Natural disaster financial assistance for local councils

# Claims reimbursement process

Natural Disaster Financial Assistance (NDFA) for local councils in Victoria is provided by the Victorian State Government to assist in the recovery process and alleviate some of the financial burden that may be experienced following a natural disaster, in accordance with Commonwealth-State Natural Disaster Relief and Recovery Arrangements (NDRRA).

The NDRRA defines eligible natural disasters as ‘any one of, or a combination of, the following natural hazards: bushfire; earthquake; flood; storm; cyclone; storm surge; landslide; tsunami; meteorite strike; or tornado. Although not specifically referenced in the Determination, the Commonwealth Attorney-General included terrorism (occurring within Australia) as an eligible disaster on 2 July 2010.

These arrangements do not apply to disasters where human activity is a significant contributing cause (e.g. poor environmental planning, commercial development, personal intervention (other than arson) or accident).

## What is Natural Disaster financial assistance available for?

Specifically, financial support is provided to assist municipal councils with costs associated with:

* certain counter disaster operations, including repairs to assets damaged by counter disaster operations;
* the restoration and emergency protection works to essential public assets damaged as a direct result of a natural disaster – including the repair of roads and bridges, levees, local government offices and storm water infrastructure; and
* some operational activities mainly associated with the establishment of a Municipal Emergency Coordination Centre (MECC), relief or recovery centre.

## How much is the financial assistance?

* *For emergency protection works and counter disaster operations,* the Victorian Government will meet the full cost of approved works; and/or
* *For the restoration of essential public assets,* the Victorian Government will meet 75 per cent of approved restoration costs between $10 000 and $110 000, and 100 per cent of the proportion of costs above $110 000. Costs are generally only recognised for the restoration of assets to their prior condition and the first $10 000 is to be contributed by the council.

## Does there need to be a declaration from the State or Commonwealth Government for councils to access Natural Disaster Financial Assistance?

No declaration is currently required for councils to seek financial assistance associated with the undertaking of eligible counter disaster operations and the repair and reinstatement of essential public assets. However DTF encourages councils to contact DTF to advise whether their council has been affected as soon as possible after a natural disaster.

## How do councils apply?

As soon as a local government area (LGA) has been impacted by a natural disaster event, DTF needs to be advised of the estimated cost of eligible expenditure including restoration of essential council infrastructure damaged during the natural disaster event and the establishment of relief and recovery centres. DTF co-ordinates advice to the Commonwealth for each natural disaster, and informs the Commonwealth of which LGA’s were impacted.

Within the first five working days of an LGA having been impacted, the estimated cost needs to be input into the NDFA Automated Claims Management System (ACMS) for the applicable event.

Both Estimates and Claims are lodged through the ACMS. From 25 August 2016, the ACMS has included an estimates template whereby users are required to enter estimates of damage directly into this new template. This replaces the current process of entering an estimate of eligible expenditure within the description field. If your original estimate is incorrect, the system allows for revised estimates to be provided.

All Councils have authorised users with access to this system. The system can be accessed via the following link:

http://www.ndfa.dtf.vic.gov.au

For any queries, please contact the NDFA Team on (03) 9651 2327 or email [ndfa@dtf.vic.gov.au](mailto:ndfa@dtf.vic.gov.au).

## What should be included in the claim?

The ACMS requires attachments to be lodged in support of a claim. This enables DTF and VicRoads to conduct a formal assessment of each claim.

The Australian National Audit Office has recently undertaken a performance audit on expenditure claimed under the NDRRA in Victoria, and have reminded DTF that local councils are required to provide evidence of impact to their local government area, including specific roads, which connects damage to a particular natural disaster event as well as the pre-condition of the damaged asset, to show that local councils are maintaining their assets sufficiently.

To assist the assessment process, as well as to meet the new audit requirements of the auditors, the following information needs to be provided in support of a claim:

* Evidence of the impact of the event to the local government area from various sources and/or reports from local media, the State Emergency Service and Bureau of Meteorology regardless of whether an event has been formally notified to the Commonwealth as an eligible natural disaster under the NDRRA.
* **In the case of damage to an essential public asset:** evidence supporting the condition of an asset *prior* to the disaster occurring as well as *after* the disaster. These photos need to include the geographic location as well as the date these photos were taken. Photographic evidence taken by the council is preferable but external sources of photographic evidence such as Google Earth may work if no photographic evidence taken by the Council is available. Asset registers and maintenance logs are also useful. A photo taken after the event may be used to demonstrate the asset’s prior condition if the prior condition is visible in that photo.
* ALL invoices for the amount being claimed, along with a transaction report which clearly articulate which eligible activities have been undertaken. Please do not include the GST amount of the invoices in your claim.
* In the situation of a storm or wind event, where a Council is not able to provide evidence via a local weather station that wind gusts in excess of 90 kilometres an hour did occur, the Council should incorporate evidence of overall state impact to support the claim.

## Can councils submit separate claims for the one event?

If additional work has been completed after a claim has been assessed by VicRoads, it is recommended that the Council submit a separate claim for the additional expenditure.

Councils may also wish to separate claims for counter disaster operations and emergency protection works and asset restoration, depending on their financial requirements, although this is not mandatory.

Councils impacted by multiple events should lodge a separate claim for each event.

The ACMS has a file attachment limit of 20 MB per claim – therefore, depending on the supporting material, local councils may need to split claims to accommodate this limit.

## Can a council vary a claim after it is lodged?

Councils can vary their claim while it is still in draft but cannot vary the content or amount of a claim once it has been lodged in the system. Once Councils submit their claim but require further changes to be made, they should contact DTF as soon as practical to enable the claim to be returned for further amendment. Once the claim is assigned to the assessing agencies, it should be noted that no change can be made to the claim.

Should further costs be incurred after the assessment is finalised, a supplementary claim should be submitted.

## How long is the claim process?

Upon receipt of the claim, the assessing agency such as VicRoads, carries out a formal assessment of any damage to roads, bridges and other physical assets.

Once the assessment has been completed by the assessing agency, DTF will approve the assessment amount and notify the council. This process can take between six-eight weeks to fully complete, however this can vary depending on the size and complexity of the claim.

Councils should notify and involve VicRoads’ regional representatives at the time of the natural disaster as this involvement will assist in substantiating the claim.

## How do councils get paid? Should the invoice include GST?

Once a claim has been approved, councils will receive an email notification from the ACMS outlining the total amount of financial assistance that has been approved. Councils should then submit an invoice for the approved amount through the ACMS to receive payment. The invoice for financial assistance should be exclusive of GST.

## Is there a time limit as to when a claim must be lodged after an event?

Consistent with the Commonwealth NDRRA, all expenditure must occur within a period less than two years after the end of the financial year in which the relevant natural disaster occurred. Councils should note that any claims for financial assistance must cover only expenditure incurred within this timeframe.

Councils should ensure that they submit regular claims to DTF i.e. monthly or quarterly.

To assist DTF in meeting audit and reporting requirements to the Commonwealth, claims must be submitted by 31 August after the end of the allowable time period. If you are unable to meet this timeline, please contact the NDFA Team as soon as possible on (03) 9651 2327 or email [ndfa@dtf.vic.gov.au](mailto:ndfa@dtf.vic.gov.au).