

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 (DTF) coordinates the whole of the Territory Government's NDRRA claim each month throughout the financial year. Following the end of the financial year, if particular 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 DTF to the Commonwealth through Emergency Management Australia (EMA) within nine months of the end of the financial year. Claims submitted under the NDRRA framework are subject to audit by the Commonwealth's appointed auditor.

Reimbursement is based on a number of percentages relating to particular thresholds. Table 1 provides a summary of how the cost sharing formula works.

Table 1: Northern Territory NDRRA Thresholds 2018-19

Thresholds 2018-19	Partial Commonwealth Reimbursement
First \$13.261 million	0 per cent (excluding personal hardship and distress payments of 50 per cent)
Next \$9.947 million	50 per cent
Additional expenditure over \$ 23.208 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, DTF 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 necessary to assist DTF in determining 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, DTF 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, DTF will inform agencies of the Australian Government Reference Number (AGRN) issued for the event. DTF 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 must record eligible expenditure for each measure of assistance separately in the monthly reporting template, supplied by DTF. Guidelines are provided to inform agencies 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 DTF.

Monthly Reporting of Actual and Estimated Eligible Expenditure

- The monthly reporting template is sent to agencies on the 6th of each month with a return date to DTF of the 11th of each month. Agencies must record their year-to-date actual expenditure and their estimated expenditure for the remainder of the current financial year and the following two financial years. Further instructions are provided in the Monthly Reporting Template Guidelines, available from DTF at 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 (EPA). 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 Commonwealth quarterly, 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 state or local government or a delegated third party) and supported by, but not limited to, site inspections, design reports and damage assessments.
- Agencies must 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.

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 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 can 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, and counter-disaster operations assistance to affected individuals. Costs claimable under Category A are detailed in schedule 1 of the 2017 determination.

Category B Measures

Category B assistance measures are predominantly associated with the restoration or replacement of EPA. Further information on EPA 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 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 approved by the Prime Minister in writing.

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 DTF at 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 Territory considers and the Commonwealth agrees, is a necessary part of the Territory's infrastructure and is integral to the normal functioning of a community.

Transport is defined as:

- an asset that is an integral part of the Territory'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 the Territory'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 EPA of an eligible undertaking that 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 EPA 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 EPA to be enhanced (see Guideline 1 for further details, available from DTF at NDRRA@nt.gov.au).

Agencies must be able to demonstrate and provide supporting evidence that the level of enhancement to the eligible EPA does not amount to restoring or replacing the EPA 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 EPA, the post-disaster damage caused as a direct result of the eligible disaster, including the betterment component where applicable, and the condition of the EPA once the restoration or replacement works have been completed.

Restoration or repair works to EPA estimated to cost in excess of \$1 million require prior approval from the Commonwealth, requested using Attachment C – Essential Public Assets Approval Form, which is available from DTF at NDRRA@nt.gov.au. This form must be submitted to DTF to assess the application prior to lodging 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 demonstrate 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 physical or electronic records, or both, that 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, which may include (but is 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, which may include (but is not limited to) contract or work orders, timesheets, news articles, email correspondence, funding approval letters, minutes of meetings
- financial data and documentation, which may include (but is 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, which may include (but is not limited to) grant applications and grant guidelines
- mitigation strategies, which may include (but is 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.
- For example, the ATL for all eligible expenditure relating to an eligible event which occurred in 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 EPA.
- Agencies must provide details of the special circumstances that caused 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 DTF at NDRRA@nt.gov.au.

Agency Responsibilities

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



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



Once agencies are informed by DTF of the official recognition of the event and the AGRN, all expenditure must 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 DTF, which informs agencies how eligible expenditure must be recorded under each of the activated measures of assistance.



Agencies receive the monthly reporting template on the 6th of each month and must return the completed template to DTF by the 11th of each month. Agencies must report year-to-date actual expenditure and estimated expenditure for the remainder of the current financial year and the following two financial years from the end of the financial year in which the disaster occurred.



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



Agencies must provide detailed explanations of variances which are plus or minus 10 per cent, or plus or minus \$1 million 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 DTF.



Agencies must assist the Northern Territory Auditor-General's Office and/or EMA's appointed auditors and provide the requested supporting information in the required format by the specified date.

DTF Responsibilities

Based on weather warnings received from the Bureau of Meteorology, DTF 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.



DTF 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.



DTF 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 must be activated in the affected local government areas.



DTF informs agencies and updates DTF's NDRRA current events website with the AGRN issued for the event against which expenditure must be recorded, including the eligible measures of assistance that have been activated, and communicates the ATL for expenditure.



DTF liaises with agencies to prepare Essential Public Assets Approval Forms, Eligibility Enquiry Forms and media releases, prior to seeking approval from EMA.



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



DTF reports all actual and estimated eligible expenditure to EMA on a quarterly basis. This includes expenditure estimated to be incurred in the remainder of the current financial year, and for the following two financial years on eligible events where the ATL is still available.



DTF coordinates the audit process with the Northern Territory Auditor-General's Office and submits a verified claim to EMA within nine months of the end of the financial year.



DTF liaises with the Commonwealth-appointed auditors and NTG 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.