WALGA

Proposed Reform – Disaster Recovery Funding Framework

July 2026

WALGA

About WALGA

The Western Australian Local Government Association (WALGA) is an independent, member-based, not for profit organisation representing and supporting the WA Local Government sector.

Our membership includes all 139 Local Governments in the State. WALGA uses its influence, support and expertise to deliver better outcomes for WA Local Governments and their communities.

We advocate to all levels of Government on behalf of our Members, and provide expert advice, services and support to Local Governments. WALGA's vision is for agile and inclusive Local Governments enhancing community wellbeing and enabling economic prosperity.

Acknowledgement of Country

WALGA acknowledges the continuing connection of Aboriginal people to Country, culture and community. We embrace the vast Aboriginal cultural diversity throughout Western Australia, including Boorloo (Perth), on the land of the Whadjuk Nyoongar People, where WALGA is located and we acknowledge and pay respect to Elders past and present.

1. Introduction

The Australian Government is proposing significant reforms to Australia's disaster recovery funding arrangements through a new Disaster Recovery Funding Framework (DRFF). The proposed reforms are informed by the findings of the Independent Review of Commonwealth Disaster Funding (the Colvin Review), which identified that existing disaster funding arrangements are becoming increasingly complex, administratively burdensome and unsuited to the growing scale, frequency and cost of disasters.

In July 2026, the National Emergency Management Agency (NEMA) released a Disaster Management Reform Discussion Paper outlining proposed changes to disaster recovery funding, disaster risk reduction funding and recovery governance arrangements. Key proposals include new event-based activation thresholds, revised Commonwealth-State cost-sharing arrangements, standardised recovery packages, a Resilient Infrastructure Scheme, changes to exceptional circumstances assistance and streamlined reporting and assurance processes.

These reforms are highly significant for Western Australian Local Governments. Local Governments are responsible for coordinating community recovery under the Emergency Management Act 2005, manage approximately $49 billion in public assets including 87 per cent of Western Australia's public road network, and play a critical role in supporting community resilience and wellbeing before, during and after disasters.

While the proposed reforms relate primarily to funding arrangements between the Australian Government and states and territories, the practical implications for Local Government will depend heavily on how both governments implement the reforms. This is particularly relevant for activation thresholds, recovery funding, administrative processes and arrangements to support disaster events that do not meet proposed Commonwealth funding thresholds

WALGA is seeking feedback from Western Australian Local Governments on the proposed reforms and their likely implications for Local Governments, communities and recovery outcomes. Feedback received through this consultation process will inform WALGA's submission to the Australian Government and continue to inform advocacy to both State and Commonwealth Governments.

Feedback is requested by 27 July 2026 to em@walga.asn.au.

2. Recommendations

Overarching Principles

1. The Australian and Western Australian Governments should ensure the Disaster Recovery Funding Framework (DRFF) delivers improved recovery outcomes for Local Governments and communities, and that no Local Government or community is disadvantaged as a result of the transition from the DRFA to the DRFF.
2. The DRFF should significantly reduce the administrative burden, financial risk and cashflow impacts currently experienced by Local Governments through streamlined activation, approval, claiming, reporting and reimbursement processes.

3. The DRFF should recognise the full social, economic, environmental and community impacts of disasters, not solely infrastructure damage.
4. Resilient reconstruction and betterment should be embedded as standard components of disaster recovery funding arrangements.
5. The DRFF should be equitable and accessible, recognising the diverse capacities, risk profiles and operating environments of Local Governments, particularly in regional and remote Western Australia.
6. The DRFF should support greater investment in disaster risk reduction, resilience and long-term sustainability to reduce future disaster impacts and recovery costs.

New Event-Based Activation Trigger Points

7. The Australian and Western Australian Governments should ensure that the proposed activation threshold reforms deliver improved recovery outcomes overall and that no Local Government or community is disadvantaged as a result of the transition from the DRFA to the DRFF.
8. Where disaster events fall below Commonwealth activation thresholds, alternative State-based recovery funding arrangements should be available to ensure Local Governments and communities continue to have access to recovery assistance and are not exposed to unreasonable recovery costs.
9. Transition to the DRFF should not occur until alternative State recovery funding arrangements are established for disasters that do not meet Commonwealth activation thresholds.
10. Activation and eligibility arrangements should recognise the full range of disaster impacts, including social, economic, environmental and community recovery needs. Access to recovery assistance should be based on demonstrated disaster impacts and recovery needs and should not rely solely on eligible infrastructure reconstruction expenditure or formal emergency declaration mechanisms.
11. If the proposed 50:50 Commonwealth-State cost-sharing arrangements provide financial benefits to Western Australia, those benefits should be reinvested into State-based disaster recovery and resilience funding arrangements.

Standardised Recovery Packages

12. The Australian Government should work with Local Governments in the design and implementation of the standardised recovery packages to ensure they are fit-for-purpose, flexible and capable of responding to different disaster types, scales and local recovery needs, including those of regional and remote communities.
13. Standardised recovery packages should deliver equitable recovery outcomes and retain sufficient flexibility to recognise differences in remoteness, cost of living, service access and community need.
14. Recovery assistance currently available through Categories C and D should remain accessible under the DRFF through clearly defined recovery packages with simplified activation processes and reduced administrative burden.
15. The DRFF should retain an Exceptional Circumstances Assistance mechanism to ensure additional recovery support remains available for severe and catastrophic disasters where recovery needs exceed those addressed through standardised recovery packages.

16. Local Governments should be actively involved in the development of impact assessments, recovery plans and requests for additional recovery assistance under the DRFF.

Resilient Infrastructure Scheme

17. The Australian Government should implement a Resilient Infrastructure Scheme that embeds betterment and resilient reconstruction as standard components of disaster recovery funding.
18. The Australian and Western Australian Governments should work together to ensure full implementation of the Resilient Infrastructure Scheme in Western Australia, including expanding eligibility to community, recreational and cultural assets that are critical to community resilience, recovery and wellbeing.
19. The Resilient Infrastructure Scheme should provide sufficient funding to deliver approved resilience measures, without requiring Local Governments to contribute costs beyond agreed Commonwealth and State cost-sharing arrangements.
20. Resilience funding should be based on the risk reduction outcomes and long-term value delivered by individual reconstruction projects, with flexibility to fund resilience measures that exceed 15 per cent of reconstruction costs where justified by a strong risk reduction case.
21. The Australian Government should support Local Governments to identify infrastructure vulnerabilities, resilience priorities and future resilient reconstruction opportunities, including through risk assessment, asset analysis and strategic planning activities.

Impact of Disaster on First Nations People

22. Recovery arrangements should support genuine engagement with Aboriginal communities in the identification, design and delivery of recovery activities affecting their communities.
23. Recovery funding arrangements should recognise that recovery outcomes for Aboriginal communities may extend beyond physical reconstruction and include social, cultural and community wellbeing outcomes.

Streamlining Data and Reporting

24. The Australian Government should work with Local Governments and the Western Australian Government to ensure reforms to reporting, claiming, audit and assurance arrangements deliver a demonstrable reduction in administrative burden, improved timeliness of funding and better recovery outcomes for Local Governments.
25. A streamlined DRFF should:
    a. Introduce advance payments and more regular reimbursement arrangements to reduce cashflow pressures on Local Governments.
    b. Establish mandatory service standards for both Commonwealth and State Governments, with clear timeframes for disaster activation decisions, assessments, approvals, claims processing, audits and reimbursement. Local Governments should receive timely advice regarding declaration status, eligibility and expected decision timeframes, supported by clear and time-bound dispute resolution mechanisms.

c. Implement a fit-for-purpose digital recovery funding system to support damage assessments, claiming, reporting, audit and reimbursement processes, replacing spreadsheet-based and manual reporting processes.
d. Clarify and expand eligible expenditure to include the full range of recovery delivery costs, including internal labour, administration, project management, staff diverted from normal duties, community recovery activities and other necessary inputs where contractors are unavailable or impractical.
e. Maintain eligibility for backfill staff and support flexible workforce arrangements, including contractors, surge capacity, overtime and temporary staffing arrangements.
f. Introduce a risk-based evidentiary framework that scales requirements according to the extent and complexity of works, allows alternative forms of evidence including asset management records and asset registers, and supports post-event validation where real-time documentation is not practical.
g. Recognise existing Local Government financial management, procurement and audit controls and reduce unnecessary layers of approval.
h. Develop clear guidance and simplified processes for managing claims across overlapping or consecutive disaster events.
i. Provide clear and consistent guidance on eligible expenditure, evidence requirements and claim preparation, supported by practical tools, templates, training and ongoing support for Local Governments.

Risk Reduction Funding

26. The Australian Government should significantly increase investment in Local Government disaster risk reduction and resilience initiatives, recognising that proactive investment reduces future disaster impacts, recovery costs and pressure on government resources.
27. WALGA supports an evidence-informed and risk-based approach to risk reduction funding, provided it is coordinated with State risk assessment processes, avoids duplication, and is supported by investment in Local Government capability, data, tools and technical expertise. Funding arrangements should recognise differing levels of Local Government capability, capacity and risk maturity and ensure smaller and less well-resourced Local Governments are not disadvantaged in accessing funding.
28. The design of the Risk Reduction Stream should recognise the varying capacity and resource constraints of Local Governments and ensure smaller, regional and remote Local Governments are able to access funding regardless of workforce limitations, specialist capability gaps or grant development capacity.
29. Risk reduction funding should support infrastructure resilience, community resilience, preparedness, capability-building and locally led risk reduction initiatives, including the planning and risk assessment activities needed to identify and prioritise future investments.

3. Local Government and Disaster Recovery Funding in Western Australia

Local Governments play a central role in disaster recovery in Western Australia. Under the *Emergency Management Act 2005*, Local Governments are responsible for coordinating community recovery and are often required to support recovery activities for months or years following a disaster.

Since 2020, Western Australia has experienced 48 declared disasters affecting 82 Local Governments across the State. Western Australian Local Governments manage approximately $49 billion in public assets, including 87 per cent of the State's public road network, and are responsible for repairing and restoring many of these assets following disaster events.

Recent disasters, including Cyclone Seroja, the Kimberley floods and Cyclone Zelia, have had significant impacts on regional and remote Local Governments with limited financial and workforce capacity. Recovery costs, administrative requirements and delays in reimbursement can create substantial financial pressures and divert resources from other essential Local Government services.

The 2025 WALGA Local Government Emergency Management Survey identified significant challenges with current disaster recovery funding arrangements. Seventy-five per cent of Local Governments reported low to moderate confidence in their ability to access DRFAWA funding. Among Local Governments that had accessed DRFAWA funding since 2020, 59 per cent reported experiencing delays or difficulties, particularly in relation to evidence collection, damage assessment, application preparation, compliance requirements and project approvals.

The survey also identified broader capacity constraints across the sector. Fifty-four per cent of Local Governments reported insufficient staffing to meet current emergency management responsibilities, while 48 per cent considered current emergency management funding inadequate.

These challenges highlight the importance of ensuring that reform of the Disaster Recovery Funding Arrangements (DRFA) delivers practical improvements for Local Governments and communities, including reduced administrative burden, more timely access to funding, increased investment in resilience and risk reduction, and stronger support for community recovery.

4. Feedback on the proposed changes to the Disaster Recovery Funding Framework

WALGA has identified six overarching principles-based recommendations for the proposed reform proposed reforms.

Recommendations

1. The Australian and Western Australian Governments should ensure the Disaster Recovery Funding Framework (DRFF) delivers improved recovery outcomes for Local Governments and communities, and that no Local Government or community is disadvantaged as a result of the transition from the DRFA to the DRFF.
2. The DRFF should significantly reduce the administrative burden, financial risk and cashflow impacts currently experienced by Local Governments through streamlined activation, approval, claiming, reporting and reimbursement processes.
3. The DRFF should recognise the full social, economic, environmental and community impacts of disasters, not solely infrastructure damage.
4. Resilient reconstruction and betterment should be embedded as standard components of disaster recovery funding arrangements.
5. The DRFF should be equitable and accessible, recognising the diverse capacities, risk profiles and operating environments of Local Governments, particularly in regional and remote Western Australia.
6. The DRFF should support greater investment in disaster risk reduction, resilience and long-term sustainability to reduce future disaster impacts and recovery costs

4.1. New event-based activation trigger points.

Current Situation

Under the current Disaster Recovery Funding Arrangements (DRFA), a disaster event must exceed the Small Disaster Criterion (SDC) of $240,000 in eligible expenditure before recovery assistance can be provided.

Access to Commonwealth reimbursement for essential public asset reconstruction is also linked to annual State expenditure thresholds. For 2026-27, Western Australia's first threshold is $112.7 million and its second threshold is $197.2 million. Different reimbursement rates apply once those thresholds are reached and the State pays the full cost up to the first threshold. Under the DRFAWA, Local Governments contribute 25 per cent of eligible Category B reconstruction costs up to a capped amount.

As a result, access to recovery funding is influenced by a combination of event activation thresholds, State expenditure thresholds and Local Government contribution requirements, creating a framework that can be complex to administer and difficult to understand.

Colvin Review Findings

The Colvin Review found that the current activation and cost-sharing arrangements are unnecessarily complex and create inequities between jurisdictions. It noted that access to Commonwealth funding is influenced not only by the impact of an individual disaster, but also by the total level of disaster expenditure incurred by a State in a financial year. The Review recommended simplifying activation thresholds and reimbursement arrangements to improve equity, predictability and earlier access to Commonwealth cost-sharing.

Proposed Changes

The Australian Government has proposed replacing the current Small Disaster Criterion and State expenditure thresholds with a new event-based activation model. Under the proposed Disaster Recovery Funding Framework (DRFF):

- The current SDC of $240,000 would be replaced by an event-based activation trigger point of $2.7 million for Western Australia, based on the total eligible costs of a disaster event across all affected Local Government areas.
- Once the trigger point is exceeded, the Australian Government would contribute 50 per cent of eligible recovery costs above the threshold.
- The current State expenditure thresholds would be removed.

The Australian Government has advised that the proposed threshold is intended to recognise the primary responsibility of states and territories for managing smaller-scale disaster recovery and ensure that Commonwealth funding is targeted towards larger-scale disaster events that generate the majority of recovery costs. The Discussion Paper notes that disaster events costing between $240,000 and $2 million account for almost half of DRFA activations but only around 1 per cent of total eligible expenditure.

Potential Implications for Western Australian Local Government

The proposed increase in the activation threshold from $240,000 to $2.7 million would result in significantly fewer Western Australian disaster events qualifying for Commonwealth assistance under the DRFF, unless alternative activation arrangements are introduced.

The implications for Local Government will depend heavily on how the Western Australian Government responds to the new framework. While the State currently funds eligible reconstruction costs below the first Commonwealth expenditure threshold, there is no dedicated State recovery funding framework to support activities outside the DRFA. If disaster events that currently qualify for assistance no longer meet the proposed Commonwealth threshold, there is uncertainty regarding how recovery costs would be funded and whether Local Governments would face increased financial exposure. WALGA does not support increasing activation thresholds unless effective State recovery funding arrangements are established for disasters that do not meet the revised threshold.

The current Small Disaster Criterion has not been updated since 2004. If adjusted broadly in line with inflation, the threshold would be approximately $450,000 in today's dollars, providing a useful reference point when considering the scale of the proposed increase to $2.7 million.

The proposed reforms could provide financial benefits to Western Australia through earlier access to Commonwealth cost-sharing and the removal of annual State expenditure thresholds. Historically, Western Australia has generally not reached the higher Commonwealth reimbursement thresholds available under the DRFA. If the proposed 50:50 cost-sharing model delivers financial benefits to the State, consideration should be given to reinvesting those benefits into State-based disaster recovery and resilience funding arrangements, including support for disasters that do not meet Commonwealth activation thresholds.

The design of activation arrangements will be critical. WALGA considers that access to recovery assistance should be based on demonstrated disaster impacts and recovery needs, rather than solely on eligible expenditure or formal emergency declarations. This is particularly relevant in Western Australia, where some events can affect large geographic areas and generate significant recovery costs without resulting in an Emergency Situation Declaration or State of Emergency Declaration under the *Emergency Management Act 2005*.

The impacts of these changes are unlikely to be evenly distributed across the sector. Smaller regional and remote Local Governments, which experience a disproportionate number of DRFA activations and often have limited financial capacity, would be most affected by a higher activation threshold unless complementary State arrangements are established.

While the most significant financial impacts relate to essential public asset reconstruction, the proposed activation threshold would also influence access to broader recovery assistance under the DRFF, including community recovery, local economic recovery and environmental recovery measures. WALGA considers that these forms of assistance should be activated on the basis of demonstrated recovery need and community impact, rather than solely by reference to eligible reconstruction expenditure.

Recommendations

7. The Australian and Western Australian Governments should ensure that the proposed activation threshold reforms deliver improved recovery outcomes overall and that no Local Government or community is disadvantaged as a result of the transition from the DRFA to the DRFF.
8. Where disaster events fall below Commonwealth activation thresholds, alternative State-based recovery funding arrangements should be available to ensure Local Governments and communities continue to have access to recovery assistance and are not exposed to unreasonable recovery costs.
9. Transition to the DRFF should not occur until alternative State recovery funding arrangements are established for disasters that do not meet Commonwealth activation thresholds.
10. Activation and eligibility arrangements should recognise the full range of disaster impacts, including social, economic, environmental and community recovery needs. Access to recovery assistance should be based on demonstrated disaster impacts and recovery needs and should not rely solely on eligible infrastructure reconstruction expenditure or formal emergency declaration mechanisms.
11. If the proposed 50:50 Commonwealth-State cost-sharing arrangements provide financial benefits to Western Australia, those benefits should be reinvested into State-based disaster recovery and resilience funding arrangements.

4.2. Nationally consistent assistance packages so people and communities have clearer expectations about what support is available after a disaster.

4.2.1. Standardised recovery packages

Current Situation

Currently, disaster recovery assistance under the DRFA is delivered through four categories of support. Categories A and B are available following activation of the DRFA, while Categories C and D provide additional assistance for more severe or exceptional disaster events.

- Category A – Emergency Hardship Assistance supports individuals and families through emergency payments and immediate relief measures.
- Category B – Infrastructure and Asset Recovery supports the restoration of essential public assets, including Local Government roads, and assistance to small businesses and primary producers.
- Category C – Community Recovery supports communities, regions or sectors experiencing significant impacts that are not adequately addressed through Categories A and B.
- Category D – Exceptional Circumstances Assistance supports recovery activities where impacts are considered extraordinary and cannot be addressed through other DRFA measures.

While the current arrangements provide flexibility, Categories C and D can be complex and time-consuming to activate. Funding proposals are often developed after a disaster has occurred and require additional State and Commonwealth consideration, which can delay access to recovery assistance for impacted communities. In recent years, Category C and D funding has supported a range of community recovery, economic recovery, environmental recovery and resilience initiatives that sit outside traditional infrastructure reconstruction activities.

Colvin Review Findings

The Colvin Review found that the current Category A-D structure is complex, difficult to navigate and inconsistently applied across jurisdictions. It concluded that assistance should be organised around recovery needs and recovery outcomes rather than funding administration processes. Recommendation 37 of the review proposed replacing the existing DRFA categories with a more structured framework aligned to recovery outcomes and recovery domains. The Review also recommended greater national consistency through standardised assistance measures with clearer activation criteria and streamlined administration.

Proposed Changes

The proposed DRFF would replace the current Category A-D structure with a series of standardised recovery packages aligned to key recovery functions:

- **Individuals and Families** – nationally consistent hardship assistance for disaster-affected people.
- **Community Recovery** – including clean-up activities, mental health and wellbeing services, disability services, support for not-for-profit organisations and Community Recovery Officers.
- **Local Economic Recovery** – support for small businesses and primary producers.
- **Environmental Recovery** – support for environmental recovery activities.
- **Exceptional Circumstances Assistance** – additional support for severe or catastrophic events where recovery needs cannot be met through the standardised recovery packages.

Potential Implications for Western Australian Local Government

The proposed package structure represents a significant shift in the way disaster recovery assistance is organised and delivered. By aligning assistance with recovery outcomes rather than funding categories, it has the potential to improve clarity, reduce administrative complexity and provide greater certainty regarding available recovery support.
Local Governments play a key role in supporting the social, economic and environmental wellbeing of their communities. Under the *Emergency Management Act 2005*, Local Governments are responsible for coordinating community recovery and often manage recovery activities for months or years following a disaster. The proposed Community Recovery package has the potential to strengthen Local Government recovery capability and improve long-term community wellbeing outcomes.

Many elements of the proposed packages remain under development. Their effectiveness will depend on the detailed design of eligibility criteria, funding levels, activation arrangements and administrative requirements. It will be important to ensure that assistance currently available through Categories C and D remains accessible under the new framework and that sufficient flexibility is retained to respond to different disaster types, scales and local circumstances, particularly in regional and remote communities.

While greater national consistency may improve clarity and predictability, standardised assistance measures should not result in inequitable outcomes for communities with different needs and operating environments. In Western Australia, the costs of recovery, access to services and impacts on communities can vary significantly, particularly in regional and remote areas. Assistance measures, including support for individuals and families, should retain sufficient flexibility to account for differences in remoteness, cost of living, service access and local recovery needs. WALGA considers that equitable recovery outcomes are more important than consistent funding amounts or delivery approaches.

Activation and eligibility arrangements for recovery packages should recognise the full range of disaster impacts, including social, economic, environmental and community recovery needs. Access to Community Recovery, Local Economic Recovery and Environmental Recovery assistance should be based on demonstrated recovery need and community impacts, regardless of whether eligible infrastructure reconstruction expenditure exceeds the disaster activation threshold.

Recommendations

12. The Australian Government should work with Local Governments in the design and implementation of the standardised recovery packages to ensure they are fit-for-purpose, flexible and capable of responding to different disaster types, scales and local recovery needs, including those of regional and remote communities.
13. Standardised recovery packages should deliver equitable recovery outcomes and retain sufficient flexibility to recognise differences in remoteness, cost of living, service access and community need.
14. Recovery assistance currently available through Categories C and D should remain accessible under the DRFF through clearly defined recovery packages with simplified activation processes and reduced administrative burden.
15. The DRFF should retain an Exceptional Circumstances Assistance mechanism to ensure additional recovery support remains available for severe and catastrophic disasters where recovery needs exceed those addressed through standardised recovery packages.
16. Local Governments should be actively involved in the development of impact assessments, recovery plans and requests for additional recovery assistance under the DRFF.

4.2.2. Resilient infrastructure scheme

Current Situation

Currently, the DRFAWA supports the reconstruction of eligible essential public assets to their pre-disaster function and standard. In practice, this generally means damaged assets are rebuilt on a like-for-like basis, with limited opportunities to incorporate resilience improvements or reduce future disaster risk.

Western Australian Local Governments manage approximately $49 billion in public assets, including around 87 per cent of the State's public road network. Many of these assets are repeatedly damaged by natural hazards, particularly in regional and remote areas. Reconstructing infrastructure to its pre-disaster standard can leave assets vulnerable to future disaster impacts, prolong community disruption and result in repeated reconstruction costs over time.

While betterment funding has occasionally been available through existing DRFA arrangements in Western Australia, access has generally relied on separate Category D approvals and additional evidentiary and administrative requirements. Unlike other jurisdictions, Western Australia has not yet implemented an efficiencies framework to support betterment.

Colvin Review Findings

The Colvin Review identified a need to strengthen investment in disaster resilience and reduce the long-term costs of disaster recovery. It found that rebuilding infrastructure to pre-disaster standards is often inefficient and can perpetuate future disaster risk. The

Review recommended that disaster recovery funding should place greater emphasis on reducing future harm and integrating betterment as a standard component of recovery arrangements. The Review also found that investment in resilient reconstruction can deliver significant long-term economic benefits through reduced future damage, lower recovery costs and improved community resilience.

Proposed Changes

The proposed Disaster Recovery Funding Framework would introduce a new Resilient Infrastructure Scheme designed to support the restoration and reconstruction of damaged essential public assets to a more resilient standard. Under the proposed model:

- Eligible reconstruction projects could access additional funding of up to 15 per cent for resilience improvements, cost shared between the Commonwealth and State Governments, with each contributing up to 7.5 per cent.
- The scheme would replace existing betterment arrangements that currently rely on Category D approvals and efficiencies provisions (which have not yet been made available in Western Australia).
- Eligibility would be based on factors such as disaster risk, repeat damage, asset importance and value-for-money considerations.
- The scheme would create an opportunity to review the definition of essential public assets, including consideration of community, recreational and cultural infrastructure.
- The Australian Government has indicated that the proposed 15 per cent resilience loading is intended as a starting point for consultation and further design work.

Potential Implications for Western Australian Local Government

The proposed Resilient Infrastructure Scheme represents one of the most significant reforms under the DRFF for Western Australian Local Governments. By supporting the reconstruction of damaged assets to a more resilient standard, the scheme has the potential to reduce repeat damage, improve long-term value for public investment, reduce future recovery costs and strengthen community resilience following disaster events.

The proposed review of eligible assets may also create opportunities to better support infrastructure that contributes to community resilience, including community, recreational and cultural assets that are currently excluded from many recovery funding arrangements.

Realising these benefits in Western Australia will depend on the Western Australian Government agreeing to participate in the proposed Commonwealth-State cost-sharing arrangements and fully implementing the scheme through the DRFAWA. Without State participation, the benefits of the proposed scheme may not be realised in Western Australia.

A key area of uncertainty is how the proposed 15 per cent resilience funding allocation would operate in practice. It is currently unclear whether the additional funding would be calculated for individual reconstruction projects, broader reconstruction programs, or another funding basis. Greater clarity is required to understand the practical value of the scheme for Local Governments.

There is also uncertainty regarding whether a fixed 15 per cent resilience allocation will be sufficient to achieve meaningful betterment outcomes. The cost of resilience improvements can vary considerably depending on the asset, hazard exposure, site conditions and desired risk reduction outcome. For some assets, particularly in regional and remote areas, meaningful resilience improvements may require investment well beyond the proposed funding allocation.

The Discussion Paper's focus on risk, repeat damage and asset importance highlights the need for a stronger understanding of infrastructure vulnerability and resilience priorities before disaster events occur. Identifying assets that are repeatedly damaged, critical to community connectivity, or essential to economic and community functioning can help inform both future risk reduction investment and resilient reconstruction opportunities. However, many Local Governments currently lack the funding, technical expertise, asset data and analytical capability required to undertake this work. Smaller and less well-resourced Local Governments may be particularly disadvantaged if access to resilience funding depends on detailed pre-disaster analysis without corresponding capability support.

WALGA considers that the primary objective of the Resilient Infrastructure Scheme should be to achieve demonstrable risk reduction outcomes. Reconstruction projects should be assessed on their individual merits, taking into account the nature of the asset, hazard exposure, repeat damage history and the resilience benefits that can be achieved. Funding arrangements should provide sufficient flexibility to support resilience measures that deliver strong long-term value, rather than being constrained by a fixed funding percentage.

Recommendations

17. The Australian Government should implement a Resilient Infrastructure Scheme that embeds betterment and resilient reconstruction as standard components of disaster recovery funding.
18. The Australian and Western Australian Governments should work together to ensure full implementation of the Resilient Infrastructure Scheme in Western Australia, including expanding eligibility to community, recreational and cultural assets that are critical to community resilience, recovery and wellbeing.
19. The Resilient Infrastructure Scheme should provide sufficient funding to deliver approved resilience measures, without requiring Local Governments to contribute costs beyond agreed Commonwealth and State cost-sharing arrangements.
20. Resilience funding should be based on the risk reduction outcomes and long-term value delivered by individual reconstruction projects, with flexibility to fund resilience measures that exceed 15 per cent of reconstruction costs where justified by a strong risk reduction case.
21. The Australian Government should support Local Governments to identify infrastructure vulnerabilities, resilience priorities and future resilient reconstruction opportunities, including through risk assessment, asset analysis and strategic planning activities.

4.3. Impact of Disaster on First Nations People

Current Situation

The NEMA Discussion Paper notes that First Nations communities can experience disproportionate impacts from disasters, including impacts on housing, community wellbeing, cultural connections and connection to Country. These impacts can be compounded by remoteness, existing socioeconomic disadvantage and repeated exposure to disaster events.

Proposed Changes

The Australian Government has proposed greater engagement with First Nations people in the design and delivery of recovery support. The proposed reforms recognise that recovery is not solely about financial assistance, but also about ensuring First Nations communities are involved in identifying recovery needs and shaping recovery solutions.

Example Case Study: Impacts and Recovery for First Nations Communities Following the 2023 Kimberley Floods

The 2023 Kimberley Floods demonstrate how disasters can have complex and lasting impacts on First Nations communities, extending well beyond physical damage to homes and infrastructure. The floods had significant impacts on Fitzroy Crossing and Aboriginal communities across the Kimberley region, affecting homes, infrastructure, community facilities, cultural sites, family connections and connection to Country.

For First Nations communities, the impacts extended beyond physical damage. Floodwaters affected culturally significant sites, altered parts of the river system and surrounding landscape, and disrupted people's connection to Country. Many Traditional Owners described grief associated with changes to the landscape and damage to places of cultural importance. The disaster also affected community wellbeing, family networks, cultural practices and access to services. As a result, recovery needs extended well beyond the reconstruction of physical assets and included social and emotional wellbeing support, community reconnection, housing, access to services and cultural recovery.

The Shire of Derby-West Kimberley played a key role in local recovery coordination and community engagement, working alongside State agencies, Aboriginal organisations and community leaders. The Shire supported the administration of the Fitzroy Valley Flood Recovery Working Group, a community-led group including representatives from the Fitzroy Valley's major language groups, community members and local businesses that helped guide recovery priorities and decision-making. The Shire also operated Community Flood Hubs, which provided information, outreach, case management and support services to affected residents and communities. Recovery efforts included targeted and mobile outreach to remote Aboriginal communities, community wellbeing initiatives, youth programs and community-led activities designed to reconnect people and support healing following the disaster.

The Kimberley Floods State Recovery and Resilience Plan recognised the importance of working closely with Traditional Owners and Aboriginal organisations throughout the recovery process. The recovery experience demonstrated that effective recovery for First Nations communities requires more than the restoration of infrastructure. It requires sustained support for community wellbeing, cultural recovery, connection to Country and Aboriginal-led decision making. The Kimberley floods recovery experience highlights the importance of disaster recovery arrangements and funding models that recognise the social, cultural and community impacts of disasters alongside physical reconstruction, and support Local Governments to work in partnership with Aboriginal communities to deliver place-based recovery outcomes.

Potential Implications for Western Australian Local Government

Local Governments are responsible for coordinating community recovery and often work closely with Aboriginal communities before, during and after disaster events. Effective recovery outcomes depend on genuine engagement with affected communities and recognition of local cultural, social and community priorities.

For many communities, recovery extends beyond rebuilding physical assets and infrastructure. Recovery may also involve restoring community wellbeing, supporting social and cultural connections, and recognising the importance of connection to Country.

The proposed reforms provide an opportunity to strengthen place-based recovery approaches and ensure recovery arrangements better recognise the needs and priorities of Aboriginal communities across Western Australia.

Recommendations

22. Recovery arrangements should support genuine engagement with Aboriginal communities in the identification, design and delivery of recovery activities affecting their communities.
23. Recovery funding arrangements should recognise that recovery outcomes for Aboriginal communities may extend beyond physical reconstruction and include social, cultural and community wellbeing outcomes.

4.4. Streamlining data and reporting

Current Situation

The DRFA is the primary source of disaster recovery funding available to support Western Australian Local Governments following eligible disaster events through the DRFAWA. While the framework provides important financial assistance, Local Governments consistently report challenges associated with disaster activation timeframes, evidentiary requirements, approvals, claiming processes, audits and reimbursement timeframes.

WALGA has consistently advocated for streamlined administration, reduced evidentiary requirements, faster reimbursement and increased access to upfront funding. Delays in assessments, approvals and reimbursement can create significant cashflow pressures, particularly for smaller regional and remote Local Governments with limited financial capacity. Delays in DRFA activation decisions can also create uncertainty regarding eligibility, recovery planning, procurement decisions and financial commitments.

The 2025 WALGA Local Government Emergency Management Survey found that 75 per cent of Local Governments reported low to moderate confidence in their ability to apply for DRFAWA funding. Further, 59 per cent of Local Governments that had accessed DRFAWA funding since 2020 reported experiencing delays or difficulties. Common issues included damage assessments, cost estimation processes, evidence collection, compliance and auditing requirements, and agreement of project scope and costs.

Survey responses also highlighted concerns regarding the complexity of administrative processes, reimbursement delays, limited recognition of Local Government recovery costs and funding arrangements that can create barriers to accessing support. Many Local Governments reported that important recovery costs, including internal labour, project management, administration and community recovery activities, are either inadequately recognised or ineligible under current arrangements.

Colvin Review Findings

The Colvin Review found that the DRFA is administratively complex and places a significant burden on delivery agencies. The Review identified reporting, claiming, acquittal and assurance processes as key areas requiring reform and recommended that recovery funding arrangements be simplified, streamlined and made more efficient. The Review also identified a need to improve the speed and predictability of funding flows, reduce duplication and enable recovery agencies to focus on recovery delivery rather than compliance processes. These findings are reflected in the NEMA Discussion Paper, which acknowledges that current DRFA audit and assurance arrangements may impose a significant administrative burden on states, delivery agencies and Local Governments.

5. Proposed Changes

The Australian Government has proposed a range of reforms to reporting, claiming, audit and assurance arrangements under the proposed DRFF, including:

- Progress and financial reporting across all categories of DRFF assistance.
- Retention of core reporting information, including project status, expenditure to date and estimated final costs.
- Removal of infrastructure efficiencies reporting requirements.
- Improvements to reporting and claiming systems.
- Further work on financial claiming arrangements, including opportunities for advance payments and more regular reimbursement claims.
- Consideration of alternative audit and assurance models to reduce duplication between State and Commonwealth processes.
- A revised evaluation framework focused on recovery outcomes at the disaster event level rather than individual recovery measures.

The Discussion Paper indicates that eligible expenditure under the DRFF is expected to remain broadly consistent with current DRFA eligibility arrangements. Further work will be undertaken on claiming processes, audit and assurance arrangements, evaluation requirements and implementation arrangements.

6. Potential Implications for Western Australian Local Government

Reducing administrative burden should be a key outcome of the proposed reforms. Local Governments consistently report that evidentiary requirements, claim preparation, multiple review processes and reimbursement delays create significant administrative and financial challenges during recovery.

The proposed review of reporting, claiming, audit and assurance arrangements provides an opportunity to reduce duplication between State and Commonwealth processes, improve funding certainty and timeliness, and better recognise existing Local Government governance, procurement and financial management systems.

The reforms also present an opportunity to adopt a more proportionate approach to evidence requirements. Many Local Governments report difficulties providing pre-event records, photographs and condition data required to support claims, particularly where response and recovery activities must take priority immediately following an event. Consideration should be given to greater recognition of existing asset management records, inspection programs and asset registers as evidence where appropriate, and scaling evidentiary requirements according to the value and complexity of claims.

Local Governments have also identified a need for practical, fit-for-purpose reporting and claiming systems. Improvements should reduce manual data entry, duplication of information and reliance on spreadsheet-based processes, making it easier to prepare, submit and track recovery claims.

The effectiveness of the proposed reforms will ultimately depend on whether they deliver practical improvements for Local Governments, including faster disaster activation decisions, faster approvals, reduced administrative burden, clearer guidance on eligible expenditure and more timely reimbursement of recovery costs. Particular consideration should be given to regional and remote Local Governments, where workforce constraints and limited specialist resources can make compliance with complex funding requirements especially challenging.

Local Governments also continue to identify gaps in the recognition of recovery delivery costs. Recovery often requires the diversion of existing staff, engagement of contractors, project management resources and community recovery activities, all of which create costs that are not always adequately recognised under existing arrangements.

The reforms also provide an opportunity to clarify Commonwealth and State roles and responsibilities and establish a more efficient and predictable recovery funding system. If the proposed event-based activation thresholds and 50:50 cost-sharing arrangements are implemented, the Western Australian Government should also review and streamline State-level recovery processes to ensure the benefits of reform flow through to Local Governments and communities.

Recommendations

24. The Australian Government should work with Local Governments and the Western Australian Government to ensure reforms to reporting, claiming, audit and assurance arrangements deliver a demonstrable reduction in administrative burden, improved timeliness of funding and better recovery outcomes for Local Governments.
25. A streamlined DRFF should:
    a. Introduce advance payments and more regular reimbursement arrangements to reduce cashflow pressures on Local Governments.

b. Establish mandatory service standards for both Commonwealth and State Governments, with clear timeframes for disaster activation decisions, assessments, approvals, claims processing, audits and reimbursement. Local Governments should receive timely advice regarding declaration status, eligibility and expected decision timeframes, supported by clear and time-bound dispute resolution mechanisms.
c. Implement a fit-for-purpose digital recovery funding system to support damage assessments, claiming, reporting, audit and reimbursement processes, replacing spreadsheet-based and manual reporting processes.
d. Clarify and expand eligible expenditure to include the full range of recovery delivery costs, including internal labour, administration, project management, staff diverted from normal duties, community recovery activities and other necessary inputs where contractors are unavailable or impractical.
e. Maintain eligibility for backfill staff and support flexible workforce arrangements, including contractors, surge capacity, overtime and temporary staffing arrangements.
f. Introduce a risk-based evidentiary framework that scales requirements according to the extent and complexity of works, allows alternative forms of evidence including asset management records and asset registers, and supports post-event validation where real-time documentation is not practical.
g. Recognise existing Local Government financial management, procurement and audit controls and reduce unnecessary layers of approval.
h. Develop clear guidance and simplified processes for managing claims across overlapping or consecutive disaster events.
i. Provide clear and consistent guidance on eligible expenditure, evidence requirements and claim preparation, supported by practical tools, templates, training and ongoing support for Local Governments.

6.1. Risk Reduction Funding

Current Situation

Disaster risk reduction is critical to reducing the long-term social, economic, environmental and financial impacts of disasters on communities and governments. As disaster frequency and severity increase, there is a growing need to invest in measures that reduce risk before disasters occur. Local Governments play a central role in identifying, assessing and managing local disaster risks. However, many Local Governments, particularly in regional and remote areas, have limited financial and workforce capacity to implement mitigation and resilience projects without external support.

WALGA has consistently advocated for increased investment in disaster risk reduction and resilience, noting that demand for funding significantly exceeds available programs and that highly competitive grant processes can disadvantage smaller Local Governments with limited capacity to develop grant-ready projects.

Colvin Review Findings

The Colvin Review found that Australia needs to significantly increase investment in disaster risk reduction and resilience to reduce future disaster impacts and recovery costs. It recommended a more evidence-informed and risk-based approach to disaster funding and the development of a Nation-wide Natural Disaster Risk Profile to guide investment decisions. The Review also recognised that many Local Governments lack the capacity and capability to undertake disaster risk reduction activities and identified a need for greater investment in Local Government capability, capacity and resilience.

Proposed Changes

The Australian Government has proposed a new Risk Reduction Stream as part of the DRFF. The Risk Reduction Stream would:

- Consolidate existing Commonwealth disaster resilience and risk reduction funding programs.
- Support a more strategic and nationally coordinated approach to risk reduction investment.
- Be informed by national disaster risk information and evidence-based assessments of risk.
- Prioritise initiatives that reduce future disaster impacts and recovery costs.
- Support a broader range of prevention, preparedness and resilience activities.
- Align investment decisions with national disaster outcomes and risk priorities.

Potential Implications for Western Australian Local Government

Local Governments are often best placed to identify local risks and implement mitigation measures, but frequently lack the capacity, workforce and funding required to do so at the scale needed.

The 2025 WALGA Emergency Management Survey found that 90 per cent of Local Governments had maintained or increased investment in emergency management activities over the previous two years. Despite this, 54 per cent reported insufficient staffing to meet current emergency management responsibilities. More than 70 per cent identified co-contribution requirements and administrative requirements as barriers to accessing funding, more than 60 per cent reported available funding is insufficient to meet local needs, and almost half considered current emergency management grant programs inadequate.

The WALGA Local Emergency Management Arrangements Improvement Program identified similar challenges in relation to emergency risk assessment. While Local Governments recognise the value of risk assessments, many lack the resources, data, specialist expertise and technical support required to assess, quantify and prioritise disaster risks. This is particularly relevant given the proposed Risk Reduction Stream would prioritise investment based on risk information and evidence-based assessments. Without additional capability support, there is a risk that smaller and less well-resourced Local Governments may be disadvantaged in accessing funding, not because risk is lower, but because they have a reduced capacity to demonstrate that risk.

Effective risk reduction and resilient reconstruction also depend on identifying infrastructure, community assets and locations that are most exposed to disaster risk. However, many Local Governments currently lack the funding and capability required to undertake the analysis and planning needed to identify and prioritise future resilience investments.

These findings reinforce WALGA's long-standing position that risk reduction funding should support both risk reduction and resilience projects and the capability required to identify, assess and prioritise disaster risks. Future funding arrangements should be accessible, equitable and responsive to the varying needs and capacities of Local Governments.

Recommendations

26. The Australian Government should significantly increase investment in Local Government disaster risk reduction and resilience initiatives, recognising that proactive investment reduces future disaster impacts, recovery costs and pressure on government resources.
27. WALGA supports an evidence-informed and risk-based approach to risk reduction funding, provided it is coordinated with State risk assessment processes, avoids duplication, and is supported by investment in Local Government capability, data, tools and technical expertise. Funding arrangements should recognise differing levels of Local Government capability, capacity and risk maturity and ensure smaller and less well-resourced Local Governments are not disadvantaged in accessing funding.
28. The design of the Risk Reduction Stream should recognise the varying capacity and resource constraints of Local Governments and ensure smaller, regional and remote Local Governments are able to access funding regardless of workforce limitations, specialist capability gaps or grant development capacity.
29. Risk reduction funding should support infrastructure resilience, community resilience, preparedness, capability-building and locally led risk reduction initiatives, including the planning and risk assessment activities needed to identify and prioritise future investments