

Administration of the National Bushfire Recovery Agency

Department of the Prime Minister and Cabinet

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Canberra ACT
28 June 2021

Dear Mr President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of the Prime Minister and Cabinet. The report is titled *Administration of the National Bushfire Recovery Agency*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely



Grant Hehir
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

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Audit snapshot

Auditor-General Report No.46 2020–21

Administration of the National Bushfire Recovery Agency



Why did we do this audit?

- ▶ The National Bushfire Recovery Agency (NBRA) was established to help coordinate and support the recovery of communities affected by the 2019–20 bushfire season. The agency was established in addition to existing arrangements for disaster recovery.
- ▶ The audit was undertaken to inform Parliament of the effectiveness of the Department of the Prime Minister and Cabinet's (PM&C) administration of the NBRA functions including the National Bushfire Recovery Fund (NBRF).



What did we find?

- ▶ PM&C administration of the NBRA and the Fund has been largely effective.
- ▶ The design and establishment process for the NBRA and for the National Bushfire Recovery Fund was sound.
- ▶ The arrangements in place to support national leadership and coordination of recovery and rebuild activities have been largely effective.
- ▶ The Fund was effectively coordinated and arrangements to monitor and report on funded activities were largely effective to date.



Key facts

- ▶ The 2019–20 bushfire season burnt just under five per cent of the total Australian land area.
- ▶ On 6 January 2020, the Prime Minister announced the establishment of the NBRA and the \$2 Billion National Bushfire Recovery Fund.
- ▶ The Australian Government response to the Royal Commission (released on 13 November 2020) foreshadowed the establishment of a national resilience, relief and recovery agency, to commence operations no later than 1 July 2021.
- ▶ On 5 May 2021, the Australian Government announced the new National Recovery and Resilience Agency.



What did we recommend?

- ▶ The Auditor-General made three recommendations.
- ▶ The two recommendations made to support the establishment of the new national resilience, relief and recovery agency were agreed by PM&C (one recommendation) and the National Recovery and Resilience Agency (one recommendation).
- ▶ The recommendation aimed at documenting data quality assurance processes was agreed by PM&C.

\$2.7bn

provided or committed by the Australian Government in disaster support funding for bushfire affected individuals and communities.

66.4%

of bushfire recovery funding is being delivered through the Disaster Recovery Funding Arrangements.

14

Australian Government departments are delivering bushfire recovery measures.

Summary and recommendations

Background

1. On 6 January 2020, the Prime Minister announced the establishment of the National Bushfire Recovery Agency (NBRA) and the \$2 billion National Bushfire Recovery Fund. The NBRA was established as a division within the Department of the Prime Minister and Cabinet (PM&C).
2. The Government response to the Royal Commission on National Natural Disaster Arrangements (released on 13 November 2020)¹ announced that a new national resilience, relief and recovery agency will commence operation from 1 July 2021. On 5 May 2021, the Australian Government announced the establishment of the new National Recovery and Resilience Agency which would include the functions of the National Bushfire Recovery Agency.²

Rationale for undertaking the audit

3. The National Bushfire Recovery Agency was established in the Department of the Prime Minister and Cabinet to help coordinate and support the recovery of communities affected by the 2019–20 bushfire season. The agency was established in addition to the existing arrangements for disaster recovery. The audit has been undertaken to inform Parliament on the effectiveness of PM&C's administration of the National Bushfire Recovery Agency functions including the National Bushfire Recovery Fund.

Audit objective and criteria

4. The audit objective was to assess the effectiveness of the Department of the Prime Minister and Cabinet's administration of the National Bushfire Recovery Agency functions including the National Bushfire Recovery Fund. To form a conclusion against the objective, the following high level audit criteria were adopted:
 - Was the design and establishment process sound?
 - Were effective arrangements established to support the leadership and coordination of a national response to bushfire recovery and rebuild activities?
 - Has the NBRA effectively coordinated, monitored and reported on progress of recovery efforts funded through the National Bushfire Recovery Fund?

Conclusion

5. The Department of the Prime Minister and Cabinet's administration of the National Bushfire Recovery Agency and the National Bushfire Recovery Fund to date has been largely

1 Department of the Prime Minister and Cabinet, *Government Response to the Final Report of the Royal Commission into National Natural Disaster Arrangements*, PM&C, 13 November 2020, available from <https://www.pmc.gov.au/resource-centre/pmc/national-approach-national-disasters> [accessed 21 June 2021].

2 Prime Minister, Minister for Agriculture, Drought and Emergency Management, Minister for the Environment, media release, 5 May 2021 available from <https://www.pm.gov.au/media/helping-communities-rebuild-and-recover-natural-disasters> [accessed 20 June 2021].

effective. The impact of the NBRA on recovery will be unclear for some time yet due to the timeframes involved in delivery of the bushfire recovery measures.

6. The Department of the Prime Minister and Cabinet's design and establishment process for the NBRA and for the National Bushfire Recovery Fund was sound.

7. The NBRA has largely effective arrangements in place to support national leadership and coordination of recovery and rebuild activities. Risk management was embedded into the NBRA's operations and the scope of operations was clearly defined and communicated. There was a planned approach to community engagement and communication, and largely effective relationships have been established to support the NBRA's coordination of the recovery and rebuild activities. Arrangements for measuring performance are still developing with an evaluation expected to be the key means of providing assurance that the NBRA was effective.

8. The NBRA has been largely effective in its coordination, monitoring and reporting on the progress of recovery efforts funded through the National Bushfire Recovery Fund. Funding of recovery efforts through existing mechanisms allowed money to be allocated quickly through the Australian Government and state and territory governments to affected communities. However, the data quality assurance process was informal and the approach to transferring the monitoring responsibilities to the new National Recovery and Resilience Agency was not clear at the time of the audit.

Supporting findings

Design and establishment

9. The advice PM&C provided to government on establishing the NBRA was sound. The advice outlined options for the structure of the NBRA and a design that was based on previous arrangements to manage recovery from large scale disaster. The advice also considered the lessons learnt from previous disaster recovery arrangements and stakeholder input.

10. PM&C was effective in establishing the National Bushfire Recovery Agency. PM&C supported the rapid implementation of the NBRA by identifying and mobilising necessary skills and knowledge from across the public service and using existing systems and processes. The NBRA also mobilised skills and expertise from a variety of Australian Government entities, including the Australian Defence Force, through secondments.

11. Appropriate arrangements were established to administer the National Bushfire Recovery Fund. The National Bushfire Recovery Fund was established and designed to enable funds to be rapidly deployed to programs that supported the immediate relief requirements of affected communities.

Governance arrangements

12. The NBRA established largely effective governance arrangements to coordinate measures that supported the delivery of recovery and rebuild activities. NBRA's scope of operations has been defined and communicated through an internal 'Statement of Strategic Intent'. Risk management has been embedded into the NBRA's operations, but the approach to managing shared risk is still developing. The NBRA was established with clear roles and responsibilities, with

the exception of how the NBRA is to interact and interrelate with other entities with similar or overlapping functions.

13. There was a planned approach to community engagement and communication, supported by various communication and engagement frameworks, plans and strategies, as well as a system to capture community feedback.

14. NBRA has established largely effective arrangements to support and demonstrate leadership and coordination across the recovery and rebuild activities in communities affected by the 2019/20 bushfires. At the time of the audit, performance reporting arrangements were still developing. However, the development of a formal evaluation was underway. The evaluation was expected to be the key means of providing assurance that the NBRA was effective.

The National Bushfire Recovery Fund

15. Fit for purpose funding arrangements have been implemented. The National Bushfire Recovery Fund includes 29 separate measures that aligned with the established practises of the National Disaster Recovery Principles and the Disaster Recovery Funding Arrangements.

16. The arrangements established to monitor and report on the implementation of funded activities were largely effective. There is scope for the NBRA to improve quality checking and consistency of status reports provided to the Australian Government.

17. The NBRA has developed largely effective measures to address community recovery and resilience, through the Local Economic Recovery and Complementary Projects fund. There are effective arrangements in place for the proposal assessment process. However, Local Economic Recovery and Complementary Fund projects will extend beyond the life of the NBRA and the ongoing oversight and evaluation arrangements for the program in the new national resilience and recovery agency are not yet clear.

Recommendations

18. The ANAO made three recommendations. At the time the recommendations were presented to PM&C in the proposed final report, the name of the new entity was not yet known. The new national resilience, relief and recovery entity was named the National Recovery and Resilience Agency (NRRA). A copy of the proposed report was provided to the NRRA so that a response to recommendations could be provided by the relevant entity.

Recommendation no. 1 The Government at the commencement of the new national resilience, relief and recovery entity:

Paragraph 3.14

- clarifies roles and responsibilities between existing/other agencies to ensure there is clear authority to expend funding and minimise any duplication of effort; and
- identifies shared risks and develops an agreed approach to management which is documented and reviewed regularly.

Department of the Prime Minister and Cabinet response: *Noted.*

National Recovery and Resilience Agency response: *Agreed.*

Recommendation no. 2
Paragraph 4.37

The Department of the Prime Minister and Cabinet ensure that the NBRA document and formalise its data quality checks, so the process is captured for future responses to large scale natural disasters.

Department of the Prime Minister and Cabinet response: *Agreed.*

Recommendation no. 3
Paragraph 4.67

The Department of the Prime Minister and Cabinet ensure that the monitoring and evaluation plan for the Local Economic Recovery and Complementary project funds are transferred to the new resilience, relief and recovery agency. This is to ensure that project oversight is maintained into 2023–24 when final projects are to be completed.

Department of the Prime Minister and Cabinet response: *Agreed.*

Summary of the entity responses

19. PM&C's summary response is provided below and its full response is included at Appendix 1.

20. PM&C was responsible for establishing and managing the National Bushfire Recovery Agency until the responsibilities were transferred to the new National Recovery and Resilience Agency (NRRA) on 5 May 2021. The NRRA's summary response is provided below and its full response is also included at Appendix 1.

Department of the Prime Minister and Cabinet

The Department worked quickly to provide an emergency taskforce in response to the Black Summer of 2019-20 with the stand-up of the National Bushfire Recovery Agency, within the Department. Its work is now being continued, as announced by the Prime Minister on 5 May, with the establishment of the new National Recovery and Resilience Agency (NRRA).

The NRRA brings together the former National Drought and North Queensland Flood Response and Recovery Agency and the National Bushfire Recovery Agency, and will provide support to local communities during the relief and recovery phases following major disasters.

The Department notes recommendation 1 to Government and the Department agrees with recommendation 2 and 3.

National Recovery and Resilience Agency

The Government established the National Recovery and Resilience Agency on 5 May 2021 in direct response to a key recommendation of the Royal Commission into National Natural Disaster Arrangements. The Agency on its establishment brought together the former National Drought and North Queensland Flood Response and Recovery Agency, and the National Bushfire Recovery Agency. From 1 July, it will also incorporate the disaster risk reduction and recovery functions from the Department of Home Affairs, and rural financial counselling programs from the Department of Agriculture, Water and the Environment.

The Agency would like to acknowledge the work undertaken by the Department of the Prime Minister and Cabinet to establish the former National Bushfire Recovery Agency. The insights

provided in this report will also assist the Agency in its work to coordinate and align Australia's national capability to strengthen resilience, better prepare for natural disasters, and recover from all hazards.

Key messages from this audit for all Australian Government entities

21. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

Governance and risk management

- Leveraging existing governance and operational mechanisms from established entity frameworks, policies and procedures can provide an effective means to support the rapid implementation of measures.
- When co-ordinating a risk management plan across multiple entities, it is important that the plan is communicated and implemented across all relevant entities as early as possible to ensure planned treatments of shared risks are appropriately actioned by all relevant entities

Policy/program design

- In the context of rapid implementation program design, entities can identify and take steps to mitigate risks early on and maximise program effectiveness and efficiency by seeking to draw upon lessons learnt in previous programs.
- In establishing a new entity — such as the NBRA— clarification of roles and responsibilities between existing entities is key to ensuring there is clear authority to expend funding and minimise any duplication of effort.

Policy/program implementation

- Leveraging skills and knowledge from across the public sector through secondments can assist an entity to quickly build the skills needed to deliver program roles and functions where rapid implementation is needed.

Procurement

- Where entities receive offers for services at no charge, it is important that procurement processes are still followed. To avoid a perceived or actual conflict of interest arising, when services are no longer offered without charge, an entity should approach the market before accepting or engaging the same provider.

Audit findings

1. Background

Introduction

1.1 The 2019–20 bushfire season burnt 35.8 million hectares of land (just under five per cent of the total Australian land area) across all states and territories. The fires impacted more than 100 Local Government Areas (LGAs), destroyed more than 3000 homes and 7000 facilities and out-buildings and resulted in the loss of 33 people and more than 100,000 head of livestock. An estimated three billion native mammals, birds, reptiles and frogs were killed or displaced.³

1.2 State and territory governments have primary responsibility for providing recovery assistance to affected individuals and communities within their jurisdiction. The Australian Government supports recovery efforts through a range of established assistance programs (non-financial and financial).⁴ These programs include cost-shared arrangements with affected state and territory governments and targeted recovery assistance from Australian government entities.

The National Bushfire Recovery Agency

1.3 On 6 January 2020, the Prime Minister announced the establishment of the National Bushfire Recovery Agency (NBRA) and the Fund having foreshadowed its establishment in press conferences on 4 January 2020 and 5 January 2020. The NBRA was established to ‘provide strategic leadership and coordination for Commonwealth supported recovery and rebuild activities in communities affected by bushfire’.⁵ The NBRA was implemented in addition to the established Australian Government arrangements for disaster management and recovery.

1.4 The NBRA was established within the Department of the Prime Minister and Cabinet (PM&C), with the Secretary of PM&C as the accountable authority under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).⁶ The NBRA National Coordinator (SES Band 3) reported to the Prime Minister through the Minister for Agriculture, Drought and Emergency Management.⁷ The NBRA’s staff were subject to PM&C’s operational requirements, governance, financial controls, and management and accountability arrangements.

3 Commonwealth of Australia, Department of the Prime Minister and Cabinet, *National Bushfire Recovery Agency: Journey to Recovery*, PM&C, pp. 2–3, available from <https://www.bushfirerecovery.gov.au/sites/default/files/NBRA%20-%20Journey%20to%20recovery.pdf> [accessed 15 June 2021].

4 A summary of the framework and a definition of ‘recovery’ is set out in Appendix 2. Commonwealth of Australia, Department of the Prime Minister and Cabinet, *Australian Government Crisis Management Framework*, PM&C, p. 22, available from <https://pmc.gov.au/sites/default/files/publications/aus-govt-crisis-mgmt-framework.pdf> [accessed 15 June 2021].

5 Commonwealth of Australia, Department of the Prime Minister and Cabinet, *Portfolio Additional Estimates Statements 2019-20: Prime Minister and Cabinet Portfolio*, p.7.

6 The NBRA was established as a secondary non-statutory structure within PM&C, whereby an existing body (in this case PM&C) can undertake new activities with separate branding (with NBRA being the separate branding). Further information can be found at <https://www.finance.gov.au/government/managing-commonwealth-resources/structure-australian-government-public-sector/types-australian-government-bodies> [accessed 15 June 2021].

7 National Bushfire Recovery Agency, *The Agency*, NBRA, available from <https://www.bushfirerecovery.gov.au/agency> [accessed 15 June 2021].

1.5 The NBRA's purpose was to lead and coordinate the Commonwealth-supported recovery and rebuild efforts for the 2019–20 bushfires. The NBRA's key tasks included:

- building working relationships with state, territory and local governments, including their recovery and reconstruction bodies, and working with stakeholders in bushfire affected communities, and relevant Commonwealth agencies to inform and integrate recovery and rebuild measures;
- ensuring affected communities have ready access to meaningful support and all available services through overseeing the allocation and expenditure of the National Bushfire Recovery Fund;
- providing advice and recommendations to government on the economic and social impacts of bushfire on affected communities, in consultation with relevant agencies;
- developing and coordinating a long-term plan for the recovery, rebuild and resilience of bushfire affected communities; and
- providing advice to the Prime Minister, the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management⁸, and other relevant Ministers on the administration the \$2 billion National Bushfire Recovery Fund.

1.6 The NBRA was initially established for two years (from 1 January 2020 until 31 December 2021) and PM&C was appropriated additional departmental funds for the operation of the NBRA in the 2019–20 Portfolio Additional Estimates Statements (\$45,169 million over three years). At the time of the audit, a new national resilience and recovery agency had been discussed in Senate Estimates. The new agency was expected to take over the NBRA's responsibilities before 31 December 2021. Table 1.1 shows the annual appropriation for PM&C from 2019–20 to 2021–22.

Table 1.1: PM&C departmental annual appropriation for the NBRA

Financial year	2019–20	2020–21	2021–22
Amount (\$'000)	\$12,687	\$21,643	\$10,839

Source: ANAO analysis based on the Department of the Prime Minister and Cabinet data.

National Bushfire Recovery Fund

1.7 The Australian Government has committed more than \$2 billion to the National Bushfire Recovery Fund (the Fund).⁹ The Australian Government has allocated money from the Fund to a range bushfire recovery programs delivered by Australian Government departments and state and territory governments through the Disaster Recovery Funding Arrangements (DRFA). The Fund covers 28 separate funding measures across the four domains (social and community; economic;

⁸ During the establishment of the NBRA in January 2020 the portfolio was for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, which was changed by Authorised Administrative Order on 6 February 2020.

⁹ The Australian Government has committed a total of \$2.077 billion to the National Bushfire Recovery Fund, a full breakdown is provided at Appendix 3.

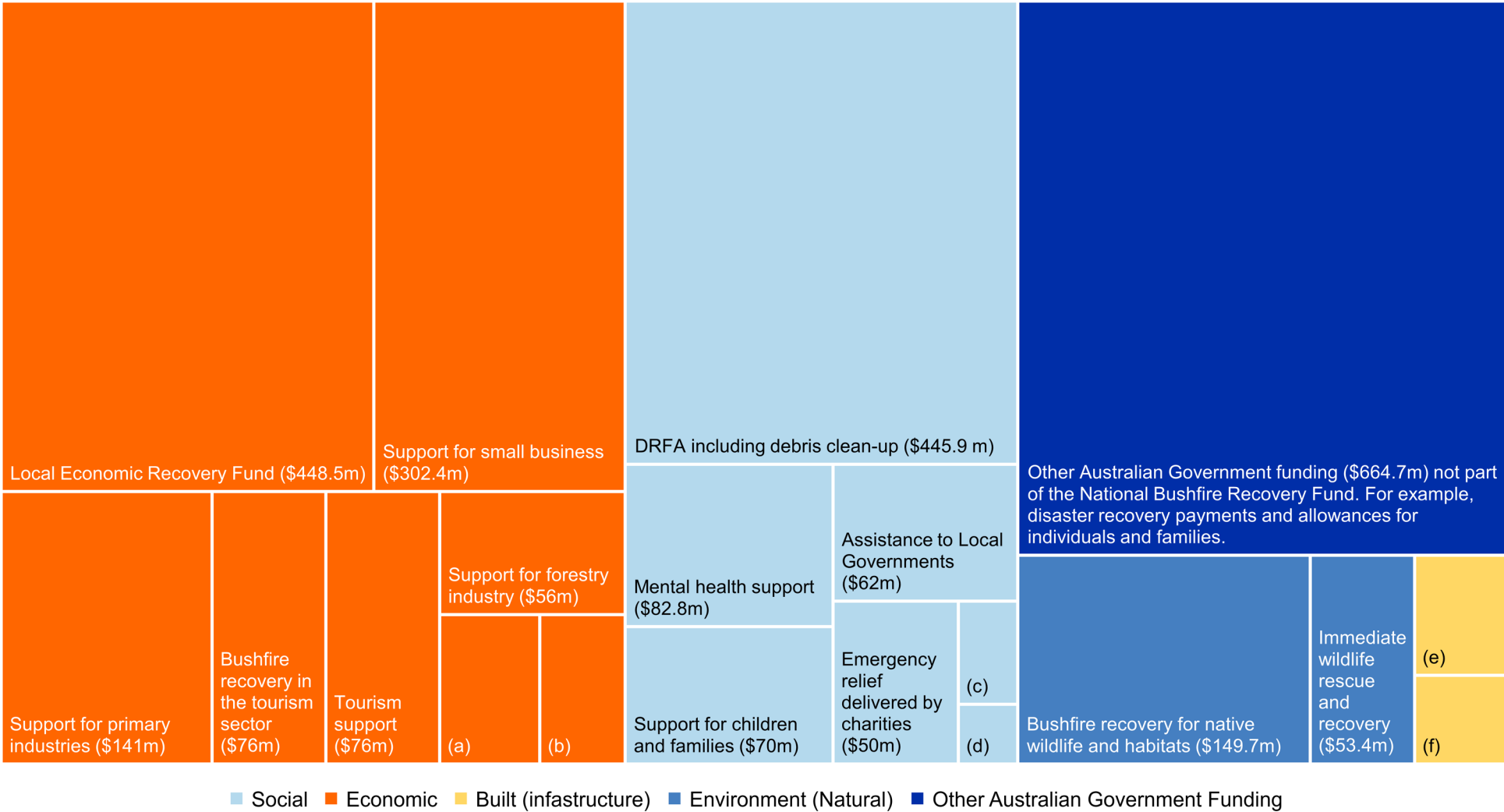
infrastructure; environment consistent with the National Disaster Risk Reduction Framework¹⁰) as well as a measure for lessons and insight (29 measures in total).

1.8 As at 30 April 2021, the NBRA website reported that \$1.6 billion of the \$2 billion Fund had been spent.¹¹ As well as the commitment of \$2 billion for the Fund, the Australian Government has also provided an additional \$691.2 million in funding through other existing disaster support funding mechanisms (for example, disaster recovery payments and allowances for individuals). Figure 1.1 (below), provides a summary of Australian Government funding to support recovery from the 2019–20 bushfires as at February 2021.

10 See Appendix 4.

11 National Bushfire Recovery Funding website, *Progress to Date*, NBRA, available from <https://www.bushfirerecovery.gov.au/progress-to-date/funding> [accessed 15 June 2021].

Figure 1.1: Australian Government funding as at 28 February 2021



Note a: Support for apple growers and wine grape producers (\$36.7m).

Note b: Financial counselling and business facilitators (\$31.3m).

Note c: Compensation for volunteer firefighters (\$15m).

Note d: Legal assistance services (\$8.7m).

Note e: Telecommunications emergency resilience (\$27.1m).

Note f: Additional fire-fighting aircraft (\$20m).

Note: The National Bushfire Recovery Fund also includes \$1.3million for an Evaluation of the Fund and the NBRA. This is not represented in the table.

Source: ANAO representation and update of the Department of the Prime Minister and Cabinet's figure from the *Australian Government Bushfire Recovery Plan*, PM&C, p.28, Canberra, November 2020.

Existing disaster recovery arrangements

1.9 Existing arrangements for recovery efforts in Australia are funded through the joint Australian Government-State Disaster Recovery Funding Arrangements 2018 (DRFA)¹² (discussed in paragraph 1.13) and informed by the *National Principles for Disaster Recovery*.¹³

1.10 Published by the Australian Institute for Disaster Resilience (a non-government organisation)¹⁴, the *National Principles for Disaster Recovery* (endorsed in 2018)¹⁵ provide a guide to the approach, planning and decision-making in supporting communities to recover from a disaster. Disaster recovery includes physical, environmental and economic elements as well as psychological wellbeing. These principles apply to all disasters, not only bushfires.

1.11 The Australian Government has also developed the National Disaster Risk Reduction Framework, which incorporated the *National Principles for Disaster Recovery*, in partnership with government and non-government stakeholders. The National Disaster Risk Reduction Framework was endorsed at the Council of Australian Governments meeting held on 13 March 2020.¹⁶ A summary of the principles is outlined below in Table 1.2.

12 Department of Home Affairs, *Disaster Recovery Funding Arrangements 2018*, available from <https://www.disasterassist.gov.au/Documents/Natural-Disaster-Relief-and-Recovery-Arrangements/disaster-recovery-funding-arrangements-2018.pdf> [accessed 15 June 2021].

13 Australian Institute for Disaster Resilience: *National Principles for Disaster Recovery*, AIDR, available from <https://knowledge.aidr.org.au/resources/national-principles-disaster-recovery/> [accessed 15 June 2021].

14 The Australian Institute for Disaster Resilience (AIDR) is a non-government organisation that develops, maintains and shares knowledge and learning to support a disaster resilient Australia.

15 The National Principles for Disaster Recovery were developed and endorsed by the Social Recovery Reference Group that supports the development of policy and planning relating to the human, social and community consequences of disasters. Its membership comprises of a Chair (taken from SRRG membership), representative from each state and territory, a representative from the Australian Government Department of Human Services, a representative from the New Zealand Ministry of Civil Defence and Emergency Management.

Australian Disaster Resilience Knowledge Hub, Social Recovery Reference Group, available from <https://knowledge.aidr.org.au/resources/social-recovery-reference-group/> [accessed 15 June 2021].

16 Work to develop the National Disaster Risk Reduction Framework commenced in early 2018. Council of Australian Governments, *COAG Meeting Communique, 13 March 2020* [Internet], COAG, Sydney, 2020, available from <https://www.coag.gov.au/meeting-outcomes/coag-meeting-communique-13-march-2020> [accessed 22 April 2021].

Table 1.2: The principles of disaster recovery

Principle	Description
Understand the context	Successful recovery is based on an understanding of community context, with each community having its own history, values and dynamics.
Recognise complexity	Successful recovery is responsive to the complex and dynamic nature of both emergencies and the community.
Use community-led approaches	Successful recovery is community-centred, responsive and flexible, engaging with community and supporting them to move forward.
Coordinate all activities	Successful recovery requires a planned, coordinated and adaptive approach, between community and partner agencies, based on continuing assessment of impacts and needs.
Communicate effectively	Successful recovery is built on effective communication between the affected community and other partners.
Recognise and build capacity	Successful recovery recognises, supports, and builds on individual, community and organisational capacity and resilience.

Source: Australian Institute for Disaster Resilience. See: knowledge.aidr.org.au/resources/national-principles-disaster-recovery, [accessed January 2021].

1.12 The National Principles of Disaster Recovery and the National Risk Reduction Framework identify four key environments or domains of recovery including ‘built’ (infrastructure), ‘social’, ‘natural’ (environment) and ‘economic’. The four domains were used to guide the allocation of funds to different measures to be delivered under the Fund (listed in Appendix 5).

Disaster Recovery Funding Arrangements (DRFA)

1.13 Under the Disaster Recovery Funding Arrangements 2018 (DRFA), state and territory governments can activate relief and recovery assistance immediately following an eligible disaster¹⁷ without seeking approval from the Australian Government. State or territory governments determine which areas receive assistance and what assistance is available to individuals and communities.

1.14 The following principles apply:

- DRFA assistance is intended to be in the nature of an emergency helping hand for those in need, rather than to provide compensation for losses or restore lifestyles to their pre-disaster standard;
- DRFA assistance is not intended to replace the need for appropriate self-help strategies, such as acquiring insurance or undertaking appropriate disaster mitigation;
- In accordance with their responsibilities, the state and local governments should draw on their own resources to provide disaster assistance before seeking support from the Australian Government through the DRFA;
- DRFA assistance should be used to complement and promote disaster resilience outcomes for affected individuals and communities; and

¹⁷ The DRFA defines an eligible disaster as:

A natural disaster or terrorist act for which: a coordinated multi-agency response was required, and state expenditure exceeds the small disaster criterion.

- As far as practicable, DRFA assistance is to be designed to achieve an efficient allocation of resources. In particular, assistance should provide value-for-money outcomes for all levels of government.

1.15 The Department of Home Affairs through Emergency Management Australia is responsible for natural disaster relief, recovery and mitigation policy and financial assistance including payments to the states and territories and the Australian Government Disaster Recovery Payment.¹⁸

Relevant major inquiries

1.16 On 5 February 2020, the Senate referred an inquiry into lessons to be learnt in relation to the preparation and planning for, response to and recovery efforts following the 2019–20 Australian bushfire season to the Finance and Public Administration References Committee. On 7 October 2020, the committee tabled an interim report, *Lessons to be learned in relation to the Australian Bushfire Season 2019–20*.¹⁹ The interim report made 13 recommendations for the Australian Government. On 11 December 2020, the committee re-opened submissions to the inquiry until 11 February 2021. At the time of the audit, the final report is due by 2 December 2021.

1.17 On 20 February 2020, a Royal Commission into National Natural Disaster Arrangements was established in response to the bushfire season of 2019–20.²⁰ The Commission considered natural disasters more generally and examined national natural disaster coordination arrangements. The Commission presented the *Royal Commission into National Natural Disaster Arrangements Report* on 28 October 2020.²¹ The report made 78 recommendations (the majority of which were directed to Australian, state and territory governments²²), including a recommendation for the Commonwealth to establish a standing resilience and recovery body that can scale up to meet the needs of a future disaster. The Australian Government response to the Royal Commission (released on 13 November 2020)²³ announced that in response to recommendation 3.5, it will establish a national resilience, relief and recovery agency to commence operations no later than 1 July 2021 (see Box 1).

18 Commonwealth of Australia, *Administrative Arrangements Order*, dated 1 February 2020, available from <https://www.legislation.gov.au/Details/C2020Q00003> [accessed 15 June 2021].

19 Parliament of Australia, *Lessons to be learned in relation to the Australian bushfire season 2019-20*, APH, available from https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Bushfirerecovery [accessed 22 April 2021].

20 Royal Commission into National Natural Disaster Arrangements, Canberra, 2020, available from <https://naturaldisaster.royalcommission.gov.au/> [accessed 15 June 2021].

21 Commission Chair, Air Chief Marshal Mark Binskin AC (Retd) presented the Royal Commission's report to the Governor-General on Wednesday, 28 October 2020.

22 As well as Australian, state and territory governments' recommendations were also directed towards Australian Government agencies, public land managers, insurance industry, as represented by the Insurance Council of Australia and Australian Building Codes Board.

23 Government Response to the Final Report of the Royal Commission into National Natural Disaster Arrangements, 13 November 2020, available from <https://www.pmc.gov.au/resource-centre/pmc/national-approach-national-disasters> [accessed 15 June 2021].

Box 1. The new National Recovery and Resilience Agency

On 5 May 2021, the Australian Government announced the commencement of the National Recovery and Resilience Agency (the NRRRA). The NRRRA brings together the former National Drought and North Queensland Flood Response and Recovery Agency and the National Bushfire Recovery Agency, including the \$2 billion National Bushfire Recovery Fund.^a

The Government established the NRRRA as an Executive Agency under the *Public Governance, Performance and Accountability Act 2013* on 5 May 2021.

From 1 July, the NRRRA will also incorporate the disaster risk reduction and recovery functions from the Department of Home Affairs, and rural financial counselling program from the Department of Agriculture, Water and the Environment.

Note a: Prime Minister, Minister for Agriculture, Drought and Emergency Management, Minister for the Environment, media release, 5 May 2021 available from <https://www.pm.gov.au/media/helping-communities-rebuild-and-recover-natural-disasters> [accessed 20 June 2021].

Rationale for undertaking the audit

1.18 The National Bushfire Recovery Agency was established in the Department of the Prime Minister and Cabinet to help coordinate and support the recovery of communities affected by the 2019–20 bushfire season. The agency was established in addition to the existing arrangements for disaster recovery. The audit has been undertaken to inform Parliament on the effectiveness of PM&C's administration of the National Bushfire Recovery Agency functions including the National Bushfire Recovery Fund.

Audit approach

Audit objective, criteria and scope

1.19 The audit objective was to assess the effectiveness of the Department of the Prime Minister and Cabinet's administration of the National Bushfire Recovery Agency functions including the National Bushfire Recovery Fund. To form a conclusion against the objective, the following high level audit criteria were adopted:

- Was the design and establishment process sound?
- Were effective arrangements established to support the leadership and coordination of a national response to bushfire recovery and rebuild activities?
- Has the NBRA effectively coordinated, monitored and reported on progress of recovery efforts funded through the National Bushfire Recovery Fund?

1.20 This audit examined the activities undertaken by PM&C in operating the NBRA, including monitoring and reporting of the National Bushfire Recovery Fund, in particular whether arrangements have been appropriately designed and are operating effectively. The scope did not include an assessment of the administration or expenditure of funds from the National Bushfire Recovery Fund for activities delivered by other Commonwealth entities or state and territory government entities.

Audit methodology

1.21 The audit methodology comprised of:

- a review of documents and departmental briefings provided to government;
- an examination of documentation held by PM&C (and the NBRA) with a focus on:
 - advice on the establishment of the NBRA and the allocation of funding;
 - reporting against delivery of programs by state and territory governments, other Commonwealth departments and other stakeholders; and
 - engagement with Commonwealth and state government entities, non-government entities, communication plans, products and activities; and
- interviews with relevant PM&C (NBRA) staff.

1.22 The audit was conducted in accordance with the ANAO Auditing Standards at a cost to the ANAO of approximately \$400,000.

1.23 Team members for this audit were Corinne Horton, Georgia Johnston, Renina Boyd, David Ma, Song Khor and Sally Ramsey.

2. Design and establishment

Areas examined

This chapter examines whether the Department of the Prime Minister and Cabinet's (PM&C's) design and establishment process for the National Bushfire Recovery Agency (NBRA) and for the Fund was sound.

Conclusion

The Department of the Prime Minister and Cabinet's design and establishment process for the NBRA and for the National Bushfire Recovery Fund was sound.

2.1 To assess whether PM&C's design and establishment process for the NBRA and for the National Bushfire Recovery Fund was sound, the ANAO examined whether:

- advice provided to the Government on establishing the NBRA was sound;
- PM&C effectively supported the establishment of the NBRA; and
- the arrangements established to administer the National Bushfire Recovery Fund were appropriate.

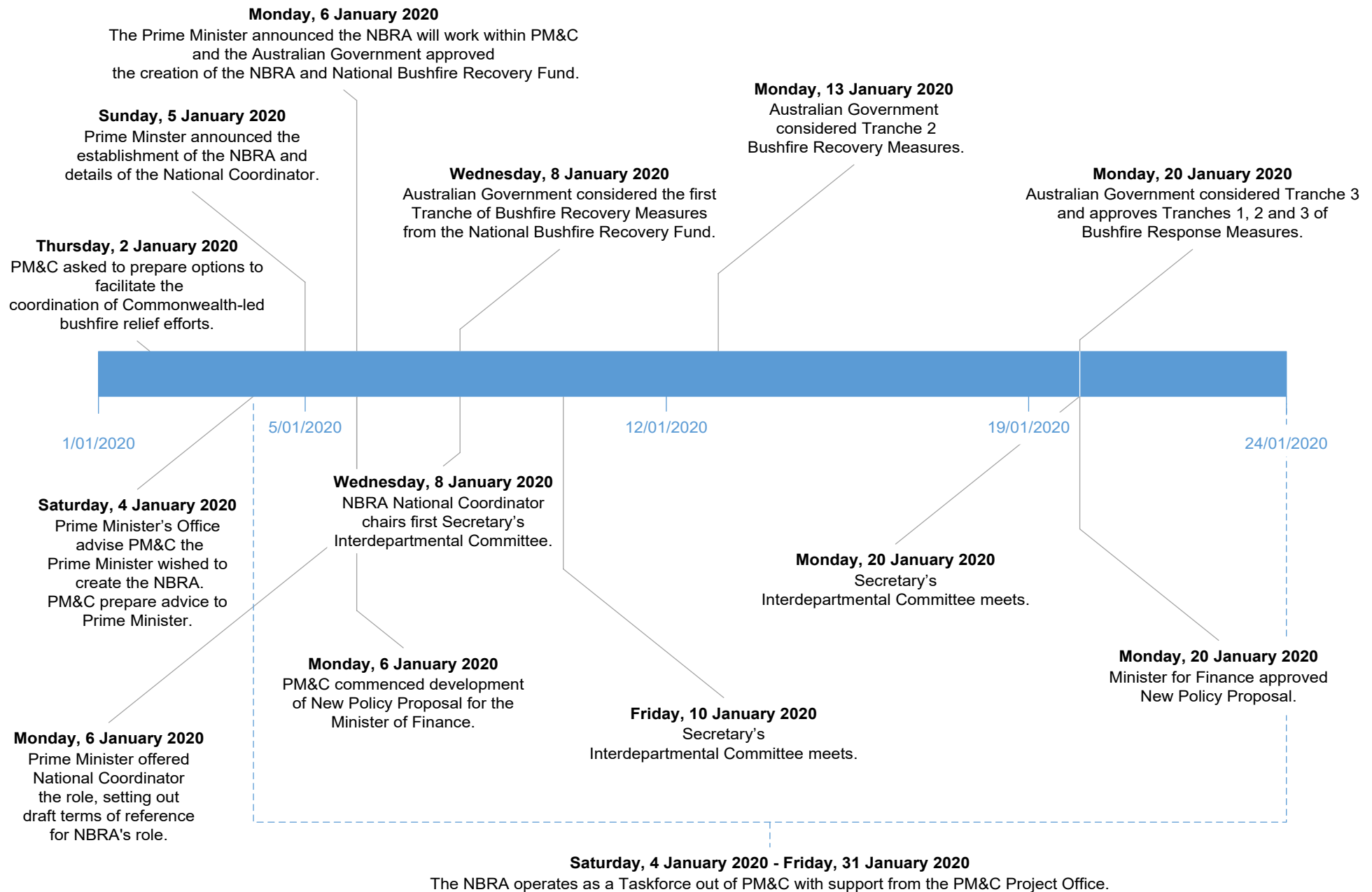
Was advice provided to the Government on establishing the NBRA sound?

The advice PM&C provided to government on establishing the NBRA was sound. The advice outlined options for the structure of the NBRA and a design that was based on previous arrangements to manage recovery from large scale disaster. The advice also considered the lessons learnt from previous disaster recovery arrangements and stakeholder input.

2.2 The design and establishment process for the National Bushfire Recovery Agency (NBRA) was rapid — as demonstrated by Figure 2.1 below — which provides a high-level timeline of the series of establishment actions and decisions undertaken in January 2020.

2.3 The audit examined whether advice provided to government on establishing the NBRA considered options; lessons from previous disaster recovery arrangements; and stakeholder input from previous programs. The audit also reviewed whether the advice presented included a sound basis for the costs and funding requirements.

Figure 2.1: Timeline of establishment actions and decisions for January 2020



Advice to government on the structure of the NBRA

2.4 From 2 January 2020, the acting Secretary and other PM&C officials were engaged in discussions with the Prime Minister's Office about the bushfire response. PM&C advised the Royal Commission on National Natural Disaster Arrangements, that it was 'asked to prepare options to facilitate the coordination of Commonwealth-led bushfire relief efforts' on 2 January 2020.

2.5 On 4 January 2020, PM&C provided advice, in the form of a briefing paper, to the Prime Minister to inform decision making on the establishment of the NBRA. The NBRA was to provide national leadership to ensure a whole-of-government approach to bushfire recovery activities. PM&C's advice to the Prime Minister:

- outlined options for the structure of the NBRA, based on analysis of state-based equivalents;
- proposed draft terms of reference for the NBRA;
- provided advice on sensitivities associated with establishing a dedicated agency;²⁴ and
- included a draft letter to Mr Colvin formally requesting he lead the NBRA (as the National Coordinator).

2.6 In its advice to the Prime Minister, PM&C stated that:

Your Office has also advised that Mr Andrew Colvin PSM OAM has agreed to lead the Agency (draft letter to Mr Colvin confirming arrangements at [Attachment B](#)).

2.7 The Prime Minister announced on 5 January 2020 that 'it [the National Bushfire Recovery Agency] will be established within PM&C' and also that 'it will be led by the former AFP Commissioner Andrew Colvin'. On 6 January 2020, the Prime Minister announced that 'the Agency will work within the Department of the Prime Minister and Cabinet...'.²⁵

2.8 On 6 January 2020, a submission from the Treasurer was considered and agreed by the Australian Government for the establishment of the NBRA and the National Bushfire Recovery Fund. The Australian Government agreed that:

- departmental funding arrangements for the NBRA would be settled by the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management with the Minister for Finance before 24 January 2020; and
- a National Bushfire Recovery Fund would be established and administered by the NBRA. The rationale for providing funding additional to the existing Disaster Recovery Funding Arrangements was the scale of the disaster.²⁵ Indicative allocations from the National Bushfire Recovery Fund were: \$500 million in 2019–20, \$1 billion in 2020–21 and \$500 million in 2021–22.

24 The sensitivities included: noting 'the NBRA may be needed in perpetuity as recovery efforts for the 2019-20 bushfire season will still be underway as the 2020–21 bushfire season begins' and 'Some stakeholders may raise concerns the Agency will duplicate the functions of EMA and its state and territory equivalents'.

25 This was similar to the Australian Government's approach for funding the response to the 2019 North Queensland floods.

Appointment of the National Coordinator

2.9 As set out in paragraph 2.6, the Prime Minister's Office advised the department that Mr Colvin had agreed to accept the position as National Coordinator. On 6 January 2020, the Prime Minister sent a letter to the National Coordinator thanking him for agreeing to undertake the role as well as setting out the draft terms of reference for the NBRA. Further, the Prime Minister set out his expectation that the NBRA would engage with relevant stakeholders and provide timely feedback to the Government about the conditions on the ground.

2.10 On 8 January 2020, the Secretary of the Department of the Prime Minister and Cabinet sent a letter of offer to the National Coordinator for a non-ongoing engagement Senior Executive Service (SES) Band three position within PM&C. PM&C advised the ANAO:

Following the PM's announcement on 5 January 2020, the Secretary of PM&C completed the necessary documentation for Mr Colvin's appointment under the *Public Service Act 1999* to lead the NBRA as a Secondary Australian Government Body within PM&C.

PM&C's efforts were focussed on standing up the NBRA as quickly as possible, without the administrative aspects distracting from the bushfire response.

Advice on departmental funding arrangements

2.11 On 6 January 2020, PM&C commenced developing a New Policy Proposal (NPP) to be provided to the Minister of Finance for: departmental funding arrangements for the NBRA; and operational arrangements for the Fund. The NBRA initially operated out of PM&C as a taskforce until the funding and operational arrangements were settled. On 20 January 2020, the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management wrote to the Minister for Finance seeking approval for departmental funding for the NBRA and establishing the Fund as a 'notional fund' with funding provided through existing appropriation mechanisms. The fund was to be coordinated by the NBRA.

2.12 The Minister for Finance clarified the nature of the Fund to the Senate Finance and Public Administration Legislation Committee in March 2020 stating, 'There is nothing notional about it. This is a specific policy decision of government' and further advised the Bushfire Royal Commission:

The National Bushfire Recovery Fund is \$2 billion of new funding made available by the Government that is separately tracked by the Department of Finance, to support bushfire recovery efforts. Measures agreed under the Fund do not require offsets, with final allocation reported through the Final Budget Outcome. Establishing the Fund in this manner was the most efficient means to make funding available quickly, as it did not require legislation to give immediate effect to the Government's policy intent.

2.13 The proposal was for the establishment of the NBRA to provide strategic leadership and coordination of the Australian Government's support for recovery and rebuild activities in communities affected by the 2019–20 bushfire season. The terminating date for NBRA was set as 31 December 2021. The NPP also covered risks and sensitivities to establishing the agency, including that: some stakeholders may raise concerns the NBRA would duplicate the functions of EMA and its state and territory equivalents'. This was to be addressed through the NBRA's roles and responsibilities, specifically, that the NBRA work in close collaboration with relevant Commonwealth and state bodies to coordinate activities, engage with stakeholders and ensure support is delivered where it is needed.

2.14 The advice to government included costings that had been discussed and agreed with the Department of Finance. These were based on the costs of similar entities established to respond to a large scale disaster.

2.15 The policy proposal requested initial funding for a workforce of 41.3 Average Staffing Level (ASL) in 2019–20 (across a six month period), 80.5 ASL in 2020–21 and 40.3 ASL in 2021–22 (across a six month period). The departmental funding was for \$45.2 million over three years from 2019–20 to 2021–22.²⁶ Of the \$45.2 million, \$1.980 million was for departmental capital, \$8.584 million was for the internal provision of corporate services to the NBRA and \$34.604 million for NBRA operational funding.

2.16 In the letter and policy proposal to the Minister for Finance, prepared by PM&C, the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management (the Minister), advised that he would be establishing the NBRA as a separate branded unit within the Department of the Prime Minister and Cabinet. This arrangement was considered by the Minister as the right balance between independence and not over burdening the NBRA with corporate functions and reporting obligations.²⁷

2.17 In preparing the advice for the Minister on operating arrangements for the NBRA, PM&C considered and sought legal advice on other options.²⁸ PM&C assessed the ‘pros and cons’ of establishing the NBRA as either:

- an Executive Agency under the *Public Service Act 1999*. This option provided greater independence but it required additional establishment and ongoing administrative and reporting costs; or
- an Agency embedded within the department.

2.18 In its advice to the Prime Minister on 6 January 2020, PM&C outlined four options for establishing the agency. The options were: a secondary Australian Government body; a Joint Agency Taskforce; an Executive Agency; or a Statutory Agency. The Department recommended establishing the Agency as either a joint agency taskforce (similar to the Joint Agency Drought Taskforce managed from within PM&C) or as a secondary Australian Government body with separate branding (similar to the National Water Grid Authority), housed within the department.²⁹

2.19 PM&C records indicate correspondence with the Department of Finance considered lessons from the establishment of similar bodies in response to a large scale disaster. The creation of a dedicated time limited National Bushfire Recovery Agency was consistent with the establishment of the Australian Government’s North Queensland Livestock Industry Recovery Agency (NQLIRA) following the 2019 North Queensland floods and the Victorian Government’s creation of the

26 No financial or ASL offsets were required of the Department of the Prime Minister and Cabinet.

27 The NBRA was established as a secondary non-statutory structure within PM&C, whereby an existing body (in this case PM&C) can undertake new activities with separate branding (with NBRA being the separate branding). See <https://www.finance.gov.au/government/managing-commonwealth-resources/structure-australian-government-public-sector/types-australian-government-bodies> [accessed 15 June 2021].

28 Legal advice was obtained from the Australian Government Solicitor advising that the Agency could be established as either an Executive Agency or as a separately branded unit of the Department of the Prime Minister and Cabinet.

29 The Prime Minister’s press statement on 5 January 2020 advised that ‘it will be established within PM&C and it will be modelling its operations very closely on the successful response that was provided to the North Queensland floods’.

Victorian Bushfire Reconstruction and Recovery Authority following the 2009 'Black Saturday' bushfires. Additionally, establishing the NBRA within PM&C allowed the government to establish the NBRA quickly, allowed more flexibility in determining and changing the Agency's roles and functions, and reduced unnecessary administrative and reporting costs.

2.20 The Minister for Finance approved the proposal on 20 January 2020.

Was PM&C effective in establishing the National Bushfire Recovery Agency?

PM&C was effective in establishing the National Bushfire Recovery Agency. PM&C supported the rapid implementation of the NBRA by identifying and mobilising necessary skills and knowledge from across the public service and using existing systems and processes. The NBRA also mobilised skills and expertise from a variety of Australian Government entities, including the Australian Defence Force, through secondments.

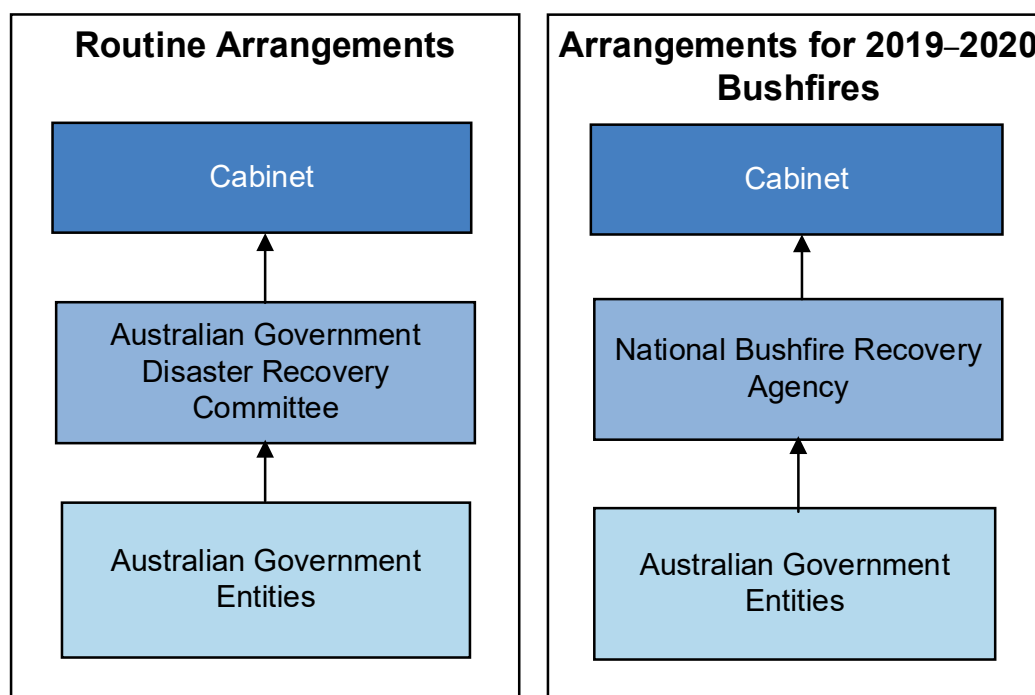
2.21 The NBRA was established to work alongside existing crisis management entities and assumed the routine responsibilities of the Australian Government Disaster Recovery Committee.³⁰ Figure 2.2 below depicts the routine arrangements of the recovery phase of the Australian Government Crisis Management Framework (see Appendix 2) compared to the arrangements in place through the establishment of the NBRA.³¹

30 The Australian Government Disaster Recovery Committee (AGDRC) coordinates whole-of-government recovery efforts for all hazards on behalf of the Commonwealth Government. The AGDRC may be convened where the complexity of recovery issues requires a coordinated Commonwealth Government response. The creation of the NBRA removed the need for the AGDRC to convene.

Andrew Colvin APM OAM, National Bushfire Recovery Coordinator, Response to Notice to Give Information (Witness Statement), NTS-HB1-006, 29 May 2020, p.9, available from <https://naturaldisaster.royalcommission.gov.au/system/files/exhibit/PMC.8001.0001.0297.pdf> [accessed 15 June 2021].

31 The relevant Deputy Secretary of Home Affairs would normally chair the Australian Government Disaster Recovery Committee. The responsibilities of the committee, such as ensuring whole-of-government decision-making is timely, accurate and coordinated became the responsibility of PM&C (as the NBRA was an operational unit of PM&C).

Figure 2.2: Interaction with Australian Government Crisis Management Framework and NBRA



Source: ANAO analysis of PM&C internal presentation

2.22 The audit examined whether PM&C established fit-for-purpose operational and governance arrangements and identified the necessary skills, resources and systems to support rapid implementation.

Establishment of operational and governance arrangements

2.23 From 6 January 2020, PM&C commenced planning for the establishment of operational governance arrangements for the NBRA. The rapid establishment of operational and governance arrangements was assisted by establishing the NBRA within the Department.³²

2.24 In the first three weeks of January 2020, support for establishing the NBRA was provided by the PM&C Project Office. Activities undertaken by the Project Office included stakeholder engagement and developing a range of scoping and governance products.

2.25 As part of the scoping exercise in January 2020, the Project Office drafted governance maps for the NBRA. NBRA advised the ANAO that the early internal governance model for the NBRA was informal, with relevant senior executive meeting regularly (generally weekly). The governance maps included the establishment of an Advisory Board reporting to the National Coordinator to provide subject matter expertise and strategic guidance.³³ The Secretary of the Department of the Prime

32 This meant that the NBRA was subject to PM&C's governance arrangements, including Accountable Authority Instructions, policies, delegations, frameworks for planning and reporting, performance, financial, resource, risk management requirements, and audit. The NBRA executive had access to the suite of established financial and information and reporting provided by PM&C corporate areas, as well as use of PM&C information technology systems and office accommodation for the NBRA in an existing leased property.

33 In March 2021, PM&C advised the ANAO that; 'A separate Advisory Board was not established. Instead, in June 2020, the State Federal Recovery Consultative Group was formalised as an advisory group to which independent experts could be invited'.

Minister and Cabinet is the accountable authority for the NBRA for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The National Coordinator periodically reported to the PM&C Executive Board.

2.26 On 6 May 2020, the Government considered and agreed to a proposal from the Minister (prepared by NBRA) on the need to transition focus of the national recovery effort from immediate relief for affected communities, businesses and individuals to longer-term locally-led economic and social recovery. In line with this decision by government, the NBRA began to focus on medium-longer term activities such as the development of the Local Economic Recovery measure (discussed in chapter 4) and the development of formal governance arrangements.

2.27 Formal governance arrangements included the establishment of a Strategic Leadership Group (SLG) to oversee the NBRA, with the inaugural meeting held on 15 May 2020. The SLG was chaired by the National Coordinator and comprised the two Deputy Coordinators and PM&C's Chief Financial Officer. Terms of reference were developed to guide the SLG's operations, and these incorporated the government-approved roles and functions of the NBRA. The key role of the SLG was to provide policy and program oversight, leadership and direction for the delivery of the NBRA's priorities. Where a decision is likely to have a material impact on PM&C, the matter is to be referred to PM&C's Executive Board.

2.28 The revised governance model for the NBRA was agreed by the PM&C's Executive Board on 20 May 2020.

Staffing profile and funding

2.29 Of the approved 80.5 average staffing level (ASL) in 2020–21, PM&C allocated 73 ASL to the NBRA and retained 7.5 ASL for the provision of corporate services to the NBRA (a total of \$8.584 million of the departmental funding).³⁴

2.30 The NBRA supplemented its staffing numbers by making use of secondments of staff (including SES) with relevant skills from other Australian Government entities as well as contracted labour hire staff. Australian Government entities including Defence (ADF)³⁵ and Emergency Management Australia provided seconded staff from the commencement of the NBRA so that skills could be readily adopted in the delivery of the roles and functions of the NBRA. The NBRA also established a temporary employment register, and received about 4000 registrations.

2.31 NBRA entered into 23 labour hire arrangements between 6 January 2020 and 31 January 2021 with a total value of \$2.95 million. In March 2021, NBRA advised the ANAO that:

NBRA draws human resources from a range of mechanisms including secondments, non-ongoing employee arrangements and labour hire contracts. Labour hire contracts are typically utilised where a particular skill set is required for a role but not readily identifiable under a temporary register, or where the term of an arrangement may not be attractive for potential candidates on a temporary register.

2.32 Table 2.1 outlines the number of staff counted towards the PM&C ASL cap and the number of secondments and labour hire staff that did not count towards PM&C's ASL cap.

34 The ASL for the provision of corporate services included four ASL in the Ministerial Support Division, one ASL in People, one and a half ASL for ICT and one ASL for Shared Services.

35 At the time of the audit the NBRA had five staff seconded from the ADF. The arrangements were through Service Agreements or Posting Orders whereby the employee maintained their ADF employment conditions.

Table 2.1: NBRA workforce profile

	PM&C/NBRA ASL	Secondments (not counted as ASL)	Labour hire (not counted as ASL)	Total staff
March 2020	8	56	N/A	64
August 2020	53	40	9	102
January 2021	82	31	16	129

Source: ANAO analysis of PM&C documents.

2.33 In July 2020, a \$4 million underspend against a budget of \$10.5 million (38 per cent underspend) for the 2019–20 financial year was reported to the NBRA Strategic Leadership Group. The underspent funds were used to support additional staff (up to 124 FTE) in 2020–21.

2.34 In June 2021, PM&C advised the ANAO that:

During 2019-20 the \$4 million underspend was re-directed internally within other priority areas of PM&C. In the 2020-21 budget, PM&C received an additional resourcing measure of \$23 million (refer pg 23 2020-21 PBS, Department of the Prime Minister & Cabinet Additional Resourcing Measure) of which a portion was internally allocated to NBRA to fund activities delayed from 2019-20.

For 2020-21, NBRA's original appropriation was \$17.2m (\$21.5m including corporate), and NBRA was allocated an additional \$3.0m (directly) in their internal budget which was used to fund paid secondees and labour hire contracts.

Were appropriate arrangements established to administer the National Bushfire Recovery Fund?

Appropriate arrangements were established to administer the National Bushfire Recovery Fund. The National Bushfire Recovery Fund was established and designed to enable funds to be rapidly deployed to programs that supported the immediate relief requirements of affected communities.

2.35 The Disaster Recovery Funding Arrangements (DRFA) is the principal mechanism for Commonwealth financial assistance to state and territory governments and provides a basis for the Commonwealth to enter into cost-sharing arrangements with state and territory governments where a disaster presents a significant financial burden. Table 2.2 below outlines the different categories of funding available through the DRFA.

Table 2.2: Payments to the States under the Disaster Recovery Funding Arrangements 2018

DRFA category	Definition	Activation and approval	Cost sharing arrangements
Category A	This category is for emergency assistance for individuals including; emergency food clothing and accommodation; counselling; essential repairs to houses; and removal of debris from residential property. This category can also fund Community Recovery Officers.	States and territories are able to determine and provide assistance without upfront Australian Government approval.	Australian Government contributions are at 50 per cent or 75 per cent depending on state thresholds for total disaster related expenditure.
Category B	This category involves: state expenditure on reconstruction of essential public assets (such as roads and utilities); counter disaster operations for protection of the public; concessional loans to small business and primary producers; interest rate and freight subsidies; and grants for individuals in need.	States and territories are able to determine and provide assistance without upfront Australian Government approval.	Australian Government contributions are at 50 per cent and 75 per cent depending on the thresholds for total disaster related expenditure.
Category C	This category facilitates community recovery, which include: development and capacity building; recovery grants for small business and non-profit organisations; and recovery grants for primary producers.	States and territories must activate category C and seek agreement from the Prime Minister.	The cost of programs under this category are cost shared between the Australian Government and the state or territory is 50:50.
Category D	This category is reserved for an act of relief or recovery to alleviate distress or damage caused by an exceptional disaster. It covers four domains of recovery: social; built; economic; and environmental.	States and territories must activate category D and seek agreement from the Prime Minister.	The cost of programs under this category are cost shared between the Australian Government and the state or territory is 50:50, unless otherwise agreed as guided by advice provided by the activated state.

Source: ANAO analysis of the Disaster Recovery Funding Arrangements

2.36 The National Bushfire Recovery Fund (NBRF or the Fund) was established in January 2020 to provide immediate relief and medium to longer term support for rebuild and recovery from the 2019–20 bushfires. The audit examined the options considered for the operation of the fund, costing advice and the scope and objectives of the fund and priorities identified.

Options for the operation of the Fund

2.37 As discussed in paragraph 2.8, the government approved the establishment of the Fund with initial funding of up to \$2 billion to undertake recovery, rebuild and resilience activities on 6 January 2020.

2.38 Prior to seeking approval from the Finance Minister, other options were considered by PM&C, in consultation with the Department of Finance, including: establishing the Fund under new legislation with direct appropriation to the NBRA to administer and allocate funds; and a grants

program managed by the NBRA. In each case, the need for new or amended legislation was expected to delay the release of funds to support recovery activities.

2.39 The Finance Minister set out the requirements for NBRA and the Department of Finance ‘to monitor decisions and expenditure incurred against the Fund to ensure the provision continues to correctly recorded’. Measures under the National Bushfire Recovery Fund were allocated and appropriated to relevant agencies through the Federal Budget Process, with proposals for individual measures provided in tranches for consideration and approval by the government. Measures funded from the Fund did not require ASL offsets and entities were to assure funds through existing accountability arrangements.

Scope of the Fund

2.40 The Fund was established to support a national approach across the four recovery domains, as discussed in paragraph 1.12, utilising the NBRA to coordinate (with states and territories) and engage with communities. The Commonwealth’s role was to provide national leadership and funding to both support state and territory and non-government efforts, as well as provide additionality given the scale of the 2019–20 bushfires.³⁶

2.41 The \$2 billion was to fund measures in addition to the existing DRFA categories A, B and C and other payments and allowances. Any bushfire related payments under category D (as defined in Table 2.2) of the DRFA were to be paid out of the fund. The Fund was also intended to be aligned to the National Disaster Risk Reduction Framework.³⁷

Coordinating proposals and setting priorities

2.42 One of the roles and functions of the NBRA was to coordinate and prioritise funding proposals to be considered by the Australian Government. Proposals for the measures to be funded were considered in ‘tranches’. As each tranche was considered, direction was also provided on what the next tranche(s) of funding proposals should focus on. The NBRA prepared the covering briefs for each of the tranches and the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management presented the proposals to the Government for consideration and approval.

2.43 On 8 January 2020, the National Coordinator chaired the first ‘Bushfire’ Commonwealth Secretary’s Interdepartmental Committee (IDC) to prioritise proposals to be considered. The IDC met three times in January 2020, twice in February 2020 and twice in March 2020. The early meetings focussed on the identification of immediate relief measures. Principles to support prioritising medium to long term recovery measures were considered in mid-February 2020 with a focus on: alignment to local needs; a strong evidence base; avoiding duplication with non-government or state and territory based programs; and proposals that promoted betterment and/or resilience.

2.44 Implementation reporting was also a point of discussion at the IDC meetings. Measures under the Fund used existing legislated programs and frameworks for monitoring and reporting arrangements. The entities responsible for delivering the measures were also responsible for

36 National Bushfire Recovery Agency, *Funding*, NRRRA, available from <https://www.bushfirerecovery.gov.au/progress-to-date/funding> [accessed 15 June 2021].

37 See Appendix 4.

monitoring and reporting against progress through established mechanisms. The NBRA's role was to provide reports and updates to the Prime Minister on progress of implementation of measures and other non-National Bushfire Recovery Fund related Australian Government Disaster Recovery Funding.

2.45 The NBRA worked with Australian Government entities and State and Territory counterparts to identify and share datasets and to establish an implementation report which brings together information on the progress of Australian Government funded bushfire recovery activities. This is discussed further in Chapter 4.

3. Governance arrangements

Areas examined

This chapter examines whether the National Bushfire Recovery Agency (NBRA) has effective arrangements in place to support the leadership and coordination of a national response to bushfire recovery and rebuild activities.

Conclusion

The NBRA has largely effective arrangements in place to support national leadership and coordination of recovery and rebuild activities. Risk management was embedded into the NBRA's operations and the scope of operations was clearly defined and communicated. There was a planned approach to community engagement and communication, and largely effective relationships have been established to support the NBRA's coordination of the recovery and rebuild activities. Arrangements for measuring performance are still developing with an evaluation expected to be the key means of providing assurance that the NBRA was effective.

Area for improvement

The ANAO made one recommendation to the Government aimed at establishing clear roles and responsibilities of the new national resilience, relief and recovery agency in relation to existing/other entities and the management of shared risk.

3.1 To form a view on whether the NBRA established effective arrangements to support the coordination of a national response to bushfire recovery and rebuild activities, this chapter examines whether the NBRA:

- established effective arrangements to coordinate recovery and rebuild measures;
- had a planned approach to community engagement and communication; and
- had arrangements in place to support effective leadership.

Has the NBRA established effective governance arrangements to support the coordination of recovery and rebuild measures?

The NBRA established largely effective governance arrangements to coordinate measures that supported the delivery of recovery and rebuild activities. NBRA's scope of operations has been defined and communicated through an internal 'Statement of Strategic Intent'. Risk management has been embedded into the NBRA's operations, but the approach to managing shared risk is still developing. The NBRA was established with clear roles and responsibilities, with the exception of how the NBRA is to interact and interrelate with other entities with similar or overlapping functions.

3.2 The ANAO examined whether effective arrangements had been established by the NBRA to coordinate recovery and rebuild measures being delivered by the 12 government entities as well as by state and territory Governments. In particular, whether the NBRA had:

- identified strategic priorities and clear roles and responsibilities; and
- assessed and managed risk to the successful coordination of recovery and rebuild measures.

NBRA's scope of operations, roles and responsibilities

3.3 Informed by the NBRA's roles and functions³⁸, the Statement of Strategic Intent (the Statement) sets out how the NBRA will meet the expectations of bushfire-affected communities. The Statement was developed as the NBRA's operations matured and focus shifted from coordination of immediate relief to coordination of medium/longer term initiatives.

3.4 The Statement was developed through initial consultations with the NBRA Strategic Leadership Group (SLG) and two iterations were presented at the May 2020 and June 2020 SLG meetings respectively. The final version of the Statement was released in July 2020. The Statement articulated the NBRA's roles and responsibilities and three key areas of focus — coordination, communication and reporting (discussed further from paragraph 3.40).

3.5 While the NBRA has been established with clear roles and responsibilities, there is no clarity between its own roles and responsibilities and that of existing agencies such as Emergency Management Australia. A stakeholder analysis and engagement plan was developed in October 2020 which mapped the relationships with seven key Australian government agencies, but it did not address formal ways of working with those agencies or the roles and responsibilities of each.

Assessment and management of risk

3.6 The NBRA developed a Risk Management Plan based on the Department of the Prime Minister and Cabinet's (PM&C) Risk Management Policy and Framework.³⁹ The plan was agreed by the NBRA SLG on 24 June 2020.

3.7 The NBRA Risk Management Plan sets out seven risk statements which were associated with risk categories in the PM&C Risk Management Policy and Framework. Table 3.1 lists the seven NBRA risk statements, the associated risk category in the PM&C's risk framework, the risk rating and residual risk rating (the rating after treatments are completed).

Table 3.1: Summary of the NBRA Risk Management Plan

NBRA risk statement	Associated PM&C risk category	Risk rating	Residual risk rating
We are reliant on relationships with stakeholders to deliver— if these relationships fail, we fail.	Strategic: Prime Minister's Priorities	Medium	Low
We fail to understand the needs of bushfire affected communities. These needs are broad, varied and change over time.	Strategic: Advice to Prime Minister	Medium	Low
Commonwealth funding is not adequately administered, meaningfully used or transparent (shared risk).	Strategic: Prime Minister's Priorities	High	Medium

38 The NBRA roles and functions informed the terms of reference for its Strategic Leadership Group and also informed the NBRA's Statement of Strategic Intent which was developed as the NBRA's operations matured and the focus shifted from coordination of immediate relief initiatives to medium/longer term initiatives.

39 The policy sets out the department's risk culture, risk appetite and tolerance, strategic risk profile, approach to shared risks, reporting, assurance and review requirements.

NBRA risk statement	Associated PM&C risk category	Risk rating	Residual risk rating
The capabilities, safety and wellbeing of our people are not effectively managed	Operational: Fit for Purpose	Medium	Low
Our communications fail to inform and support bushfire affected communities.	Operational: Stakeholder Management	Medium	Low
We fail to effectively monitor and evaluate recovery progress.	Operational: Governance Capability	High	Low
The transition to future state arrangements impacts our ability to effectively support 2019–20 bushfire recovery.	Strategic: Prime Minister's Priorities	Medium	Low

Source: ANAO analysis of the NBRA Risk Management Plan (October 2020)

3.8 For each risk, the plan covers: causes, consequences, risk owner, existing controls, control owner, consequence critical areas (such as: financial, health and safety, policy and advice), highest consequence, likelihood, risk rating, treatments, treatment owner, residual consequence, residual likelihood and residual risk rating.

3.9 The NBRA SLG has high level responsibility to manage and oversee risk. At each meeting, the SLG discusses risk and the suitability of each risk rating. At March 2021, the residual risk ratings remained unchanged from October 2020.

Shared risk

3.10 While the NBRA has responsibility for coordination of the bushfire recovery and rebuild measures, the states/territories and other Australian government entities are responsible for service delivery and implementation. For measures that are being delivered by the states, under the Disaster Recovery Funding Arrangements (DRFA)⁴⁰, Emergency Management Australia (EMA), is the Australian Government entity responsible for the assurance and audit of the funds. The interwoven responsibilities across bushfire recovery and rebuild measures results in risks affecting more than one entity and requires joint management strategies between relevant entities. The NBRA defined 'shared risk' as 'Commonwealth funding is not adequately administered, meaningfully used or transparent'. 'Developing (with PwC) a map of shared risks across the recovery fund to assist in targeting mitigation and assurance activities' is a stated treatment planned to mitigate the shared risk: 'Commonwealth funding is not adequately administered, meaningfully used or transparent' in the NBRA's Risk Management Plan.

3.11 The June 2020 SLG meeting paper noted that the NBRA was mapping shared risks to assist in targeting assurance around fraud, payment mechanisms and existing capabilities/assurance of partner agencies. A workshop was held on shared risk with the Commonwealth Senior Officials Bushfire Recovery Coordination Forum in October 2020. The Forum members discussed:

40 Department of Home Affairs, *Disaster Recovery Funding Arrangements 2018*, available from <https://www.disasterassist.gov.au/Documents/Natural-Disaster-Relief-and-Recovery-Arrangements/disaster-recovery-funding-arrangements-2018.pdf> [accessed 15 June 2021].

- the roles of the NBRA and Commonwealth partner agencies around joint accountability for shared risks⁴¹;
- shared risk themes;
- the identification of shared risks: unmet needs; misuse and waste; oversight gaps; unclear impacts; and capacity constraints; and
- a typical approach to a shared risk and assurance plan.

3.12 The next step identified was to develop the Shared Risk and Assurance Plan with further consultation to occur with the partner agencies. As at March 2021, this document was a draft and the NBRA informed the ANAO it was ‘in the process of finalising overall risk ratings and priority treatments’. At the time of the audit it was unclear how the risk that ‘Commonwealth funding is not adequately administered, meaningfully used or transparent’ would be managed when the new national resilience, relief and recovery entity was stood up. As discussed in Box 1, the National Recovery and Resilience Agency was established on 5 May 2021.

3.13 In establishing the new entity, clarification of the roles and responsibilities of existing/other agencies and the new entity are key to ensuring there is clear authority to expend funding and minimise any duplication of effort. Additionally, early identification of shared risk, including through the lessons learned through the experience of the NBRA and the establishment of an agreed approach to management.

Recommendation no. 1

3.14 The Government at the commencement of the new national resilience, relief and recovery agency entity:

- clarifies roles and responsibilities between existing/other agencies to ensure there is clear authority to expend funding and minimise any duplication of effort; and
- identifies shared risks and develops an agreed approach to management which is documented and reviewed regularly.

Department of the Prime Minister and Cabinet response: *Noted.*

3.15 *Recommendation 1 refers to Government and the National Recovery and Resilience Agency announced on 5 May 2021. We acknowledge the importance of clear roles and responsibilities between coordinating entities, with an agreed and documented approach for the management of shared risk which is reviewed regularly.*

41 ‘Partner agencies’ are: PM&C, Department of Home Affairs, Department of Agriculture Water and Environment, Department of Health, Department of Social Services, Department of Infrastructure Transport Regional Development and Communications, Australian Trade and Investment Commission, Department of Industry Science Energy and Resources, National Drought and North Queensland Flood Response and Recovery Agency, Australian Taxation Office, Attorney-General’s Department, Tourism Australia, and the Department of Education, Skills and Employment.

National Recovery and Resilience Agency response: Agreed.

3.16 *The National Recovery and Resilience Agency agrees with the recommendation.*

3.17 *The Government established the National Recovery and Resilience Agency as an Executive Agency under the Public Governance, Performance and Accountability Act 2013 on 5 May 2021. The Executive Orders clearly specify the functions and authority of the Agency.*

3.18 *The National Recovery and Resilience Agency will continue to work closely with the Departments of Home Affairs and Agriculture, Water and the Environment to ensure alignment of activities to minimise duplication.*

3.19 *In addition, the National Recovery and Resilience Agency under its established Risk Management Framework will continue to manage the shared risks that transferred from the former National Bushfire Recovery Agency.*

3.20 In June 2021, PM&C advised the ANAO:

The National Recovery and Resilience Agency (NRRRA) has in place a Risk Management Framework, which includes the Enterprise Risk Register and regular reports to NRRRA's Executive Group and Audit and Risk Committee. A risk transition plan developed as part of the machinery of government process includes incorporating existing NBRA risk registers into the Enterprise Risk Register to enable consolidated risk reporting for the NRRRA.⁴²

Has there been a planned approach to community engagement and communication?

There was a planned approach to community engagement and communication, supported by various communication and engagement frameworks, plans and strategies, as well as a system to capture community feedback.

3.21 There are a broad range of stakeholders dealing with disaster impacts of the 2019–20 Summer Bushfires. Effective communication required direct consultation at the local and state level to gather feedback to inform the Australian Government's response.

3.22 The audit examined whether there was a communication and stakeholder engagement strategy that: effectively supported the role of the NBRA; established systems to collect information from communities and other stakeholders; was used to inform and adapt policy; and communicated outcomes to government.

Communications and engagement strategies

3.23 The NBRA has developed various strategies and frameworks to guide its communications and stakeholder engagement activities and these are described in Table 3.2 below.

42 On 5 May 2021, the Australian Government announced the commencement of National Recovery and Resilience Agency. The National Recovery and Resilience Agency brought together the former National Drought and North Queensland Flood Response and Recovery Agency and the National Bushfire Recovery Agency, including the \$2 billion National Bushfire Recovery Fund. See paragraph 1.18.

Table 3.2: NBRA communication and stakeholder engagement guidance

Document title	ANAO analysis
Communication framework: National Bushfire Recovery April 2020	This was an initial (two-page) framework developed by the NBRA to set out four key communication elements and corresponding objectives for national bushfire recovery. It also identifies the primary audiences, communication channels, and approaches.
NBRA Corporate Communication Strategy July 2020	Although there are elements that are similar to the communication framework, this is a separate document that provides overarching guidance for the NBRA's communication and media activities. It sets out communications aims, objectives (across the three phases of relief, recovery and resilience), target audiences, risks, and some high level performance metrics to measure the success of communications. It includes a program of work which sets out the products and tools the NBRA will develop to support bushfire recovery, and a media strategy to guide the NBRA in its engagement with the media, particularly at the local level.
NBRA Stakeholder Engagement Framework September 2020	<p>The Stakeholder Engagement Framework sets out the NBRA's engagement principles, purpose, objectives, engagement goals, a stakeholder engagement plan template, prioritisation of stakeholders (into three tiers):</p> <ul style="list-style-type: none"> • Examples of Tier 1: community groups, local businesses, community charities, rural fire services. • Examples of Tier 2: clean up and recovery contractors, housing/disability/senior support providers, business peak bodies. • Examples of Tier 3: state/local government planners, peak tourism associations, energy providers, key media associations.
Stakeholder analysis and engagement plan October 2020	<p>The Stakeholder Analysis and Engagement Plan was presented to the SLG in October 2020. It sets out the seven Commonwealth agencies that NBRA had prioritised engagement with:</p> <ul style="list-style-type: none"> • PM&C; • Home Affairs; • Tourism Australia; • Department of Health; • Infrastructure; • Social Services; and • Agriculture. <p>The document provides the current state of engagement with each agency, the planned future state of the engagement, and proposed engagement activities and communication material.</p> <p>It also lists the 21 national committees and forums NBRA participants in, a summary of the purpose of each and the NBRA representative/s involved.</p>
Community engagement strategy November 2020	<p>This document was designed to support the Corporate Communication Strategy and two of the aims of the NBRA Stakeholder Engagement Framework – staying connected to bushfire affected communities, and involving local organisations and people who can support recovery.</p> <p>It sets out community engagement objectives, the target audiences (primarily people and communities significantly impacted by the fires), outcomes from research that NBRA commissioned in March/April 2020 on the communication needs of bushfire affected communities, principles for community engagement, engagement methods and activities.</p>

Source: ANAO analysis of NBRA documentation.

3.24 In addition to the frameworks and plans described in the table above, the NBRA also developed other plans such as: a Mental Health Communications Plan, to guide the NBRA's support in the delivery of mental health measures; a Social Media Strategy; and a Social Media Implementation Plan.

Communications products

3.25 NBRA's Statement of Strategic Intent sets out that to achieve one aspect of its purpose ('We lead and coordinate Commonwealth — supported recover and rebuild') it will ensure 'awareness of and access to support, including clear communication about Commonwealth support'.

3.26 The NBRA has produced various communications products which provide support to bushfire affected communities. Examples of these products include:

- the *National Bushfire Recovery Plan: Journey to Recovery*, released in November 2020 (discussed further in paragraphs 3.36-3.40);
- resources to support community mental health, which include links to support services such as counselling; and
- factsheets that provide combined information on Commonwealth recovery assistance available to people (bushfire, COVID-19, drought and flood measures) for families, small business and primary producers.

Collecting, managing and reporting on community feedback

3.27 People living in bushfire affected communities and the general public could provide feedback or information to the NBRA through the feedback section on the NBRA website. In addition, the NBRA Recovery Support Officers (RSOs) also collected information from community members through the work that they did within their local government areas (LGA). The RSOs enter this feedback into a central database — the enquiry register.⁴³ This represents the NBRA's collection of community feedback.

3.28 The ANAO conducted an analysis of the information available in the enquiry register. Analysis observations included: a structured approach to information storage; capability of high level sorting by theme, local government area; and detailed file notes from the RSOs. At March 2021 the NBRA informed the ANAO that no formal standard operating procedures were developed for the current information system. In March 2021, PM&C advised that 'NBRA's key system for enquiries — the enquiry register is about to be replaced by a Customer Relationship Management (CRM) system. A suite of user guidance for the CRM is currently being completed'.

3.29 The NBRA advised that it has put in place a process to extract data from the enquiry register, which is then collated by the Liaison Network team and provided to the Senior Executive⁴⁴ through a fortnightly 'Intelligence meeting'. At these meetings various reports inform the Senior Executive of potential issues which may require triage action.

43 Between May 2020 and October 2020, 330 entries were recorded by NBRA Recovery Support Officers.

44 This included the Deputy Coordinators and Branch Heads from across the NBRA.

Are arrangements in place to support and demonstrate effective leadership and coordination?

NBRA has established largely effective arrangements to support and demonstrate leadership and coordination across the recovery and rebuild activities in communities affected by the 2019–20 bushfires. At the time of the audit, performance reporting arrangements were still developing. However, the development of a formal evaluation was underway. The evaluation was expected to be the key means of providing assurance that the NBRA was effective.

3.30 To assess whether the NBRA provided effective leadership and coordination of the Commonwealth-funded recovery and rebuild measures, the ANAO examined the NBRA's communication and activities against the National Principles for Disaster Recovery⁴⁵, specifically 'coordinate all activities' and 'communicate effectively' as well as the performance reporting arrangements.

Establishing effective working relationships

3.31 In order to determine whether the NBRA had established effective working relationships with its key partner agencies/stakeholders, the ANAO examined the key forums that the NBRA facilitated and how the NBRA coordinated, communicated and reported within those forums.

3.32 From late January 2020, the NBRA progressively established and chaired a number of separate forums with key stakeholder groups, some with ongoing remits and others which were topic specific. Table 3.3 lists the various forums and committees the NBRA has established or chaired, their membership, meeting frequency and purpose(s).

Table 3.3: NBRA forums

Forum/Committee	Membership	Meeting frequency	Purpose
NBRA State Federal Coordinators Forum	State, territory and Commonwealth bushfire recovery agencies	Fortnightly	To better understand and identify operational issues and resources required nationally to optimise service delivery and bushfire recovery efforts.
NBRA Peak Bodies Forum	Government representatives and national peak bodies such as advocacy groups, trade associations, industry and community groups	Monthly	To leverage collective knowledge to provide more connected recovery support services, economic and business support for bushfire affected communities.
NBRA Charities Forum	Government representatives and national charity and not for profit groups	Monthly	Provide updates on initiatives, to share lessons learned and issues that may benefit from Commonwealth support.

⁴⁵ See paragraphs 1.9–1.11.

Forum/Committee	Membership	Meeting frequency	Purpose
NBRA Cross Agency Communication Meeting	Partner Commonwealth agencies	Initially fortnightly, then monthly, now ceased. PM&C advised in March 2021 that liaison now occurs through business as usual mechanisms when needed.	Provide updates on the initiatives underway in each agency, share information and ensure connected recovery efforts at the Commonwealth level.
Recovery Coordination Group	NBRA, National Drought and North Queensland Flood Response & Recovery Agency, EMA, National COVID Commission Advisory Board (PM&C representative)	Initially fortnightly, now ad hoc	Created when the NBRA was established, to share learnings, resources and ensure a coordinated response. No meetings notes were recorded.
Small Business Working Group	NBRA and state/territory agencies	Monthly	Primary purpose is to consider matters associated with the small business grants and loans.

Source: ANAO analysis of NBRA participation in forums and committees with its key partner agencies/stakeholders

3.33 The NBRA had also participated in: the Disaster and Climate Resilience Reference Group; the Australia New Zealand Emergency Management Committee; and the Australian Government Crisis Committee. These pre-date the establishment of the NBRA.

3.34 The ANAO analysed all available meeting minutes/notes from six NBRA-run fora and committees for the period January to July 2020. This analysis identified that NBRA was coordinating efforts by bringing the various stakeholders together, sharing information and updates, overseeing the various recovery approaches across jurisdictions, and facilitating action where required. Some examples of issues discussed included:

- guidelines and eligibility for grant programs and loans;
- policy and funding matters;
- immediate recovery response issues requiring attention; and
- coordination of approaches, particularly across jurisdictions.

National Bushfire Recovery Plan

3.35 On 13 March 2020, the Council of Australian Governments (COAG) agreed to develop a National Bushfire Recovery Plan supported by local economic recovery plans for the communities most affected by the bushfires. The plan would bring together a national approach to enabling recovery activity and communicating messages across all levels of government.

3.36 NBRA was responsible for developing the plan in conjunction with state governments and various stakeholders. The NBRA sought the Minister's agreement to the proposed approach, which involved building on various existing elements such as the National Disaster Risk Reduction Framework and the Disaster Recovery Funding Arrangements. The NBRA suggested that the

Commonwealth should provide ‘certainty and clarity’ and ‘through the Plan, should enable other parties to implement recovery measures through this clarity’. The initial aim of the plan was to set the scene in terms of the complexity of the 2019–20 Summer Bushfire events, discuss the work undertaken to date across all sectors, establish the recovery planning context, and bring together plans being developed by other jurisdictions.

3.37 On 17 April 2020, the Minister for Agriculture, Drought and Emergency Management advised the Prime Minister that the draft was expected to be agreed by COAG in July 2020. The Minister approved the final plan on 9 November 2020, and it was published on the NBRA website on 17 November 2020.⁴⁶

3.38 The plan provides a:

- context for the 2019–20 bushfires including the underlying causal factors, emergency response, and impacts;
- recovery approach including the principles, phases, four domains (social, built, economic and environmental) and recovery planning;
- breakdown of the funding;
- layered responsibility model explaining how the local, state and territory recovery plans connect, supported by the Commonwealth;
- mapping of roles, responsibilities and functions of the different jurisdictions — communities, local government, state/territory governments and the Australian Government, broken down into short-term recovery, medium term recovery and long-term recovery; and
- a series of next steps.

3.39 Overall, the plan sets out at a high level how the jurisdictions will work together and how the jurisdictional plans will feed into the national plan to create a national approach.

Reporting and oversight arrangements

Performance measurement

3.40 While the NBRA’s Statement of Strategic Intent and its roles and functions set out a clear direction and purpose for the NBRA, there are no corresponding performance measures to determine whether the NBRA is making an impact and achieving its purpose.

3.41 An approach to measuring performance was presented to the SLG in June 2020, which set a high-level KPI of ‘100% of input deliverables are completed on time’. A set of draft intermediate KPIs was also developed:

- measures under the National Bushfire Recovery Fund achieve or exceed estimated take-up rates/outputs;
- NBRA responds to all enquiries from bushfire affected individuals or their representatives within 24 hours and address the enquiry within five business days (number of responses);

46 National Bushfire Recovery Agency, *Journey to Recovery*, NBRA, available from <http://www.bushfirerecovery.gov.au/sites/default/files/nbra-journey-to-recovery.pdf> [accessed 15 June 2021].

- appearance at, or submissions to, inquiries, hearings, committees (number of inputs);
- nil adverse findings from ANAO audit; and
- NBRA delivers within Budget and ASL allocation bushfire affected individuals or their representatives (number of responses).

3.42 The SLG meeting papers from August 2020 included a business management update which mentions two other performance measures: contribute to an improved recovery experience for affected individuals and communities; and point the way to the future of national disaster recovery. These have associated risks against each but there was no further discussion on measuring performance against these indicators.

3.43 For each of the above performance measures, the audit team found no evidence of reporting against these indicators. In order for the PM&C to provide assurance that the model of establishing the NBRA to coordinate a response to a national disaster was effective, it is important that the planned formal evaluation (discussed further from paragraph 3.47 below) is robust and evidence-based.

3.44 PM&C's Corporate Plan 2019–2023 states that:

The National Bushfire Recovery Agency works with state, territory and local governments, non-government stakeholders and communities to lead and coordinate national recovery of bushfire-affected communities.

3.45 Purpose 6 in the Corporate Plan — Preparing well to respond to critical issues — includes two performance measures that are relevant to the NBRA:

- PM&C has an action plan to anticipate and stand up taskforces to manage critical issues as they arise; and
- Commonwealth whole-of-government coordination, resource mobilisation and support to state and territory jurisdictions during times of crisis are effective.

3.46 Reporting against these indicators is expected to be in PM&C's Annual Report 2020–21 due to be presented to Parliament by October 2021 (after the tabling of this audit).

Evaluation

3.47 Developing an evaluation strategy at an early stage ensures that an entity can conduct an appropriate evaluation. The effectiveness of an initiative can be better assessed if an early baseline is established against which the initiative can be monitored.

3.48 The NBRA has allocated \$1.3 million in funding from the National Bushfire Recovery Fund for the development of an evaluation strategy (phase one) and conducting the evaluation itself (phase two). The intent of phase one was to develop an evaluation framework to 'determine what impacts are possible to measure in what timeframes, ensuring that the evaluation undertaken in phase two informs national disaster recovery policy by clarifying the evidence available for recovery and rebuild activities that are currently undertaken'. PricewaterhouseCoopers Indigenous Consulting were engaged on 28 January 2021 to develop the evaluation strategy. PM&C advised that 'the evaluation strategy is due to be provided by the end of June 2021'.

Other reporting

3.49 The NBRA provides reports and updates to the various forums discussed in paragraph 3.32 above, but it also provides regular implementation reports to the Prime Minister and Minister. A review of 18 reports from January to July 2020 showed that the NBRA provided updates on initiatives by Australian Government entities, the Local Economic Recovery and Complementary Projects Fund, and payments made to jurisdictions under the DRFA. Overall, the content of the reports showed that the NBRA was providing a coordination and monitoring role for the funding allocated under the National Bushfire Recovery Fund. These implementation reports are discussed further in Chapter 4.

4. The National Bushfire Recovery Fund

Areas examined

This chapter examined whether the National Bush Recovery Agency has effectively coordinated, monitored and reported on progress of recovery efforts funded through the National Bushfire Recovery Fund (the Fund).

Conclusion

The NBRA has been largely effective in its coordination, monitoring and reporting on the progress of recovery efforts funded through the National Bushfire Recovery Fund. Funding of recovery efforts through existing mechanisms allowed money to be allocated quickly through the Australian Government and state and territory governments to affected communities. However, the data quality assurance process was informal and the approach to transferring the monitoring responsibilities to the new National Recovery and Resilience Agency was not clear at the time of the audit.

Area for improvement

The ANAO made two recommendations directed at the Department of the Prime Minister and Cabinet. One focussed on documenting data quality assurance processes. The other focused on ensuring that oversight, monitoring and evaluation arrangements for the Local Economic Recovery and Complementary project funds are transferred to the new national recovery and resilience agency.

4.1 The Australian Government committed an initial \$2 billion to the Fund to pay for recovery, rebuild and resilience activities. The Fund was to be coordinated by the NBRA. The NBRA's role was to provide advice to government on the administration of the Fund through monitoring and reporting the allocation and use of the funding measures.⁴⁷

4.2 The audit examined whether:

- fit-for-purpose funding arrangements were implemented;
- effective arrangements were in place to monitor and report on the implementation of funded activities; and
- effective measures have been developed to address recovery and resilience of communities affected by the 2019–20 Bushfires.

Were fit-for-purpose funding arrangements implemented?

Fit-for-purpose funding arrangements have been implemented. The National Bushfire Recovery Fund includes 29 separate measures that aligned with the established practises of the National Disaster Recovery Principles and the Disaster Recovery Funding Arrangements.

47 Department of the Prime Minister and Cabinet, *PM&C Annual Report 2019-20*, PM&C, Canberra, 2020, available from <https://annualreport.pmc.gov.au>, [accessed 22 April 2021].

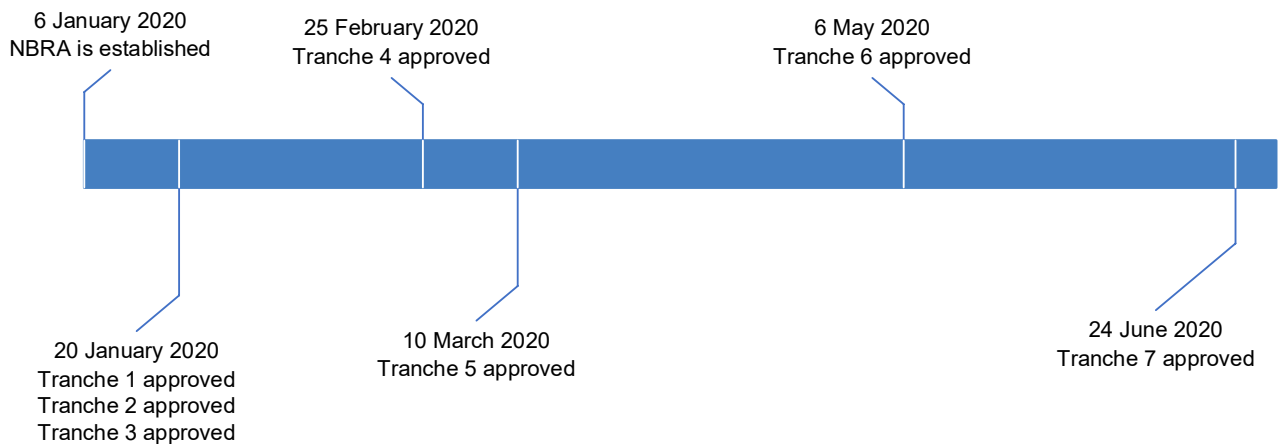
4.3 The Fund was established to support a whole-of-government response and recovery effort across Australia.⁴⁸ The Australian Government entities that were allocated funding were directly appropriated through the Federal Budget process and their performance in achieving outcomes is to be reported in their respective Portfolio Budget Statements and annual reports.

4.4 The National Principles of Disaster Recovery and the National Disaster Risk Reduction Framework (see Appendix 4) were used to guide the allocation of funds to measures delivered under the Fund.⁴⁹ The audit examined how the NBRA coordinated the identification and arrangement of measures for consideration by the Australian Government for those areas for which it was responsible.

4.5 The Disaster Recovery Funding Arrangement (DRFA) category D, was the main mechanism for funding and delivering support from the states and territories and the Australian Government contribution was coordinated by the NBRA. In line with the requirements under the DRFA, states and territories are to provide documentation for reporting, audit, assurance and claiming purposes to the Australian Government (through Emergency Management Australia).

4.6 As at January 2021, the Fund consisted of 29 measures delivered by 14 Australian Government and state and territory entities, the measures were approved in seven tranches between 20 January 2020 and 24 June 2020. Figure 4.1 below provides a timeline showing when each tranche was approved.

Figure 4.1: Timeline showing when each tranche was approved



Source: ANAO analysis of National Bushfire Recovery Fund Australian Government submissions and decisions.

4.7 The NBRA developed, maintained and regularly updated a 'Bushfire Recovery' website which included reporting on expenditure of all Fund measures to date. Twenty eight of the 29 measures were reported under category headings that aligned with the four domains of recovery specified in the National Principles for Disaster Recovery. Table 4.1 shows the break-down of the 28 measures between each domain of recovery. The remaining measure 'Lessons and insight', has its own category.

48 National Bushfire Recovery Agency, *Journey to Recovery*, NBRA, available from <http://www.bushfirerecovery.gov.au/sites/default/files/nbra-journey-to-recovery.pdf> [accessed 15 June 2021].

49 National Bushfire Recovery Agency, *Funding*, NBRA, available from <https://www.bushfirerecovery.gov.au/progress-to-date/funding> [accessed 15 June 2021].

Table 4.1: Distribution of the 28 measures and funding allocation by domain

Domain	Number of measures	Funding allocation
Social and Community	12	\$734.3 million
Economic	12	\$1.091 billion
Infrastructure (Built)	2	\$47.1 million
Environment	2	\$203.1 million

Source: ANAO analysis of NBRA funding webpage, available from <https://www.bushfirerecovery.gov.au/progress-to-date/funding> [accessed 27 April 2020].

4.8 The NBRA's recovery planning, funding and design occurred in two stages; immediate relief/recovery; and medium/long term community recovery which were aligned to the National Principles for Disaster Recovery.

4.9 The initial measures were proposed and agreed by the Australian Government on 20 January 2020 (tranches 1-3) and 25 February 2020 (tranche 4). The full impact of the bushfires was unknown at that time⁵⁰ and focus was on immediate needs as understood through community consultation and those directly involved with the emergency response. The first four tranches included 19 measures totalling approximately \$1.1 billion. From tranche five onwards the focus for recovery was to improve community resilience with a majority of measures within the 'infrastructure' and 'economic' domains of recovery. See Appendix 5 for the details of each tranche.

Funding arrangements with Australian Government Entities and States and Territories

4.10 The Commonwealth has longstanding jointly-funded disaster recovery assistance arrangements with states and territories through the DRFA. As discussed in paragraph 1.2, the Australian Government supports recovery efforts through a range of established assistance programs (non-financial and financial).

4.11 Overall, at the time of the audit, 33.6 per cent of the Fund was delivered through targeted recovery assistance measures managed by 14 Australian Government departments and 66.4 per cent by the states as detailed in Table 4.2. For example, the Department of Agriculture, Water and the Environment acted as the Australian Government service delivery department for the wine grape producers' measure.

50 At this time, some bushfires were still deemed at catastrophic levels or yet to ignite. For example, the Orroral Valley bushfire was ignited on 27 January 2020 and burned 87,494 hectares. Environment, Planning and Sustainable Development Directorate, *Orroral Valley Fire Impact Report*, ACT Environment, available from <https://www.environment.act.gov.au/ACT-parks-conservation/bushfire-management/orroral-valley-fire-impact-report> [accessed, 27 April 2021].

Table 4.2: Programs managed by Australia Government entities

Australian Government entity	Number of programs	Funding allocated (\$m)
Australian Trade and Investment Commission	1	0.7
Department of Agriculture, Water and the Environment	6	246.3
Department of Education, Skills and Employment	2	31.9
Department of Foreign Affairs and Trade	1	4.1
Department of Health	2	65.3
Department of Home Affairs	3	69.9
Department of Industry, Science, Energy and Resources	1	39
Department of Infrastructure, Transport, Regional Development and Communications	1	27.2
Department of the Prime Minister and Cabinet	1	12.3
Department of Social Services	1	50
Department of Veterans' Affairs	1	0.7
Services Australia	3	2.2
Tourism Australia	1	71.0
Treasury ^a	16	1482.8
Total	39	2103.4

Note a: Thirteen out of the 19 programs that Treasury funds are part of the DRFA and assurance over expenditure is Emergency Management Australia's responsibility. Treasury handles the appropriation of the following measures which are delivered by the states outside of the DRFA: Bushfire Immediate Wildlife Rescue and Recovery, Forestry Industries Bushfire Package, Legal Assistance Services to Support Relief and Recovery for the 2019–20 Bushfires, Mental Health Support for School Communities, Small Business Hotline and Small Business Recovery Centres. Treasury is only responsible for delivery of the \$3.5m Small Business Hotline program.

Notes: Some measures are shared between departments, for example the 'Supporting the Mental Health of Australians Affected by Bushfires' measure is shared between the Department of Health, Services Australia and the Department of Veterans' Affairs.

The total of 39 programs reflects some measures being split into programs between departments for example 'Supporting the Mental Health of Australians Affected by Bushfires'. The total exceeds the current \$2.077 billion allocation as there are demand driven programs which affect the overall spend.

Source: Commonwealth of Australia, *Economic and Fiscal Update July 2020*, Commonwealth of Australia, p.111, Canberra, 2020, available from <https://archive.budget.gov.au/2020-21/jefu/downloads/JEFU2020.pdf> [accessed 8 June 2021].

4.12 Nine measures out of the 29 — worth about \$1.45 billion — are delivered through Category D of the DRFA. Appendix 3 sets out the measures delivered through the DRFA and the measures delivered through Australian Government departments.

Tailoring Fund requirements to implement fit-for-purpose funding arrangements

4.13 The work of the NBRA was to complement existing disaster recovery arrangements with a focus on consulting directly with communities to understand their needs and aspirations and communicate this back to government. Initial community feedback to the NBRA in January 2020 indicated that debris clean-up was an acute individual and community concern. Box 2 outlines how

NBRA approached adapting existing DRFA requirements to address concerns of the community and implement fit-for-purpose funding arrangements.

Box 2. How NBRA addressed debris clean-up

DRFA category A covers debris clean-up with the following eligibility requirements^a:

- the clean-up will affect only residential properties to ensure they are habitable again; and
- insured residences are to first obtain assistance through their insurance provider.

NBRA put forward a proposal in Tranche 3 to address the increased and wide-spread need for debris clean-up and removal. It was based on the response to the 'Black Saturday' bushfires in Victoria which made debris clean-up available to all residences regardless of insurance status, and cleaned-up community infrastructure.

The modifications proposed by the NBRA to the Australian Government were:

- to move debris clean-up to category D to allow for more flexibility regarding eligibility requirements, justified by the exceptional circumstance of the Black Summer Bushfires;
- to allow all residences to qualify for clean-up regardless of insurance status;
- to allow small businesses to qualify for clean-up regardless of insurance status; and
- to allow community infrastructure to be cleared.

The measure was approved on 20 January 2020 and the NBRA began negotiations with Emergency Management Australia (EMA) to coordinate the approach to debris clean-up in the affected states. As of 31 March 2021, all residential properties in South Australia and Victoria have been cleared. In New South Wales, clean-up of most residential properties is complete.^b

Note a: Department of Home Affairs, *Disaster Recovery Funding Arrangements*, Home Affairs, p.49, Canberra, 2018.

Note b: National Bushfire Recovery Agency, *Funding*, NBRA, available from <https://www.bushfirerecovery.gov.au/progress-to-date/funding> [accessed 27 April 2021].

Are effective arrangements in place to monitor and report on the implementation of funded activities?

The arrangements established to monitor and report on the implementation of funded activities are largely effective. There is scope for the NBRA to improve quality checking and consistency of status reports provided to the Australian Government.

4.14 The NBRA has a dedicated Data and Analytics Unit that is responsible for:

- implementation reporting, including dashboard development;
- preparing cabinet submissions and presentations;
- being a single source of truth for information and analysis of the 2019–20 bushfires;
- analysing how affected communities are being supported throughout recovery; and
- monitoring and evaluating the recovery and reconstruction outcomes of the National Bushfire Recovery Fund.

4.15 The audit examined the data collected by the NBRA, how it was recorded and utilised, and what governance structures are in place in its data environment.

Understanding the impact of the 2019–20 bushfires on affected communities

4.16 In January 2020, two external consultancy firms provided impact assessments to the NBRA. The first assessment identified the primary industries of each Local Government Area (LGA) and how much of the industry area and infrastructure was affected by the bushfires. The other assessment focused on damage in terms of the four domains of recovery (social, built, economic and environmental).

4.17 The result of this work was a report ranking the LGAs activated under category C of the DRFA, by the severity of the damage to their economy and a framework that could be used to designate tiers of priorities, from one to five, with tier one being the highest priority.⁵¹

4.18 The NBRA performed its own analysis to determine how to approach the prioritisation of the most affected LGAs. The NBRA took into account the burn scar⁵² specific to each LGA and how many residences and businesses were damaged. The analysis culminated in a compendium of LGA assessments that were accessible on the NBRA website.⁵³ The data that underpinned the LGA profiles was taken from the master Excel spreadsheet developed and managed by the NBRA Monitoring and Evaluation team.⁵⁴

Gap analysis

4.19 In June 2020, the NBRA engaged a consultant to conduct a gap analysis to identify areas lacking program coverage. The analysis was presented to the NBRA in August 2020 and discussed at the Strategic Leadership Group meeting. The analysis provided the NBRA with a preliminary assessment of potential gaps in the National Bushfire Recovery Fund program coverage.

4.20 The gap analysis identified 248 existing programs related to bushfire recovery nationally. Based on this analysis, five categories were identified as having a high likelihood of a gap in existing program coverage: Sea transport infrastructure; Air (Environmental health); Water (Environmental health); and Programs which focus on gender specific needs (defined in the gap analysis as ‘Male’ and ‘Female’).⁵⁵ A further ten categories were identified as having a medium likelihood of a gap existing in program coverage.

51 Under the DRFA the States are responsible for the administration of Category C assistance and a Category C assistance request must be made by the State for a geographical area. For the 2019–20 Bushfire disasters, the States ‘activated’ Local Government Areas that had been affected by the fires for Category C assistance under the DRFA.

52 NBRA advised they used the National Indicative Aggregated Fire Extent Dataset (NIAFED), published by the Department of Agriculture, Water and the Environment for the burn scar. The LGA profiles use the 28 April 2020 version of this dataset.

53 National Bushfire Recovery Agency, *Local Area Profiles*, NBRA, 2020, available from <https://www.bushfirerecovery.gov.au/your-community/local-area-profiles#/map> [accessed 27 April 2021].

54 National Bushfire Recovery Agency, *Local Area Profiles*, NBRA, 2020, available from <https://www.bushfirerecovery.gov.au/your-community/local-area-profiles#/map> [accessed 27 April 2021].

55 National Bushfire Recovery Agency, *2019-20 Bushfire Program Gap Analysis: Summary of Findings*, Deloitte, 2020.

4.21 The threshold for a category to be deemed as having a low likelihood of a gap in program coverage was the existence of at least two, targeted, national and bushfire related programs. Limitations of the gap analysis included:

- a lack of clarity in how the gap analysis determined that existing programs were meeting the intended need as the analysis did not take into account ‘any assessment of the accessibility, efficiency, effectiveness or success of the programs identified’; and
- the data did not consider other gender identifications.

4.22 It was not clear to the ANAO how the gap analysis was used by the NBRA.

Engaging external service providers

4.23 In January 2020, PricewaterhouseCoopers (PwC) provided one of the impact assessments to the NBRA (as discussed in paragraph 4.16). These services were provided at no charge to the Australian Government. The NBRA did not enter into any contractual arrangements for this work. The NBRA advised:

In the wake of the 2019-20 bushfires, the NBRA received a number of offers for support from a range of sectors, including offers of pro bono work from the private sector.

In the apparent absence of any Commonwealth Procurement Framework guidance material relating to pro bono arrangements, and noting that:

- pro bono arrangements generally do not meet the common law requirements for formation of a contract, and
- do not involve the commitment of relevant money as defined in the PGPA Act.

It was therefore reasonably assumed that the Commonwealth Procurement Rules do not apply to pro bono arrangements. Therefore, pro bono arrangements were managed less formally than arrangements subject to the CPRs.

4.24 In mid-February 2020, PwC provided NBRA with an engagement letter which included an outline of services to be delivered (exact deliverables were to be determined at a later date), roles and responsibilities including identified personnel, fees and expenses, and limitation of liability. In March 2020, PwC advised the NBRA it would need to formalise the working arrangement, including charging for the delivery of services. The NBRA signed the engagement letter and engaged PwC as its Risk Assurance Partner utilising the Department of Finance’s Business Advisory Panel.

4.25 The NBRA advised that PwC was engaged through an open tender process under a panel arrangement for services to support its risk management arrangements and provide assurance over its program management.⁵⁶ The NBRA did not seek quotes from other providers available on

⁵⁶ A panel is the end result of a procurement process (usually an open tender process), where a number of suppliers are appointed through a contract or deed of standing offer. Procurement by entities can be undertaken directly with any supplier on the panel. For further information see Department of Finance website at <https://www.finance.gov.au/government/procurement/buying-australian-government/panel-arrangements> [accessed 9 June 2021].

Business Advisory Panel. The initial contract value for the work delivered by PwC was \$100,000 and this was varied and increased in June 2020 by \$450,000 for a total contract value of \$550,000.⁵⁷

4.26 The Commonwealth Procurement Rules (CPRs) note that ‘price is not the only factor when assessing value for money, and officials are required to consider all relevant financial and non-financial costs and benefits’. Achieving value for money is the core rule of the CPRs as it is critical to ensuring that public resources are used in the most efficient, effective, ethical and economic manner. The acceptance of services free of charge has the potential to give rise to real or perceived conflicts of interest. Entities should ensure robust probity⁵⁸ principles are practiced, especially where the acceptance of free of charge services then transition into paid contracts for the delivery of the same or similar services.

4.27 Where entities receive offers for services at no charge, it is important that procurement processes are considered to assess which should be followed, such as: determining the need; consideration of any risks (including potential conflicts of interest); and the estimated value of the services to be provided (with or without charge). To avoid concerns in relation to probity or a perceived or actual potential conflict of interest arising when services are no longer offered without charge, an entity should approach the market before accepting or engaging the same provider.

Data collection and management

4.28 The NBRA developed datasets to track recovery of affected communities. The NBRA developed and maintained a master Excel spreadsheet to provide a single source of truth database for reporting purposes. There were 32 different data sources used to populate the spreadsheet including publicly available datasets such as Australian Bureau of Statistics census data and other non-publicly available information provided by a range of stakeholders such as states and territories, EMA, Services Australia and the Insurance Council of Australia. The master Excel spreadsheet included data that covered:

- demographics (for example, state, region, area affected, drought status, population, size and type of business and industry, Socio-Economic Indexes for Areas);
- burn scar, extent of damage by square kilometre, type of land impacted (for example, primary producer, parkland, type of building destroyed or damaged);
- number of applicants and completion of debris clean-up and fencing repairs;
- number of grant and small business loan applications and approvals;
- number of insurance claims made and approved; and
- number of Australian Government disaster recovery payments and allowances paid.

4.29 The NBRA noted that the baseline datasets needed to be source from different databases to build a picture of the impact of the bushfires. For example, NBRA used the ‘Socio-Economic Indexes for Areas’, ABS Estimated Resident Population by Age, by Local Government Area, Persons

57 When PM&C varied the contract in June 2020, the NBRA did not seek quotes from other providers on the panel but did assess value for money. The value for money assessment considered PwC’s previous work for the NBRA and assurance work undertaken for Emergency Management Australia.

58 Probity is the evidence of ethical behaviour, and can be defined as complete and confirmed integrity, uprightness and honesty in a particular process. For further information see Department of Finance website at <https://www.finance.gov.au/government/procurement/buying-australian-government/ethics-and-probity-procurement> [accessed 9 June 2021].

and Disasterassist.gov.au for number of prior events in the last three years. The Royal Commission into National Natural Disaster Arrangements made a series of findings and recommendations on data inconsistencies as set out in Box 3.

Box 3. Royal Commission into National Natural Disasters Arrangements findings on data

The Royal Commission into National Natural Disasters Arrangements (the Royal Commission) 'identified that data related to managing natural disaster risk was significantly inconsistent across jurisdictions and since at least 2002, there have been repeated calls for national consistency in disaster information and data'.^a

There is a risk that inconsistent data will impede the efforts of the Australian Government and other organisations to manage natural disaster risk. The Royal Commission also noted:

The Australian Government has acknowledged that it can, as it should, play a national leadership role in coordinating national data, information and standard setting, in consultation with states and territories. Australian, state and territory governments should prioritise the implementation of data harmonisation, and national data standards, create common information platforms and share technologies. This will enable collaboration in the production, analysis, access, and exchange of information, data and knowledge about climate and disaster risks.^b

The Royal Commission noted NBRA's effort towards national consistency with the establishment of the NBRA data working group (see paragraph 4.33), however expressed concern that it is duplicating the work of the Australia-New Zealand Emergency Management Committee's Community Outcomes and Recovery Sub-committee data sharing project.^c

Of the Royal Commission's 78 recommendations, four related to supporting better decision making through improved national disaster risk information, capability and shared technologies to enable greater collaboration and build the nation's collective knowledge of climate and disaster risks. In particular, the Royal Commission recommended (Recommendation 4.1) that 'Australian, state and territory governments should prioritise the implementation of harmonised data governance and national data standards'.^d

Note a: Royal Commission into National Natural Disaster Arrangements, *Report of the Royal Commission into National Natural Disaster Arrangements*, p. 111, RCNND, Canberra, 28 October 2020.

Note b: *ibid.*, p.111.

Note c: *ibid.*, p.132.

Note d: *ibid.* p.121.

Framework for data collection

4.30 The NBRA relied on the data it received from third parties to be complete and accurate. The NBRA advised it has no formal arrangements in place to collect or share data between entities and the NBRA relies on maintaining collaborative relationships with key stakeholders. There was a Letter of Exchange between the NBRA and Services Australia for the provision of data in relation to the various programs delivered by Services Australia that contribute to bushfire recovery.

4.31 The NBRA advised the ANAO that the rationale for the sourcing and selection of data to be used to assess the impact of the bushfires and report process was:

...selected by its availability from the relevant providers, rather than any other factor.

...the selection of data has been guided by needs of NBRA Policy areas, NBRA executive, Minister's Office and Prime Minister's Office and is continually added to and updated.

4.32 The NBRA convened a workshop on 26 February 2020, with the key data and reporting leads in each state and territory (except the Northern Territory). The workshop was instigated in response to the large amount of data sharing and reporting occurring between governments without a formal framework to operate within. There was a need for consistent reporting to be produced based on an agreed set of baseline datasets and metrics, to minimise any risk from inconsistent reporting and analysis. The purpose of the workshop was to gain an understanding of the:

- datasets which were commonly reported against to measure the baseline and recovery efforts in response to the 2019–2020 bushfires; and
- needs and the challenges of data sharing between governments.

4.33 One outcome from the workshop was the establishment of the State Federal Bushfire Recovery Data Working Group which included representatives from the State and Federal recovery agencies. The terms of reference for the group were drafted in March 2020 and endorsed on 25 August 2020. The working group met three times in 2020 and agreed data definitions and strategy.

4.34 Effective monitoring and evaluation of the recovery progress has been identified as high risk in the NBRA risk management plan. The proposed treatments to reduce this risk included developing a data strategy that included frameworks and appropriate governance across all data sources, developing an evaluation framework; and rolling out a customer relationship management tool. The data strategy was due to be delivered by 31 October 2020 and the NBRA advised that it was endorsed on the 12 March 2021. The data strategy covers the purpose, governance, goals and priority deliverables. The priority deliverables section identifies six items to be completed by 21 June 2021 (after NBRA is due to cease).

Quality Assurance

4.35 The NBRA advised it performs data quality checks over data received from third-party providers by comparing them to prior datasets received. There are no formal references or processes for data quality checks, however, if the data doesn't align with previous datasets the NBRA advised that it queries the discrepancy via email with the provider to try and resolve the issue. In addition, there was no written agreement on the frequency with which the relevant states and territories provide information. The NBRA used publicly available data for some reporting and assumed that it had been quality assured, for example, population datasets taken from the Australian Bureau of Statistics website. The NBRA used PowerBI to generate a series of dashboards that were used for its reporting on bushfire impact and funding data internally and externally.

4.36 The ANAO conducted testing on the processes and programs the NBRA uses to collect and collate data into the master Excel spreadsheet. The ANAO confirmed that the programs used by the NBRA performed their relevant functions as stated and intended. However, the ANAO identified in the data preparation and collation process that there was no formal documentation of data handling processes and technical reviews of those processes. Not only did this affect the transparency of its processes, it also presented a risk that the NBRA would be unable to ensure smooth continuation of operations in the event of loss of knowledge workers' skills and experience.

Recommendation no. 2

4.37 The Department of the Prime Minister and Cabinet ensure that the NBRA document and formalise its data quality checks, so the process is captured for future responses to large scale natural disasters.

Department of the Prime Minister and Cabinet response: *Agreed.*

4.38 *The NBRA is being succeeded by NRRRA for future responses to large scale natural disasters. This recommendation has been discussed with the NRRRA to ensure it formalises data quality checks and processes.*

Monitoring Expenditure

4.39 The NBRA's role was to monitor the expenditure of the NBRF in conjunction with the Department of Finance and provide updates to the Australian Government. Progress of expenditure for the 29 measures is reported publicly.⁵⁹ On the website the NBRA uses the term 'spend' to indicate money spent by the Australian Government from the NBRF as well as money that has been allocated and yet to be reconciled by the relevant state governments. Table 4.3 also shows the progressive allocation of funds for the NBRF measures.

Table 4.3: National Bushfire Recovery Fund planned allocation by Financial Year 2019–20 to 2023–24

	2019–20 (\$m)	2020–21 (\$m)	2021–22 (\$m)	2022–23 (\$m)	2023–24 (\$m)	Total (\$m)
Planned allocation	500	1000	500	–	–	2000
Allocation at 25 February 2020	818	125	14	–	–	957
Allocation as at May 2020	864.7	720.0	264.7	140.5	–	1989.8
Allocation as at July 2020 ^a	867.5	764.6	304.5	158.8	8.1	2103.5

Note a: The NBRA advised that this total includes \$26.3 million for a new National Centre for Disaster Resilience being established in the Industry, Science Energy and Resources portfolio which is not part of the NBRF (\$2.1 million in 2020–21 and \$8.01 million per year from 2021–22 to 2023–24)

Source: ANAO analysis of Australian Government decisions and *Appendix A: The Commonwealth of Australia, Economic and Fiscal Update*, July 2020 Policy decisions taken since the 2019–20 MYEFO, <https://archive.budget.gov.au/2020-21/jefu/downloads/JEFU2020.pdf> [accessed 21 June 2021].

4.40 The Australian Government departments that will incur expenses in the financial years 2022–23 and 2023–24 are as follows:

- Department of Agriculture, Water and the Environment — the Forestry Recovery Development Fund has been allocated \$10.2 million in 2022–23⁶⁰;

59 See <https://www.bushfirerecovery.gov.au/progress-to-date/funding> [accessed 15 June 2021].

60 Department of Agriculture, Water and the Environment, *Portfolio Additional Estimates Statements 2020-21*, Canberra, 2020, p.32.

- Department of Education, Skills and Employment — the Childcare Subsidy assistance program has been allocated \$100,000 in 2022–23 and \$100,000 in 2023–24⁶¹;
- Treasury — \$140 million has been allocated for Local Economic Recovery and Complementary Projects administered under the DRFA ⁶²;and
- Department of the Prime Minister and Cabinet — has been allocated \$470,000 in 2022–23. The National Recovery and Resilience Agency advised this funding is part of the \$1.25 million for evaluations under the NBRF and will move to NRRA.

4.41 The NBRA advised that any unspent funds were being included in the budget process for consideration by the Australian Government. The spend as a percentage of allocated funds as at 28 February 2021 for each measure is set out in Figure 4.2 (below).

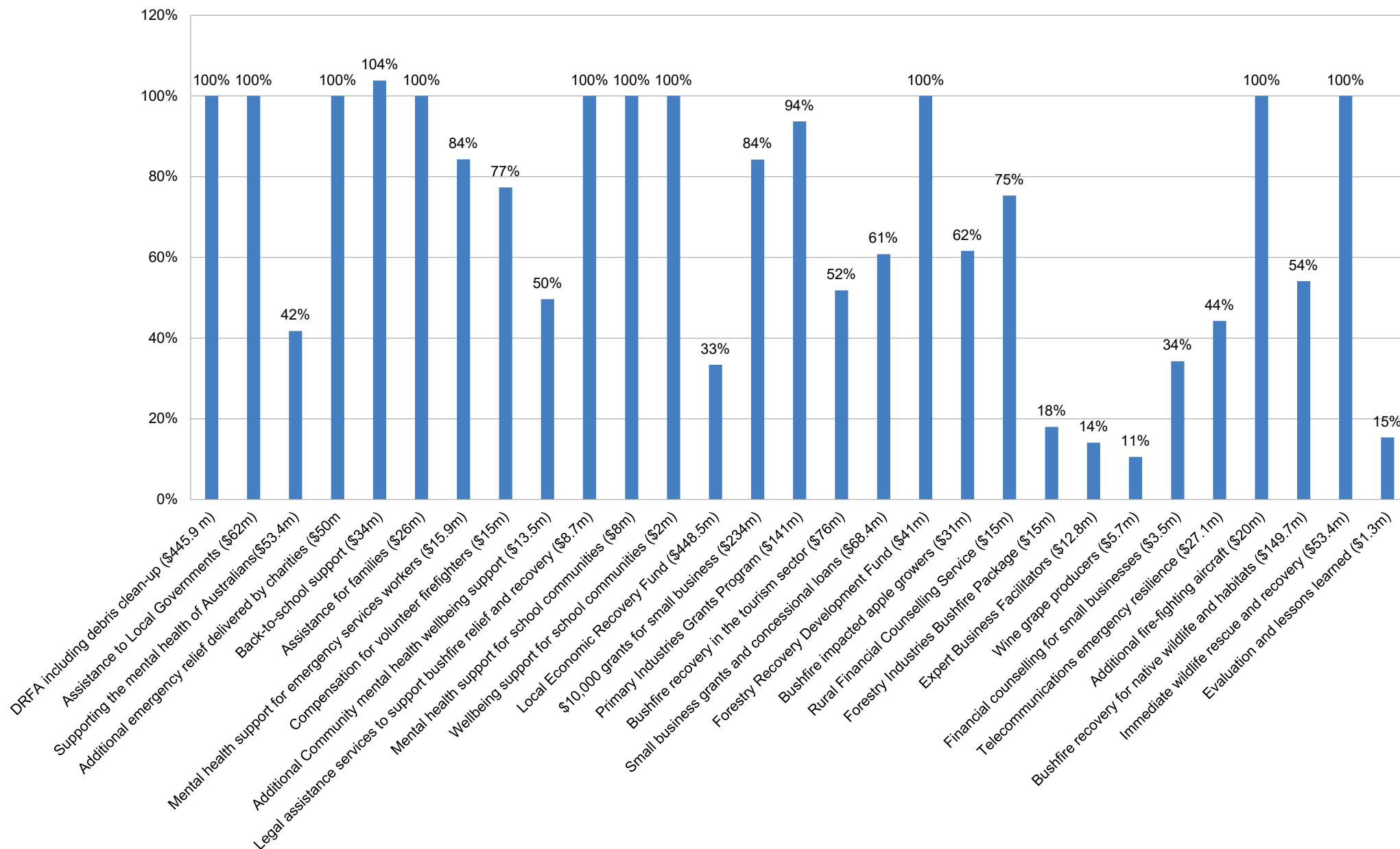
4.42 On 24 April 2021 the Minister for Agriculture, Drought and Emergency Management announced the Black Summer Bushfire Recovery Grants program including \$280 million in unspent funds from the National Bushfire Recovery Fund.⁶³

61 Department of Education, Skills and Employment, *Portfolio Budget Statements 2020-21: Budget Related Paper No. 14*, Canberra, 2020, p.26.

62 Treasury, *Portfolio Budget Statements 2020-21: Budget Related Paper No. 1.13*, Canberra, 2020, p.32.

63 See <https://recovery.gov.au/recovery-support/black-summer-bushfire-recovery-grants> [accessed 21 June 2021].

Figure 4.2: Spend as a percentage of allocated funds as at 28 February 2021



Source: ANAO analysis of NBRA website data.

Implementation briefs of National Bushfire Recovery Fund measures to Prime Minister

4.43 The NBRA provided implementation briefs to the Prime Minister and to the Minister for Agriculture, Drought and Emergency Management. The implementation briefs were provided weekly from 19 January 2020 to 20 March 2020 after which the frequency became fortnightly until 10 July 2020. Traffic light reporting was provided in the briefs, with status reported as: green for 'on track', yellow for 'watch', red for 'off track' and blue for 'implemented BAU'. Definitions were not provided for each status rating.

4.44 ANAO analysis of eight (of the 18) implementation briefs identified that the 28 measures did not change status from 3 April 2020 to 10 July 2020. In 10 briefs prior to April 2020, there were changes in status that did not have supporting justification in the detailed information of the relevant measure. Inconsistencies were identified between the briefing cover page and the subsequent detailed information. For example, the 'Primary industries grants' measure was categorised as 'yellow: watch' on the cover page but 'red: off track' in the detailed information. When providing briefs it is important that they be checked for accuracy, include definitions where relevant, and provide evidence to draw attention to and explain where status changes have occurred.

Have effective measures been developed to address community recovery and resilience?

The NBRA has developed largely effective measures to address community recovery and resilience, through the Local Economic Recovery and Complementary Projects fund. There are effective arrangements in place for the proposal assessment process. However, Local Economic Recovery projects will extend beyond the life of the NBRA and the ongoing oversight and evaluation arrangements for the program in the new national resilience and recovery agency are not yet clear.

4.45 One of the NBRA's roles was to identify gaps in existing recovery and rebuild arrangements and prevent unnecessary duplication in measures delivered under the National Bushfire Recovery Fund. The NBRA identified a risk that 'the needs of individuals and communities affected by the disaster would not be covered by existing assistance programs'. The audit examined how NBRA developed and implemented the Local Economic Recovery fund (LER) and the Complementary Projects Fund to address identified unmet needs.

The Local Economic Recovery (LER) fund

4.46 The Local Economic Recovery (LER) fund was proposed by the NBRA and approved by Australian Government on 24 June 2020 (Tranche 6). The purpose of the LER is to provide a mechanism for the Australian Government and state governments to co-fund projects that support unmet needs in local and regional economic and social recovery of the most severely impacted LGAs. Only LGAs who were activated for category C assistance were eligible to apply for LER funding.⁶⁴

⁶⁴ Activated LGAs were located in Queensland, New South Wales, Victoria and South Australia.

4.47 The LER was funded through category D of the DRFA. The NBRA proposed that the LER should allow communities to 'build back better' to improve community resilience. This required an exemption from the Prime Minister because Category D does not allow for new state or local government infrastructure to be built. The Prime Minister granted an exemption on 3 July 2020.

4.48 The LER was allocated \$350 million for projects taking place between 1 July 2020 and 30 June 2022, with funding to be matched by the states. The NBRA used the analysis into the 'burn scar' (paragraph 4.18) and impact assessments (see paragraph 4.16 to 4.18) to determine how the LER funding was to be split between the states. Table 4.4 details the allocation of LER funding between the relevant states.

Table 4.4: Breakdown of LER funding by state

State	Australian Government contributions (\$ million)	State government contributions (\$ million)	Total funding available (\$ million)
New South Wales	270.9	270.9	541.8
Victoria	34.3	34.3	68.6
South Australia	26.4	26.4	52.8
Queensland	18.4	18.4	36.8
Total	350	350	700

Source: ANAO analysis of the LER Framework

The Local Economic Recovery framework

4.49 The LER framework was finalised in September 2020. The framework sets out the criteria, co-funding principles, assurance arrangements and scope of the fund. To ensure that community support is maximised, the Australian and state governments engaged in a 50:50 cost share in line with allowances made for funding contributions from third parties.

4.50 There are seven criteria for funding under the LER framework, projects must meet all seven criteria to be supported by the NBRA. The criteria are as follows.

- Balance and need — funding duplication is avoided, vulnerable groups/diverse populations are supported and unintended consequences are minimised.
- Alignment — projects align to and support medium-long term economic recovery needs identified in state, local and regional recovery plans.
- Enduring Benefit — local and regional recovery is tangible, sustainable, builds future resilience and reduces future disaster risk.
- Funding stream suitability — funding stream is suitable and preferable to other possible funding streams.
- Local participation, support and delivery — communities participate in planning and development processes and support proposed projects.
- Evidence base — there is an evidence base for project need and benefit, evidence may be qualitative or quantitative.

- Feasibility — projects are feasible, risks and consequences are acceptable, and appropriate mitigation strategies are identified. Cost is an effective, efficient and ethical use of resources.

Local Economic Recovery shared risk and responsibilities

4.51 Based on the above agreed criteria, each state government developed separate eligibility guidelines. Queensland and South Australia included the seven funding criteria under the LER framework in their program guidelines. New South Wales and Victoria included only five of the criteria (both choosing to exclude ‘funding stream suitability’ and ‘evidence base’ assessment criteria).⁶⁵

4.52 Each relevant State had a different approach to collating and assessing LER proposals:

- New South Wales — identified priority projects through NSW Regional Economic Development Strategies Bushfire Addenda as part of the Bushfire Industry Recovery Program. This was followed by the Bushfire Local Economic Recovery program which is an open competitive grants round with successful applications to be announced from June 2021. The third phase is yet to be determined.
- Victoria — established three streams of grants targeted at different groups: Local community project grants; Regional economic programs fund; and the Regional economic stimulus and resistance grants. Rounds 1 and 2 for the Local community project grants program have been announced and as at 17 June 2021 round 3 had not been scheduled.
- Queensland — established the Queensland Bushfires Local Economic Recovery Program which began with an expressions of interest round that closed on 7 September 2020 and successful applicants have been announced.
- South Australia — established a committee within the Department of Premier and Cabinet to review proposals with a closing date for applications on 30 September 2020.

4.53 Table 4.5 details NBRA, state government and joint responsibilities.

⁶⁵ See Appendix 6 for a detailed summary of each states’ LER program’s opening and closing dates.

Table 4.5: NBRA and state government responsibilities regarding the LER

	Identifying proposals for co-funding	Assurance approach and jurisdiction decision	Announcements and monitoring
NBRA activity	<ul style="list-style-type: none"> Receives the proposed list of projects for co-funding consideration from the states. 	<ul style="list-style-type: none"> Confirms that proposed projects align with LER criteria. NBRA delegate informs the states which projects are supported for co-funding. 	<ul style="list-style-type: none"> NBRA tracks which projects are funded, the funding value and monitors the balance of each states funding envelope. NBRA monitors and manages the roll-out of the LER.^a Intelligence gathered throughout the LER process will inform NBRA of macro level gaps which will inform funding considerations against the Complementary Projects Fund.
State activity	<ul style="list-style-type: none"> Incorporate LER criteria and scope into process documentation, and design their process/es (e.g. grant programs). Run their process/es including assessing proposals. Identify the projects they would like to be considered for co-funding by the Australian Government. 	<ul style="list-style-type: none"> Make the final decision on which projects are approved for co-funding through the LER. Provide the NBRA a list of agreed projects for co-funding. 	<ul style="list-style-type: none"> Directly inform project applicants of funding approval.
Joint NBRA/state activity	<ul style="list-style-type: none"> Through consultation with the states, the LER criteria and scope are agreed. 	<ul style="list-style-type: none"> Bi-lateral review (NBRA/state) of the proposed co-funded projects for balance and proportionality support by additional analysis and local needs. 	<ul style="list-style-type: none"> Joint announcement between state and Australian Government regarding projects to be co-funded through the LER.

Note a: Monitoring and management of the roll out of the LER refers to the organisation of LER guidelines and approval process and qualitative progress of LER projects. This was expected to be formalised through the evaluation measure (see paragraph 4.63).

Source: ANAO analysis of the LER Process Map.

Assessment of proposals

4.54 Under the agreed process, the states provided the NBRA with proposals they had already assessed and supported for funding. The proposals supported by the states were then assessed by the NBRA. The NBRA established a sound assessment process which included:

- documented procedures and assessment templates to support consistent decision-making;
- an Excel spreadsheet to track the assessment of proposals submitted to the NBRA; and
- preparations to manage a high volume of proposals to review.

4.55 As of 21 January 2021, the Microsoft Excel spreadsheet included information on the 202 proposals submitted to NBRA. Table 4.6 details the dollar amount and the status of all LER proposals received by the NBRA by 21 January 2021.

Table 4.6: Status of LER proposals by the state as a 21 January 2021

State	Proposals submitted	Proposals approved	Proposals not supported	Proposals yet to be determined	Funding allocated (\$ million) ^a	Total Funding available (\$ million)
NSW	90	74	15	1	95.06	270.9
QLD	50	49	0	1	20.80	18.40
VIC	47	47	0	0	23.77	34.30
SA	15	15	0	0	24.50	26.40
Total	202	185	15	2	164.13	350

Note a: Funding allocated figures have been derived from proposals that have been supported and yet to be determined, they do not include proposals not supported.

Note: If Queensland approves the project 'yet to be determined' the Australian Government funding allocation will be exceeded for Queensland.

Source: ANAO analysis of the LER Microsoft Excel spreadsheet used by NBRA to record status of proposals agreed by the states.

4.56 As part of the assessment process, the NBRA liaised with other Australian Government departments and considered whether the proposals achieved balance and proportionality from a Commonwealth perspective, including whether they:

- addressed and balanced need across multiple domains of recovery;
- were appropriate for Commonwealth co-funding under the LER as opposed to possible alternative funding streams;
- aligned with Commonwealth policy, and
- presented any risks or sensitivities in a Commonwealth or national context.

4.57 Where a significant risk was identified in one or more of the areas listed above, the NBRA either didn't support the proposal or approved provision of Australian Government co-funding based on specified conditions. The NBRA did not support 15 proposals for Commonwealth co-funding, the reasons for rejection fell into three categories:

- that the proposal would not directly benefit the LGA affected;
- the scope of works was unrelated to damage incurred by the 2019–20 bushfires; and
- the scope of works represented the standard responsibilities of the state government.

4.58 Of the 185 proposals approved as of 21 January 2021, the NBRA provided conditional approval on 22 proposals. The conditional approvals fell into two broad groups — the proposal presented a risk of a potential funding duplication or a risk that expenditure will not be completed

within the LER timeframe (30 June 2022). It is the responsibility of each state government to monitor and address these conditions accordingly.

4.59 On 1 June 2021, PM&C advised the ANAO that:

LER is administered through the Disaster Recovery Funding Arrangements 2018 (DRFA). Under the PGPA Act, the Department of Home Affairs (Home Affairs) is the accountable authority for all funds allocated under the DRFA and as such, state and territory stakeholders who become aware of any fraud occurring against the DRFA within their jurisdiction must advise Home Affairs immediately upon becoming aware of the issue. Sections 82 and 83 of the PGPA Act allow for the sharing of fraud-related information between states and the Commonwealth and for auditing of Commonwealth-funded programs by state authorities.

Where fraud is detected either by the Commonwealth or a state or territory government, there are mechanisms in place to recover misused funds, these include:

- If fraudulent expenditure is detected by the state after claim submission, Home Affairs will remove that expenditure from the claim prior to acquittal.
- Where fraudulent expenditure is detected post Commonwealth acquittal of the claim, the Commonwealth reimbursement portion is recovered through a claim adjustment.
- Where Home Affairs becomes aware of unresolved suspicions/allegations of fraud, acquittal of that expenditure is suspended until the state is able to provide assurance to the Commonwealth that the expenditure is legitimate and eligible under the DRFA.

State and Commonwealth assurance activities under the DRFA, including fraud reporting, are set out in clause 10 and clause 11 of the DRFA.

The National Recovery and Resilience Agency will become the accountable authority for funds allocated under the DRFA from 1 July 2021.

Monitoring progress

4.60 The NBRA developed an LER specific risk management plan and identified two 'high' rated risks and two 'medium' rated risks. The two risks rated 'high' were recorded by the NBRA:

- Our reliance on the states to recommend and monitor projects constrains timely and effective delivery.
- Funding duplicates or lacks coherence with other bushfire recovery and COVID-19 response initiatives.

4.61 The identified treatment to address both of these risks was development of a monitoring and evaluation plan to assess the non-financial progress and implementation of the LER program.

4.62 As noted in paragraph 4.47, the LER was being delivered through the DRFA and had a 24 month reconciliation period for incurred state expenditure from the end of the financial year that the relevant disaster occurred to the final date of acquittal (for the 2019 bushfire season declared disasters the final date of acquittal is 30 June 2022). The ANAO has identified that about 25 per cent of approved LER projects will be completed after 30 June 2022.⁶⁶ Additionally, the NBRA will cease to exist on 30 June 2021, which represents a risk that there will be limited oversight and

⁶⁶ Projects have an approximate start date, and duration as required by the LER assessment process, this however does not guarantee that the project will commence as expected. Therefore the analysis of the completion dates are approximate.

assurance over the completion of approved LER projects after the end of the financial year 2020–21.

4.63 The NBRA advised that an evaluation of the LER will be included in the proposed evaluation of the NBRA (see paragraph 3.47) and that it was working with the states to agree reporting arrangements to monitor the progress of approved proposals. The transferral of the arrangements for the ongoing oversight and evaluation of the program to the new national resilience and recovery agency will be necessary to maintain assurance that LER projects are completed as required.

The Complementary Projects Fund

4.64 The Complementary Projects (CP) fund was allocated \$95 million, to be delivered through category D of the DRFA, and was approved on 24 June 2020 (tranche 6). The CP was approved to address unmet needs after a majority of the Fund has been spent. Its purpose was:

...to provide joint Commonwealth-state financial assistance for 2019–20 bushfire local and regional recovery projects that are cross-regional in nature, initiatives of national significance, high-impact projects in non-priority regions, or aggregation of project packages that bundle smaller initiatives for overall impact.

4.65 The CP fund was to be rolled out in three phases with funding appropriated for financial years 2021–22 and 2022–23. The expectation that additional projects would be scheduled to be completed after the NBRA ceases created the need for oversight arrangements to be transferred to the new agency.

4.66 On 24 April 2021 the Minister for Agriculture, Drought and Emergency Management announced that the \$98.5 million Complementary Projects funding had been redirected to the new Black Summer Bushfire Recovery Grants program administered by the Commonwealth (outside of the DRFA).

Recommendation no. 3

4.67 The Department of the Prime Minister and Cabinet ensure that the monitoring and evaluation plan for the Local Economic Recovery and Complementary project funds are transferred to the new resilience, relief and recovery agency. This is to ensure that project oversight is maintained into 2023–24 when final projects are to be completed.

Department of the Prime Minister and Cabinet response: *Agreed.*

4.68 *The Department agrees with this recommendation and has worked closely with the NRRRA and transition team in the Department to ensure the monitoring and evaluation plan has been transferred. Complementary Projects funding has been redirected to the new Black Summer Bushfire Recovery Grants Program which will have its own monitoring and evaluation arrangements (administered by the NRRRA).*



Grant Hehir
Auditor-General

Canberra ACT
28 June 2021

Appendices

Appendix 1 Entity responses



Australian Government
Department of the Prime Minister and Cabinet

SECRETARY

Ref: EC21-000203

Mr Grant Hehir
Auditor-General
Australian National Audit Office
Office of the Auditor-General
OfficeoftheAuditorGeneralPerformanceAudit@anao.gov.au

Dear Mr Hehir

Thank you for the opportunity to respond to the Administration of the National Bushfire Recovery Agency proposed report provided on 3 May. Please see the response from the Department of the Prime Minister and Cabinet (the Department) for your preparation of the final report.

The Department worked quickly to provide an emergency taskforce in response to the Black Summer of 2019-20 with the stand-up of the National Bushfire Recovery Agency, within the Department. Its work is now being continued, as announced by the Prime Minister on 5 May, with the establishment of the new National Recovery and Resilience Agency (NRRA).

The NRRA brings together the former National Drought and North Queensland Flood Response and Recovery Agency and the National Bushfire Recovery Agency, and will provide support to local communities during the relief and recovery phases following major disasters.

The draft report

Given the timing of this report, and the establishment of the NRRA, the Department has worked closely with the NRRA to provide accurate feedback to you.

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Recommendation 1

The Government at the commencement of the new national resilience, relief and recover agency entity:

- clarifies roles and responsibilities between existing/other agencies to ensuring there is clear authority to expend funding and minimise any duplication of effort; and
- identifies shared risks and develops an agreed approach to management which is documented and reviewed regularly.

Noted

Recommendation 1 refers to Government and the National Recovery and Resilience Agency announced on 5 May 2021. We acknowledge the importance of clear roles and responsibilities between coordinating entities, with an agreed and documented approach for the management of shared risk which is reviewed regularly.

Recommendation 2

That PM&C ensure the NBRA document and formalise its data quality checks, so that the process is captured for future responses to large scale natural disasters.

Agreed

The NBRA is being succeeded by NRRA for future responses to large scale natural disasters. This recommendation has been discussed with the NRRA to ensure it formalises data quality checks and processes.

Recommendation 3

That PM&C ensure that the monitoring and evaluation plan for the Local Economic Recovery and Complementary project funds are transferred to the new National Recovery and Resilience Agency. This is to ensure that project oversight is maintained into 2023-24 when final projects are to be completed.

Agreed

The Department agrees with this recommendation and has worked closely with the NRRA and transition team in the Department to ensure the monitoring and evaluation plan has been transferred. Complementary Projects funding has been redirected to the new Black Summer Bushfire Recovery Grants Program which will have its own monitoring and evaluation arrangements (administered by the NRRA).

If you have further questions, please contact the Department's A/g Head of Internal Audit (louise.perez@pmc.gov.au) for follow up.

Yours sincerely



Philip Gaetjens
1 June 2021



Australian Government
National Recovery and Resilience Agency

Mr Grant Hehir
Auditor-General
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

4 June 2021

Dear Mr Hehir

Administration of the National Bushfire Recovery Agency – Audit Report

Thank you for your correspondence of 7 May 2021 regarding the Proposed Report for the Australian National Audit Office (ANAO) audit on the *Administration of the National Bushfire Recovery Agency*. I appreciate the opportunity to respond as the Accountable Authority for the National Recovery and Resilience Agency (the Agency).

The Government established the Agency on 5 May 2021 in direct response to a key recommendation of the Royal Commission into National Natural Disaster Arrangements. The Agency on its establishment brought together the former National Drought and North Queensland Flood Response and Recovery Agency, and the National Bushfire Recovery Agency. From 1 July 2021, it will also incorporate the disaster risk reduction and recovery functions from the Department of Home Affairs, and rural financial counselling programs from the Department of Agriculture, Water and the Environment.

With the establishment of the National Recovery and Resilience Agency, there is now a consolidated, enduring national Agency to support recovery and resilience for communities impacted by natural disasters, drought and other hazards, with a strong on-the-ground presence and a guiding principle of locally-led recovery, risk reduction and preparedness.

The ANAO report positively recognises the work undertaken by the Department of the Prime Minister and Cabinet to establish the former National Bushfire Recovery Agency in response to the impact on individuals and communities by the 2019-20 bushfire season.

I acknowledge there is ongoing work to be undertaken by the National Recovery and Resilience Agency in relation to managing shared risk and monitoring performance. The insights and recommendations made in this report will support the implementation of fit-for-purpose arrangements with oversight from the Agency's Audit and Risk Committee.

Finally, I would like to take this opportunity to thank your staff for the professional and collaborative way in which this audit was conducted.

Yours sincerely,

The Hon. Shane L Stone AC QC
Coordinator-General

National Recovery and
Resilience Agency



Appendix 2 Australian Government Crisis Management Framework

1. The Australian Government Crisis Management Framework outlines the arrangements enabling the Australian Government's 'all hazards' crisis management approach.⁶⁷
2. The Australian Government provides support to states and/or territories when coordinated assistance is requested or to protect Commonwealth interests; jointly manages a crisis with states and/or territories if a crisis has the potential to affect, or has affected, multiple jurisdictions, the broader community or an Australian Government area of responsibility; and manages a crisis that is not the responsibility of a state and/or territory.
3. Crisis Management is a continuum of:
 - Prevention – measures to eliminate or reduce the incident or severity of a crisis;
 - Preparedness – arrangements to ensure that, should a crisis occur, the required resources, capabilities and services can be efficiently mobilised and deployed;
 - Response – actions taken in anticipation of, during, or immediately after a crisis to ensure that its effects are minimised, and that people affected are given relief and support as quickly as possible; and
 - Recovery – restoring or improving livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society, aligning with the principles of sustainable development and 'build back better' to avoid or reduce future disaster risk.
4. Recovery can also be summarised into three phases:
 - Response — the help provided during or immediately after an emergency, providing immediate safety and security to those who have been impacted (including food, emergency shelter and medical care).
 - Relief — short-term assistance, including material support, short- to medium-term accommodation, and access to mental health support that contributes to the recovery and resilience of communities; and
 - Recovery — the coordinated process of restoring emotional, social, economic and physical wellbeing, and rebuilding infrastructure into the medium- and longer-term, and building resilience.

67 Commonwealth of Australia, Department of the Prime Minister and Cabinet, *Australian Government Crisis Management Framework*, available from <https://pmc.gov.au/resource-centre/national-security/australian-government-crisis-management-framework> [accessed 15 June 2021].

Appendix 3 Measures by funding arrangement

Table A.1: NBRF Measures by funding arrangements

Measure	DRFA	Other	Allocated funds (\$ million)
Social and Community			
Disaster Recovery Funding Arrangements including debris clean-up	✓	–	445.9
Immediate bushfire assistance to Local Governments	✓	–	62.0
Supporting the mental health of Australians affected by bushfires	–	✓	53.4
Additional emergency relief delivered by charities, plus financial counselling	–	✓	50.0
Back-to-school support	–	✓	34.0
Assistance for families in bushfire affected areas (including Child Care Subsidy Assistance)	–	✓	26.0
Mental health support for emergency services workers	–	✓	15.9
Compensation for volunteer firefighters ^a	✓	–	15.0
Additional Community mental health wellbeing support	–	✓	13.5
Legal assistance services to support bushfire relief and recovery	–	✓	8.7
Mental health support for school communities	–	✓	8.0
Wellbeing support for school communities	–	✓	2.0
Economic			
Local Economic Recovery Fund	✓	–	448.5
\$10,000 grants for small business	✓	–	234.0
Emergency Bushfire Response in Primary Industries Grants Program	✓	–	141.0
Bushfire recovery in the tourism sector	–	✓	76.0
Small business grants and concessional loans ^b	✓	✓	68.4 ^b
Forestry Recovery Development Fund	–	✓	41.0
Bushfire impacted apple growers	✓	–	31.0
Rural Financial Counselling Service	–	✓	15.0
Forestry Industries Bushfire Package (Additional transport costs etc.)	–	✓	15.0
Expert Business Facilitators	–	✓	12.8
Wine grape producers	✓	–	5.7
Financial counselling for small businesses in bushfire affected communities	–	✓	3.5

Measure	DRFA	Other	Allocated funds (\$ million)
Infrastructure			
Telecommunications emergency resilience	–	✓	27.1
Additional fire-fighting aircraft ^a	–	✓	20.0
Environment			
Bushfire recovery for native wildlife and habitats	–	✓	149.7
Immediate wildlife rescue and recovery	–	✓	53.4
Other			
Evaluation and lessons learned	–	✓	1.3
Total	9	24	2,077.7

Note a: The additional fire-fighting aircraft and compensation for volunteer firefighters were measures agreed to before the creation of the NBRA and were brought under the NBRF remit after 6 January 2020.

Note b: NBRA advised that the 'Small business grants and concessional loans' is the only measure that is under two different DRFA categories, category C and D. Category C applies to businesses that apply for loans up to \$25,000, loans over \$25,000 and up to the value of \$50,000 comes under Category D.

Note: Concessional loans are not included in the funding allocation due to recipients paying back the entirety of the loan.

Source: ANAO analysis of NBRF Funding Measures

Appendix 4 National Disaster Risk Reduction Framework

1. The National Disaster Risk Reduction Framework is a multi-sector collaboration led by the National Resilience Taskforce within the Australian Government Department of Home Affairs.
2. The purpose of the framework is to guide national, whole-of-society efforts to proactively reduce disaster risk in order to minimise the loss and suffering caused by disasters. The framework also specifies that there are four domains of recovery: built, social, economic and natural (environmental). Each domain is described in Table A.2 below.

Table A.2: Four Domains of Recovery

Domain	Description
Built	Physical and social infrastructure assets such as transport, energy and telecommunications, water utilities, housing, cultural and commercial precincts, and other assets.
Social	Socioeconomic and demographic trends, social networks and relationships, cultural practices, technology, innovation, wellbeing, essential services such as health and education, and lifestyles.
Economic	Public sector, private sector and individual economic activities; workforce participation; credit, debt, and finance; and small, medium, national and multinational business
Natural	Natural assets such as wetlands, rivers, land, forests, oceans, other complex natural ecosystems, agriculture, and water sources.

Source: ANAO analysis of the National Disaster Risk Reduction Framework.

3. To support community-led recovery, the national recovery for the 2029-20 Bushfire disaster spans all four domains. The NBRF covers 29 separate funding measures in five categories:
 - Social and Community (aligned to the social domain)
 - Economic (aligned to the economic domain);
 - Infrastructure (aligned to the built domain);and
 - Environment (aligned to the Natural domain).
4. The NBRF also includes funding for lessons and insights to evaluate the whole response.

Appendix 5 Recovery focus of each tranche of funding

Table A.3: Recovery Focus of each tranche of funding

Tranche (approved)	Focus	NBRF Measures approved	Funding allocated (\$ million)
1 (20 January 2020)	Immediate needs aligned with built, social, environment and economic domains of recovery	<ul style="list-style-type: none"> • Immediate assistance to local governments • Support the mental health of Australians affect by bushfires • Mental Health support for emergency service workers • Rural financial counselling • Immediate wildlife rescue and recovery 	199.7
2 (20 January 2020)	Education, small business, tourism and concessional agricultural loans	<ul style="list-style-type: none"> • Extra emergency relief delivered by charities • Back to school support • Mental health support for early learning and school communities • Wellbeing support for school communities • Primary Industries Grants Program • Child care subsidy 	260.9
3 (20 January 2020)	Small business, tourism, tax relief and concessional agricultural loans	<ul style="list-style-type: none"> • Debris clean up • Financial counselling for small businesses • \$50,000 grants and up to \$500,000 concessional loans for small businesses^a • Tourism recover grants 	593.8
4 (25 February 2020)	Legal services	<ul style="list-style-type: none"> • Legal assistance services 	8.7
5 (10 March 2020)	Small business rebuilding	<ul style="list-style-type: none"> • \$10,000 grants for small businesses • Expert business facilitators 	246.8
6 (6 May 2020)	Supporting communities to start to plan their own long term recovery.	<ul style="list-style-type: none"> • Community wellbeing support • LER & Complementary Fund • Forestry industries package • Telecommunications emergency resilience • Bushfire recovery for native wildlife 	626.1
7 (24 June 2020)	Forestry industry	<ul style="list-style-type: none"> • Forestry recovery fund 	86.7

Note a: The \$50,000 grants and concessional loans were agreed to for eligible small businesses within LGAs that were activated for category C.

Source: ANAO analysis of Australian Government decisions.

Appendix 6 State grant funding rounds

Table A.4: State grant funding rounds

State Grant title	Open date	Close date	Award date(s)	Maximum award (\$ million)
QLD <i>2019 Queensland Bushfires Local Economic Recovery Program</i>	13 Aug 2020	7 Sep 2020	Oct 2020 Dec 2020 Jan 2021 Mar 2021	5
SA <i>2019-2020 Local Economic Recovery Funding</i>	–	30 Sep 2020	Prior to Sep 2020 Feb 2021	–
VIC <i>Local Community Project Grants</i>	Round 1: 29 Oct 2020 Round 2: 15 Mar 2021 Round 3: 26 Jul 2021	Round 1: 30 Nov 2020 Round 2: 12 Apr 2021 Round 3: 23 Aug 2021	Round 1: Jan 2021 Round 2: May 2021 Round 3: Oct 2021	2
VIC <i>Regional Economic Programs Fund</i>	29 Oct 2020	20 Nov 2020	Dec 2020	2.5
VIC <i>Regional Economic Stimulus & Resilience Grants</i>	29 Oct 2020	10 Dec 2020	Feb 2021	5
NSW <i>Bushfire Local Economic Recovery Fund</i>	27 Oct 2020	11 Dec 2020	Apr 2021	4 to 20
NSW <i>Bushfire Industry Recovery Package - includes Supply Chain Support Grants (SCSG) and Sector Development Grants (SDG)</i>	19 May 2020	26 Jul 2020	SCSG: Jun 2020 SDG: Sep 2020	SCSG: - SDG: 10

Source: ANAO analysis of publicly available NBRA and state government documents.