

Kimberley Regional Group Submission

Independent Review of Commonwealth Disaster Funding

4th August, 2023.

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

We have had experience seeking and implementing DRFAWA. In our experience:

- Commonwealth funding, in partnership with the State, is critical to support local government.
- As we have been advised that there is no betterment, we repeatedly fix the same road segments, and consequently materials and water become scarce. Over time these repair costs cost more than betterment.
- *Within the approval process works regarded necessary by engineers has been excluded – i.e., a recommended re-sheeting material for a graded access road was not approved. When the next event occurs this section of road will incur significantly more damage.*
- A high cost of the administrative claim processes; substantial effort is required to prepare a project for funding and success is uncertain.
- Collecting evidence to meet the claim requirements is difficult when responding to a disaster.
- Legitimate claims have not been accepted due to bureaucratic evidentiary requirements
- Delays in the initial cost-estimation process prior to works approval, can be more than 12 months.
- Potential legal issues with contractors' due to delays caused by administrative processes
- Lack of timeliness of reimbursement impacting on finances and financial risk as there is no guarantee of being reimbursed - i.e., a two year or longer turn around on repayment of funds, and the lack of any guarantee of full repayment on works completed.
- No consideration of the impact of remoteness and weather to commence works by the funding or auditing process. The Kimberley has two seasons, a wet and a dry. Due to weather cycles, asset remoteness and the inability to mobilise in the wet and late in the dry, time frames to undertake road work is limited. In some locations *water access is scarce or non-existent toward the end of the dry*. Delays to works means damage and costs increase. There is no flexibility to do works when the weather, staff and contractors align. The inability to take this into consideration means the auditing process is considerable. Our members have to provide an audit of assets before and after an event; then obtain an approved infrastructure auditor to agree the difference and the costs. When we get approval, we may need to audit again due to seasonal delays. A major problem with disaster recovery works, in this situation, is that you can often get an exemption to do works immediately following a major event, potentially 90 days for emergency works on

- essential public assets However, many sites can't be accessed within this time window, which means Shires have to go through a whole justification and auditing program.
- Community assets are not eligible for DRFAWA.
- The requirement to fund 25 percent of restoration is a significant financial impost.
- An inability to recover staff wages and equipment costs. Due to location we often have to divert our own staff resulting in a deferral of planned works, and we cannot recover these costs If we use a contractor, costs can be recovered.

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

We recommend for DRFAWA claims

- Shorter assessment period for DRFAWA claims
- Immediate access to funding to commence works.
- Staff from State or Federal government placed in the affected local authority to assist with a its response to a natural disaster
- Eligible costs to include Local Government staff wages and equipment, and the associated ordinary use of Local Government plant and equipment.
- DRFAWA to include a focus on betterment and resilience

To reduce disaster risk

- A process to coordinate similar applications across a range of local governments to reduce regional disaster risk
- Betterment funding to make assets more resilient at the time of repair or restoration
- Funding for local government to assess their level of resilience and for activities in line with the National Disaster Risk Reduction Framework
- A specific funding pool for Aboriginal communities to build their resilience
- DRFA WA funding for Category C and D and activation of this funding
- Ensure that the cost-sharing ratio between the Commonwealth and the States does not become an impediment for States to seek Category D cost sharing arrangements.

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

- 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 process between the State and Commonwealth is outlined in the Disaster Recovery Funding Arrangements Western Australia produced by the WA Government and the

Department of Fire and Emergency Services -
<https://www.dfes.wa.gov.au/recovery/funding>.

- The Department of Fire and Emergency Services carries responsibility for the overall administration of the arrangements in Western Australia.

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

The roles appear Inconsistent across jurisdictions:

- We understand betterment is integrated into the Queensland DRFA. It is not in WA.
- In some States local government contributions are capped at a certain threshold above which the State government fully funds restoration.

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

Case Study – Shire of Wyndham East Kimberley

The Gibb River-Kalumburu Road and Port Warrender Roads service remote Aboriginal communities, Pastoralists and tourism operators. They are subject to damaging weather events approximately 3 years in every 5. These events happen during the wet with the limited dry season the only construction opportunity.

- As we have been advised that there is no betterment, we repeatedly fix the same road segments, and materials and water become scarce. Over time these costs more than betterment
- DRFA-WA can take 2 years to implement from event to works. Last season events occurred toward the end of February, which is when initial helicopter inspection of the road can occur. Road access is still unlikely with floodways' too high to cross or roads damaged. The helicopter inspection is a low-level flight where damaged sections are GPS measured and GOPRO footage taken to verify damage. A pro-rata cost is applied for a rough works estimate. Data is provided to DFES for approval to engage an engineering consultant.
- It takes months for DFES approval to progress a detailed contract estimate breakdown by the Institute of Engineers. Due to remoteness, obtaining quotes may offer no result. If successful through a tender, costs vary from high to very high. Main Roads WA is required to verify cost estimates to determine if the Institute of Engineers, contractor's information is accurate. There is then an approval waiting period. This is not usually obtained prior to the end of the next dry season.
- Another aspect of this approval process is that works regarded necessary by engineers has been excluded in the approval process. A case in point was where a road had been graded to allow access was regarded as sufficiently good enough and so re-sheeting

- material was not approved to be placed on that section of road. When the next event occurs in this area this section of road will incur significantly more damage.
- After approval, works are Tendered including remote camp facilities. In a recent cost breakdown, we estimate of \$6,000,000, \$4,500,000 was spent in administration and other non-direct construction costs; \$1,500,000 on the road.
- Opportunities to minimise cartage cost for sullage waste by installing leach drains at four locations, which would return cost in around 1.5 construction years, was considered inappropriate, as it was an improvement not repairs. Consequently, DRFA-WA will pay high cartage rates to remove blackwater from future temporary camps. Where a haulier will not allow their vehicles to enter the site due to road conditions, sullage removal may be impossible leaving an environmental hazard, and inability to continue construction.
- The installation of water bores was considered unrelated to immediate construction works, leading to high cartage distances and at the end of the dry the inability to continue with works. We currently rely on the generosity of Pastoral stations for water supply.
- Processing of reimbursement inefficiencies or under resourcing results in lengthy delays funds repayment. There is no guarantee of full repayment. The factors put the Shire at financial risk as we cannot manage the cash flow impact of delays. At one point the amounts outstanding were \$4.7 million on a rate base of \$10.5 million.
- To expedite construction, the Shire tendered a 3 + 2 year contract for DRFA-WA related earthworks, subject to a declared event, and DFES approval of a works program. Due to DFES approval processes for work done we have legal issues arise from this process. Our contractor had requested some costs were paid which were necessary for the work to be done and which were in line with the Tender. The time taken for approval of these items as well as the inflexibility to vary the works schedule once work commences is problematic. Not all items can be foreseen and included in a scope of works. This has resulted in a deterioration of the relationship between the Shire and our contractor which required a legal process to resolve. We did incur unnecessary legal costs to defend our position which cannot be recovered. The end result of this issue is that it is unlikely that contractors will tender for this work due to the complexity of the arrangements.
- As a result, the Shire cannot take on the financial risk of letting a contract for works without the guarantee of a reliable process that will refund expenditure within normal commercial timeframes. It has been suggested by the Shire that a retention of 10% be withheld from all parties until the necessary documentation is put in place.