

# Natural Disaster Relief and Recovery Arrangements – Agencies Reference Sheet

## NDRRA Determination 2017, effective 1 July 2017

The Natural Disaster Relief and Recovery Arrangements (NDRRA) provides a formula for sharing the costs of relief and recovery between the Northern Territory Government and the Commonwealth following an eligible event. The NDRRA provides partial reimbursement of all Territory Government agencies combined NDRRA eligible expenditure, on all eligible events throughout a financial year, dependant on certain thresholds being exceeded.

### How Territory expenditure is calculated and claimed

Territory Government agencies initially fund the NDRRA assistance measures from within their own budgets. Agencies perform disaster related works within their regular roles and responsibilities and in accordance with the determination. The Department of Treasury and Finance (Treasury) coordinates the whole of the Territory Government's NDRRA claim each month throughout the financial year. Following the end of the financial year, if set thresholds are exceeded and the claim is certified by the Auditor-General, the Territory is able to lodge a claim to the Commonwealth to obtain partial reimbursement of eligible NDRRA expenditure.

The Territory Government's NDRRA claim is submitted by Treasury to the Commonwealth, through Emergency Management Australia (EMA), within nine months of the end of the financial year. The Commonwealth may engage an external auditor to review and sample the Territory Government's total NDRRA claim and supporting evidence, before approving any reimbursement to the Territory.

The amount that is reimbursed to the Territory Government is based on a number of formulas and thresholds. The below table provides a summary of how the cost sharing formula works;

2017-18 Thresholds	Partial Commonwealth Reimbursement
First \$13.997 million	0 per cent – (excluding personal hardship and distress payments of 50 per cent)
Next \$10.498 million	50 per cent
Additional expenditure over \$ 24.495 million	75 per cent

For further information regarding the formulas used to calculate these thresholds, please refer to the NDRRA administrative guidelines.

As the Territory Government is only partially reimbursed from the total of its actual expenditure by the Commonwealth, it is essential all eligible expenditure is captured and correctly documented to ensure the full amount potentially available for reimbursement to the Territory Government can be claimed.

## Agency Requirements and Obligations

### New Event Activation

- When an eligible event occurs or there is the likelihood of an event occurring, Treasury will contact agencies to request informed and educated estimates of damage directly caused by the event, including which specific local government areas have been affected.
- For an event to be eligible under the NDRRA determination, estimates of damage directly caused by the event must exceed the small disaster criterion threshold of \$240 000. The information agencies provide is essential for Treasury to determine if the costs of repairs in relation to a disaster event are estimated to exceed the small disaster criterion threshold.
- Once it is evident that the small disaster threshold is likely to be exceeded, Treasury will formally apply to EMA to have the event officially recognised as an eligible event.
- Once official recognition of the event has been received from EMA, Treasury will inform agencies of the Australian Government Reference Number (AGRN) issued for the event. Treasury will also advise which eligible measures of assistance have been activated in the affected local government areas and advise the Allowable Time Limit (ATL) for eligible expenditure.
- Agencies are required to record eligible expenditure for each measure of assistance separately in the monthly reporting template, supplied by Treasury. Guidelines are provided to inform agencies on how eligible expenditure should be recorded under each of the activated measures of assistance and what supporting evidence is required for the audit and acquittal process.
- It is a requirement to include acknowledgement of the Commonwealth contribution to disaster recovery under the NDRRA in all published disaster-related correspondence, including letters offering assistance, websites or media releases, after first seeking approval through Treasury.

### Monthly Reporting of Actual and Estimated Eligible Expenditure

- The monthly reporting template is sent to agencies on the 6th with a return date to Treasury of the 11th of each month. Agencies are required to record their year to date actual expenditure and their estimated expenditure for the remainder of the current financial year and the next two financial years. Further instructions are provided in the Monthly Reporting Template Guidelines, available from Treasury at [NDRRA@nt.gov.au](mailto:NDRRA@nt.gov.au).
- Supporting documentation must be available to substantiate all eligible expenditure, especially for transactions over \$10 000 and for any restoration works to essential public assets. Further details are outlined in this document under Minimum Evidentiary Requirements for Expenditure.

### Quarterly Estimates to the Commonwealth

- Agencies year to date actual expenditure and estimate expenditure for the remainder of the financial year is submitted to the Attorney-General four times each year, in line with the Federal Budget cycle and the Final Budget Outcome end of financial year statements.
- Estimates must be verified by a suitably qualified professional with the appropriate level of expertise and experience (from either the state or local government or a delegated third party), and supported by, but not limited to, site inspections, design reports and damage assessments.

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- Agencies are required to provide detailed explanations of variances that are plus or minus 10 per cent or plus or minus \$1 million from their previous quarterly returns for each event.

### End of Financial Year Audit and Acquittal Process

#### Ineligible or Unsubstantiated Expenditure

If any information provided by agencies, which is identified by an appointed auditor or the Commonwealth, indicates that any part of the Territory's expenditure claimed is inconsistent with the determination or any other relevant Commonwealth decision, the expenditure in question will be removed from the claim.

If the eligibility of any expenditure, in the opinion of the Commonwealth, is not adequately substantiated by the Territory, the expenditure in question will be removed from the claim.

#### Risks and Consequences of Non-Compliance

The Australian National Audit Office performance audit and the Productivity Commission inquiry tabled in May 2015, found that the Commonwealth places too much reliance on State's Auditor-General, in vetting and signing off of State's claims for partial reimbursement of eligible NDRRA expenditure.

In response to these findings, the Commonwealth engaged PricewaterhouseCoopers (PwC) to audit State's claims. PwC's draft audit findings from the Territory Government's 2014-15 NDRRA claim found a number of inconsistencies, including evidence where expenditure claimed was ineligible or there was insufficient supporting evidence, which were then removed from the claim.

The outcomes of non-compliance with any condition are determined by the Commonwealth. In addition to removing ineligible or unsubstantiated expenditure from the claim, the Commonwealth has the power to declare all Territory Government NDRRA expenditure in the relevant financial year as ineligible, if there are repeated issues which demonstrate non-compliance with the guidelines.

#### NDRRA Eligible Measures

An eligible measure is defined as;

- An act of relief or recovery described as a Category A, Category B, Category C or Category D measure.

#### Category A Measures

Category A measures are forms of emergency assistance to individuals, specifically personal hardship and distress payments to needy individuals and counter disaster operations assistance to affected individuals. Further information regarding the types of costs that can be claimed under Category A is listed in schedule 1 of the 2017 determination.

#### Category B Measures

Category B assistance measures are predominantly associated with the restoration or replacement to essential public assets. Further information on essential public assets is provided in pages 4 and 5 of this document. Category B assistance measures are also associated with emergency assistance to the general public, including assistance to small businesses, primary producers or non-profit organisations.

## Category C Measures

A Category C measure is a community recovery package designed to support a holistic approach to the recovery of regions, communities or sectors severely affected by an eligible disaster. In order to receive a Category C measure in relation to a disaster, the recovery assistance must be sought by the Chief Minister and approved by the Prime Minister in writing.

## Category D Measures

A Category D measure is an act of relief or recovery carried out to alleviate distress or damage in circumstances that are, in the opinion of the Minister, exceptional. In order to receive a Category D measure in relation to a disaster, the recovery assistance must be sought by the Chief Minister and approved by the Prime Minister in writing. The Northern Territory has yet to activate a Category D measure.

For further information regarding the eligible measures of assistance within these categories, including the eligibility of expenditure, please refer to the NDRRA Administrative Guidelines, which are available from Treasury at [NDRRA@nt.gov.au](mailto:NDRRA@nt.gov.au).

## Essential Public Assets

### Key Essential Public Asset Definitions

An essential public asset is defined as:

- an asset that must be a transport or public infrastructure asset of an eligible undertaking that, the State considers and the department agrees, is a necessary part of a State's infrastructure and is integral to the normal functioning of a community.

Transport is defined as:

- an asset that is an integral part of a State's infrastructure and is associated with roads, road infrastructure (including footpaths, bike lanes, pedestrian bridges), bridges, tunnels and culverts.

Public infrastructure is defined as:

- an asset that is an integral part of a State's infrastructure and is associated with health, education, justice or welfare.

Eligible undertaking is a body defined as:

- a department or other agency of a state government, or;
- established by or under state legislation for public purposes (for example, a local government); and
- provides services free of charge or at a rate that is 50 per cent, or less, of the cost to provide those services.

An essential public asset of an eligible undertaking which has been directly damaged or re-damaged by an eligible disaster can be restored or replaced to its pre-disaster standard, in accordance with current building and engineering standards.

Where an essential public asset is restored or replaced to its pre-disaster standard in accordance with current building and engineering standards through the use of contemporary methodologies and materials, there is potential for the standard of the eligible essential public asset to be enhanced (see Guideline 1 for further details, available from Treasury at [NDRRA@nt.gov.au](mailto:NDRRA@nt.gov.au)).

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Agencies must be able to demonstrate and provide supporting evidence that the level of enhancement to the eligible essential public asset does not amount to restoring or replacing the essential public asset to a more disaster-resilient standard than its pre-disaster standard, that is, betterment.

This type of evidence can be used to support the pre-disaster standard of an essential public asset, the post-disaster damage caused as a direct result of the eligible disaster, including the betterment component where applicable, and the condition of the essential public asset once the restoration or replacement works have been completed.

Restoration or repair works to essential public assets estimated to cost in excess of \$1 million require prior approval from the Commonwealth, requested using *Attachment C – Essential Public Assets Approval Form*, available from Treasury at [NDRRA@nt.gov.au](mailto:NDRRA@nt.gov.au). This form must be submitted to Treasury to assess the application then lodge it with EMA.

### Minimum Evidentiary Requirements for Expenditure

Agencies must keep an accurate audit trail until such time as the claim is acquitted. For audit and assurance purposes, the Commonwealth, or an appointed auditor, may at any time request documentation from agencies to evidence compliance with the principles, conditions and eligibility rules of this determination, including its guidelines, and any applicable state and Commonwealth agreements made in relation to this determination.

Where documentation is requested, agencies must provide a complete audit trail comprising of physical or electronic records, or both, that correctly and accurately demonstrate a direct relationship between the activities for which expenditure is claimed and the eligible measure, for example:

- visual and geospatial data and information which may include (but is not limited to) satellite images, Google earth images, photographs, video footage;
- asset inspection and asset maintenance reports and assessments, including but not limited to, asset inspection reports conducted or verified by a suitably qualified professional, with the appropriate level of expertise and experience (from either the state or local government or a delegated third party), including site inspections, design reports and damage assessments;
- administrative data and documentation including, but not limited to, contract or work orders, timesheets, news articles, email correspondence, funding approval letters, minutes of meetings;
- financial data and documentation including, but not limited to, tax or financial statements or both, cost-benefit analysis, transaction listings used to reconcile invoices, annual reports, proposals and invoices;
- grant data and documentation, including but not limited to, grant applications and grant guidelines; and
- mitigation strategies, including but not limited to, disaster resilience plans, including action plans, risk profiles and assessments, and flood mapping.

### Allowable Time Limit

- For expenditure relating to an eligible event to be eligible under the NDRRA, all eligible expenditure must be incurred within the ATL. The ATL is 24 months after the end of the financial year in which the relevant disaster event occurred.

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- For example, the ATL for all eligible expenditure related to the Top End Monsoonal Trough that occurred in January and February 2014, during the 2013-14 financial year, was 30 June 2016. This ATL was 24 months after the end of the 2013-14 financial year in which the event occurred. Therefore, expenditure incurred after the ATL of 30 June 2016 is ineligible to be claimed.
- Requests to extend the ATL beyond 30 June in the year where the ATL expires are only available for repairs or restoration to essential public assets (EPA).
- Agencies are required to provide details of the special circumstances that caused the delays in repairing or restoring the EPA within the ATL. In order to apply for an extension to the ATL, repair works must have started and eligible expenditure must have been incurred on the EPA project within the ATL.

Further examples of what does, and does not, constitute special circumstances are outlined in the document *Attachment D: Request for Extension to the Allowable Time Limit Form*, which contains further information on the timelines throughout the ATL process, available from Treasury at [NDRRA@nt.gov.au](mailto:NDRRA@nt.gov.au).

## Agency Responsibilities

A severe weather event, which could become an eligible NDRRA event, occurs.



Agencies are required to reply to Treasury's potential and probable NDRRA event warnings and provide informed and educated estimates of damage directly caused by the event, including informing Treasury which local government areas have been affected by the event.



Once agencies are informed by Treasury of the official recognition of the event and the unique Australian Government Reference Number (AGRN), all expenditure is to be recorded against this AGRN, noting the ATL for all eligible expenditure associated with the event.



Agencies must record eligible expenditure for each measure of assistance separately in the monthly reporting template, using the information in the documents supplied by Treasury, which informs agencies on how eligible expenditure is to be recorded under each of the activated measures of assistance.



Agencies receive the monthly reporting template on the 6th of each month, which is due back to Treasury on the 11th of each month. Agencies are required to report their year to date actual expenditure and their estimated expenditure for the remainder of the current financial year, and up to the next two financial years after the end of the financial year in which the disaster



Supporting documentation must be available to substantiate all eligible expenditure, especially for transactions over \$10 000 and for any restoration works to essential public assets.



Agencies are required to provide detailed explanations of variances which are plus or minus 10 per cent or plus or minus \$1 million variance from their previous quarterly returns for each event.



Agencies must include acknowledgement of the Commonwealth's contribution to disaster recovery under the NDRRA in all disaster-related correspondence, including letters offering assistance, websites or media releases, after first seeking approval through Treasury.



Agencies are required to assist Auditors-General and/or Commonwealth appointed auditors and provide the requested supporting information in the required format by the specified date.

## Treasury Responsibilities

Based on weather warnings received from the Bureau of Meteorology, Treasury emails agencies potential and probable NDRRA event warnings, requesting informed and educated estimates of damage directly caused by the event, including information on which local government areas have been affected by the event.



Treasury reviews responses and advice from affected agencies and collects supporting information to determine if the costs of repairs in relation to a disaster event, across all Territory Government agencies, are estimated to exceed the \$240 000 small disaster criterion threshold.



Treasury commences the official notification process with EMA to have the event recognised as an eligible NDRRA event and notifies EMA of the eligible measures of assistance, which are required to be activated in the affected local government areas.



Treasury informs agencies and updates the Territory Government NDRRA current events website with the unique Australian Government Reference Number issued for the event, which expenditure is to be recorded against, including the eligible measures of assistance which have been activated and communicates the Allowable Time Limit for expenditure.



Treasury liaises with agencies to prepare Essential Public Assets Approval Forms, Eligibility Enquiry Forms and Media Releases, prior to seeking approval from EMA.



Treasury sends the monthly reporting template to agencies on the 6th on each month and once returns are received on the 11th, Treasury collates actual and estimates expenditure and analyses the supporting information for transactions over \$10 000.



Treasury reports all actual and estimated eligible expenditure to the Commonwealth on a quarterly basis. This includes expenditure which estimated to be incurred in the remainder of the current financial year, and for the next two financial years on eligible events where the Allowable Time Limit is still available.



Treasury coordinates the audit process with the Auditor-General and submits a verified claim to EMA within 9 months of the end of the financial year.



Treasury liaises with the Commonwealth appointed auditors and Territory Government agencies, to provide the required supporting information from the audit sample in the required format, ahead of final discussions with EMA on the amount of reimbursement.