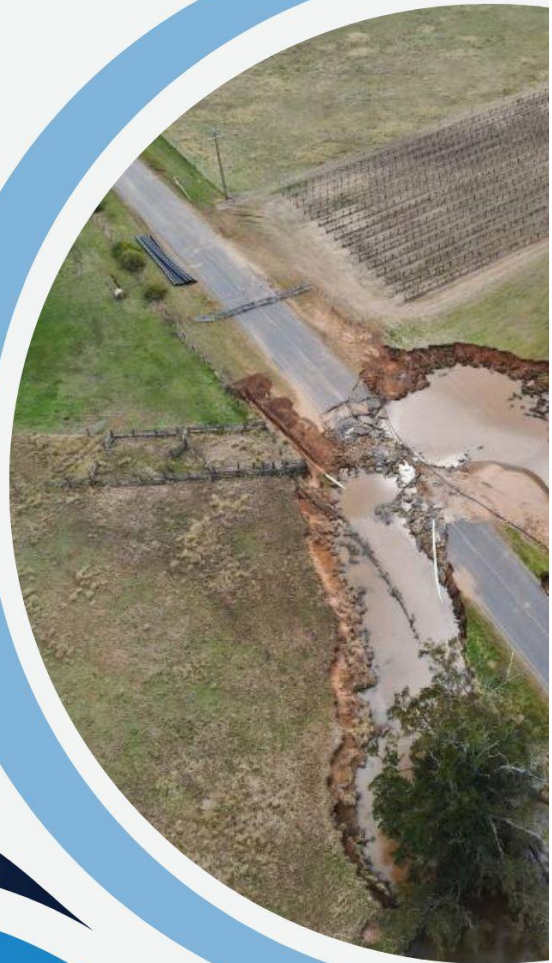




SUBMISSION

REVIEW OF THE NSW RECONSTRUCTION AUTHORITY ACT 2022

Presented By
**Country Mayors
Association of NSW**
17 MAY 2024



TERMS OF REFERENCE

The functions of the Joint Select Committee on the NSW Reconstruction Authority under section 93 of the NSW Reconstruction Authority Act 2022 (the 'Act') includes reviewing the Act to determine whether—

- (a) the policy objectives of the Act remain valid, and
- (b) the terms of the Act remain appropriate for securing the objectives. The Committee will report by 28 November 2024.

Primary object

The primary object of this Act is to promote community resilience to the impact of disasters in New South Wales through—

- (a) disaster prevention, preparedness and adaptation, and
- (b) recovery and reconstruction following disasters.

The primary object is to be achieved by:

- (a) establishing the NSW Reconstruction Authority to facilitate community resilience to the impact of disasters in New South Wales through prevention, preparedness and adaptation, and
- (b) providing for the functions and powers of the NSW Reconstruction Authority, including functions and powers to—
 - (i) facilitate the protection, recovery and reconstruction of affected communities, and
 - (ii) mitigate against the impact of potential disasters on communities, and
 - (iii) improve the resilience and adaptability of affected communities in relation to potential disasters, including, for example, by the betterment of affected communities, and
- (c) providing for the exercise of functions by the chief executive officer of the NSW Reconstruction Authority, subject to the Minister's control and direction, including ensuring the Authority exercises its functions effectively and efficiently.

In this Act, disaster includes the following:

- (a) natural disasters, including, for example, bushfires, coastal hazards, cyclones, earthquakes, floods, heatwaves, landslides, severe thunderstorms, tornadoes and tsunamis,
- (b) hazards caused by natural disasters including air pollution, water and soil contamination and water insecurity,
- (c) other emergencies in relation to which the Minister has requested assistance from the Authority,
- (d) other emergencies in relation to which—
 - (i) a public authority, including a Minister other than the Minister administering this Act, has requested assistance from the Authority, and
 - (ii) the Authority has agreed to provide assistance,
- (e) events, incidents or matters, or classes of events, incidents or matters, prescribed by the regulations.

The Country Mayors Association of New South Wales and its role in recovery and resilience

The Country Mayors Association of NSW (CMA) represents 89 Local Councils throughout non-metropolitan NSW. The Association exists because of city-country inequities in Local Government. On a per capita basis, Country Councils have far higher expense to income ratios than their city counterparts and fewer revenue growth opportunities.

Country Mayors and their Councils are much more connected to their communities than State and Federal Governments and are a vital employer in the regions. They are the front line for government service delivery in regional communities, as seen since 2019, when the NSW Government partnered with Local Government to recover from a barrage of successive, record-breaking disasters across the State.

Country Mayors and their councillors give a great deal for their constituencies and their staff are often underappreciated dedicated professionals.

Despite the clearly important roles of Local Government in NSW, Country Mayors are under ever-mounting pressure, due to financial sustainability barriers. This must be appreciated when considering disaster recovery capacities because most Country Councils are so financially committed that the additional cost challenges of reconstruction after a disaster cannot be borne by them. Further, delays in funding exacerbates already stressed financial positions. Major disasters must trigger more efficient recovery funding; presently there has been a serious lack of urgency in the delivery from NSW Government funds to the Country Councils for disaster recovery works.

In most cases, Country Councils are the most efficient and effective reconstruction operator. They know the infrastructure needs, as well as macro and micro challenges for their LGAs. They are best positioned for identifying and prioritising recovery projects. Their work crews are also generally the best, cost-effective options. Insights from CMA Member Councils have described a consequence of slow, sporadic disaster recovery claim payments from the NSW Government is that where skilled labour and contractors in remote areas are extremely short in supply, if a Council is not able to have them go from one project to the next, they risk losing them to other locations and struggling to get workers back on the job of restoring infrastructure in a timely fashion.

If State required council plans are to be adhered to, if councils are to retain stressed staff in challenging recruitment areas, if infrastructure is to be maintained or renewed as required and if councils are to maintain expected levels of service delivery and solvency, funding for non-metropolitan councils must be increased and made more consistent. It is also imperative that funding to Country NSW Councils be delivered through more streamlined, efficient processes. It is contradictory when the complexity and demands of funding application requirements are beyond the capacities of a small rural Council and they are forced to engage costly consultants. Councils also needlessly spend money when the assessment of grants they expect to receive takes an unpredictably long time – this has been the case with disaster recovery funding to date.

Disaster Funding Claims – Timeframes of Payments

Up until 2019, regional NSW was economically and spiritually depressed by the worst drought on record. Since then, record breaking natural disasters have included bushfires, floods and severe storms. Country NSW Councils are on the front line of disaster recovery. The system of partnering with NSW Government Departments (as funding bodies) has been effective but not efficient and delays in processing claims from country Councils has had compounding impacts, financially and in terms of the recovery process. CMA data collated from member Councils in early 2024 revealed that almost two-thirds of claims/applications were still pending (from submission periods dating back to January 2021). **[see attached disaster funding report]**.

Feedback from member councils described the Disaster Recovery Funding Arrangements (DRFA) as a crucial funding mechanism for Local Government in the aftermath of extreme events. However, the guidelines are interpreted to exclude water and sewer assets damaged in disasters.

Clearly, the cost of repairing or potentially replacing such vital infrastructure as water treatment plants damaged or destroyed during these extreme events is well beyond the means of most country councils. By way of example, one western NSW Council had \$19mil. of damage to water supply assets in November 2022. Without direct government intervention, the Council has not had a suitable funding mechanism to restore the infrastructure. While the large municipal water utilities may be able to self-fund these repairs, the cost on country councils is completely unaffordable. Why such essential infrastructure does not satisfy funding requirements should be a matter for the Reconstruction Authority to address. Such limitations to vital disaster recovery funding is a considerable barrier to financial sustainability for a country NSW Council.

Recommendation

The CMA recommends that minor wording in the Act and the Object of the Act be amended to include terms that reflect the need for expediency. This could, for example, be specified such that legislation requires disaster funding to Local Government be paid within a maximum of 28 days or if there is an effective preliminary assessment for triage that could be for urgent life impacting/isolating matters, while others could have a maximum of three or four months. There must be some urgency in disaster responses and the Country Mayors Association of NSW has shown just how much it is lacking. Enshrining that urgency in the objectives of the NSW Reconstruction Authority Act would be a welcomed improvement.

The immediate aftermath of major disasters obviously receives an emergency response. NSW Government disaster recovery funding to Country NSW Councils has demonstrated a lack of urgency in reconstruction efforts. Local roads remain cut or unsafe and people do not have access to housing or adequate potable water supply might not be available because of processing bottlenecks.

The need for appropriate Ministerial responsibility

The NSW Reconstruction Authority is responsible to the Minister for Emergency Services and the Minister for Planning and Public Spaces.

The Country Mayor Mayors Association of NSW recommends that the Act be amended such that the Authority is also responsible to the Transport and Roads Minister. As experienced by CMA member councils in recent years, road reconstruction and improvements are key to recovering from major disasters and directly impact resilience. Emergency services are generally only on hand during and immediately after a major disaster, not to repair but to make things safe. Transport and roads are more directly linked to the lengthy reconstruction and recovery projects seen in NSW in recent years.

Improving resilience alongside recovery works

Both supporting recovery and increasing resilience are core Objectives of the Reconstruction Authority. However, these do not occur concurrently, which would be the optimally efficient approach. Transport for NSW funding guidelines for disaster recovery claims are so rigid about not improving and only restoring infrastructure that numerous CMA survey respondents reported claim refusals due to a lack of pre-disaster evidence to ensure the infrastructure was not being improved upon. For the sake of efficiency, as per the Act, there must be some practical mechanism for enabling improvement of infrastructure as part of the recovery process. Where disaster impacts have shown infrastructure and thus, resilience to be inadequate, it is a reconstruction fail to restore to pre-disaster condition.