



Review of Local Government Disaster Recovery Assistance Arrangements

Issues Paper

January 2022

Note: This is not an endorsed LGA Board of Directors document. It has been prepared by the LGA Secretariat for consideration at the LGA Board of Directors meeting on 20 January 2022.

Table of contents

Executive Summary	3
Introduction	4
Background	4
2020 Royal Commission into the National Natural Disaster Arrangements	6
Review of the LGDRAA	7
Benchmarking LGDRAA against the other States	10
Case studies	13
Cudlee Creek Fire – Mount Barker District Council	13
Quorn Floods – Flinders Ranges Council	16
Conclusion	18

Executive Summary

Emergencies and natural disasters are a reality of life in South Australia and have far reaching impacts on councils and their communities. During these events, councils are expected to step up and provide additional support to their communities while they themselves need to recover their impacted infrastructure and services.

One of the key principles of the Local Government Disaster Recovery Assistance Arrangements (LGDRAA), is to ensure a council doesn't incur disaster related costs "in excess of what it would reasonably be expected to manage within its resource capacity"¹.

The Local Government Association of South Australia (LGA) has identified that several recent emergency events have put an unreasonable level of financial strain on South Australian councils and in turn the communities they serve, demonstrating significant shortcomings with the LGDRAA.

Moreover, the 2020 Royal Commission into the National Natural Disaster Arrangements has re-confirmed that State and Territory Governments are "ultimately responsible for ensuring that their local governments are able to effectively discharge responsibilities devolved to them"².

Case studies from the 2019/20 Cudlee Creek bushfire and the October 2019 flood event in Quorn demonstrate the unreasonable financial impacts that natural disasters can have on councils; which results in an additional financial burden on ratepayers or reduced levels of service.

Furthermore, benchmarking undertaken by the LGA shows that South Australian councils are the most exposed to natural disaster related costs in the country due to the high expenditure recovery thresholds and other limitations in the LGDRAA.

To ensure that the LGDRAA is achieving its objective of protecting South Australian councils and their ratepayers from unreasonable levels of financial exposure, the LGA is seeking an urgent review of the LGDRAA, with a focus on:

1. Making the LGDRAA simpler and more definitive in terms of the support that will be provided to councils in the event of a natural disaster;
2. Significantly reducing the current thresholds for cost reimbursement to levels consistent with other State jurisdictions;
3. Ensuring that the significant internal costs borne by councils during and after a natural disaster are acknowledged and can be recovered in the funding frameworks;
4. Providing clarity on the eligibility of both the short-term and long-term costs relating to the clean-up of damaged verge trees and road clearance; and
5. Further clarity on the ability to recover direct counter disaster operations costs from Control Agencies and the merits of removing this ability so that the LGDRAA can be an all-encompassing funding framework.

Addressing these points will ensure that ratepayers are being adequately protected from the costs of emergencies and that the South Australian Government is meeting its responsibilities in relation to the Commonwealth Disaster Recovery Funding Arrangements and the 2020 Bushfire Royal Commission.

¹ Local Government Disaster Recovery Assistance Arrangements Page 3 - https://www.treasury.sa.gov.au/__data/assets/pdf_file/0006/133926/LGDRAA-Guidelines.pdf

² Chapter 11 Page 261 Royal Commission into the National Natural Disaster Arrangements - <https://naturaldisaster.royalcommission.gov.au/publications/royal-commission-national-natural-disaster-arrangements-report>

Introduction

The LGA is the voice of local government in South Australia, representing all councils across the state and the Anangu Pitjantjatjara Yankunytjatjara. The South Australian Local Government Act 1999 recognises the LGA as a public authority for the purpose of promoting and advancing the interests of local government. The LGA is also recognised in and has prescribed functions in 29 other South Australian Acts of Parliament. The LGA provides leadership, support, representation and advocacy relevant to the needs of councils in South Australia.

Through the delivery of the LGA's Council Ready program, the operations of the Local Government Functional Support Group and the experiences of recent emergencies, the LGA has identified that councils experience a lack of clarity and insufficient support with regard to accessing funding both during and in the aftermath of natural disasters.

In response, the LGA has taken the proactive step of commissioning a number of projects in relation to the current disaster funding arrangements applicable in South Australia including:

1. A Review of the Disaster Funding Arrangements for the Local Government Sector in South Australia;
2. Preparation of a Disaster Funding Guide for South Australian councils³;
3. A Benchmarking Report comparing the financial support available to South Australian councils compared to other jurisdictions; and
4. This submission, requesting an urgent review of the LGDRAA.

Background

Emergencies and natural disasters are a reality of life in South Australia and their impact on councils and their communities can range from relatively minor through to catastrophic. When larger events occur, there can be significant demands placed on one or several councils to support State Government Control Agencies, Support Agencies and the myriad of organisations participating in emergency response and recovery in accordance with the State Emergency Management Plan.

Councils can support response and recovery through in-kind contributions (i.e. committing existing human and other council resources) and/or financial contributions (i.e. overtime and the payment of contractors). This support relates to a wide range of services from assisting control agencies, repairing or rebuilding damaged public assets and supporting impacted communities with recovery programs and activities.

Section 7 (d) of the Local Government Act 1999 (Act) requires a council "to take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards". It is relatively well accepted that councils in South Australia have a responsibility to prepare for and have plans in place to reduce the risk and impact of natural disasters in their area.

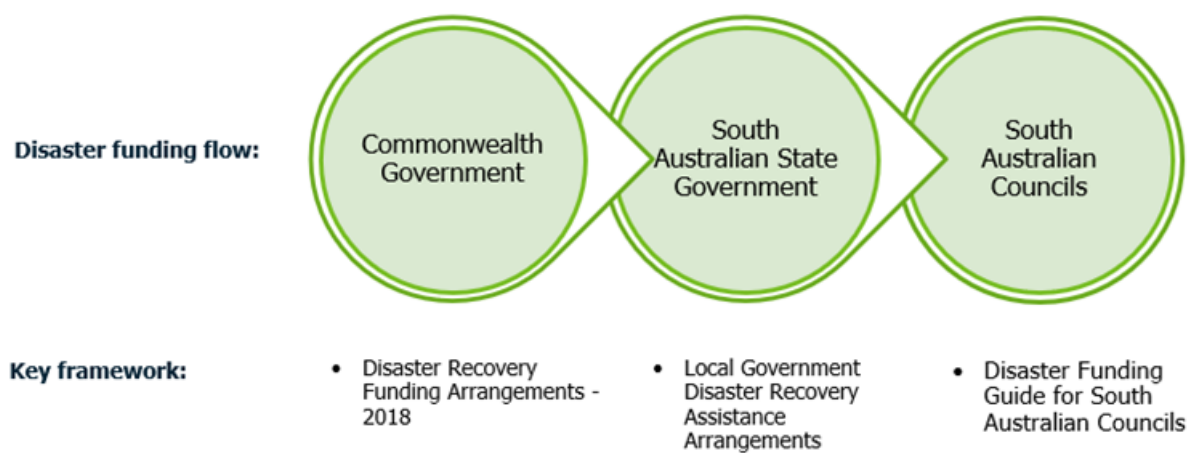
However, when a disaster event occurs and, in the aftermath, the lines of responsibility from both an operational and funding perspective between local and state government become blurred.

³ Available to South Australian councils on the LGA website: <https://www.lga.sa.gov.au/member-services/emergency-management/emergency-management-policies-codes-and-guidelines>

The Act and other materials including the State Emergency Management Plan are relatively nonspecific on the roles and responsibilities of local government in relation to disaster response and recovery.

Commonwealth context

The Commonwealth's Disaster Recover Funding Arrangements 2018⁴ (DRFA) seek to provide a safety net for State Governments in responding to disaster events by offering partial reimbursement to State Governments of eligible costs across four categories of expenditure. In turn, each State has a funding framework to support State agencies, individuals and councils from the impact of natural disaster events.



South Australian context

In South Australia, the relevant funding framework between councils and the State Government is the Local Government Disaster Recovery Assistance Arrangements (LGDRAA) Guidelines dated December 2019. One of the key principles in LGDRAA is to ensure that a council does not incur disaster related costs which are “in excess of what it would reasonably be expected to manage within its resource capacity”⁵.

What is reasonably expected is a question of judgement, perspective, and circumstance.

⁴ <https://www.disasterassist.gov.au/Documents/Natural-Disaster-Relief-and-Recovery-Arrangements/disaster-recovery-funding-arrangements-2018.pdf>

⁵ Local Government Disaster Recovery Assistance Arrangements Page 3 - https://www.treasury.sa.gov.au/__data/assets/pdf_file/0006/133926/LGDRAA-Guidelines.pdf

2020 Royal Commission into the National Natural Disaster Arrangements

Following the 2019/20 Bushfire Season, a **Royal Commission into the National Natural Disaster Arrangements** (Royal Commission) was established on 20 February 2020. Following the Royal Commission a report was published on 28 October 2020 (Report)⁶.

The Report included over 80 recommendations identifying what needs to be done to improve the national natural disaster arrangements and to ultimately make Australians safer.

Of particular relevance to the Local Government Sector is Chapter 11 of the Report in relation to Emergency Planning and specifically Local Government's Disaster Management Capabilities. This chapter reinforces that "As state and territory governments are ultimately accountable for managing natural disasters in their respective jurisdictions, they should be responsible for ensuring that their local governments are able to effectively discharge the responsibilities devolved to them."⁷

The Report made the following two recommendations in relation to local government's role in emergency and natural disaster response.

Recommendation 11.1 Responsibility for local government disaster management capability and capacity

State and territory governments should take responsibility for the capability and capacity of local governments to which they have delegated their responsibilities in preparing for, responding to, and recovering from natural disasters, to ensure local governments are able to effectively discharge the responsibilities devolved to them.

Recommendation 11.2 Resource sharing arrangements between local governments

State and territory governments should review their arrangements for sharing resources between their local governments during natural disasters, including whether those arrangements:

- (1) provide sufficient surge capacity, and
 - (2) take into account all the risks that the state or territory may face during a natural disaster.
-

It is the LGA's view that the existing disaster funding frameworks in South Australia do not allow for South Australian councils to effectively discharge their responsibilities due to uncertainties in relation to cost recovery and the unreasonable levels of financial exposure placed upon them, and by extension, their ratepayers.

⁶ Royal Commission into the National Natural Disaster Arrangements - <https://naturaldisaster.royalcommission.gov.au/publications/royal-commission-national-natural-disaster-arrangements-report>

⁷ Chapter 11 Page 261

Review of the LGDRAA

The LGDRAA is the funding mechanism under which South Australian councils can apply for financial support from the State Government following a natural disaster event. A brief summary, and some of the identified issues with the LGDRAA is provided below.

Eligible Expenditure

Expenditure that can be recovered under LGDRAA must directly relate to undertaking Eligible Measures (defined below), must be in response to a natural disaster and extraordinary to the normal operations of a council. The following are examples of Eligible Expenditure provided for under LGDRAA:

- Hiring additional plant and equipment;
- Staff allowances and overtime;
- Employment of contractors or sub-contractors;
- Costs of backfilling staff; and
- Additional repairs and maintenance.

Ordinary staff time and equipment expenses do not meet the definition of Eligible Expenditure. Based on the LGA's recent consultation with impacted councils, a large percentage of the actual costs of managing a disaster related to these internal costs.

The most prominent example is where a council will use its internal works teams to undertake initial safety inspections and remediation works in relation to council roads i.e. clearing dangerous trees from road verges and undertaking urgent repairs. Often councils feel that their internal works teams are more effective in undertaking such works due to local knowledge, experience and training, as costs and service standards can be better controlled. Moreover, in some situations, it is not possible to engage external contractors at short notice, especially given that contractors may be engaged in supporting private landowners.

However, under the LGDRAA, internal costs are not eligible for recovery while if the council engaged contractors, those costs would be partially recoverable.

Eligible Measures

There are three types of Eligible Measures that may qualify for cost recovery under LGDRAA;

- Counter Disaster Operations
- Repairs and Reconstruction of Essential Public Assets
- Community Recovery Fund Activities

Counter Disaster Operations

These are activities which are performed during and/or within days of a natural disaster event to alleviate immediate community hardship and distress. When these costs are incurred by councils under a direction from a Control Agency, the LGDRAA states that these costs should be reimbursed from that Agency rather than under LGDRAA.

Control Agencies may not have sufficient budget provisions and accordingly may be reluctant to reimburse councils for costs incurred in disaster response. This creates uncertainty from a council's

perspective about where the responsibilities lie for the reimbursement of counter disaster costs; between Control Agencies and LGDRAA.

The LGA is advocating for tighter and clearer accountability for reimbursement of counter disaster operations costs and contend that the current obligations on Control Agencies for cost recovery should be removed unless they are specifically funded by the State Government for such costs. Doing so would likely lead to operational and administrative efficiencies.

Repairs and Reconstruction of Essential Public Assets

This includes expenditure incurred to return some council owned assets to their pre disaster condition and specifically excludes costs relating to improvement or enhancement of the functionality or utility of an asset.

One key issue faced by councils is that the treatment of damage to trees and road verges causing road safety issues is not specifically defined in the LGDRAA as an eligible or ineligible form of expenditure. During recent fire and flood events, councils have been forced to commit significant resources to remediating damaged trees, predominately to ensure the safety of road users. The LGA is requesting that the costs relating to remediating damaged verge trees and verges be specifically included in the definition of Eligible Expenditure under LGDRAA.

Community recovery fund activities

To the best of our knowledge, a council is yet to set up a complying community recovery fund to claim costs under this category of LGDRAA and hence this portion of the LGDRAA is not effective in helping to support councils with costs incurred in relation to community recovery.

Betterment

Under LGDRAA, Councils may apply for additional government assistance to improve disaster resilience of an essential public asset that has been damaged. However, the betterment provisions specifically exclude enhanced asset functionality or utility.

We are not aware of any council making a successful betterment claim under LGDRAA and accordingly question the effectiveness of this part of the LGDRAA arrangements.

Reimbursement thresholds

The LGA considers that the expenditure thresholds within LGDRAA to achieve cost recovery are unreasonably high.

The current thresholds are designed to consider a council's capacity to self-fund eligible measures however they are in practice creating an unreasonable level of financial exposure for councils to disaster costs. To demonstrate the impact of the existing thresholds, the following table shows the cost recovery that a sample of different sized South Australian councils could achieve if they had occurred \$1.0 million of Eligible Expenditure.

Council	Average Rate Revenue ¹	First financial threshold (2% of rates revenue) ²	Second financial threshold (1.75 times the first financial threshold) ³	Calculated reimbursement on \$1.0 million of Eligible Expenditure	% of full cost recovered	Unrecovered costs as % of annual rate revenue
City of Charles Sturt	\$104,964,500	\$2,099,290	\$3,673,758	-	0.0%	0.9%
City of Mitcham	\$53,416,000	\$1,068,320	\$1,869,560	-	0.0%	1.9%
Mount Barker District Council	\$38,259,500	\$765,190	\$1,339,083	\$117,405	11.7%	2.3%
Coorong District Council	\$9,281,500	\$185,630	\$324,853	\$575,972	57.6%	4.5%
Flinders Ranges Council	\$2,276,000	\$45,520	\$79,660	\$707,325	70.7%	12.9%

¹ Rate revenue obtained from latest available Local Government Grant Commission Database Reports based on FY2018 and FY2019 average rate revenue

² Councils are entitled to recover 50% of eligible expenditure above the first financial threshold up to the second financial threshold

³ Councils are entitled to recover 75% of eligible expenditure above the second financial threshold.

Two of the selected five Council's would receive \$nil reimbursement while the other three recover only a percentage of costs.

These results need to be considered in the context that under the current LGDRAA framework, internal costs cannot be recovered and other direct out of pocket costs are also excluded if the definition of Eligible Expenses is not met (i.e. spending on community recovery and verge tree remediation).

While the table presents reimbursement thresholds for Eligible Expenditure only, the percentage of full cost recovered by a council impacted by a disaster is significantly less than the percentages presented in the table.

Acquittal and reporting

There are onerous requirements on councils in terms of obtaining photographic evidence to support damage and claims as well as requirements in relation to acquitting any funding received under LGDRAA. This is adding to the operational and financial impact on councils in the immediate aftermath of a disaster event.

Number of recent claims paid

Despite a spate of recent natural disaster events, many impacting multiple councils, information provided by the Department of Treasury and Finance shows that there have only been three successful claims made by Councils under LGDRAA in the past five years. The LGA asserts that this low number of claims demonstrates the current unreasonably high thresholds, and the general inadequacies of the LGDRAA in adequately protecting councils and their ratepayers from disaster related costs.

Benchmarking LGDRAA against the other States

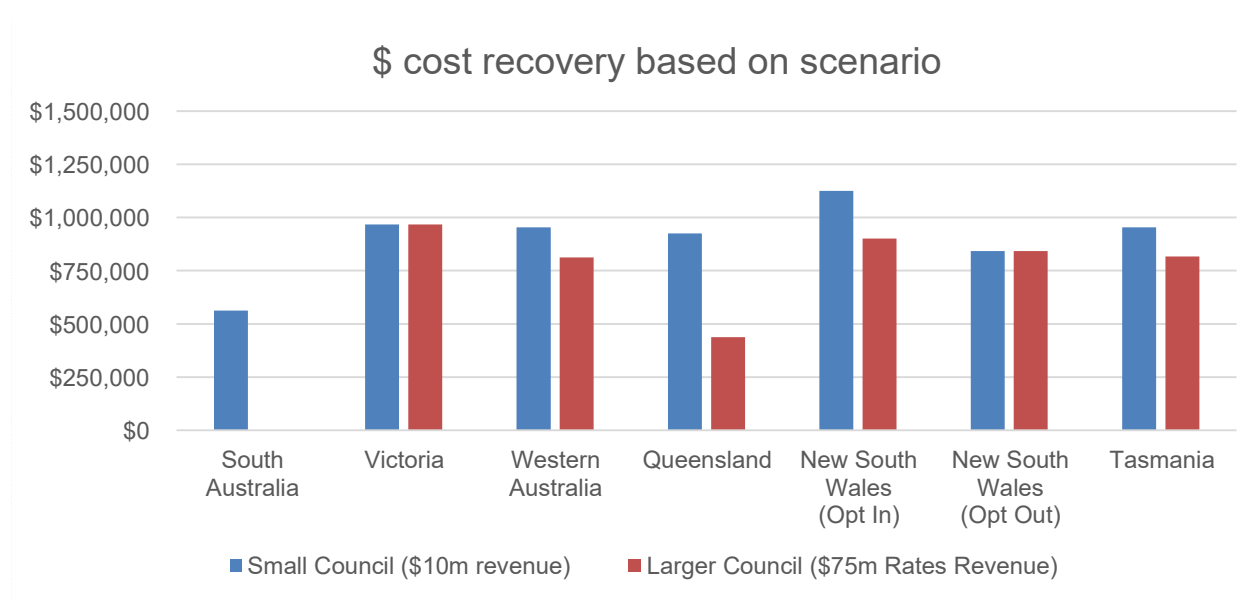
A disaster funding Benchmarking Report commissioned by the LGA shows the levels of disaster support provided to councils in each State jurisdiction based on their current disaster funding frameworks.

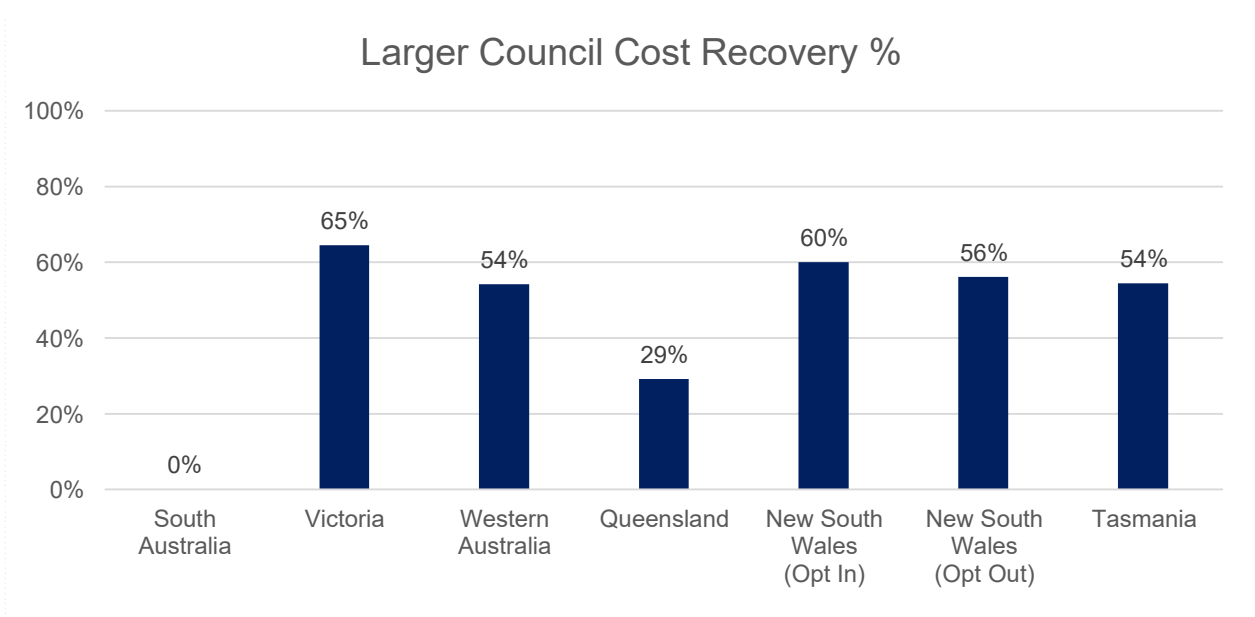
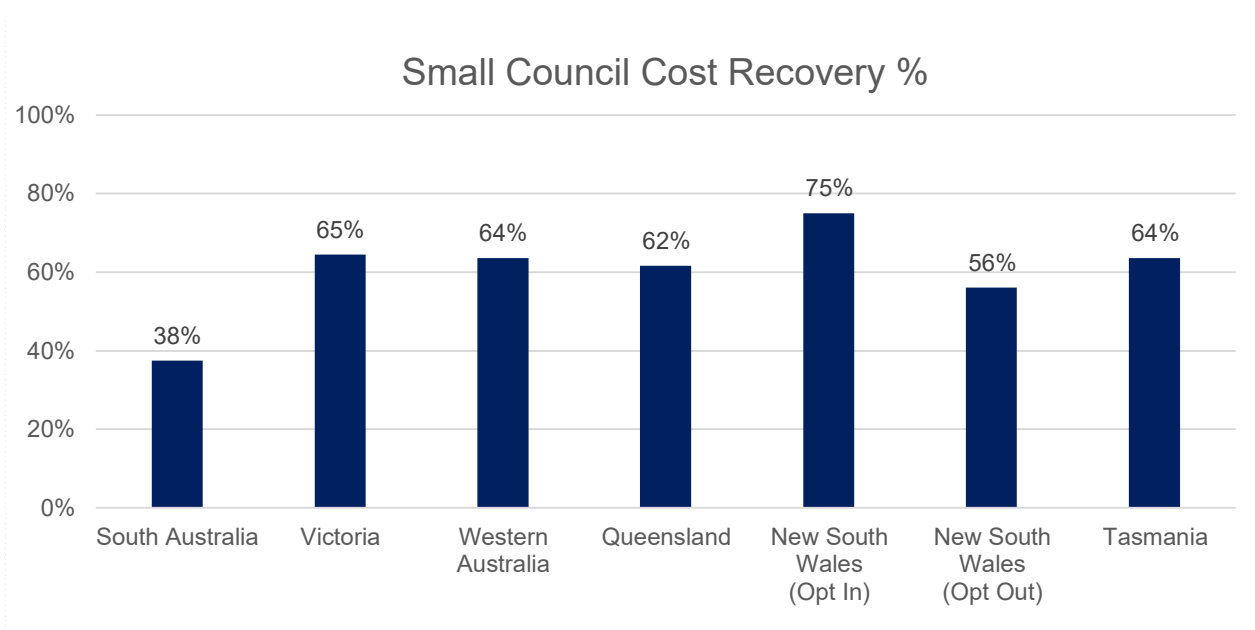
The Benchmarking Report used a theoretical disaster scenario to demonstrate the differences in cost recovery in each state for a smaller council (\$10 million of annual revenue) and a larger council (\$75 million of annual revenue). The hypothetical disaster scenario assumed:

- Counter disaster operations costs:
 - \$200k of internal costs to support immediate disaster relief (i.e. ordinary hours / plant costs)
 - \$200k of external costs or additional costs to support (i.e. contractors / overtime payments to staff)
- Essential public asset damage repair:
 - \$100k of internal costs (i.e. scoping repair works for damaged assets)
 - \$700k of external costs (i.e. contractor costs to execute repair works)
- Cost of community recovery activities:
 - \$200k of internal costs (i.e. holding disaster recovery events or employment of community development workers)
 - \$100k of external costs (i.e. professional fees in establishing fund and casual labour to support activities)

Under the scenario, total disaster related expenditure incurred by the council is \$1.50 million made up of \$0.50 million of internal costs and \$1.00 million in external or additional internal costs.

The following graphs show the amount and percentage of total expenditure that can be recovered in each jurisdiction for a smaller and larger council based on the disaster scenario.





For smaller councils (\$10m annual revenue), five of the six states provide for recovery percentages between 60% and 75% based on our scenario. The outlier being South Australia (38%).

For larger councils (\$75m annual revenue), there is a greater level of variation with Victoria providing the highest reimbursement rate of 65% with South Australia being the only jurisdiction with a 0% reimbursement rate as the high expenditure threshold applicable under the LGDRAA of 2% of rates revenue to start claiming is not exceeded.

Benchmarking summary

Based on the scenario, in South Australia, less than half of the total disaster costs incurred by a smaller council are recoverable under LGDRAA. This means that a smaller council (with \$10m of annual recurring rate revenue) could be forced to cover over \$0.95 million of \$1.50 million incurred relating to a disaster event. This would represent a material portion (9.5%) of its annual operating budget and would likely trigger the need to raise additional rates revenue or adjust service provision and infrastructure renewal.

Based on the same disaster scenario, a larger South Australian council would not be entitled to claim a single dollar under the LGDRAA despite incurring \$1.50 million of disaster relief and recovery costs.

South Australian councils and their ratepayers are not being adequately supported and are comfortably the most exposed in the country to natural disaster related costs. Five of the six interstate funding frameworks provide what the LGA would consider to be a reasonable level of financial support to councils who experience natural disaster related costs. These interstate frameworks have informed the recommendations of this report.

Case studies

The following case studies have been prepared to demonstrate how the current limitations with the LGDRAA arrangements have recently impacted two South Australian councils and their communities.

Cudlee Creek Fire – Mount Barker District Council



Background

The Cudlee Creek Bushfire started on 20 December 2019 and was declared safe on 3 January 2020. It resulted in the destruction of 81 homes and burnt 23,000 hectares of land mostly across Mount Barker District Council (MBDC) and Adelaide Hills Council (AHC) areas.



Photo credit: Mount Barker District Council Recovery Matters newsletter showing an example of a council works crew clearing verge trees that had been damaged by the fire.

MBDC's contribution to the disaster

MBDC played an important role in responding to the fire and supporting the Country Fire Service (lead Control Agency). Tasks performed by MBDC included:

- road clearing and assessment;
- road furniture assessment and restoration;
- water carting (800,000 litres);
- deceased livestock disposal;
- provision of rubbish removal services (mostly free of charge to fire affected properties);
- supply of resources to the Emergency Operations Centre and Incident Management Team;
- provision of facilities for relief and recovery;
- representation on local and state recovery meetings and committees;
- manning of the State Emergency Centre;
- provision of timely communications to the public;

- extended Customer Services Hours; and
- increased presence in the community during Christmas office closure period.

During the disaster, MBDC donated its Environmental Services Centre to become the base for Emergency Operations for the fire and to coordinate resources from across the local government sector to support the disaster response.

MBDC took the view that their own internal staff resources were often best placed to support disaster response and initial recovery efforts. One such example is that MBDC deployed their own depot teams and qualified arborists to undertake the dangerous task of tree clearing and assessments to reopen local roads. This was a process which took a number of months and resulted in significant impact to routine council service provision.

However, at the end of the initial recovery period, it was discovered by MBDC that no internal costs relating to the disaster would be claimable or could be acquitted against the DRFA or LGDRAA, due to the inability to claim internal costs within the definition of Eligible Expenditure.

Based on the current LGDRAA framework, MBDC noted that they could have recovered additional costs from LGDRAA if MBDC had engaged and paid for resources from Adelaide Hills Council and vice-versa to support tree clean up in the alternative council areas.

Financial impact

Given the significant scale of the Cudlee Creek Fire and the other natural disasters occurring around Australia at the time, the Commonwealth Government established a \$2 billion disaster fund of which \$60 million was allocated directly to support impacted local governments around Australia. MBDC received a total of \$900,000 direct from the Commonwealth Government from this package.

This funding helped to meet some but not all of the costs incurred by MBDC relating to the Cudlee Creek Fire.

MBDC estimate the full costs incurred in relation to the bushfire event is currently in excess of \$1.6 million with further costs still being incurred to this day.

Despite the significant costs incurred, due to the high thresholds under LGDRAA and the tightness of the definition of eligible expenditure, MBDC did not see it as worthwhile to submit a claim under LGDRAA meaning the MBDC ratepayers have been forced to absorb the financial impact of the Cudlee Creek fire.

Issues noted by MBDC in relation to the existing LGDRAA

- The inability to claim internal direct costs as eligible expenditure. MBDC has a view that their own staff were best trained and best positioned to provide some elements of the immediate relief work, in particular tree management and road clearing. Such expenditure is not recoverable under the existing funding arrangements.
- Lack of clarity in terms of the definition of betterment. If an asset is damaged, MBDC queries why the same asset should be reconstructed if the community need has changed either directly or indirectly as a result of the fire. Also, it was noted that some assets cannot be reinstated to the same standard due to them being in a less than new condition at the time of damage.
- Lack of clarity as to whether or not tree clean-up costs or replacing damaged trees meet the definition of an essential public asset under the LGDRAA framework.

- Lack of time to scope community led recovery projects and to manage and assess tree damage within the time requirements provided to issue a Form 1 under LGDRAA.
- The community recovery fund requirements of LGDRAA are too complex and not practical for a council to implement in the immediate aftermath of a natural disaster.
- The LGDRAA did not interact well, or had not considered a situation where Council received direct funding under DRFA arrangements. It was not known whether council contributions towards LGDRAA thresholds could be acquitted against Category C and D DRFA funding received.
- For MBDC, the LGDRAA threshold of 2% of rates is a hurdle of approximately \$0.8 million. The second threshold is therefore \$1.381 million with only 50% and 75% recovery above these thresholds possible. For a growth council with an already stretched balance sheet, this hurdle is high and unreasonable.

Quorn Floods – Flinders Ranges Council



In October 2020, the town of Quorn received over 80mm of rain in two hours. This flood event damaged a number of unsealed roads and one bitumised floodway in the council area, leaving the Flinders Ranges Council (FRC) with a significant asset repair bill.

As a very small council, with a ratepayer base of less than 2000 properties, FRC had very little capacity to manage the scale of the damage that occurred. Council also had little to no previous experience with the LGDRAA process and sought the advice and support of two neighbouring councils and an Adelaide based consultant to support council's cost recovery claim under the LGDRAA.

Examples of damage caused by the Quorn flood event



Picture 1 shows the loss of pavement materials as a result of sheetwash. Picture 2 shows destroyed and delaminated sealed surface and pavement damage and Picture 3 shows an example of shoulder destruction creating an immediate safety hazard for road users.

Impact on Council and ratepayers

Unlike a bushfire event which can last for days or weeks, the Quorn flooding event was over in a matter of hours, meaning that council did not have any exposure in this instance to disaster response costs. The financial exposure came from the restoration and repair of its road network which was badly damaged by the floods.

FRC engaged a consultant to undertake a damage assessment task which identified approximately \$1.7 million of works to repair the damage. Based on the small size of FRC's ratepayer base and the damage incurred, we have calculated that under LGDRAA, FRC would be entitled to claim \$1.23 million of costs back leaving approximately \$0.5 million to be funded by FRC.

FRC has a ratepayer based on \$2.4 million, meaning a \$0.5 million contribution required under LGDRAA to repair damage represents over 20% of one year of rate income. The required contribution also comfortably exceeds the annual unsealed road renewal budget of \$0.3 million, meaning that to accommodate the required council contribution, FRC has had to defer the planned scheduled renewal program for its unsealed road network by over a year.

The assessment of costs also excludes the significant administration and operations time in understanding the disaster funding frameworks, undertaking damage assessments, obtaining photographic evidence and engaging with and informing elected members of the damage and the financial impact.

The Quorn Floods are a good example, both from a financial and an operational perspective of how natural disasters can have a significant and unreasonable impact on smaller councils and ratepayers under the existing LGDRAA framework. Rural councils have very limited ability to finance both the direct and indirect costs of a disaster event nor to manage the requirements of the complex funding frameworks.

Specific issues noted by FRC in relation to the existing LGDRAA:

- FRC commented that the existing LGDRAA arrangements are complicated and required a significant amount of management time to identify what council is and isn't entitled to claim.
- Given that LGDRAA does not bind the State Government to provide support, there was uncertainty for a long period of time as to whether or not FRC would be supported under LGDRAA. This uncertainty prevented FRC from commencing repair works.
- The administrative burden of making a claim is significant, both in terms of education on the existing frameworks but also in terms of gathering evidence and processing the paperwork to make a claim. Given the complexity, FRC required the support from a consultant to facilitate a claim.
- There were opportunities to achieve betterment identified by council to make the roads and culverts more flood resilient, however these were not able to be progressed due to funding limitations and the financial impact on FRC.

Conclusion

Under the current LGDRAA, South Australian councils are the least financially supported councils in Australia when it comes to recovering costs relating to a natural disaster. When natural disasters and emergencies strike, councils are left with little choice but to pass on the costs to their ratepayers or reduce servicing levels. This also means that the South Australian State Government is not currently meeting its requirement of enabling local government to effectively discharge its responsibilities in relation to natural disasters as defined under the State Emergency Management Plan.

To remedy the current deficiencies in the LGDRAA, the LGA is seeking an urgent review of the existing disaster funding arrangements with a specific focus on addressing the following points:

LGA Recommendation	Rationale
1. Making the LGDRAA simpler and more definitive in terms of the support that will be provided to councils in the event of a natural disaster.	The LGDRAA are written as guidelines that do not bind the State Government to a level of financial support. This means councils cannot confidently plan and respond to a disaster event knowing that their costs will be recovered.
2. Significantly reducing the current thresholds for cost reimbursement to levels consistent with other State jurisdictions.	The expenditure thresholds and reimbursement percentages in all other State jurisdictions are higher than what is available to South Australian councils. For South Australian councils, the ability to claim is significantly reduced with only three successful claims made in the last five years. The inability to recover costs from the State Government places pressure on rates in communities who themselves are recovering from the impact of a disaster.
3. Ensuring that the significant internal costs borne by councils during and after a natural disaster are acknowledged and can be recovered in the funding frameworks.	Based on the consultation undertaken by the LGA, a large percentage of costs incurred by councils in response to a disaster do not meet the current definition of Eligible Expenditure within the LGDRAA. This coupled with the unreasonably high thresholds ensure that South Australian councils are not being appropriately protected from the financial impacts of a natural disaster.
4. Providing clarity on the eligibility of both the short-term and long-term costs relating to the clean-up of damaged verge trees and road clearance.	Recent fire events have caused significant damage to verge trees that have caused road safety and amenity issues for councils. The short and long term costs of managing fire damaged verge trees can be significant and the current LGDRAA arrangements are silent on whether or not these costs can be treated as Eligible Expenditure.
5. Further clarity on the ability to recover direct counter disaster operations costs from Control Agencies and the merits of removing this ability so that the LGDRAA can become a more all-encompassing funding framework.	The LGDRAA contains a statement that direct costs incurred at the direction of a Control Agency should be recovered from that Control Agency. There are recent examples of councils being unable to recover such costs. The funding frameworks could be simplified if this statement was removed and the LGDRAA became an all-encompassing disaster funding framework for South Australian councils. This would lead to operational efficiencies in how councils provide support to control agencies.

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