Consistent with the objectives of ensuring the *reconstruction* of an *essential public asset* following an *eligible disaster* is achieved, cost escalation would at a maximum only be applied and eligible for a period of three (3) years from the end of the financial year in which the *eligible disaster* occurred.
- 6.6.3. *States* will be expected to utilise the escalation rates and the escalation calculation methodology included in the state specific Road Construction Cost Escalation Forecasts prepared annually by the *Commonwealth* Department of Infrastructure, Regional Development and Cities, and provided to each state and territory infrastructure delivery agency.



[Cost Escalation Fact Sheet](#)

[Contingency and Cost Escalation Template](#)

[Cost Estimate Template \(All Assets\)](#)

[Cost Estimate Template \(Roads\)](#)





# 07

**Variance between  
estimated and actual  
reconstruction costs  
for essential public  
asset reconstruction**

## 07. VARIANCE BETWEEN ESTIMATED AND ACTUAL RECONSTRUCTION COSTS FOR ESSENTIAL PUBLIC ASSET RECONSTRUCTION

### Overview

There is no action required by asset owners in relation to this clause.

The DFES Disaster Recovery Funding Officers reimburse asset owners based on actual expenditure. The variance that is referred to in this section is a calculation undertaken by the State. Estimates provided by asset owners will be compared against their actual expenditure to determine the variance that is reported to the Commonwealth.



The Efficiencies Framework is simply noting that if savings are made, referred to as efficiencies, they need to be spent in accordance with the requirements of these arrangements.

### Efficiencies Framework

- 7.1.1 Consistent with the basic principles of these *arrangements*, it is important for all levels of government to partner in the advancement of natural disaster mitigation through the Efficiencies Framework (clause 3.1.4 refers).
- 7.1.2 The Efficiencies Framework is aimed at the variance achieved when the actual cost of a *reconstruction project* is less than the *estimated reconstruction cost* for the same *reconstruction project* (efficiencies realised).
- 7.1.3 Efficiencies realised under this Framework are to be redirected towards natural disaster mitigation activities and projects in accordance with the High Level Disaster Mitigation Principles outlined below.

### HIGH LEVEL DISASTER MITIGATION PRINCIPLES

Mitigation is the action taken to reduce or eliminate future risk from natural hazards. Potential mitigation activities are summarised into the following three categories:

1. **Planning and Regulations** – activities could include:
  - assessing, documenting and communicating community risks
  - limiting or prohibiting development in high-risk areas
  - integrating hazard mitigation into planning.
2. **Infrastructure Projects** – activities could include:
  - protection of existing public infrastructure
  - post-disaster mitigation activities.
3. **Education and Awareness** – activities could include:
  - increased hazard and risk education awareness.

### Mitigation Principles

Mitigation activities:

- should complement existing state mitigation programs or contribute to new initiatives
- should address the state's assessed natural hazard risks
- should focus on reducing the requirement for future funding under these *arrangements*
- should align with the priorities under the National Strategy for Disaster Resilience, such as:
  - where possible increase education and awareness around risks, hazards, and vulnerabilities, and
  - where applicable, should facilitate/enable the building of partnerships for risk reduction involving government, organisations, businesses, and the public.



## Managing and reporting efficiencies

The State is responsible for the management and reporting of efficiencies in accordance with these arrangements. All local governments and agencies are reimbursed based on their actual costs incurred, and as a result the State manages the efficiencies reporting to the Commonwealth.

The important points for you to note are that:

- All asset owners are reimbursed based on the actual cost of the repairs.
- Your estimated costs to repair essential public assets are important and have an impact on the claim that the State makes to the Commonwealth.
- Your actual costs will be reconciled by the State, to determine whether there is an underspend or overspend.
- If there is an overall underspend across a program of works, any surplus funds have to be spent in accordance with the High Level Disaster Mitigation Principles, outlined on the previous page.
- This section outlines the rules that the State needs to follow in order to manage any savings.
- If there is an overspend, the State is responsible for managing this.
- The management of funds associated with the high level Disaster Mitigation Principles is under development.

## Management and reporting

- 7.1.4 The states' management and reporting requirements under this Framework will apply to the *Commonwealth* contribution recognised for a *state's estimated reconstruction costs* claimed in a given financial year.
- 7.1.5 States can retain efficiencies realised across a *program of works* for a period of 36 months from the end of the financial year that is applicable to that *program of works* (36 months period).
- 7.1.6 Within the 36 months period, *states must* allocate and/or spend the efficiencies realised for the *program of works* towards:
- a) *essential public asset reconstruction projects* where the actual cost is more than the *estimated reconstruction cost*, and/or
  - b) natural hazard mitigation activities in accordance with the High Level Disaster Mitigation Principles.
- 7.1.7 At the end of the 36 months period, *states must* have allocated and/or spent the efficiencies realised for the *program of works* in accordance with the High Level Disaster Mitigation Principles.
- 7.1.8 Efficiencies realised for the *program of works* do not have to be spent where realised. The *state* is responsible for determining the allocation of efficiencies realised.
- 7.1.9 *States must* report to the *Commonwealth* on how the *state* has allocated and spent the efficiencies realised for each *program of works* at the time the *state* submits its audited claim for financial assistance.
- 7.1.10 The *Commonwealth* contribution will be calculated in accordance with the standard methodology followed under clause 9.3 of these *arrangements* for determining the *Commonwealth* reimbursement for eligible *state expenditure* claimed in a given financial year.
- 7.1.11 Where the recognised *Commonwealth* contribution of efficiencies realised is less than the *state's* contribution, the *state* should consider matching the contribution of the *Commonwealth*. Where the recognised *Commonwealth* contribution is more than the *state's* contribution, the *state* should consider investing the full amount of the *state's* contribution towards activities and projects consistent with this Framework.
- 7.1.12 Where a *Commonwealth* contribution has not been recognised in a given financial year for Category B expenditure, the *state* will not be required to comply with the requirements of this Framework.



## Variations as a result of special circumstances

In some cases, your project's estimate may be too low. There could be a variety of reasons for this.

The arrangements note that if a change in costs is a result of *special circumstances*, an adjustment can be made by the State to reflect the variance.

The eligible special circumstances are listed in the definitions and include:

- Geotechnical conditions that could not reasonably have been foreseen or investigated in the design period,
- Previously unidentified indigenous and cultural heritage discoveries,
- Previously unidentified heritage discoveries,
- Delays caused by subsequent eligible disasters,
- Environmental conditions that could not have reasonably been foreseen (e.g. threatened species discovery),
- Safety threats that could not have reasonably been foreseen (e.g. asbestos discovery), and
- Critical reduction in water availability that could not reasonably have been foreseen or investigated in the design period.

Although asset owners in WA will be reimbursed based on actual costs, if project costs change as a result of a special circumstance, the variation template will need to be completed and submitted to DFES with supporting documentation, as the State will need to provide the variation details and evidence to the Commonwealth in its claim

**Important note:** If, as a result of special circumstances, the estimated reconstruction cost is greater than 15% of the original cost estimate and is greater than \$1 million, an Independent Technical Review is required. Details of this requirement can be found in [Schedule B](#).

If the cost estimate increases by a minimum of 5%, please complete the [Cost Variation Template](#).

If the original project cost is greater than \$1million and a variation is required, please contact the [DFES Disaster Recovery Funding Officers](#).

## Variance as a result of special circumstances

7.1.13 Where the *estimated reconstruction cost* is lower than the actual cost of a *reconstruction project* as a result of *special circumstances*, and the variance does not meet the criteria for an *Independent Technical Review* under Application Three (clause 8 and Schedule B refers), the *state* can adjust the *estimated reconstruction cost* to reflect the variance.

7.1.14 The *state must* maintain evidence to demonstrate the *special circumstances* encountered, including why the *special circumstances* could not reasonably have been foreseen, and submit to the *Commonwealth* with the *state's* audited claim in support of the variance.



[Schedule B – Independent Technical Review](#)

[Cost Variation Template](#)





## Variations as a result of a re-damaged essential public asset

This section recognises that, in some situations, assets can be impacted by multiple eligible events before the asset restoration can be completed.

Although situations such as this are the State's responsibility to manage, it is important that asset owners understand what to do if an asset they are repairing is re-damaged in a subsequent event.

If you have an asset that has not been fully restored before being impacted by a subsequent eligible event, the work records and costs incurred must be closed off for the first event and cannot be used in any calculation of efficiencies.

Estimated reconstruction costs will then need to be established following the second event.

### Variance as a result of a re-damaged essential public asset

- 7.1.15 Where an *essential public asset* has been directly damaged by an *eligible disaster* (Eligible Disaster 1), that *essential public asset* is considered to be a *re-damaged essential public asset* if it suffers damage in the same location by a subsequent *eligible disaster* (Eligible Disaster 2).
- 7.1.16 Where expenditure has been incurred for *reconstruction works* on an *essential public asset* directly damaged by Eligible Disaster 1 and the same *essential public asset* is re-damaged by Eligible Disaster 2, the *state must* close-off and establish the actual value of the expenditure incurred for Eligible Disaster 1. The *state* is not permitted to utilise any variance in expenditure for Eligible Disaster 1 as efficiencies realised under the Efficiencies Framework.

For Eligible Disaster 2, the *state must* establish an *estimated reconstruction cost* for the *reconstruction* of the *essential public asset* in accordance with these *arrangements*.

- 7.1.17 Where expenditure has not been incurred for *reconstruction works* on an *essential public asset* directly damaged by Eligible Disaster 1 and the same *essential public asset* is re-damaged by Eligible Disaster 2, the *state* is only permitted to claim the *estimated reconstruction cost* for Eligible Disaster 2.
- 7.1.18 If a *state* has previously submitted an audited claim containing the *estimated reconstruction cost* for Eligible Disaster 1, the *state must* report the expenditure adjustment to the *department* at the time the *state* submits quarterly budget reports under clause 5.4 of these *arrangements* and in the *state's* next audited claim.
- 7.1.19 The *state must* maintain evidence to demonstrate the variance in expenditure incurred as a result of a *re-damaged essential public asset*, and submit to the *Commonwealth* if required.



08

**Independent  
Technical Review  
of an essential  
public asset  
reconstruction  
project**

## 08. INDEPENDENT TECHNICAL REVIEW OF AN ESSENTIAL PUBLIC ASSET

### 8.1. Requirement to conduct an Independent Technical Review



An Independent Technical Review of an essential public asset reconstruction project is required in four circumstances. These are referred to as applications and are described in detail under 8.1.2, and summarised as follows:

- Application One: For all projects estimated to cost \$25 million or more.
- Application Two: Where an alternative reconstruction solution is preferred and the estimated cost of this solution is less than 50% of the estimated cost of the original solution and is to a value of between \$5 million and \$25 million.
- Application Three: Where special circumstances result in a variance to the estimated reconstruction cost that is greater than 15% of the estimated cost of the original project and is greater than \$1 million.
- Application Four: The Commonwealth elects to have the project reviewed, on receiving the estimated reconstruction cost.

Schedule B in the arrangements provides a detailed overview of the requirements of an Independent Technical Review.

If your project is greater than \$25 million or you believe it meets any of the other applications, please contact the DFES Disaster Recovery Funding Officers for further discussion before submitting your estimated cost.

8.1.1. An *Independent Technical Review* may be required in order to provide the *Commonwealth* with increased oversight and assurance in respect of claims made under these *arrangements* for the *reconstruction of essential public assets*.

8.1.2. An *Independent Technical Review* must be conducted in the following four circumstances:

#### Application One

The *estimated reconstruction cost* for the *project* is \$25 million or more.

#### Application Two

Where an alternative *reconstruction project* solution is preferred and there is a variance between the *estimated reconstruction cost* for the original *project* and the preferred *reconstruction project* solution, that is:

- more than 50 per cent lower than the *estimated reconstruction cost* of the original *project*, and
- to a value of between \$5 million and \$25 million.

#### Application Three

Where *special circumstances* are encountered which give rise to a variance in the *estimated reconstruction cost* for the *project* that is:

- greater than 15 per cent of the *estimated reconstruction cost* of the original *project*, and
- greater than \$1 million.

#### Application Four

The *Commonwealth*, on receiving the *estimated reconstruction cost* for a *project* from a *state* within its financial year claim, elects to have it reviewed.

8.1.3. *States* are responsible for assessing when an *Independent Technical Review* under Applications One, Two and Three *must* be obtained for a *project* prior to submitting the *estimated reconstruction cost*.

8.1.4. The specific requirements for each application above are outlined in Schedule B.

8.1.5. *States* will bear the cost of procuring an *Independent Technical Review* under Applications One, Two and Three. *States* will be able to claim the costs as an *eligible measure* under these *arrangements*.



Schedule B – Independent Technical Review



09

# Claiming

## 09. CLAIMING

### Overview

This section explains how the State can make a claim to the Commonwealth for financial assistance. It outlines the rules, requirements and formulas which must be applied by the State and Commonwealth under these arrangements.

This section is managed by the [DFES Disaster Recovery Funding Officers](#).

You do not need to take any action in regards to this section.

### 9.1. Type and timing of payments from the Commonwealth

- 9.1.1. Payments are generally made after the *state* has submitted an audited claim for financial assistance. However, the *Commonwealth* may provide advance payments if the *Minister* is satisfied that exceptional circumstances exist. The *Commonwealth* may also pre-pay a claim prior to audit (general claim) or pre-pay a *state* for a specific activity, for example, activities agreed under Category D measures.

### 9.2. Determining the amount of Commonwealth financial assistance

- 9.2.1. The amount of *Commonwealth* financial assistance to a *state* in relation to a financial year is worked out on the basis of:
- state expenditure* and *estimated reconstruction costs* in that financial year, and
  - the extent to which the *state expenditure* and *estimated reconstruction costs* have exceeded the first and second *thresholds* in that year, and
  - the set rates and maximum values of assistance for all *eligible measures*, as defined in these *arrangements* and/or as agreed by the *Commonwealth*.
- 9.2.2. The *department* must inform the *states* in writing of their respective *thresholds* as soon as possible following the release of the figures by the Australian Bureau of Statistics.

### 9.3. Rates of assistance for eligible measures

- 9.3.1. The rate of *Commonwealth* assistance that may be payable in a financial year on *eligible measures* outlined in these *arrangements*, or as specified by the Prime Minister, is calculated as:
- if *state expenditure* does not exceed the *state's first threshold*, then:
    - Category A measures: 50 per cent, and
    - Category B measures: zero, or

- if *state expenditure* exceeds the *state's first threshold*, then:
    - Category A measures and Category B measures: 50 per cent between a *state's first and second threshold*, plus up to 75 per cent of *state expenditure* above the *state's second threshold*.
- 9.3.2. *Commonwealth* assistance with respect to Category B concessional interest rate loan measures is provided in the form of a concessional interest rate loan from the *Commonwealth* to the *state*. The rate of *Commonwealth* assistance is defined at clause 9.3.1. The formula to determine separately the value of the *Commonwealth's* loan is at clause 9.4.
- 9.3.3. The amount of *Commonwealth* assistance in relation to a financial year for *state expenditure* on Category C measures is to be calculated at the rate of 50 per cent (for which *state expenditure* may be capped).
- 9.3.4. The amount of *Commonwealth* assistance in relation to a financial year for *state expenditure* on Category D measures is to be calculated at the rate of 50 per cent, or such other rate as determined by the *Commonwealth*.
- 9.3.5. If the *state's first threshold* has been exceeded, but 50 per cent of Category A and Category C results in higher reimbursement to the *state*, the *state* may choose to take the higher reimbursement.

## 9.4. Formula to determine the value of the Commonwealth loan to a state

9.4.1. When the state provides Category B concessional interest rate loans and/or Category D measures in the form of concessional interest rate loans, a portion of *Commonwealth* financial assistance to the state will be provided as a loan. The *Commonwealth* loan is subject to the *thresholds* or the applicable cost sharing agreements.

9.4.2. The value of the *Commonwealth* loan to a state is calculated using the following formula:

$$CL = (CA - (50\% \times SEAC)) \times (SLB / (SE - SEAC)) \text{ where:}$$

CL = the value of the *Commonwealth* loan to that state in respect of that financial year

CA = total *Commonwealth* assistance to the state, as calculated under clause 9.2

SEAC = *state expenditure* on Category A measures and Category C measures

SLB = total Category B concessional interest rate loans made by the state during that financial year under subclauses 4.3.12 – 4.3.34

SE = total *state expenditure* during that financial year on all measures

To demonstrate how the formula at 9.4.2 works, the following example is provided. The assumptions used are for illustrative purposes only:

- Total *state expenditure* is \$21 million, made up of \$15 million on Category A and Category C measures and \$6 million of Category B measures, including \$0.1 million in Category B loans.
- The first *threshold* is \$7.5 million and the second *threshold* is \$13.13 million (or 1.75 times the first *threshold*).
- *Commonwealth* financial assistance (CA) would be \$8.7 million based on clause 9.2:
  - \$2.8 million (50 per cent) of *state expenditure* in-excess of first *threshold*; and
  - \$5.9 million (75 per cent) of *state expenditure* in excess of the second *threshold*.
- $(50\% \times SEAC) - \$7.5$  million where total *state expenditure* in Category A and Category C is equal to \$15 million.

The value of the *Commonwealth* loan would be:

### **Commonwealth Loan**

$$CL = (CA - (50\% \times SEAC)) \times (SLB / (SE - SEAC))$$

$$CL = (\$8.7 \text{ million} - (50\% \times \$15 \text{ million})) \times (\$0.1 \text{ million} / (\$21 \text{ million} - \$15 \text{ million}))$$

$$CL = (\$8.7 \text{ million} - \$7.5 \text{ million}) \times (\$0.1 \text{ million} / \$6 \text{ million})$$

$$CL = \$1.2 \text{ million} \times 0.01666666$$

$$CL = \$0.02 \text{ million}$$

9.4.3. Where *Commonwealth* loans are provided under Category D (clause 4.5), they are subject to either fixed cost share agreements or *thresholds*. In the instance of cost share agreements, the applicable cost share agreement will be applied to the total *state expenditure* in respect of Category D loans. Where Category D loans are subject to the *thresholds*, the value of the *Commonwealth* loan to a state is calculated using the following formula:

$$CL = (CA - (50\% \times SEAC)) \times (SLD / (SE - SEAC)) \text{ where:}$$

CL = the value of the *Commonwealth* loan to that state in respect of that financial year

CA = total *Commonwealth* assistance to the state, as calculated under clause 9.2

SEAC = *state expenditure* on Category A measures and Category C measures

SLD = total Category D loans made by the state during that financial year under clause 4.5

SE = total *state expenditure* during that financial year on all measures

9.4.4. The calculation for the *Commonwealth* loan amount for Category D loans made by the states is in addition to the application of the formula outlined in subclause 9.4.2.

## 9.5. Concessional interest rate charged by the Commonwealth

- 9.5.1. A loan to a *state* is subject to the *Commonwealth concessional interest rate* determined by the *department* at the beginning of each financial year. The *department* will inform the *states* of the interest rate in a reasonable timeframe following the release of the data by the Reserve Bank of Australia.
- 9.5.2. The applicable *Commonwealth concessional interest rate* applies to all outstanding *Commonwealth* loans to a *state* issued under these *arrangements*.
- 9.5.3. A *state's* repayment term is up to ten (10) years with the first two (2) years being interest only.
- 9.5.4. The principal of a loan to a *state* is repayable to the *department* in eight (8) equal annual instalments. Principal repayments *must* be paid to the *department* on or before 15 June in each financial year commencing in the financial year after the interest only period.
- 9.5.5. Interest on a loan to a *state* begins to accrue following the end of the financial year in which the *department* made the loan. The annual interest payable is calculated on the balance of outstanding loans at the beginning of each financial year. Interest *must* be paid to the *department* on or before 15 June in each year the interest is due.

## 9.6. Calculation for the interest rate subsidy from the Commonwealth

- 9.6.1. The interest rate subsidy which *states* claim from the *Commonwealth* must be the lesser of:
- the *Commonwealth concessional interest rate*, or
  - 50 per cent of the actual (commercial) interest amount charged by the ADTI.



# 10

## State assurance activities





## 10. STATE ASSURANCE ACTIVITIES

### Overview

The DRFA provides a detailed overview of the assurance requirements and the specific control objectives that the State, and all the contributing local governments and state agencies, must adhere to.

Section 10 outlines the objectives of the assurance activities. The Office of the Auditor General will undertake the assurance activities of the DRFAWA.

#### The DRFA Management System

The State is required to undertake a number of activities to provide reasonable assurance about the controls that are in place in relation to these arrangements. All States are required to implement a DRFA Management System.

To ensure the State can achieve its control requirements, a [DRFAWA Control Assurance Framework](#) has been developed.

The document will be updated as required, however, it provides a detailed overview of the control objectives that must be met by asset owners and the different procedures that have been established to meet these control objectives.

The templates provided have been designed to ensure that the necessary information is being collected. If you develop your own templates, you must ensure that the necessary information is still incorporated, to ensure it meets the assurance requirements.

### 10.1. Objectives

10.1.1. The objectives of the state assurance activities are to:

- provide the *Commonwealth* with *reasonable assurance* over each state's *Disaster Recovery Funding Arrangements Management System* for estimated reconstruction costs
- provide the *Commonwealth* with *reasonable assurance* over state expenditure included in the Financial Statement Claim Form prescribed by the *claim pack*, and
- inform the *Commonwealth's* annual risk-based assurance activities per clause 11.

10.1.2. States must engage the services of a *state appointed auditor* to undertake the assurance activities.



[DRFAWA Control Assurance Framework](#)



Photo taken by Grant Wilson

## 10.2. Assurance engagement on Disaster Recovery Funding Arrangements Management System

- 10.2.1. If a state has notified the *department* of the occurrence of an *eligible disaster* under clause 5.1, the *state* may submit a claim to the *department* for financial assistance in respect of *estimated reconstruction costs* for that *eligible disaster*.
- 10.2.2. Each *state* will be required to conduct an annual assurance engagement, where *estimated reconstruction costs* have been established in a given financial year. This engagement *must* be an attestation engagement on the design, description and operating effectiveness of the *state's* controls for *estimated reconstruction costs*. This engagement *must* be conducted by a *state appointed auditor* in accordance with ASAE3150.
- 10.2.3. The objectives of the assurance engagement are:
- a) to obtain *reasonable assurance* about whether, in all material respects, based on the defined *control objectives*, throughout the period:
    - i. the *state agency's* controls within the *Disaster Recovery Funding Arrangements Management System* (System) were suitably designed to achieve the identified *control objectives*
    - ii. the *state agency's* description of the System controls fairly represents the System, and
    - iii. the controls operated effectively as designed.

- b) to express a conclusion through a written report on the matters in a) above which expresses a *reasonable assurance* conclusion and describes the basis for the conclusion.

### Control objectives

- 10.2.4. The *control objectives* for the purposes of the assurance engagement of each *state's* System for *estimated reconstruction costs* are outlined below.
- 10.2.5. Disaster notification
- N1. The *state* determines eligibility of a *natural disaster* or *terrorist act* as per clause 4.1.
  - N2. The *Commonwealth* is notified of an *eligible disaster* within three (3) months of the *natural disaster* occurring as per clause 5.1.1, or within three (3) months from the date of the *Minister's* or *department's* letter to the *state* that an act has been determined to be a *terrorist act* for the purposes of these *arrangements* as per clause 5.1.5.
- 10.2.6. Damage assessment
- D1. The location of *essential public assets* is accurately recorded.
  - D2. Assets meet the definition of an *essential public asset*.
  - D3. The connection between the damage to an *essential public asset* and an *eligible disaster* is assessed and recorded.
  - D4. Pre-disaster condition of *essential public assets* is assessed and recorded in accordance with clause 6.2.
  - D5. Post disaster condition of *essential public assets* is recorded in accordance with clause 6.2.
  - D6. Damage assessments are reviewed by a suitably qualified professional with the appropriate level of expertise and experience.

### 10.2.7. Cost estimation and procurement

- C1. Primary asset function is established using the *Essential Public Asset Function Framework* in accordance with clauses 6.3 and 6.4.
- C2. Asset classification is established with reference to asset type, asset capacity, asset layout, and materials in accordance with clauses 6.3 and 6.4.
- C3. *Estimated reconstruction costs* are developed in accordance with these *arrangements*, and verified by an engineer or quantity surveyor with the appropriate level of expertise and experience.
- C4. Applicable procurement processes are followed.
- C5. Actual costs for each *project* are recorded against the *estimated reconstruction cost*.
- C6. The *Independent Technical Review* is applied as required and in accordance with the defined time limits.
- C7. Variations to an *estimated reconstruction cost* are made in accordance with the requirements of these *arrangements*.
- C8. *Estimated reconstruction costs* as determined in accordance with these *arrangements* for the *reconstruction of essential public assets* submitted in the *claim pack* are reconciled to each *reconstruction project*.

10.2.8. Each *state agency* should document its application of the *criteria*, being the *control objectives* outlined above and the controls necessary to achieve the *control objectives*. Each *state appointed auditor* must assess whether this *criteria* is suitable in accordance with the requirements of ASAE3150, and whether the *state's* System is consistent with the *criteria*.

10.2.9. In the event the *state appointed auditor's* assessment indicates the *state's* application of the *criteria* is not suitable, the *state* must discuss the impact of the required changes with the *department*.

### Materiality

10.2.10. ASAE3150 requires auditors to consider materiality, when determining the nature, timing and extent of procedures to be performed. Under ASAE3150 the *state appointed auditor* is required to identify a control as material if it is fundamental to the achievement of the *control objective* defined, included in the scope of the assurance engagement, by mitigating the risks that threaten achievement of that objective. Under ASAE3150 *state appointed auditors* are also required to consider materiality when considering the effect on reporting.

### State agency reporting

10.2.11. The *state agency* is required to prepare a description of its System to be subject to an assurance engagement. As required by ASAE3150 this *must* include at a minimum:

- the services provided
- the geographic, operational or functional boundaries of the System are appropriate in the circumstances of the engagement
- the system of *control objectives* and related controls
- controls at third party organisations (where applicable, refer below)
- changes to the System or to controls during the period covered by the description are described adequately, and
- the period of operation.

10.2.12. A template for the *state agency's* description of the System as outlined above under ASAE3150 is provided in the *claim pack*.

### Third party organisations

10.2.13. Although the controls assurance engagement is of the *state agency* it is acknowledged a number of controls implemented to meet the *control objectives* may be managed by other *state* or local government agencies (third party organisations).

10.2.14. Where a *state agency* is able to satisfy the *control objectives* without reliance on third party organisations, the *state agency* may use the 'carve-out method' as defined by ASAE3150. That is, the scope of the *state appointed auditor's* engagement may exclude the controls of third party organisations. However, the scope of the engagement *must* include controls implemented by a *state agency* to monitor the effectiveness of controls operating at third party organisations, which form part of the *state agency's* System, where applicable.

10.2.15. Where a *state agency* is reliant on third party organisations to satisfy the *control objectives*, the *state agency* *must* use the 'inclusive method' as defined by ASAE3150. That is, it is expected the controls identified against the *control objectives* include both the *state agency* controls and the relevant controls of third party organisations relied upon to achieve the *control objectives*.

## Reporting

### Management representation

- 10.2.16. Prior to signing the assurance engagement report, the *state agency must* provide written representation to the *state appointed auditor*. This *must* be from management of the *state agency* who hold appropriate responsibility for the preparation of the report prepared under ASAE3150. It is expected this is a Chief Financial Officer or officer responsible for comparable duties. Where the 'inclusive method' is adopted, the *state appointed auditor* may also request applicable representations from third party organisations.
- 10.2.17. The representation, per ASAE3150, requires the acknowledgement of management's responsibility for establishing and maintaining the *state's* System, including identifying the risks that threaten achievement of the identified *control objectives*, and designing, implementing and maintaining controls to mitigate those risks so that those risks will not prevent achievement of the *control objectives* and therefore that the identified *control objectives* will be achieved. It also requires the provision of all relevant information required under ASAE3150, and requires the disclosure of all design, implementation, or operating deficiencies relevant to the achievement of identified *control objectives*.

## Assurance report

- 10.2.18. On completion of each engagement, the *state appointed auditor* is required to issue an assurance report under the requirements of ASAE3150, to provide context and a conclusion for the work undertaken. The *state must* request this to be prepared in accordance with long form requirements of ASAE3150. A template for the assurance report is provided in the *claim pack*.
- 10.2.19. The report is required to be submitted to the *Commonwealth* by the *state* no later than 31 March from the end of the relevant financial year (that is, for the assurance engagement of controls for the period 1 July 2018 – 30 June 2019, the report is due no later than 31 March 2020).

## Management reporting

- 10.2.20. In addition to the assurance report, the *state appointed auditor* is required to consider whether, pursuant to the terms of the engagement and other engagement circumstances, any matter has come to the attention of the *state appointed auditor* that is to be communicated with the *state agency* per the requirements of ASAE3150. This may include but is not limited to:
- identified control design deficiencies
  - deficiencies in implementation or deviations in operating effectiveness
  - identified fraud or information that indicates that a fraud may exist, and
  - any other matter deemed of such importance by the *state appointed auditor* that communication is required.
- 10.2.21. All reporting required under ASAE3150 and issued to the *state must* also be provided to the *Commonwealth* by the *state*, subject to relevant *state* legislative provisions.



## 10.3. Audit of state expenditure

### Overview

If you make a claim under the DRFAWA, please expect that the claim will be audited at some point. You are required to keep the necessary documentation and be able to provide these details to the auditors if requested.

Section 10.3 outlines how the State needs to prepare its claim to the Commonwealth.

- 10.3.1. If a state has notified the *department* of the occurrence of an *eligible disaster* under clause 5.1, the *state* may submit an audited claim to the *department* for financial assistance in respect of *state expenditure* for that *eligible disaster*.
- 10.3.2. *State expenditure* (excluding *estimated reconstruction costs*) in each financial year *must* be audited. This audit *must* comply with the requirements of ASA 800 Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks.
- 10.3.3. The audit report is required to be submitted to the *Commonwealth* by the *state* no later than nine (9) months from the end of the relevant financial year (that is, for the audit of the period 1 July 2018 – 30 June 2019, the audit report is due no later than 31 March 2020).

- 10.3.4. On request from the *department*, the *state appointed auditor must* be available to the *department* or its auditor for consultation on the audited claim.
- 10.3.5. The audit and audited claim documentation *must* take account of any advance payments, or pre-payments already paid by the *Commonwealth* to the *state*, as well as any conditions associated with those payments.
- 10.3.6. The audited claim *must* be in the form prescribed by the *claim pack*.
- 10.3.7. If the *state* is unable to comply with the submission date as specified in clause 10.3.3 with respect to all or part of the *state expenditure* in the financial year due to be claimed from the *Commonwealth*, it *must* write to the *Commonwealth* requesting an extension of time. The *Commonwealth* may apply terms and conditions on the *state* with respect to any agreement to an extension of time.
- 10.3.8. If the *state* submits an audited claim later than the nine (9) months specified in clause 10.3.3 for which it did not request an extension of time from the *Commonwealth*, the *Commonwealth* may refuse the audited claim.

### Financial Reporting Framework

- 10.3.9. Under Australian Accounting Standards, the preparation of a financial report requires the inclusion of an adequate description of the applicable financial reporting framework in the financial report. For the purposes of this audit, the financial reporting framework is considered to be that prescribed by these *arrangements*. This includes:
- Financial Statement Claim Form
  - Basis of preparation
  - Delegate certification
  - State Expenditure Breakdown Form (by Australian Government Reference Number (AGRN))
  - State description of *Disaster Recovery Funding Arrangements Management System* (clause 10.2.12 refers)
  - State assurance engagement report (clause 10.2.18 refers)
  - State audit opinion/s (clause 10.3 refers)
  - Efficiencies report (clause 7 refers), and
  - *Special circumstances* report (clause 7 refers).
- 10.3.10. The above documents will be provided by the *Commonwealth* to *states* in a *claim pack* for each financial year.
- 10.3.11. For the avoidance of doubt, this audit excludes an audit of *estimated reconstruction costs* included within the *claim pack*.

## Reporting

### Management representation

- 10.3.12. Prior to signing the financial report, the *state agency must* provide written representation to the *state appointed auditor*. This *must* be from management of the agency who holds appropriate responsibility for the preparation of the report prepared under ASA 580 Written Representations. It is expected this is a Chief Financial Officer or officer responsible for comparable duties.
- 10.3.13. This representation is required to comply with the requirements of ASA 580, as issued by the Auditing and Assurance Standards Board. At minimum (as required by ASA 580), this *must* include representation from management that:
- it has fulfilled its responsibility for the preparation of the financial report in accordance with the financial reporting framework, as set out in the terms of the audit engagement
  - it has provided the *state appointed auditor* with all relevant information and access as agreed in the terms of the audit engagement
  - all transactions have been recorded and are reflected in the financial report, and
  - addresses any representations the *state appointed auditor* determines is necessary to support other audit evidence relevant to the financial report.

## Audit report

- 10.3.14. On completion of each audit, the *state appointed auditor* is required to issue an audit report to provide context and conclusion for the work undertaken. This report *must* comply with the requirements of ASA 800 Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks.
- 10.3.15. Where the *state* has not provided the reporting outlined in clause 10.3.18, the *state appointed auditor's* report *must* also comply with ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report.
- 10.3.16. An illustrative example for the audit opinion under ASA 800 and ASA 701 is provided in the *claim pack*.

## Management reporting

- 10.3.17. In addition to the audit report, the *state appointed auditor* is required to consider under Australian Auditing Standards whether, pursuant to the terms of the engagement and other engagement circumstances, any matter has come to the attention of the *state appointed auditor* that is to be communicated to the *state agency*. This may include but is not limited to:
- the *state appointed auditor's* views about significant qualitative aspects of the *state agency's* accounting practices, including accounting policies, accounting estimates and financial reporting disclosures
  - significant difficulties, if any, encountered during the audit
  - circumstances that affect the form and content of the auditor's report, if any
  - identified fraud or information that indicates that a fraud may exist, and

- any other matter deemed of such importance by the *state appointed auditor* that communication with the *state agency* is required.

- 10.3.18. All reporting required under ASA 800 and issued to the *state must* also be provided to the *Commonwealth* by the *state*, subject to relevant *state* legislative provisions.

## Other considerations

### Assurance activities for nil claim years

- 10.3.19. Where a *state* has not incurred *state expenditure* for a given financial year on *eligible measures*, it is not required to have either an assurance engagement in relation to *estimated reconstruction costs* under ASAE3150 or an audit of *state expenditure* under ASA 800 conducted.

### Commonwealth and state appointed auditor communications

- 10.3.20. There will be, at minimum, biannual communication between the *Commonwealth* and *state appointed auditors*. This will include:
- overall expectations under these *arrangements* and relevant auditing standards to be applied
  - guidance in relation to new or contentious areas, or expenditure considered higher risk by the *Commonwealth* for consideration by *state appointed auditors*
  - changes to these *arrangements*, its schedules and guidelines, and new schedules, guidelines and interpretations, and
  - feedback from *state appointed auditors* arising from work performed.

## 10.4. State record keeping and evidentiary requirements

### Overview

If you make a claim you can expect to be audited at some point. You must keep all documents and other evidence that supports your claim for seven years, from the end of the financial year in which the expenditure is claimed by the State.

- 10.4.1. *States must keep an accurate audit trail for seven (7) years from the end of each financial year in which state expenditure is claimed by the state, or until such time as the state's audited claim is acquitted by the Commonwealth. This must include written records that correctly record and explain the state's state expenditure claimed for all eligible measures.*
- 10.4.2. For assurance purposes the *department* may, at any time, request documentation from a *state* to evidence the *state's* compliance with any aspect of these *arrangements*.
- 10.4.3. *States must make available to the Commonwealth within one (1) month all documentation relevant to a request by the department.*
- 10.4.4. Where documentation is requested, *state's*

*must provide a complete audit trail comprising of physical and/or electronic records that correctly and accurately demonstrate a direct relationship between the activities for which state expenditure is claimed and the eligible measure – for example:*

- a) visual and geospatial data and information which may include (but is not limited to) satellite images, Google earth images, photographs, video footage
- b) in the case of *emergency works* and *immediate reconstruction works*, documentation which may include (but is not limited to) asset damage and inspection reports
- c) administrative data and documentation which may include (but is not limited to) contract/work orders, timesheets, news articles, e-mail correspondence, funding approval letters, minutes of meetings
- d) financial data and documentation which may include (but is not limited to) tax and/or financial statements, cost-benefit analyses, transaction listings used to reconcile invoices, annual reports, proposals and invoices, and
- e) grant data and documentation which may include (but is not limited to) grant applications and grant guidelines.



# 11

## Commonwealth assurance activities



# 11. COMMONWEALTH ASSURANCE ACTIVITIES

## Overview

Section 10 related to the assurance activities to which the State must adhere. The Western Australia Office of the Auditor General will audit the DRFAWA system.

Section 11 outlines the assurance activities that the Commonwealth may undertake on an annual basis.

The Commonwealth may also elect to carry out additional assurance activities. This section outlines the types of activities the Commonwealth may undertake and the implications for the State if claims are deemed to be ineligible.

You do not need to take any action in regards to this section.

## 11.1. Types of assurance activities

- 11.1.1. There are two types of assurance activities that the *Commonwealth* may undertake, at its discretion:
- review of each *state's Disaster Recovery Funding Arrangements Management System*, and
  - risk-based sampling of submitted audited claims for compliance with these *arrangements*.

- 11.1.2. These activities will not constitute an engagement in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, other than in second opinion engagements, and accordingly no such assurance will be provided by the *Commonwealth* over information reviewed.
- 11.1.3. Activities may be conducted by the *Commonwealth*, or a suitably qualified external provider.

## 11.2. Objectives

- 11.2.1. The objectives of the *Commonwealth* assurance activities are to:
- provide the *Commonwealth* with increased visibility of *state* relief and recovery processes, and changes to these processes over time, and
  - provide sufficient and appropriate assurance to the *Commonwealth* prior to payment of audited claims to *states*.

## 11.3. Annual activities

- 11.3.1. In determining the approach for each *state* for a given year in accordance with the *department's* risk framework, the *department* may assess information obtained from a number of sources. These sources include but are not limited to those outlined in the following table.



Information source	Potential risk indicators	Potential Commonwealth activities
<b>Assurance engagement on controls opinion (ASAE3150)</b>	<ul style="list-style-type: none"> <li>• emphasis of matter paragraph</li> <li>• other matter paragraph</li> <li>• scope limitation, and</li> <li>• modified conclusions (qualified, adverse, or disclaimer).</li> </ul>	<ul style="list-style-type: none"> <li>• process walkthroughs with relevant <i>state</i> agencies or councils</li> <li>• sampling of compliance with the <i>criteria</i> established under these <i>arrangements</i> (controls testing)</li> <li>• sampling of expenditure for agencies/councils with identified risk indicators</li> <li>• request for <i>Independent Technical Review</i></li> <li>• second opinion on internal controls (in rare, high risk scenarios only)</li> <li>• second opinion on expenditure claimed (in rare, high risk scenarios only).</li> </ul>
<b>Assurance engagement on controls (ASAE3150) management letter</b>	<ul style="list-style-type: none"> <li>• identified control design deficiencies</li> <li>• deficiencies in implementation or deviations in operating effectiveness, and</li> <li>• identified fraud or information that indicates that a fraud may exist.</li> </ul>	
<b>Annual expenditure audit opinion (ASA 800)</b>	<ul style="list-style-type: none"> <li>• emphasis of matter paragraph</li> <li>• other matter paragraph</li> <li>• scope limitation, and</li> <li>• modified conclusions (qualified, adverse, or disclaimer).</li> </ul>	
<b>Annual expenditure audit management letter (ASA 580)</b>	<ul style="list-style-type: none"> <li>• concerns with accounting policies and accounting estimates</li> <li>• significant difficulties encountered during the audit</li> <li>• identified fraud or information that indicates that a fraud may exist, and</li> <li>• any other significant matters raised.</li> </ul>	
<b>Expenditure Breakdown (AGRN), Expenditure Breakdown (project)</b>	<ul style="list-style-type: none"> <li>• high value claim for a particular AGRN</li> <li>• high value claim for a particular asset, project or measure, and</li> <li>• areas of interest identified through data analytics.</li> </ul>	
<b>Eligibility queries raised by state</b>	<ul style="list-style-type: none"> <li>• queries indicating ineligible expenditure has been claimed.</li> </ul>	
<b>Publically available information (news articles etc)</b>	<ul style="list-style-type: none"> <li>• <i>Commonwealth</i> not acknowledged in media releases</li> <li>• insurance has been used, and</li> <li>• indications ineligible expenditure has been claimed.</li> </ul>	

11.3.2. The table above is an indication of sources of risk indicators, and potential *Commonwealth* activities. It is not an exhaustive list. Should other factors be identified, the *Commonwealth* will conduct activities as it sees fit to assure itself of the eligibility of claims received.

## 11.4. Timing and reporting

- 11.4.1. If the *state* provides all documentation required under the financial reporting framework of these *arrangements* to allow the *Commonwealth* to complete its assurance activities, the timing for completion of the *Commonwealth's* assurance activities will be within three (3) months.
- 11.4.2. On completion of the assurance activities, the *Commonwealth* may issue a report to the *state* to communicate the results of the assurance undertaken. This report may include:
- areas of strength within current processes
  - ineligible expenditure
  - control deficiencies
  - control improvement opportunities
  - suggested corrective actions, where required
  - future areas of focus of the *Commonwealth*, and
  - any other matter deemed significant by the *Commonwealth*.

## 11.5. Supporting information

- 11.5.1. The *Commonwealth* may at any time ask the *state* to provide information that the *Commonwealth* considers necessary to ensure that acquittal of a *state's* audited claim is in accordance with the principles, conditions, and eligibility rules of these *arrangements*.
- 11.5.2. A *state* must provide information requested by the *Commonwealth* within one (1) month of request (clause 10.4 refers in regard to the types of supporting information that may be requested).
- 11.5.3. If a *state* elects not to provide all or part of the supporting information requested, the *Commonwealth* may:
- a) withhold acquittal or payment of all or part of the audited claim
  - b) refuse to acquit or pay the audited claim in full, or
  - c) remove the expenditure in question from the audited claim and reimburse the *state* based on the residual *state expenditure*.

## 11.6. Ineligible or unsubstantiated expenditure

- 11.6.1. If any information provided by a *state*, including by a *state appointed auditor*, or identified by the *Commonwealth* indicates that any part of the *state expenditure* claimed is inconsistent with these *arrangements* or any other relevant *Commonwealth* decision, the *state expenditure* in question will be removed from the audited claim.
- 11.6.2. If the eligibility of any *state expenditure*, in the opinion of the *Commonwealth*, is not adequately substantiated by the *state*, the *state expenditure* in question will be removed from the audited claim.
- 11.6.3. The *department* may appoint an independent expert to advise on the matter in question.
- 11.6.4. The *department* will notify the *state* within a reasonable timeframe, where *state expenditure* has been removed from an audited claim.



# 12

Seeking  
exemption or  
appealing a  
decision

## 12. SEEKING EXEMPTION OR MAKING A DECISION

### Overview

The following section outlines the requirements if the State decides to seek an exemption or make an appeal.

This is the responsibility of the DFES Disaster Recovery Funding Officers to administer. There is no avenue for local governments or State agencies to appeal to the Commonwealth directly. All correspondence, concerns or queries should be referred to [DFES Disaster Recovery Funding Officers](#).

You do not need to take any action in regards to this section.

### 12.1. Seeking an exemption or non-compliance

- 12.1.1. If a *state* is or was unable to comply with any clause, or would like to seek an exemption to a particular clause in these *arrangements*, the *state must* write to the *department* requesting dispensation from that clause.
- 12.1.2. *States* may write to the *department* at any time within the time limit for the *eligible measure* to request non-compliance or an exemption. The request *must* include the circumstances which give rise to the *state's* request.

### 12.2. Appeal to the Commonwealth or Minister

- 12.2.1. Where the *department* has made a decision under these *arrangements* which the *state* does not agree with, a *state* may appeal to the *department* regarding this decision.
- 12.2.2. If no agreement can be reached between officials of the *state* and the *department*, the matter may then be referred for resolution by the *state* to the *Minister*.





# Schedule A

## Category A measures

## SCHEDULE A – CATEGORY A MEASURES

This schedule outlines the principles of Category A measures, the types of activities which can be undertaken as part of an *eligible measure*, as well as the delivery methods which may be used to provide assistance and includes the eligible costs associated with the delivery of Category A measures.

Disasters can cause significant personal hardship and distress for those affected, including through dislocation, loss of personal belongings and damage to homes. While individuals are responsible for their own safety and making decisions about appropriate natural disaster mitigation strategies (such as insurance), government assistance may be required to support the immediate emergency needs of affected individuals. Such assistance, aimed at alleviating personal hardship and distress, may be provided in the form of a Category A measure under these *arrangements*.

### 1. Category A principles

- a) Category A measures are intended to alleviate personal hardship and distress which is a direct result of an *eligible disaster*.
- b) Category A measures are intended to help address the immediate emergency needs of disaster affected individuals.
- c) Category A measures are intended to be in the nature of an emergency helping hand – assistance should be targeted to individuals who have a genuine need, rather than those who can support/fund their own relief and recovery. As such, *states* may wish to apply appropriate eligibility criteria (including means and/or asset testing) to certain Category A measures.
- d) Category A measures can be automatically made available by the *state*, without requiring prior approval from the *Commonwealth*.
- e) *States* determine which Category A measures to make available following an *eligible disaster*.
- f) *States* determine the amount/level of Category A assistance which should be provided.
- g) *States* are encouraged to provide the same type and level of assistance to individuals who are affected by the same or similar *eligible disasters*.
- h) *States* are responsible for administering Category A measures, including setting the applicable claiming periods, assessing applications and providing assistance to eligible individuals.
- i) Funding for Category A is available in relation to the assistance measures (and associated costs) specified in this schedule, noting that this schedule is not exhaustive.
- j) Category A measures are generally only available for 12 months following an *eligible disaster*. However, they may be available for a longer period depending on the nature and severity of the *eligible disaster*.
- k) If a *state* wants to claim Category A assistance, Category A measures *must* be jointly announced as outlined under clause 5.2, unless otherwise agreed by the *Commonwealth*.

## 2. Clause 4.2.2 a) – Emergency food, clothing or temporary accommodation

- a) **Intent of the measure:** This measure is intended to help individuals who have been directly affected by an *eligible disaster* and are unable to meet their immediate emergency needs.
- b) **Types of eligible assistance:** Under this measure, the *state* can claim costs associated with providing the following basic emergency assistance:
- water – for example, providing bottled water and beverages at an evacuation centre
  - food – for example, food drops to isolated individuals and food provided at an evacuation centre
  - clothing – for example, providing basic emergency clothing
  - emergency accommodation/shelter – for example, providing short-term accommodation at an evacuation centre or through a service provider, such as a hotel
  - transportation for individuals who need to travel to emergency accommodation – for example, providing travel vouchers or arranging in-kind transportation for individuals
  - personal items – for example, providing basic medical supplies and medication.

- c) **Delivery methods:** The above assistance measures may be provided through the following delivery methods:
- cash payments – for example, payments provided by the *state* directly to an individual, either in the form of cash or as a direct deposit into a bank account
  - vouchers – for example, vouchers for food, accommodation and travel, or
  - in-kind – for example, providing water, food and blankets to displaced individuals at an evacuation centre or to isolated individuals via food drops.
- d) **Associated costs:** The *state* can claim costs that are directly associated with delivering the above assistance measures, including:
- engaging additional temporary personnel – for example, short-term contractors to assist with providing cash payments (grants) or communications and engagement activities
  - engaging service providers – for example, a private accommodation provider (such as a hotel) to provide emergency accommodation
  - transportation costs – for example, bus hire and fuel costs associated with transporting displaced individuals to temporary accommodation or charter flight costs to supply emergency food to isolated communities

- operational costs – for example, establishing and operating evacuation and recovery centres, including rental charges and power costs for the period a building is operating as an evacuation centre. This also includes establishing facilities for companion animals. It could also include establishing a temporary 'tent city' to accommodate displaced individuals and certain staffing costs.

NOTE: See definition of *state expenditure* for further information in regard to eligible staffing costs.



### 3. Clause 4.2.2 b) – Repair or replacement of essential items of furniture and personal effects

a) **Intent of the measure:** This measure is intended to help individuals, whose homes have been directly affected by an *eligible disaster*, to maintain a basic standard of living by assisting with the replacement of essential household items.

This measure is only intended for individuals who have no means of funding the replacement of basic essential household items themselves. As such, states may wish to apply appropriate eligibility criteria (including means and/or asset testing) to determine whether this assistance should be provided.

In order to claim reimbursement of the costs associated with this measure, the *state must* be able to demonstrate the following:

- the applicant's home has been affected by the *eligible disaster* (i.e. the applicant's principal place of residence is located within the disaster affected area)
- costs relate to the repair or replacement of eligible essential household items (i.e. that the household items being claimed were damaged by the *eligible disaster*), and
- the applicant has utilised any available insurance arrangements prior to seeking assistance.

Refer to clause 10.4 for further information in relation to minimum evidentiary requirements.

b) **Types of eligible assistance:** Under this measure, the *state* can claim the costs associated with repairing or replacing the following basic household items:

- cooking utensils – for example, cutlery, pots, pans and microwave oven
- bedding – for example, mattresses, sheets, blankets and pillows
- furniture – for example, beds, chairs and tables
- whitegoods – for example, kettle, refrigerator, freezer, washing machine, stove and vacuum cleaner.

c) **Delivery methods:** The assistance available under this measure may be provided through the following delivery methods:

- cash payments – for example, payments provided by the *state* directly to an individual, either in the form of cash or as a direct deposit into a bank account
- vouchers – for example, vouchers for repairs or the replacement of the above household items, or
- in-kind – for example, by providing the above household items directly to eligible applicants.

d) **Associated costs:** The *state* can claim costs which are directly associated with delivering the above assistance, including:

- engaging additional temporary personnel – for example, short-term contractors to assist with assessing applicants and providing payments (grants) or vouchers
- transportation costs – for example, delivery van hire and fuel costs associated with transporting essential household items to eligible applicants
- operational costs – for example, shopfront hire and power costs for the period which in-kind essential household items are being made available to affected individuals.

NOTE: See definition of *state expenditure* for further information in regard to eligible staffing costs.

#### 4. Clause 4.2.2 c) – Essential repairs to housing, including temporary repairs and repairs necessary to restore housing to a habitable condition

a) **Intent of the measure:** This measure is intended to help individuals, whose homes have been directly damaged by an *eligible disaster*, to undertake essential repairs to their homes to make them *safe, habitable* and *secure*.

This measure is only intended for individuals who have no means of funding essential housing repairs themselves.

As such, *states* may wish to apply appropriate eligibility criteria (including means and/or asset testing) to determine whether this assistance should be provided.

In order to claim reimbursement of the costs associated with this measure, the *state must* be able to demonstrate the following:

- the damage to the applicant's home was as a direct result of the *eligible disaster*
- costs relate to eligible repairs (i.e. that the repairs are associated with direct damage from the *eligible disaster* and are necessary to make the home *safe, habitable* and *secure*), and
- the applicant has utilised any available insurance arrangements prior to seeking assistance.

Refer to clause 10.4 for further information in relation to minimum evidentiary requirements.

b) **Types of eligible assistance:** Under this measure, the *state* can claim the costs associated with the following essential repairs to make housing *safe, habitable* and *secure*:

- safety inspections – for example, structural integrity and essential services safety checks
- temporary repairs – for example, tarping damaged roofs and covering broken windows
- permanent structural repairs – for example, roof repairs, repairing structural supports and replacing broken windows
- reconnecting essential household services – for example, repairs to water, gas, electricity and sewerage connections.

c) **Delivery methods:** The above assistance measures may be provided through the following delivery methods:

- cash payments – for example, payments provided by the *state* directly to an individual, either in the form of cash or as a direct deposit into a bank account
- vouchers – for example, vouchers provided by the *state* directly to an individual for essential repairs to housing, or
- in-kind – for example, temporary repairs undertaken by the *state* or by a private contractor engaged by the *state*.

d) **Associated costs:** The *state* can claim costs which are directly associated with delivering the above assistance, including:

- engaging additional temporary personnel – for example, short-term contractors to assist with assessing applicants and providing payments (grants)
- engaging service providers – for example, a private company to undertake safety checks and repair works
- operational costs – for example, consumable costs (such as tarps, ropes, chains and fuel), transportation costs, vehicle and equipment repairs and servicing and certain staffing costs.

NOTE: See definition of *state expenditure* for further information in regard to eligible staffing costs.

## 5. Clause 4.2.2 d) – Demolition or rebuilding to restore housing to a habitable condition

- a) **Intent of the measure:** This measure is intended to help individuals, whose homes have been destroyed or significantly damaged by an *eligible disaster*, with demolition and rebuilding activities so that they can restore their homes to a safe, *habitable* and secure condition.

This measure is only intended for individuals who have no means of funding the demolition and rebuilding activities themselves. As such, *states* may wish to apply appropriate eligibility criteria (including means and/or asset testing) to determine whether this assistance should be provided.

In order to claim reimbursement of the costs associated with this measure, the *state* must be able to demonstrate the following:

- the applicant is the owner of the home and it is their principal place of residence
- the damage to the applicant's home was directly from the impacts of the *eligible disaster*
- the applicant is intending to rebuild their home in the same location
- costs relate to eligible demolition or rebuilding activities (i.e. that the demolition or rebuilding activities are associated with damage from the *eligible disaster* and are necessary to restore housing to a safe, *habitable* and secure condition), and

- the applicant has utilised any available insurance arrangements prior to seeking assistance.

Refer to clause 10.4 for further information in relation to minimum evidentiary requirements.

- b) **Types of eligible assistance:** Under this measure, the *state* can claim the costs associated with undertaking the following activities:

- demolition of the residential property
- removal of disaster damaged related building materials and debris
- preparing the residential block for the purpose of rebuilding
- rebuilding of the residential home, that is beyond repair and has been demolished, to a condition equivalent to the pre-disaster standard of the damaged home (i.e. to the same size and utility).

- c) **Delivery methods:** The above assistance measures may be provided through the following delivery methods:

- cash payments – for example, payments provided by the *state* directly to an individual, either in the form of cash or as a direct deposit into a bank account
- vouchers – for example, vouchers provided by the *state* or a local government to households so that households can undertake demolition (where they are beyond repair) and rebuilding (where damage is not beyond repair) activities, or
- in-kind – for example, if the *state* engages a private contractor to undertake demolition or rebuilding activities.

- d) **Associated costs:** The *state* can claim costs which are directly associated with delivering the above assistance, including:

- engaging additional temporary personnel – for example, short-term contractors to assist with assessing applicants and providing payments (grants)
- engaging service providers – for example, a private company to undertake demolition and rebuilding activities
- demolition or rebuilding related debris removal costs – for example:
  - transportation and disposal costs
  - operations to remove hazardous waste (such as asbestos)
  - establishment of temporary dump sites to accommodate debris removal from homes (including establishment, operation and decommissioning costs).

NOTE: See definition of *state expenditure* for further information in regard to eligible staffing costs.

## 6. Clause 4.2.2 e) – Removal of debris from residential properties to make them safe and habitable

- a) **Intent of the measure:** This measure is intended to help individuals with the removal of disaster related debris from their home to make it safe and *habitable*, and therefore preventing displacement. This measure is not intended to cover non-essential debris removal activities occurring beyond the immediate vicinity of a residential property (i.e. the residential block).
- b) **Types of eligible assistance:** Under this measure, the *state* can claim the costs associated with the following debris removal activities from residential properties:
- clean-up activities inside and immediately outside a home
  - removal of fallen trees and green waste
  - removal of flood related debris (such as mud, damaged furniture and whitegoods)
  - removal of trees which have become dangerous as a direct result of the *eligible disaster*
  - removal and disposal of spoiled perishable food
  - removal of hazardous material (such as asbestos) which has been exposed as a direct result of the *eligible disaster*.
- [If, as a direct result of the *eligible disaster*, hazardous material that is located immediately beyond

the residential block is causing potential health and safety risks for the resident(s) it is also eligible to be removed]

- removal of disaster damaged related building material debris (such as tiles, bricks and broken glass)
  - removal of septic waste
  - clearing blocked drains, guttering and downpipes.
- c) **Delivery methods:** The assistance available under this measure may be provided through the following delivery methods:
- cash payments – for example, payments provided by the *state* directly to an individual, either in the form of cash or as a direct deposit into a bank account
  - vouchers – for example, vouchers provided by the *state* or a local government to households so that households can dispose of disaster related debris at a dumpsite, or
  - in-kind – for example, debris removal activities being undertaken by a local government or by a private contractor engaged by the *state*.

- d) **Associated costs:** The *state* can claim costs which are directly associated with delivering the above assistance, including:
- engaging service providers – for example, a private company to undertake debris removal activities
  - debris removal costs – for example:
    - transportation and disposal costs
    - operations to remove hazardous waste (such as asbestos)
    - establishment of temporary dump sites to accommodate debris removal from the home (including establishment, operation and decommissioning costs)
  - hiring additional specialised cleaning machinery (including hire, transport and operation/running costs) – for example, pressure hoses
  - replacement of consumable items – for example, chainsaw chains and fuel
  - certain staffing costs – for example, overtime and allowances waived (foregone) revenue – for example, if a local council allows households to dispose of disaster related debris free of cost as a council owned dumpsite.

NOTE: See definition of *state expenditure* for further information in regard to eligible staffing costs.

## 7. Clause 4.2.2 f) – Extraordinary counter disaster operations for the benefit of an affected individual

a) **Intent of the measure:** This measure is intended to provide assistance to individuals who are under threat from, or who have been directly affected by, an *eligible disaster*. In order to claim reimbursement of the costs associated with this measure, the *state* must be able to demonstrate that the costs are 'extraordinary' in accordance with the following advice:

### 'Extraordinary' CDO costs

The method in which a *state* determines normal funding allocations for counter disaster operations (CDO) activities is a matter for the *state*. However, to claim costs associated with Category A CDO, a *state* must be able to demonstrate that the costs:

- exceed the costs which a *state* could reasonably have expected to incur for these purposes (for example, 'extraordinary' CDO costs may be demonstrated by a *state* disaster response agency seeking supplementary funding, over and above normal funding allocations, through *state* budget processes or if a local government is required to engage additional personnel to undertake eligible CDO activities), and
- relate to eligible CDO activities.

b) **Types of eligible assistance:** Under this measure, the *state* can claim the 'extraordinary' costs associated with the following CDO assistance directly to an individual:

- search and rescue operations
  - evacuation of threatened/affected people (including companion animals)
  - sandbagging and/or the construction of portable temporary levees/flood barriers to prevent inundation of residential properties
  - bushfire response activities to directly assist an individual
  - tree bracing to protect damage to residential properties
  - rapid damage assessments on residential properties
  - residential water safety testing
  - cleaning and refilling residential potable water systems
  - cleaning and refilling residential septic tanks to make them operational
  - establishment of temporary access routes to allow individuals to return home, and
  - establishment of temporary access routes required to undertake the above activities.
- c) **Delivery methods:** The assistance available under this measure may be provided through the following delivery methods:
- cash payments – for example, payments provided by the *state* directly to an individual, either in the form of cash or as a direct deposit into a bank account
  - vouchers – for example, vouchers provided by the *state* or a local government to individuals so that they can have their water tested, or
  - in-kind – for example, CDO activities being undertaken by a *state* agency, a local government or a private contractor engaged by the *state*.

- d) **Associated costs:** The *state* can claim costs which are directly associated with delivering the above assistance, including:
- engaging service providers—for example, a private company to undertake tree bracing activities
  - non-capital expenses incurred while undertaking eligible CDO activities including tarpaulins, ropes, chainsaw chains, fuel and fire retardant
  - transportation of labour, equipment and materials to perform eligible CDO activities
  - hire of additional plant and equipment, other than aerial firefighting aircraft
  - vehicle or equipment repairs and additional servicing required as a direct consequence of an eligible CDO activity
  - staffing costs, including for volunteers and interstate personnel
  - restoring assets directly damaged during eligible CDO activities—for example, repairing fencing that was damaged when establishing bushfire containment lines
  - resupply of water on residential properties that have been used for eligible firefighting activities, and
  - cleaning up debris which resulted from an eligible CDO activity.

NOTE: See definition of *state expenditure* for further information in regard to eligible staffing costs.



See [Guideline 2 – Counter disaster operations](#) for further information.

## 8. Clause 4.2.2 g) – Personal and financial counselling

- a) **Intent of measure:** This measure is intended to help individuals who are suffering personal hardship and distress as a direct result of an *eligible disaster* by providing them with personal and financial counselling in the immediate aftermath of the *eligible disaster*.
- b) **Types of eligible assistance:** Under this measure, the *state* can claim the costs associated with the following activities:
- assessing the financial, personal, emotional and psychological needs of disaster affected individuals and families
  - offering specialised individual or group counselling services to those suffering the effects of the *eligible disaster*
  - providing information about the range of assistance measures available to disaster affected individuals and liaising with disaster assistance delivery agencies
  - undertaking outreach strategies to provide *eligible measures* in remote and regional disaster affected communities
  - assisting with disaster related claims to insurance companies
  - providing referrals to specialist financial, legal and psychological services regarding disaster and non-disaster related matters.

NOTE: Personal and financial counselling assistance *must* have a direct disaster recovery focus to be considered eligible under these *arrangements*.

- c) **Delivery methods:** The above assistance measures may be provided through the following delivery methods:
- cash payments – for example, payments provided by the *state* directly to an individual, either in the form of cash or as a direct deposit into a bank account
  - vouchers – for example, vouchers to attend counselling services, or
  - in-kind – for example, counselling services provided by the *state agency* (such as through the *state* department of human services or an equivalent agency) or by a private service provider engaged by the *state*.
- d) **Associated eligible costs:** The *state* can claim costs which are directly associated with delivering the above assistance, including:
- engaging additional temporary personnel – for example:
    - short-term contractors to assist with assessing applicants and providing payments (grants) or vouchers
    - contract counsellors to provide counselling to affected individuals
  - engaging service providers – for example, a specialist counselling organisation
  - transportation costs – for example, car hire, fuel and accommodation for counsellors undertaking outreach

- publication/printing costs associated with providing disaster specific counselling information to affected individuals
- certain staffing costs – for example, overtime and allowances for *state* employed counsellors.

NOTE: See definition of *state expenditure* for further information in regard to eligible staffing costs.



See [Guideline 2 – Counter disaster operations](#) for further information.

## 9. Clause 4.2.2 h) – The employment of a Community Recovery Officer

- a) **Intent of measure:** This measure is intended to assist and improve the *state's* recovery effort when the impacts and circumstances of an *eligible disaster* are of such a nature and scale that they warrant the administration of emergency assistance for individuals and families under clause 4.2.2 a), b) and c).

The role of a *Community Recovery Officer* will include the identification of the specific recovery needs of affected individuals and families, and to assist the *state* in seeking additional assistance that may be required under these *arrangements* to support impacted communities.

The *state* can employ one twelve month full-time equivalent *Community Recovery Officer* per *eligible disaster* within the time limit to claim Category A expenditure of 24 months after the end of the financial year in which the relevant *eligible disaster* occurred.

The *state* is responsible for managing the twelve month full-time equivalent engagement – for example, the *state* can decide to employ two 1.0 FTE *Community Recovery Officers* for six months each, or three 1.0 FTE *Community Recovery Officers* for four months each, or one 0.5 FTE *Community Recovery Officer* for two years – provided the expenditure

claimed for this measure equals one twelve month full-time equivalent engagement.

- b) **Types of eligible costs:** Under this measure, eligible costs for the engagement of a *Community Recovery Officer* include:
- employment costs for contractors or temporary (fixed-term) employees engaged as a *Community Recovery Officer*, and
  - other temporary costs for contractors or temporary (fixed-term) employees engaged as a *Community Recovery Officer*, such as setting up a temporary office (for example, short-term leasing costs for the temporary office); vehicle hire; travel expenses, allowances and accommodation.
- c) **Types of ineligible costs:** Under this measure, ineligible costs would include those associated with *Community Recovery Officer/s* utilising existing state and/or local government assets such as accommodation, vehicles, and other administrative costs for which the *state* and/or local government would have been liable for had the *eligible disaster* not occurred.



[Community Recovery Officer  
Fact Sheet](#)





# Schedule B

## Independent Technical Review



# SCHEDULE B – INDEPENDENT TECHNICAL REVIEW

## Overview

For some essential public asset repairs, an Independent Technical Review is required.

This schedule provides a detailed overview of the requirements.

If you believe your project requires an Independent Technical Review, please contact the [DFES Disaster Recovery Funding Officers](#) to discuss.

## 1. Application

1.1 *Independent Technical Review* of claims made under these *arrangements* for the *reconstruction of essential public assets* is required in the following circumstances:

Application One	The <i>estimated reconstruction cost</i> for the <i>project</i> is \$25 million or more.
Application Two	Where an alternative <i>reconstruction project</i> solution is preferred and there is a variance between the <i>estimated reconstruction cost</i> for the original <i>project</i> and the preferred <i>reconstruction project</i> solution that is: <ul style="list-style-type: none"><li>• more than 50 per cent lower than the <i>estimated reconstruction cost</i> of the original <i>project</i>, and</li><li>• between \$5 million and \$25 million.</li></ul>
Application Three	Where <i>special circumstances</i> are encountered which give rise to a variance in the <i>estimated reconstruction cost</i> for the <i>project</i> that is: <ul style="list-style-type: none"><li>• greater than 15 per cent of the <i>estimated reconstruction cost</i> of the original <i>project</i>, and</li><li>• greater than \$1 million.</li></ul>
Application Four	The <i>Commonwealth</i> , on receiving the <i>estimated reconstruction cost</i> for a <i>project</i> from a <i>state</i> within its financial year claim, elects to have it reviewed.

1.2 *States* must identify when an *Independent Technical Review* is required and identify whether it is under Application One, Two or Three.

## 2 Application One

2.1 Where the *estimated reconstruction cost* for the reconstruction of an *essential public asset project* is \$25 million or more.

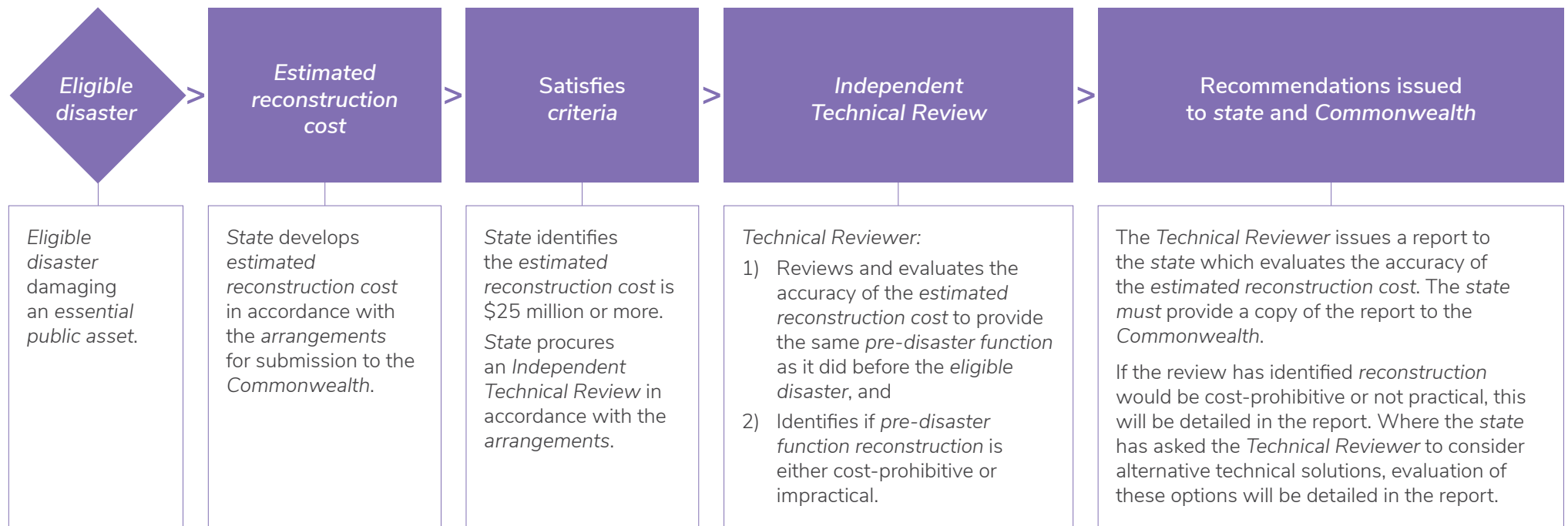
### Role of the Technical Reviewer

2.2 The *Technical Reviewer* will:

- review and evaluate the accuracy of the *estimated reconstruction cost* to provide the same *pre-disaster function* to the *community* as it did before the *eligible disaster*, and
- identify if *pre-disaster function reconstruction* is either cost-prohibitive or impractical.

### Process

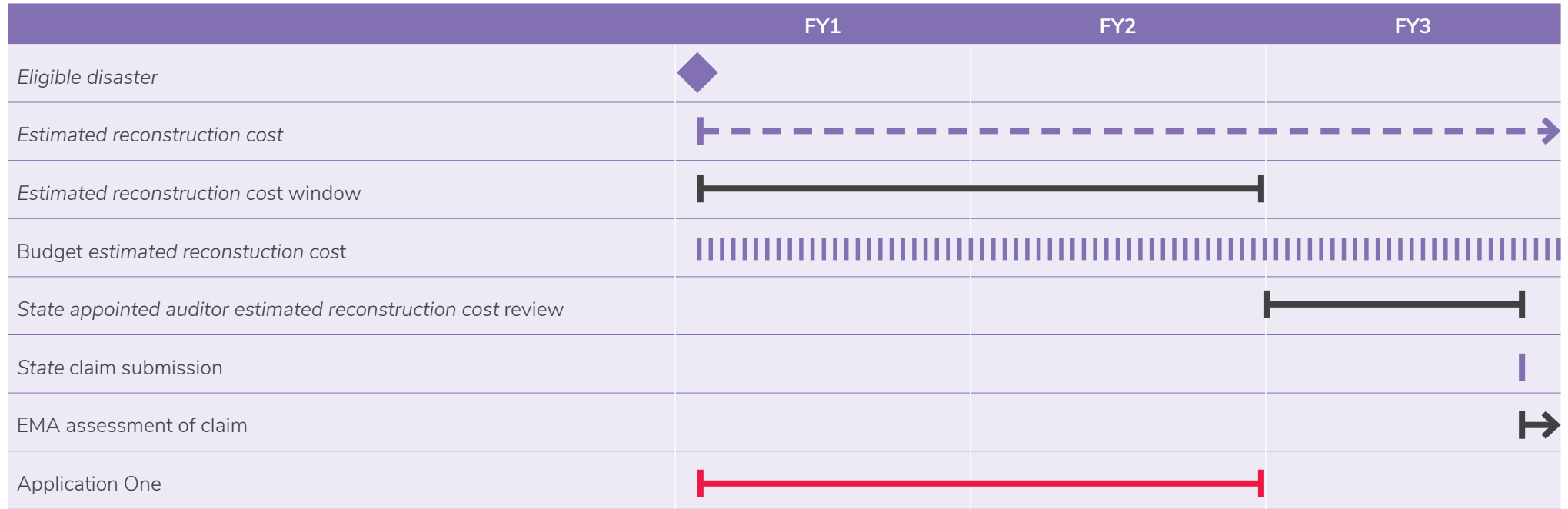
2.3 Figure 1 demonstrates the process that would be followed for Application One.



**Figure 1:** Application One Process

## Timing

2.4 Figure 2 demonstrates the timeline for Application One.



**Figure 2:** Timeline for Application One

2.5 Application One will occur during the development of *estimated reconstruction cost* (shown in red in Figure 2).

2.6 The state must provide the *Commonwealth* with a copy of the *Technical Reviewer’s* report with the state’s claim pack.

## Recommendations

2.7 The Report of the *Technical Reviewer* must:

- a) provide a conclusion on the review and evaluation of the accuracy of the estimated reconstruction cost of pre-disaster function reconstruction of the essential public asset, and
- b) identify if pre-disaster function reconstruction of the essential public asset is cost prohibitive or not practical.

### 3 Application Two

3.1 Where an alternative *reconstruction project* solution is preferred and there is a variance between the *estimated reconstruction cost* for the original project and the preferred reconstruction project solution that is:

- more than 50 per cent lower than the *estimated reconstruction cost* of the original project, and
- between \$5 million and \$25 million.

#### Role of the Technical Reviewer

3.2 The *Technical Reviewer* will:

- review and evaluate the accuracy of the *estimated reconstruction cost* of *pre-disaster function reconstruction*
- review and evaluate the accuracy of the *estimated reconstruction cost* of an alternative solution for *reconstruction*, and
- review and evaluate the rationale for the alternative *reconstruction project* solution for *reconstruction* of the *essential public asset*.

#### Process

3.3 Figure 3 demonstrates the process that would be followed for Application Two.

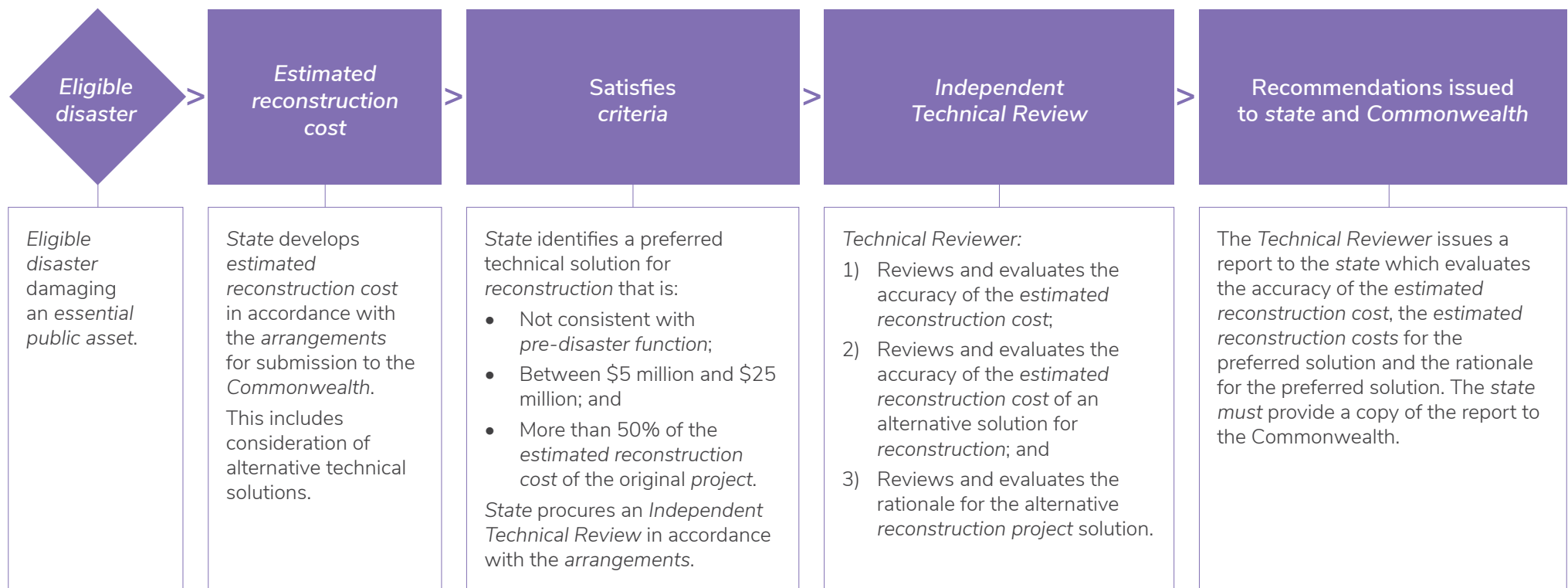
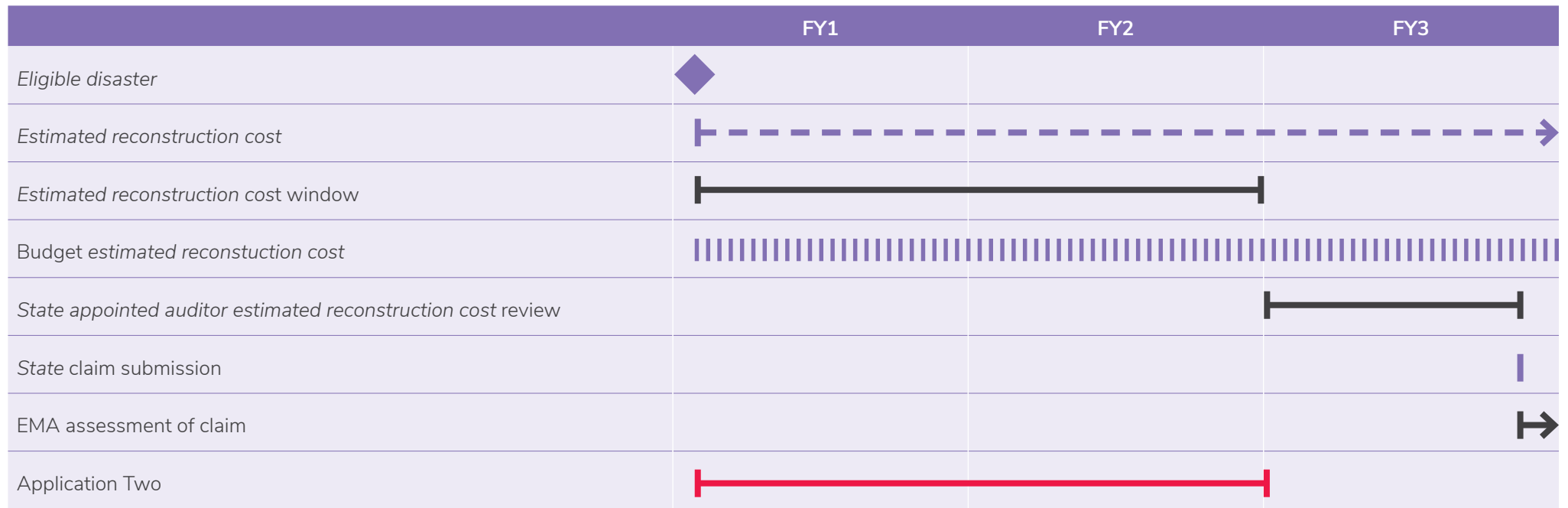


Figure 3: Application Two Process

## Timing

3.4 Figure 4 demonstrates the timeline for Application Two.



**Figure 4:** Timeline for Application Two

3.5 Application Two will occur during the development of *estimated reconstruction cost* (shown in red in Figure 4).

3.6 The state must provide the Commonwealth with a copy of the *Technical Reviewer's* report with the state's audited claim as prescribed in the *claim pack*.

## Recommendations

3.7 The report of the *Technical Reviewer* must:

- confirm the accuracy of the *estimated reconstruction cost* of pre-disaster function reconstruction of the essential public asset
- confirm the accuracy of the *estimated reconstruction cost* of the alternative technical solution for reconstruction of the essential public asset, and
- confirm the rationale for the alternative technical solution for reconstruction of the essential public asset.

## 4 Application Three

4.1 A *Technical Reviewer* may be engaged to review the amendment of an established estimated reconstruction cost of the *project* if:

- one or more *special circumstances* apply (see Table 1), and
- the *estimated reconstruction cost* of the original *project* has varied by greater than 15 per cent, and
- the *estimated reconstruction cost* of the original *project* has increased by greater than \$1 million.

May be considered	Will not be considered
<ul style="list-style-type: none"> <li>• Geotechnical conditions that could not reasonably have been foreseen or investigated in the design period.</li> <li>• Previously unidentified indigenous or cultural heritage discoveries</li> <li>• Previously unidentified heritage discoveries</li> <li>• Delays caused by subsequent <i>eligible disaster</i> events</li> <li>• Environmental conditions that could not have reasonably been foreseen (for example, threatened species discovery)</li> <li>• Safety threats that could not reasonably have been foreseen (for example, asbestos discovery)</li> <li>• Critical reduction in water availability that could not reasonably have been foreseen or investigated in the design period</li> </ul>	<ul style="list-style-type: none"> <li>• Poor/inadequate planning or <i>project</i> management</li> <li>• Poor/inadequate resourcing and materials</li> <li>• Land access or property acquisition delays</li> <li>• Consultation delays (for example, with the community or a specialist advisor)</li> <li>• Complexity in design/construction</li> <li>• Changes in building standards, codes or specifications</li> <li>• Industrial conditions/actions</li> <li>• Seasonal changes/inclement weather</li> <li>• Council or other local government/jurisdiction decisions or delays</li> <li>• Heritage listings</li> <li>• Changes to the cost of materials</li> </ul>

**Table 1:** *Special Circumstances*

### Role of the Technical Reviewer

4.2 The *Technical Reviewer* will:

- review and evaluate the accuracy of the *estimated reconstruction cost* of *pre-disaster function reconstruction*
- review and evaluate the accuracy of the amended *estimated reconstruction cost*
- review and evaluate the amended *reconstruction project* solution is directly attributable to the *special circumstances*, and
- identify if *pre-disaster function reconstruction* is now cost-prohibitive or impractical.

## Process

4.3 Figure 5 demonstrates the process that would be followed for Application Three.

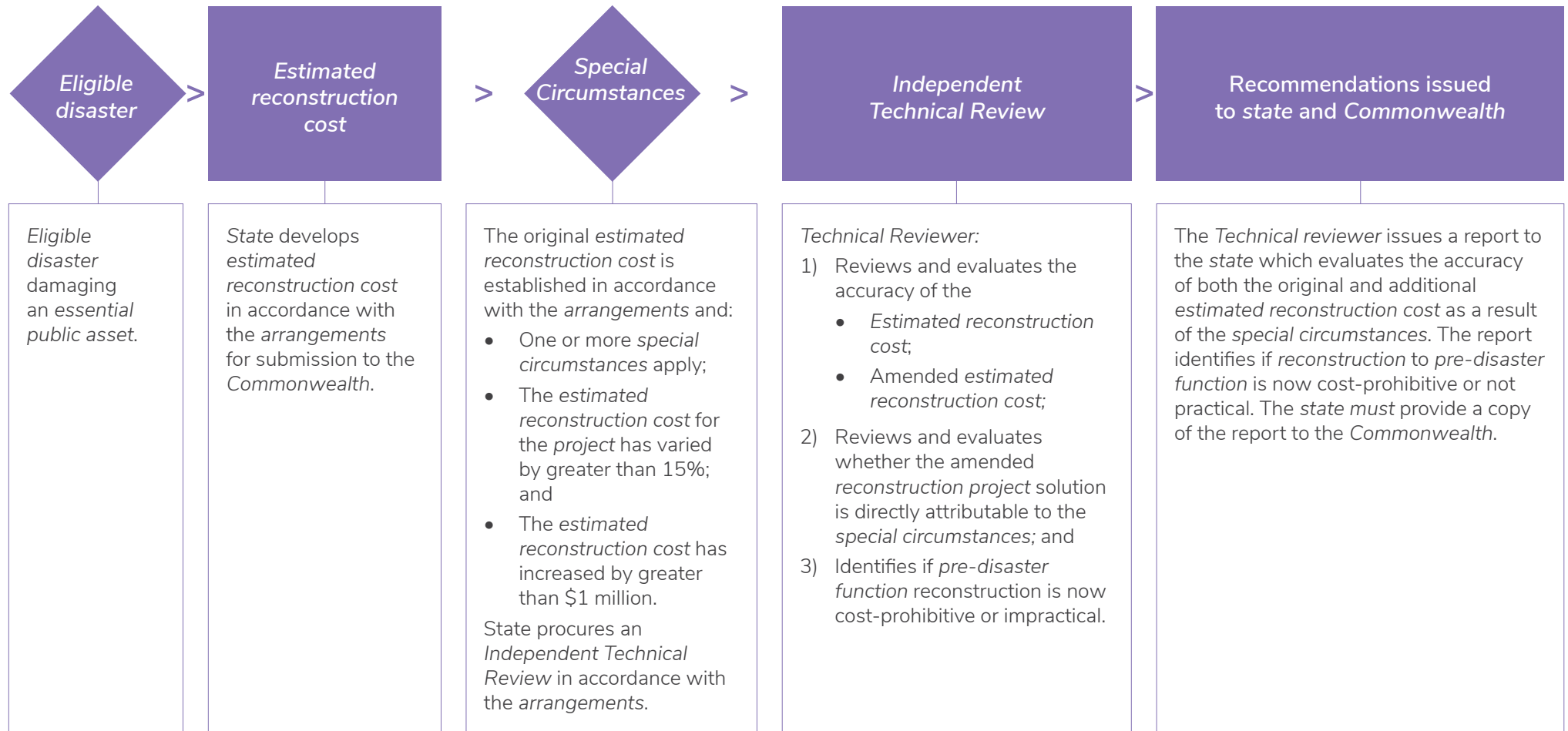
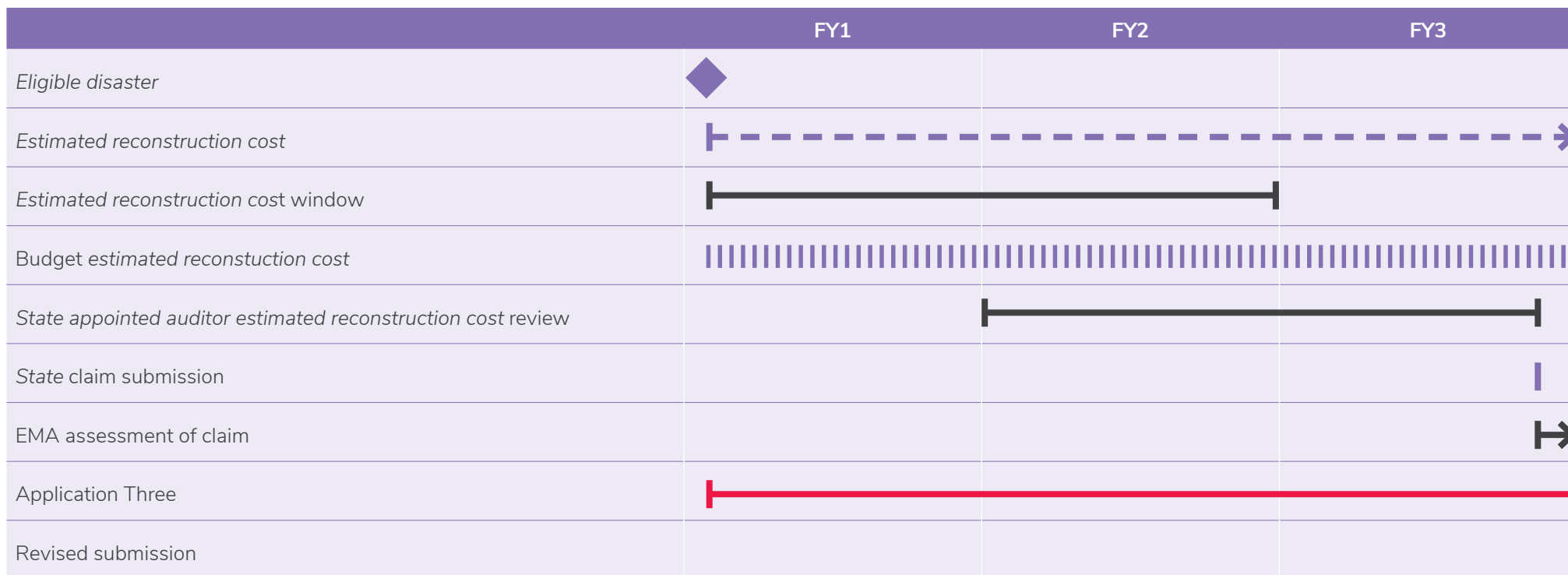


Figure 5: Application Three Process

## Timing

4.4 Figure 6 demonstrates the timeline for Application Three.



**Figure 6:** Timeline for Application Three

4.5 Application Three will occur following the development of an amended *estimated reconstruction cost* for a *project*. A *special circumstances* time limit of 24 months from the end of the financial year in which the relevant *eligible disaster* occurred will apply. For claims due to *special circumstances*, the *estimated reconstruction cost* must be submitted to the *Commonwealth* within the *special circumstances time limit*. (shown in red in Figure 6).

4.6 The *state* must provide the *Commonwealth* with a copy of the *Technical Reviewer's* report as soon as reasonably practicable following the completion of the review.

### Recommendations

4.7 The Report of the *Technical Reviewer* must:

- provide a conclusion on the review and evaluation of the accuracy of the *estimated reconstruction cost* of *pre-disaster function reconstruction* of the *essential public asset*
- confirm the accuracy of the amended *estimated reconstruction cost*, comprising additional costs resulting from a *special circumstance*
- confirm any additional costs are directly attributable to the *special circumstance*, and
- identify if *pre-disaster function reconstruction* of the *essential public asset* is cost-prohibitive or not practical.



## 5 Application Four

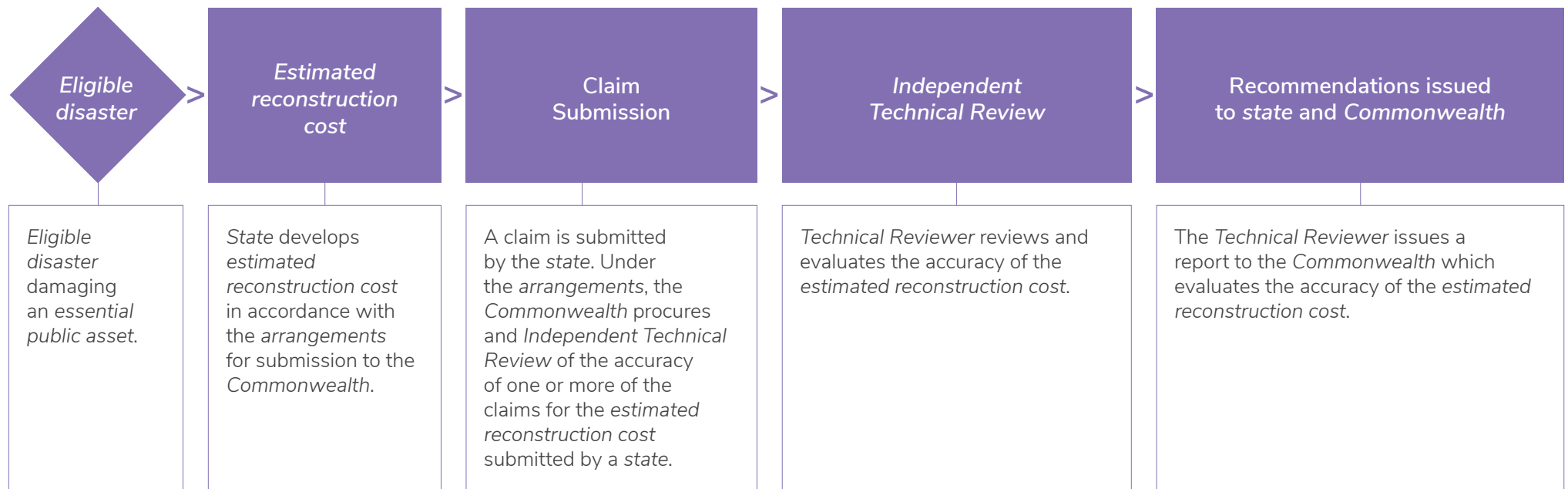
5.1 The *Commonwealth*, on receiving an *estimated reconstruction cost* for a *project* from a *state* within its financial year audited claim, elects to have it reviewed.

### Role of the Technical Reviewer

5.2 Review and evaluate the accuracy of the *estimated reconstruction cost* of *pre-disaster function reconstruction* of a *project*.

### Process

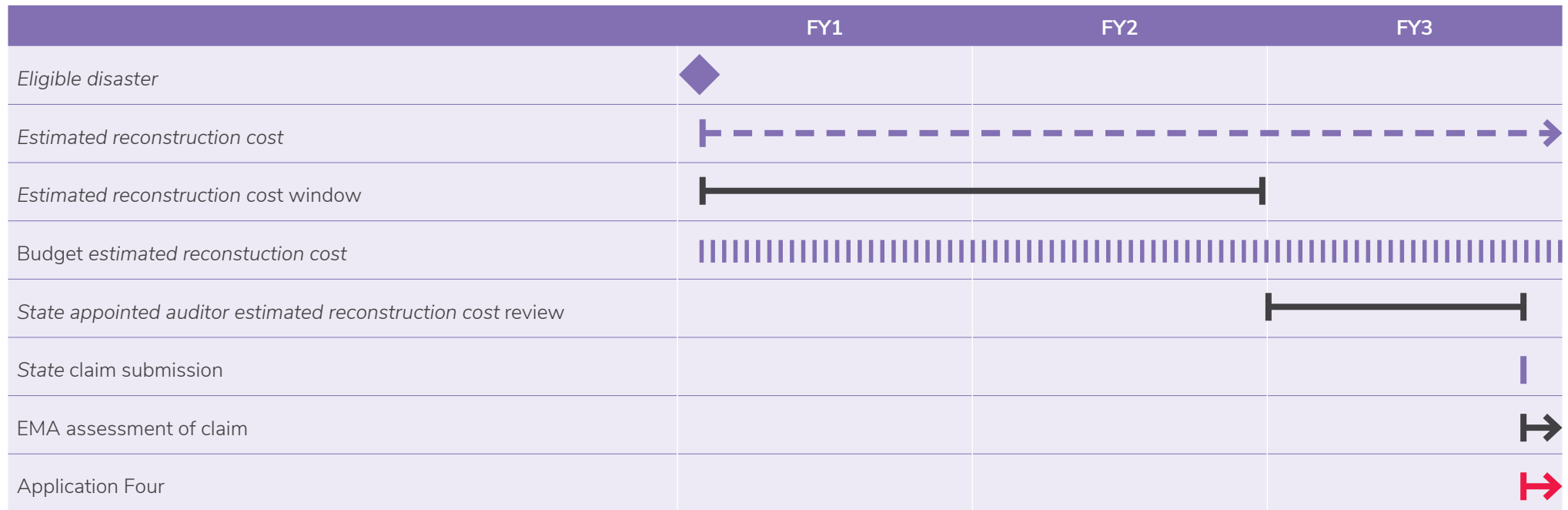
5.3 Figure 7 demonstrates the process that would be followed for Application Four.



**Figure 7:** Application Four Process

## Timing

5.4 Figure 8 demonstrates the timeline for Application Four.



**Figure 8:** Timeline for Application Four

5.5 Application Four will be initiated once an audited claim has been submitted by the state (shown in red in Figure 8).

## Recommendations

5.6 The Report of the *Technical Reviewer must*:

- a) provide a conclusion on the review and evaluation of the accuracy of the *estimated reconstruction cost of pre-disaster function reconstruction of the essential public asset*.

## 6. Criteria for Technical Reviewer

- 6.1 The *Technical Reviewer* will be required to provide an opinion of probable *reconstruction cost* (estimate), together with relevant technical advice.
- 6.2 A *Technical Reviewer* must:
- a) be a suitably qualified professional with the appropriate level of expertise and experience
  - b) demonstrate ability to resource the required services so as not to delay the submission of *estimated reconstruction cost*
  - c) be able to provide independent, without conflict, advice to both the *state* and *Commonwealth*
  - d) be independent of the delivery agent, and
  - e) have the report verified and signed by an engineer or quantity surveyor with the appropriate level of expertise and experience
- 6.3 A *state* agency may be able to perform an *Independent Technical Review* providing they meet the above criteria.

## 7. Administration

### Notifications

#### Applications One – Three

- 7.1 The *state* must notify the *Commonwealth* in writing of the use of a *Technical Reviewer* for an *Independent Technical Review* within five (5) business days of engagement of the *Technical Reviewer*.
- 7.2 The notification *must* include the following information:
- a) the agency responsible for delivery of the *essential public asset reconstruction works*
  - b) the *reconstruction project* to be undertaken
  - c) the application under which the *Technical Reviewer* will review (Application One, Two or Three), and
  - d) the *Technical Reviewer* undertaking the review.

#### Application Four

- 7.3 The *Commonwealth* will notify the *state* in writing of the use of a *Technical Reviewer* within five (5) business days following which the *state* will have 10 business days in which to collate the required documentation (as listed below).

## 8. Evidence

- 8.1 The following evidence for the *reconstruction project* *must* be provided to a *Technical Reviewer*:
- a) damage assessment
  - b) *estimated reconstruction cost*
  - c) preliminary design (if applicable)
  - d) (Application Three only) demonstration of *special circumstances* (including geotechnical, cultural heritage, environmental and safety reports).

## 9. Report Format

9.1 The *Technical Reviewer* must provide a report that includes:

- a) cover sheet (see template provided at Appendix A)
- b) analysis – the report *must* include an analysis of the evidence provided in support of the estimate(s)
- c) findings – the report *must* include discussion in respect of the evidence provided and how it supports the estimate(s), and
- d) recommendations.

## 10. Sign off

10.1 The report *must* be signed by an engineer with the appropriate level of expertise and experience, and include a statement in respect of the *Technical Reviewer's* independence (see Cover Sheet template provided at Appendix A).

## 11. Costs

11.1 *States* will bear the cost of procuring an *Independent Technical Review* under Applications One, Two and Three. *States* will be able to claim those costs as an *eligible measure* under these *arrangements*.

11.2 The *Commonwealth* will bear all costs associated with an *Independent Technical Review* procured under Application Four.

## 12. Conflicting reports

12.1 Where the *Technical Reviewer's* report is inconsistent with a *state's* submitted *estimated reconstruction cost*, the report from the *Technical Reviewer* will prevail.

12.2 Where the *Commonwealth's Technical Reviewer's* report is inconsistent with the *state's Technical Reviewer's* report, both *Technical Reviewers* may be requested to hold a conference for the purpose of resolving the discrepancies in their findings.

12.3 Where the *Technical Reviewers* cannot reach agreement, the *Commonwealth* will exercise discretion and may adopt the recommendations from the report with the lowest value *estimated reconstruction cost*.

## Appendix A – Technical Reviewer Report

Technical Reviewer Report			
AGRN		State Project ID No.	
Asset Category		Asset Type	
Location		Region	
Date of Estimate		Submitted estimated reconstruction cost	

Project Description

---

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### Independence Statement

This report was prepared on account of a request from *[Insert Name]*. In preparing this report *[Technical Reviewer]* has acted independently and in a strictly professional manner. Recommendations made in this report represent the independent, professional view of *[Technical Reviewer]*.

---

Signed:

---

Date:

---



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# Appendix B – Technical Reviewer Checklist

Technical Reviewer Evidence Checklist			
AGRN		State Project ID No.	
Asset Category		Asset Type	
Location		Region	
Date of Estimate		Submitted estimated reconstruction cost	

The following evidence is attached:

- Damage assessment of relevant *essential public asset(s)*, prepared in accordance with these *arrangements*.

---

- Estimated reconstruction cost* of relevant *essential public asset(s)*, prepared in accordance with these *arrangements*.

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- Relevant design documentation and any relevant site investigation reports.

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- Detail of *special circumstances* with supporting evidence for why the circumstance could not reasonably have been predicted. **[Application Three only]**

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If any of the required evidence was not provided, indicate why it is not applicable:

---



---



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Date:

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## Appendix C – Brief for Technical Reviewer

Brief for Technical Reviewer			
AGRN		State Project ID No.	
Asset Category		Asset Type	
Location		Region	
Date of estimated reconstruction cost		Submitted estimated reconstruction cost	

Independent Technical Review Application: [Insert Application 1 / Application 2 / Application 3 / Application 4]

[Insert description of Application]

**Technical Reviewer:** [Insert Name]

You have been engaged to independently review the *estimated reconstruction cost* of a *project* for the *reconstruction* of damaged *essential public asset(s)*, in accordance with the processes set out in these *arrangements*.

**[If Technical Reviewer is engaged to sign off on report – Delete if not applicable]**

It is expected that you will review and sign off on the report setting out the *estimated reconstruction cost* of a *project* for the *reconstruction* of damaged *essential public asset(s)* which:

- Reviews and evaluates the accuracy of the *estimated reconstruction cost* of *pre-disaster function reconstruction*.
- Identifies if *pre-disaster function reconstruction* is either cost-prohibitive or not practical.

**[If Technical Reviewer is engaged to prepare a report – Delete if not applicable]**

It is expected that you will prepare a report which:

- Reviews and evaluates the accuracy of *estimated reconstruction cost* of *pre-disaster function reconstruction*.
- Identifies if *pre-disaster function reconstruction* is either cost-prohibitive or not practical.

**[Application Three only – Delete if not applicable]**

- Reviews and evaluates the accuracy of the amended *estimated reconstruction cost*.
- Reviews and evaluates the amended *reconstruction project* solution is directly attributable to the *special circumstances*.
- Identifies if *pre-disaster function reconstruction* is either cost prohibitive or not practical.

Date:



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## Acknowledgements

The Western Australia government acknowledges the support of the Natural Disaster Resilience Program in the development of this DRFAWA Guideline.

The DRFAWA Guideline includes the Commonwealth Disaster Recovery Funding Arrangements in full, and provides guidance on the implementation of the arrangements in Western Australia.

### Photography

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**Australian Government**



**Government of Western Australia**  
**Department of Fire & Emergency Services**



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