

Flood Relief and Recovery



VICTORIA

Victorian
Auditor-General

Flood Relief and Recovery

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The Hon. Bruce Atkinson MLC
President
Legislative Council
Parliament House
Melbourne

The Hon. Ken Smith MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my report on the audit *Flood Relief and Recovery*.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Peter Frost', with a long horizontal stroke extending to the right.

Dr Peter Frost
Acting Auditor-General

26 June 2013

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Audit summary

Between September 2010 and March 2011 Victoria experienced some of the most extensive and damaging floods in its history. These floods affected 70 of the 79 Victorian local government areas, with 16 very severely impacted. Major damage was caused to whole communities, roads, rail networks, community infrastructure and the natural environment. Some communities were inundated several times, with repeat damage to homes, businesses and the agricultural sector.

As at 31 January 2013, the total cost estimate for relief and recovery was \$971 million. Under the provisions of the Natural Disaster Relief and Recovery Arrangements (NDRRA), the state shares costs with the Commonwealth. Following the floods the Commonwealth provided an advance payment under NDRRA of \$500 million to Victoria.

The key governance structure set up in March 2011 to lead the relief and recovery efforts was the Secretaries' Flood Recovery Group (SFRG), comprising all departmental secretaries, Victoria Police, VicRoads and the Emergency Services Commissioner. The SFRG was co-chaired by the secretaries of the departments of Primary Industries (DPI) and Human Services (DHS).

All state departments played a role in relief and recovery, with nine administering programs. The majority of initiatives were administered through the departments of Treasury and Finance (DTF), Human Services, Planning and Community Development (DPCD), Primary Industries and Sustainability and Environment (DSE).

In all there were 45 programs in Victoria's flood response and recovery effort. These included:

- **social programs** providing financial assistance to families and individuals, counselling, case work support including outreach, temporary housing and community resilience projects
- **economic programs** to support businesses, agriculture and other primary industries
- **built environment programs** to repair damage to community assets, roads, bridges and other infrastructure
- **natural environment programs**, including repairing damage to parks and reserves.

This audit assessed the effectiveness and efficiency of the state's relief and recovery arrangements in the aftermath of the 2010–11 floods. It focused on six departments which had a key role in delivering or arranging relief and recovery efforts—namely DTF, DHS, DPI, DPCD, DSE and the Department of Premier and Cabinet (DPC). DPC did not deliver any programs, but was instrumental in providing policy direction and advice to government and had a lead role in intergovernmental communication and reporting.

The audit also focused specifically on 15 programs which were key to community recovery, as distinct from programs for the repair of roads, bridges and other infrastructure. Emergency response aspects of the flood disasters were not examined.

Victoria has experienced a rise in the frequency, scale and impact of natural disasters and the challenges posed by these events are increasing. In parallel to this audit the government has been pursuing reforms in emergency management. It released a White Paper on *Victorian Emergency Management Reform* (the White Paper), in December 2012. The proposed changes in emergency management governance and organisation are designed to address a range of issues including coordinating relief and recovery in communities, roles of key stakeholders and streamlining governance arrangements. A number of these issues were examined in this audit.

Conclusions

Leadership

Emergency management in Victoria has been affected by a siloed approach in the past which worked against achieving vital collaboration between stakeholders. Yet the model chosen to lead the state relief and recovery efforts in 2010–11 perpetuated the model of multiple stakeholders each responsible for their own piece of the recovery task. A whole-of-government committee structure was established in March 2011 to manage flood relief and recovery. However, funding was proposed and administered separately by nine of the 10 departments involved. Without clear authority and with funding controlled by each department, the key governance committee, the SFRG, inevitably had a coordination rather than a leadership role.

As a result there were lost opportunities for collaboration and the nine departments administering funding all had different arrangements, application processes and points of contact. This resulted in a fragmented approach, with 45 separate programs offered by the nine funds holders. The number of programs and the different, and often complex, application processes attached to each was confusing to local government and to affected communities at a time when they were dealing with the distress and damage caused by the floods.

As the SFRG's authority to lead, intervene and change what departments were doing was constrained, some important issues requiring action were not addressed. These included the need to better support the councils that were struggling due to their limited capacity, and the need for long-term recovery plans to be developed and followed. In addition, no overarching evaluation of the floods relief and recovery effort was ever commissioned, although evaluations of a number of individual programs were conducted.

Flaws in the governance of relief and recovery were clearly a function of the model chosen and not linked to the conduct of committee members who diligently oversaw relief and recovery programs run by departments and also fulfilled monitoring and risk management responsibilities.

The lack of evaluation is of major concern as it means that there has been no mechanism in place to capture what was done well and might be replicated in the future and what was done poorly. This means there is no overall assessment of effectiveness and no guarantee the state will not continue to use flawed strategies and programs.

The audit also noted the comprehensive review undertaken by Neil Comrie AO, APM in the aftermath of the floods. The *Review of the 2010–11 Flood Warnings and Response*, issued in December 2011, identified where improvements are needed to assist local government and community recovery and made 93 recommendations across a broad range of preparation, response and recovery matters.

The Victorian Government has responded to 31 of the recommendations, which principally relate to flood warnings. It has yet to respond formally to the remaining 62 recommendations, including those relating to the adequacy of relief and recovery arrangements and the adequacy of service delivery and community resilience. The Department of Justice (DOJ) has advised that recommendations will inform future emergency management changes and activities. It is imperative that these recommendations, and the issues that they illustrate, not be overlooked and be incorporated into future recovery planning and practices.

The audit notes that the new governance arrangements set out in the December 2012 White Paper seek to establish clear leadership through the State Crisis and Resilience Council—to be chaired by the Secretary of DPC—and the creation of Emergency Management Victoria as the new overarching body for the state's emergency management sector. These are important and necessary reforms but also need to take into account lessons learnt from past emergency events.

In addition to the SFRG, the central agencies DTF and DPC played a key role liaising with the Commonwealth, especially DTF in the case of betterment under the NDRRA. There were lost opportunities to obtain Commonwealth funding to improve, or better, the disaster resilience of public assets as DTF did not provide clear guidance to councils and practical assistance to help build the business cases needed to win funding.

However, a number of councils and departments have noted the proactive approach taken by DTF in contacting councils to help them apply for financial assistance. This is commendable, especially given that, as a central agency without a regional presence, DTF did not have existing networks and relationships in place. This proactive approach should be maintained in future disasters.

Relief and recovery efforts on the ground

In addition to the central governing committee, the SFRG, there were various committees at the regional and local level, many of which functioned well. But overall, the number of committees at a state, regional and local level created a complex and unwieldy structure, which was difficult for affected communities to understand.

The 15 relief and recovery programs examined in this audit provided appropriate coverage of social, economic and environmental needs. The programs delivered much required relief and recovery support to the disaster-affected communities. There were no apparent gaps where needs were not answered by program initiatives. However, the fragmented approach from nine departments, with each managing funding and designing their own programs, resulted in considerable differences in application processes and eligibility. This created a confusing set of program rules. Local government and communities also had to deal with many different departmental staff fronting the various initiatives, which added to confusion and frustration in some communities already under considerable stress following the disaster.

Despite these difficulties most local councils fulfilled their part in relief and recovery activities effectively, especially given the uncertainty about the true extent of damage concealed by flood waters, and the capacity issues in some councils. Much of the success on the ground can be attributed to local councils working together and the tireless work done by volunteers, service groups, charitable organisations and community service organisations. This experience shows that—while good planning and procedures are important, and familiarity with those procedures and staff training will continue to be critical to how well emergency response, relief and recovery occurs at the local level—relationships and shared knowledge will also play a very powerful role in determining success.

Outlook for the future

Recovery is a long-term and complex process and in most flood affected areas the recovery process is still underway. It is important that effort and priority is maintained for longer-term recovery planning so that communities' resilience, confidence and economies can be rebuilt along with their physical infrastructure.

Looking further into the future, the government has clearly signalled that the way in which emergencies are managed needs to be reformed if we are to meet the challenges of more severe and frequent disasters. The White Paper which sets out the government's reform agenda for emergency management is a key plank in improving how the state manages emergencies of all kinds. Reform involves improvement and innovation based on identified weaknesses in current arrangements. If a true reform agenda is to be enacted then old problems in emergency management, which were not addressed in the floods relief and recovery efforts, will need to be tackled.

Findings

Governance and planning

The governance model, based on the SFRG, and using existing departmental structures and arrangements, did not encourage either collaboration or coherence across the suite of programs administered.

The SFRG actively monitored the management of risks to the recovery program and worked well as a coordination body but did not have clear authority over the nine departments, which each administered their own funding and programs. This meant it met some of its terms of reference in relation to monitoring and reporting, coordination and risk management but did not have power to perform a leadership role. Further, it missed opportunities to improve relief and recovery outcomes overall. The SFRG was slow to intervene to provide extra support to councils with lower capacity levels. Further, it did not make sure longer-term planning was undertaken and has not yet commissioned an overarching evaluation of the suite of relief and recovery programs and the broader recovery effort.

At the municipal level the governance and administration arrangements worked well, but roles and responsibilities between state departments and municipalities were often unclear.

A major input into how relief and recovery priorities are set is rapid impact assessment (RIA). Under RIA, data is collected in the 48 hours following an incident to help gauge the nature and extent of damage. Although RIA processes will always be imprecise, especially in flood situations where much of the damage is hidden or may develop over time, the model should be reviewed to address some clear shortcomings.

The state's relief and recovery activity is focused on the short to medium term. While planning for implementation was sound overall, it is not clear how the state plans to achieve its long-term goals as there is little long-term planning for recovery in place.

Issues impacting on implementation

Recovery efforts were affected by interpretation and application of an NDRRA funding rule around betterment. As a general rule, funds can be used to restore or replace infrastructure to pre-disaster standard, but not to create something better than had previously existed. This created a problem for local government seeking to rebuild in a way that improved critical public infrastructure. It was, however, possible for local government to access Commonwealth funds if the proposed works were cost effective and would increase disaster resilience. Rules around accessing funding for betterment were not well understood by councils.

Negotiating the rules and application processes was testing for local government, especially at a time when it was dealing with many other challenges arising from the floods. Councils needed assistance from DTF to identify and process betterment proposals. Evidence shows that DTF's advice and support to councils on betterment was not sufficiently timely. However, this was partly due to the need for ongoing discussions with the Commonwealth to clarify the interpretation of the betterment funding principle. As a consequence of DTF not being able to provide timely advice, some potential local government proposals may not have gone forward and the state and local government may have foregone Commonwealth funding.

A further implementation issue relates to local government capacity. Councils with a smaller rate base and problems attracting appropriately skilled and experienced staff faced greater challenges in supporting their communities and undertaking relief and recovery, especially major road and infrastructure repair works. Currently, as a result of these difficulties, 15 councils may not be able to expend their funding by the NDRRA cut-off date of 30 June 2013.

There are also significant local government success stories, where councils worked together, with larger councils 'buddying' smaller ones or those outside the damage zone helping those coping with flood impacts. These collaborations were initiated without state department intervention. They illustrate the importance of social capital—including pre-existing relationships and knowledge that can be shared—in emergency response at the local level.

Community programs

Communication about programs could have been better. There was no one source of authoritative advice on the relief and recovery programs and this added to the confusion created by multiple departments and programs. Of the 15 programs reviewed, when each is considered individually, overall planning was competently conducted and in many cases community access to funds was also reasonable. However, when considered as a set, differing eligibility rules, application rules and governance frameworks created confusion at the local community level.

Short-term community relief and recovery programs were well implemented and generally well received by affected communities. Programs with more complex recovery objectives were less successful. In some cases, unnecessarily complex rules for access created problems that could have been avoided. For example, the disproportionate amount of application and approval processes under the Community Recovery Fund was neither helpful nor required for accountability purposes, and funding arrangements should have been streamlined.

The aggregate administration burden created by 45 program and nine departmental administrators was also significant.

Meeting monitoring obligations

Victoria has met its monitoring and reporting requirements under the National Partnership Agreement. Monitoring and reporting mechanisms were sufficiently adequate to oversight and manage the most pressing issues faced by local councils and communities. Of the 15 initiatives examined, funds acquittal, monitoring and reporting were timely and appropriate.

Nevertheless, Victoria has not met its financial reporting obligations under the NDRRA as it is yet to provide an acquittal of funds spent in respect of the 2010–11 floods.

The Commonwealth has advanced Victoria \$500 million. At the time of the audit the Commonwealth is liable for approximately \$350 million of the total estimated cost of the 2010–11 relief and recovery effort. This calculation is based on the cost sharing rules under the NDRRA. However, DTF has been given approval by the Commonwealth to use the unexpended balance of the \$500 million advance for other eligible natural disasters.

Recommendations

Recommendations have been directed to departments or functional areas taking into account machinery-of-government changes, which come into effect on 1 July 2013, as well as the new emergency management arrangements arising from the December 2012 White Paper on *Victorian Emergency Management Reform*.

Two recommendations are directed to DPC, in the first instance, in light of its central agency role in overall emergency management. The December 2012 White Paper sets out changed organisational and administrative arrangements for the emergency management function within DOJ.

DOJ will be establishing Emergency Management Victoria (EMV), which will be responsible for a range of emergency management functions including relief and recovery efforts. The audit contains two recommendations which should be directed to the EMV when it is set up and its responsibilities are made clear. In the interim, this audit has directed these recommendations to DPC in light of its role in providing high-level advice on security and emergency management policy issues and in undertaking strategic policy development projects.

Due to the machinery-of-government changes:

- one recommendation is directed towards Local Government Victoria, which will be a part of the new Department of Transport, Planning and Local Infrastructure
- two recommendations are directed towards Regional Development Victoria, which will be transferred to the new Department of State Development, Business and Innovation.

Number	Recommendation	Page
1.	The Department of Justice should review the current model for rapid impact assessment to improve the quality of the information collected.	26
2.	Local Government Victoria should lead the design and implementation of strategies to support councils to further develop social capital needed for recovery.	39
3.	The Department of Human Services should develop an improved model for communication for future disasters that provides a single point of information and contact for disaster affected communities.	39
4.	The Department of Premier and Cabinet should develop clear guidelines for departments in designing community disaster relief and recovery programs.	53
5.	Rural Finance Corporation (Department of Treasury and Finance) and Regional Development Victoria should coordinate any future disaster relief and recovery programs for businesses.	53
6.	Regional Development Victoria should implement the recommendations from the Department of Planning and Community Development's review of the Community Recovery Fund to improve the delivery of relief and recovery programs in the future.	53
7.	The Department of Premier and Cabinet should lead: <ul style="list-style-type: none"> the development of an evaluation framework, based on work undertaken to date by the Department of Human Services, to be used in assessing the impact of relief and recovery programs in the recent floods and in future disaster events an evaluation of the impact of relief and recovery programs in the recent floods, using this framework. 	64

Submissions and comments received

In addition to progressive engagement during the course of the audit, in accordance with section 16(3) of the *Audit Act 1994* a copy of this report was provided to the departments of Premier and Cabinet, Treasury and Finance, Sustainability and Environment, Primary Industries, Justice, Business and Innovation, Human Services, and Planning and Community Development with a request for submissions or comments. Agency views have been considered in reaching our audit conclusions and are represented to the extent relevant and warranted in preparing this report. Their full section 16(3) submissions and comments are included in Appendix D.

Relevant extracts from the report were also provided to the three councils where field work was conducted for this audit, in order to confirm the accuracy of information used. These were Loddon Shire Council, Campaspe Shire Council and Northern Grampians Shire Council.

1 Background

1.1 The 2010–11 floods

Between September 2010 and March 2011 Victoria experienced some of the most extensive and damaging floods in the state's history. These floods affected 70 of the 79 Victorian local government areas, with 16 of them very severely impacted.

Major damage was caused to whole communities, roads, rail networks, community infrastructure and the natural environment. Some communities were inundated several times, with repeat damage to homes, businesses and the agricultural sector.

1.2 Commonwealth and state funding agreements

Under the obligations and provisions of the Natural Disaster Relief and Recovery Arrangements (NDRRA), the Commonwealth provides financial assistance to states and territories following disaster events. Victoria's mechanism for distributing NDRRA funds is through the Natural Disaster Financial Assistance program, which mirrors the rules and requirements of the NDRRA.

In the past, the Commonwealth's share of relief and recovery costs was paid to the adversely affected state or territory after it had expended funds. However, in the 2010–11 floods, the Commonwealth agreed to advance funding of \$500 million, on the condition that a National Partnership Agreement (NPA) was signed which bound Victoria to certain actions. This was signed in May 2011.

The NPA required Victoria to develop a Flood Recovery Work Plan (the Work Plan) in consultation with the Commonwealth. The Work Plan:

- provided information on Victorian procurement policies
- outlined a set of projects to assist with reconstruction and/or recovery
- outlined project plans and strategies for projects over \$5 million.

The Victorian Work Plan targets the following priority areas:

- **reconstruction**—supporting communities to rebuild major essential public assets
- **people and communities**—assistance and services to support individuals and communities to manage their own recovery
- **the economy**—support for business and employment in flood-affected areas.

1.2.1 Funding allocations

As at 31 January 2013, the total estimated cost for relief and recovery was \$971 million. Figure 1A shows the distribution of the overall flood relief and recovery funding.

Figure 1A
Allocation of flood relief and recovery funding

NDRRA funding category	Description	Funding (\$ million)
A	Emergency assistance given to individuals to alleviate personal hardship or distress	35
B	Restoration or replacement of essential public assets	778
C	Community recovery package to support communities, small businesses and primary producers	86
D	Exceptional circumstances as determined by the state and Commonwealth governments	1
State funded	Relief and recovery of communities and local economies to increase community resilience in future disasters	71
Total		971

Note: The NDRRA categories are subject to a cost-sharing arrangement between the state and Commonwealth governments. The state-funded category is wholly state funded.

Source: Victorian Auditor-General's Office analysis of departmental documentation

1.2.2 Insurance

Each Victorian department has disaster insurance, and, as at 31 January 2013, approximately \$70 million has been reimbursed from insurance claims for the restoration or replacement of essential public assets.

A review by the Commonwealth of state and territory insurance arrangements under the NDRRA Determination in September 2012 determined that, overall, when '...assessed against the qualitative benchmark, Victoria has insurance arrangements that are appropriate, cost effective and that meet the obligations to minimise the financial exposure of taxpayers at both levels of government'.

1.3 Related audits and reviews

1.3.1 Commonwealth-level audits and reviews

Australian National Audit Office

The Australian National Audit Office (ANAO) conducted three audits on key aspects of the NPAs signed with Victoria and Queensland for the 2010–11 floods. They included:

- separate audits of Victoria and Queensland to assess the effectiveness of the Australian Government Reconstruction Inspectorate (the Inspectorate), in providing assurance that value for money is being achieved in recovery and reconstruction in Victoria, and in reconstruction in Queensland
- assessing the extent to which the Work Plans required were prepared, and appropriate monitoring and reports were provided in accordance with the NPA.

The Australian Government Reconstruction Inspectorate

Each month, Victoria reports to the Inspectorate on the progress of recovery and reconstruction. As at the end of December 2012, no value for money reviews had been completed for Victorian projects, which means that the Inspectorate is currently unable to assure the Commonwealth that value for money is being achieved.

The ANAO's audit report on the Inspectorate's conduct of value for money reviews found that a delay in finalising an operating protocol between the Commonwealth and Victoria has affected the Inspectorate's ability to scrutinise projects. The protocol was finalised in August 2012, and endorsed by Victoria in December 2012.

Victoria has requested an extension to the NDRRA funding period to 2013–14. It is likely that this will require Victoria's agreement to allow increased oversight by the Inspectorate, particularly for projects with a value greater than \$5 million which, under the NPA, are subject to a value for money review.

1.3.2 State-level reviews

The 2009 Victorian Bushfires Royal Commission and the *Review of the 2010–11 Flood Warning and Response* (the Comrie Review) have identified that some of the current emergency management structures in Victoria are ineffective. While much of the Comrie Review is focused on flood warnings and the emergency response, it also examined and made recommendations on clean-up, recovery and community resilience.

In parallel to this audit, the government has been developing reforms of how it manages emergencies. In December 2012, the government's White Paper on *Victorian Emergency Management Reform*, proposed changes in emergency management governance and organisation design to address a range of issues including coordination of relief and recovery in communities, roles of key stakeholders and streamlining of governance arrangements. This audit identified similar issues.

1.4 Governance arrangements

The governance structure of various Commonwealth and state committees established after the 2010–11 flood events is shown in Figure 1B.

A key committee in this high-level governance structure was the Secretaries' Flood Recovery Group (SFRG), which liaised with the Commonwealth and was responsible for leading and coordinating the reconstruction and recovery efforts across state departments.

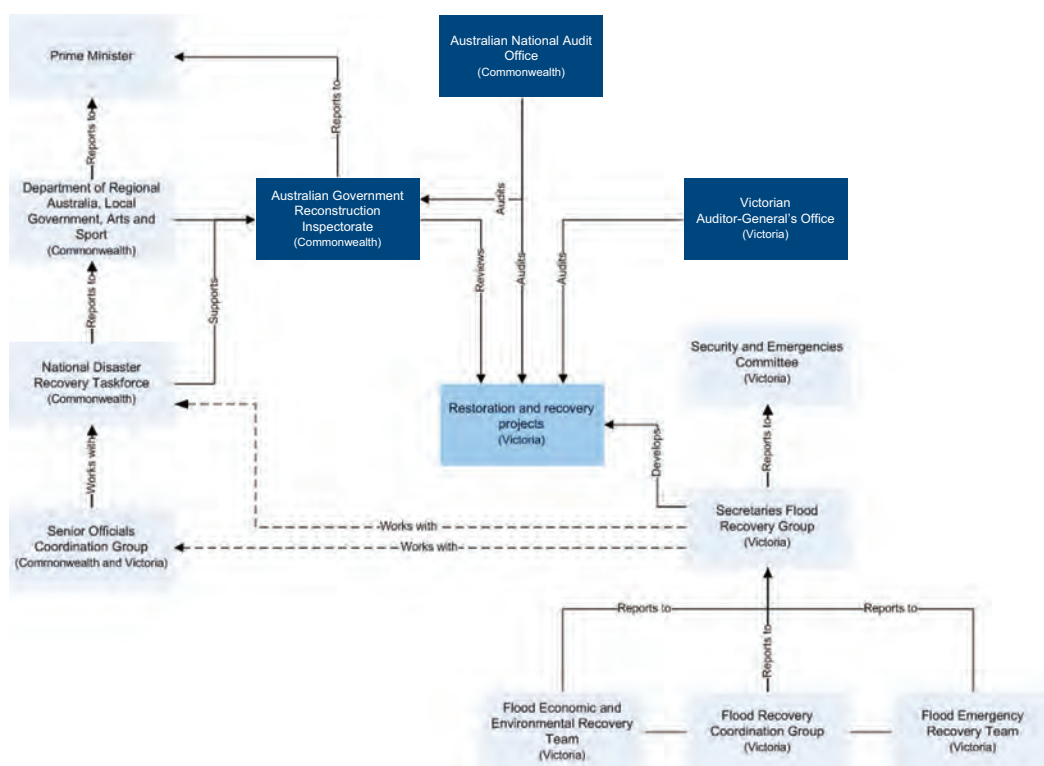
SFRG membership included all departmental secretaries, Victoria Police, VicRoads and the Emergency Services Commissioner. It was co-chaired by the secretaries of the (then) Department of Primary Industries (DPI) and the Department of Human Services (DHS).

In addition to strategic leadership and coordination, the SFRG was to identify issues and policy responses, assess progress and evaluate the effectiveness of recovery initiatives.

The SFRG reported to the Security and Emergencies Committee (SEC) of Cabinet which, together with the Budget and Expenditure Review Committee, approved funding on advice from the Department of Treasury and Finance (DTF), Department of Premier and Cabinet (DPC) and SFRG.

The SEC gave direction, developed policy and had oversight of the implementation of strategies and programs affecting security and emergency management issues.

Figure 1B
2010–11 flood recovery governance structure



Source: Victorian Auditor-General's Office based on SFRG documentation.

Each department played a role in relief and recovery. Most initiatives were administered through DTF, DHS, the (former) Department of Planning and Community Development (DPCD), (former) DPI and the (former) Department of Sustainability and Environment (DSE). The roles and key responsibilities of each department are listed in Figure 1C.

Figure 1C
Departmental responsibilities

- **DPC**—providing policy direction and advice to government and a lead role in intergovernmental communication and reporting.
- **DTF**—determining the overall damage—relief, reconstruction and recovery—estimate for the state and subsequent Commonwealth contribution according to NDRRA rules. Administration of funding programs for local government and for affected communities through Rural Finance Corporation.
- **DHS**—coordinating regional and state-level relief and recovery in line with its role under the Emergency Management Manual Victoria (EMMV), including coordinating provision of personal support—psychosocial and first aid—interim accommodation, and provision of DHS administered financial assistance payments.
- **Department of Health (DH)**—administers health functions in line with the EMMV such as the provision of public health advice and reconstruction of health facilities.
- **DPI**—responsible for the initial damage assessment of farm holdings and animal welfare support services. DPI also coordinated whole-of-government reporting for the state's flood relief and recovery initiatives and reported this to SFRG and the Commonwealth.
- **DPCD**—administering funding for initiatives, including resources to assist local councils in flood recovery, local government clean-up and community recovery and restoration of community infrastructure.
- **DSE**—funding the recovery effort for community infrastructure on Crown land.

Source: Victorian Auditor-General's Office.

1.5 The relief and recovery quadrant

Disaster relief and recovery programs are commonly delivered under a quadrant of themes:

- **Social**—which covers people, health and community
- **Economic**—which includes businesses, agriculture and other primary industries
- **Natural environment**—includes parks and natural disaster warning systems
- **Built environment**—includes community assets, roads, bridges and other infrastructure.

There were 45 programs, including 40 across these four areas and a further five crossing quadrants. Figure 1D shows where each of these programs fit into these themes.

The five programs implemented by the SFRG which operated across all four themes were the:

- flood recovery team
- emergency service organisation response and recovery costs
- Victorian state emergency service response and recovery costs
- whole-of-government flood recovery team
- whole-of-government reporting.

Figure 1D
Relief and recovery activities by theme



Note: RFC denotes Rural Finance Corporation and CMA denotes Catchment Management Authority.

Note: The initiatives in bold are examined in this audit.

Source: Victorian Auditor-General's Office from the May 2011 Flood Recovery Work Plan.

While several reviews and audits have examined various aspects of flood response—see Section 1.3—the area of community relief and recovery has not been substantially reviewed or audited. This audit examined 15 community-focused initiatives of the 45 relief and recovery programs. These 15 initiatives were delivered by five state government departments to help flood-affected local councils, businesses, communities and individuals, as shown in Figure 1E.

Figure 1E
Community relief and recovery programs

Program		Cost (\$ mil)	Description
Department of Human Services			
1	Interim Accommodation Plan	2.2	Temporary accommodation for individuals or families whose home was damaged.
2	Personal Hardship Grants	20.1	Payments to individuals to reduce hardship.
3	Psychosocial Recovery	4.7	Staff for counselling, case work support and community forums.
Department of Planning and Community Development			
4	Business Flood Recovery Fund	10.0	Grants to medium and large businesses to stimulate job creation and promote economic development.
5	Community Recovery Fund	4.0	Grants to councils and community organisations to restore social networks and rebuild community facilities.
6	Local Government Clean Up Fund	5.0	For councils for initial clean-up and repair.
7	Flood Recovery Officers	2.1	Grants to 32 councils to employ 19 flood recovery officers.
8a	Flood Recovery Community Infrastructure Fund (DPCD component)	8.0	For councils and not-for-profit community organisations for repair and replacement of community infrastructure.
Department of Sustainability and Environment			
8b	Flood Recovery Community Infrastructure Fund (DSE component)	22.0	Funds to Crown land reserve committees of management for repair and replacement of community infrastructure.
Department of Primary Industries			
9	Apprenticeship Retention Program	1.0	Grants to businesses to support the retention of apprentices.
10	Rural Coordination Officers	0.5	Funding for nine rural coordination officers for a 6-month period to respond to rural farm issues.
11	Rural Financial Counsellors	3.4	Additional senior rural financial counsellor coordinators to assist primary producers and small rural businesses.
12	Flood Response and Recovery (agriculture)	3.6	Services to the agricultural sector to rebuild and recover.
Department of Treasury and Finance - Rural Finance Corporation			
12	Clean-Up and Restoration Grants	82.0	Grants up to \$25 000 available to primary producers, small businesses and not-for-profit organisations for clean-up, removal of debris and business restoration.
14	Exceptional Disaster Assistance	1.4	Grant and loan packages designed to assist primary producers and small to medium businesses essential to key economic supply chains and regional employment.
15	Concessional Loans	6.0	Loans up to \$200 000 to eligible primary producers, small businesses and not-for-profit organisations.
Total		176.0	

Note: The total of \$176 million for the 15 community-focused programs is approximately 18 per cent of the total estimated cost of \$971 million, which includes a \$70 million insurance offset.

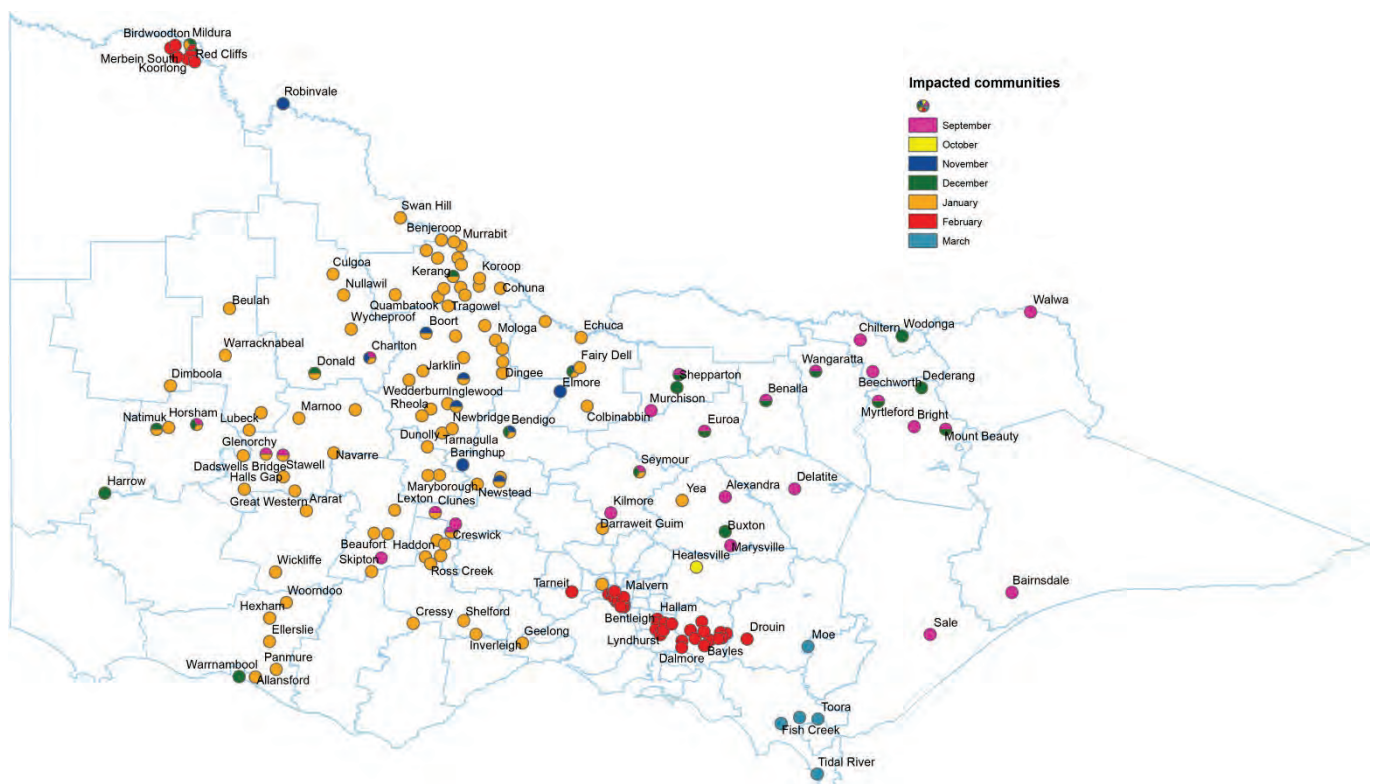
Source: Victorian Auditor-General's Office from departmental documentation.

1.6 Most affected local government areas

Six geographic areas were severely affected and require sustained and long-term recovery planning:

- **Carisbrook township**—Central Goldfields Shire
- **Mildura**—Mildura Rural City Council
- **Creswick township**—Hepburn Shire
- **Charlton**—Buloke Shire
- **Grampians**—including Halls Gap and Grampians National Park—Northern Grampians Shire
- **Gannawarra/Loddon Shires**—covers Gannawarra, Loddon, Campaspe, Swan Hill and Buloke (excluding Charlton) shires.

Figure 1F
Flood-affected areas



Source: Victorian Auditor-General's Office based on the Secretaries' Flood Recovery Group Work Plan.

This audit examined the flood relief and recovery activities at the Shires of Campaspe, Loddon and Northern Grampians. These councils and their communities were also dealing with more than a decade of drought, locust plagues and bushfire events prior to experiencing major flooding from September 2010 to March 2011.

They all received Commonwealth and state funding to assist with reconstruction and recovery.

1.7 Audit objective and scope

The audit assessed the effectiveness and efficiency of the state's relief and recovery arrangements during and after the 2010–11 floods.

To address this objective, the audit examined the:

- planning processes used to determine relief and recovery actions and priorities
- governance structures and arrangements for relief and recovery initiatives
- implementation and monitoring of those actions once committed
- evaluation of relief and recovery actions.

This audit focused on the community relief and recovery activities of:

- DPC and its role in intergovernmental communication and reporting
- DTF as administrator of the majority of Commonwealth and state funding
- DPI and DHS as co-chairs of the SFRG and administrators of several relief and recovery initiatives and associated funding
- DSE and DPCD as administrators of several relief and recovery initiatives and associated funding.

The audit focused on categories A and C of assistance under the NDRRA—as explained in Figure 1A.

Emergency response aspects of the flood disasters were not examined.

In April 2013, the Premier announced a range of machinery of government changes to take full effect from 1 July 2013. These will dissolve the Department of Planning and Community Development and create the new Department of Transport, Planning and Local Infrastructure (DTPLI) and the new Department of State Development, Business and Innovation (DSDBI).

In light of these changes and where certain functions are transferring to new departments, certain recommendations have been directed to the business units Regional Development Victoria and Local Government Victoria. The recommendations will become the responsibility of DTPLI and DSDBI when the business units are transferred on 1 July 2013.

One recommendation is directed to the Department of Justice (DOJ) which has responsibility for rapid impact assessment. Two recommendations are directed to DPC in the first instance in light of its role in overall emergency management. It is anticipated that these recommendations will be redirected to DOJ once it establishes new emergency management arrangements arising from the government's White Paper on *Victorian Emergency Management Reform*.

The audit was conducted in accordance with section 15 of the *Audit Act 1994* and Australian Auditing and Assurance Standards. Pursuant to section 20(3) of the *Audit Act 1994*, unless otherwise indicated, any persons named in this report are not the subject of adverse comment or opinion.

The cost of the audit was \$523 000.

1.8 Structure of the report

This report is structured as follows:

- Part 2 examines the state's governance and planning for flood disaster relief and recovery.
 - Part 3 explores overarching issues in the implementation of relief and recovery initiatives.
 - Part 4 assesses the state's delivery of 15 community relief and recovery programs.
 - Part 5 examines the related monitoring and evaluation activities.
-

2 Governance and planning

At a glance

Background

The success of disaster relief and recovery efforts relies heavily on a well-defined governance structure, clear leadership authority and well-defined agency roles and responsibilities. Good planning for implementation is also crucial.

Conclusion

The governance model used to manage flood relief had serious flaws. Despite being expected to lead the recovery, in reality the Secretaries' Flood Recovery Group (SFRG) only had a coordination role. The number of committees at the state, regional and local level created a complex and unwieldy structure. The state's relief and recovery activity focused on the short to medium term and there is little evidence of longer-term planning required to effect full recovery. A reformed governance model has now been developed and is detailed in a recent White Paper on Emergency Management Reform.

Findings

- Funding was administered separately by each of the nine departments—all had different processes and points of contact.
- The governance model of using existing departmental structures and arrangements did not encourage collaboration or coherence across the suite of programs.
- The SFRG actively monitored the management of risks to the recovery program.
- At the municipal level, governance arrangements worked well, but roles and responsibilities between state departments and municipalities were often unclear.
- The state's relief and recovery activity focused on the short to medium term and it is not clear how it plans to achieve its long-term recovery goals.
- The rapid impact assessment could have been better implemented in order to provide more accurate information to shape relief and recovery priorities.

Recommendation

- The Department of Justice should review the current model for rapid impact assessment to improve the quality of the information collected.

2.1 Introduction

Disaster relief and recovery is complex because it involves multiple players operating as service providers.

Widespread disasters like the 2010–11 floods, which affected numerous areas across Victoria, also involved multiple tiers of government, including head office and regional staff of state departments, as well as local government and non-government organisations such as the Salvation Army and Red Cross.

The 2010–11 floods were not one event, but a series of overlapping events. Flood waters took time to dissipate in many areas and in some cases heavy rains struck again before the recovery efforts from previous incidents were completed. The leadership and logistics tasks in this context were very challenging.

In the face of this challenge, the foundations of a strong governance structure and good planning needed to be sound, for relief and recovery to be responsive to community needs and efficiently delivered.

An appropriate governance structure should have been established with clear leadership authority and all necessary relationships defined. Community distress and uncertainty faced by affected communities made good governance even more critical.

The 2007 Australian Public Service Commissioner's report *Building Better Governance* sets out the following principles that need to be considered when establishing governance arrangements:

- strong leadership, culture and communication
- appropriate governance committee structures
- clear accountability mechanisms
- working effectively across organisational boundaries
- stakeholder relationships
- comprehensive risk management, compliance and assurance systems
- strategic planning and performance monitoring.

This Part examines how the central governance model worked and performed in terms of the principles outlined above. It also describes governance arrangements at the regional and local level and examines planning of priority initiatives for financial assistance and support.

2.2 Conclusion

Governance

Although a whole-of-government committee structure was established with identified roles and responsibilities, this governance model had serious flaws in practice. Funding was administered separately by nine of the 10 departments involved, which meant that the Secretaries' Flood Recovery Group (SFRG) had a coordination role, rather than a leadership role, focusing on information exchange and integrating actions rather than on directing recovery efforts.

The nine departments administering funding all had different processes, program rules and points of contact. This did not encourage collaboration or a coherent logic across the suite of programs.

The number of committees at a state, regional and local level created a complex and unwieldy structure, which the affected communities found hard to understand.

As the SFRG's authority to lead, intervene and change what departments were doing was constrained, some important issues requiring action were not addressed. These included the need to better support some councils which were struggling to meet all the demands placed on them, and the articulation of long-term plans.

Despite the limitations of the model, the SFRG did actively monitor and manage the risks to the relief and recovery program, as required under its terms of reference.

Planning

The main implementation planning was in the form of a budget proposal to government prepared by the Department of Treasury and Finance (DTF) and based on bids prepared by each department.

This work gave a sound basis to the subsequent roll-out of programs and more detailed planning which occurred at the regional and local level. A key input to this proposal was rapid impact assessment (RIA) information. However, the RIA model used should be improved to provide better information in future emergency events.

The state's relief and recovery activity was too focused on the short to medium term and there is little evidence of the longer-term planning required to effect full recovery.

2.3 Governance arrangements

2.3.1 The central governance model

In January 2011, a Flood Recovery Task Force was established by the Premier as the initial governance structure in response to the floods. However, the taskforce quickly determined that the scale and enormity of the floods required a different governance structure and arrangements to those put in place for the late 2010 floods. An improved governance structure was expected to deliver a cohesive and comprehensive whole-of-government response to the reconstruction and recovery efforts.

Three governance model options were considered:

- a stand-alone authority, similar to the Victorian Bushfire Reconstruction and Recovery Authority set up after the 2009 Black Saturday fires
- an existing authority to be responsible for key elements of the program and to have a broad coordination role across others
- a coordinated approach with a strong emphasis on cross-agency cooperation, using existing departments and agencies, with oversight by an inter-departmental committee.

The third model was adopted and in late March 2011, the Secretary of the Department of Premier and Cabinet (DPC) informed departments of the changed governance structure and arrangements.

The new arrangements were based on an SFRG with cross-agency teams covering the areas of emergency, economic and environmental recovery reporting directly to it.

The Secretaries' Flood Recovery Group

Membership of the SFRG included all departmental secretaries, Victoria Police, VicRoads and the Office of the Emergency Services Commissioner (OESC). It was co-chaired by the Secretaries of the Department of Human Services (DHS) and the Department of Primary industries (DPI) and was tasked with:

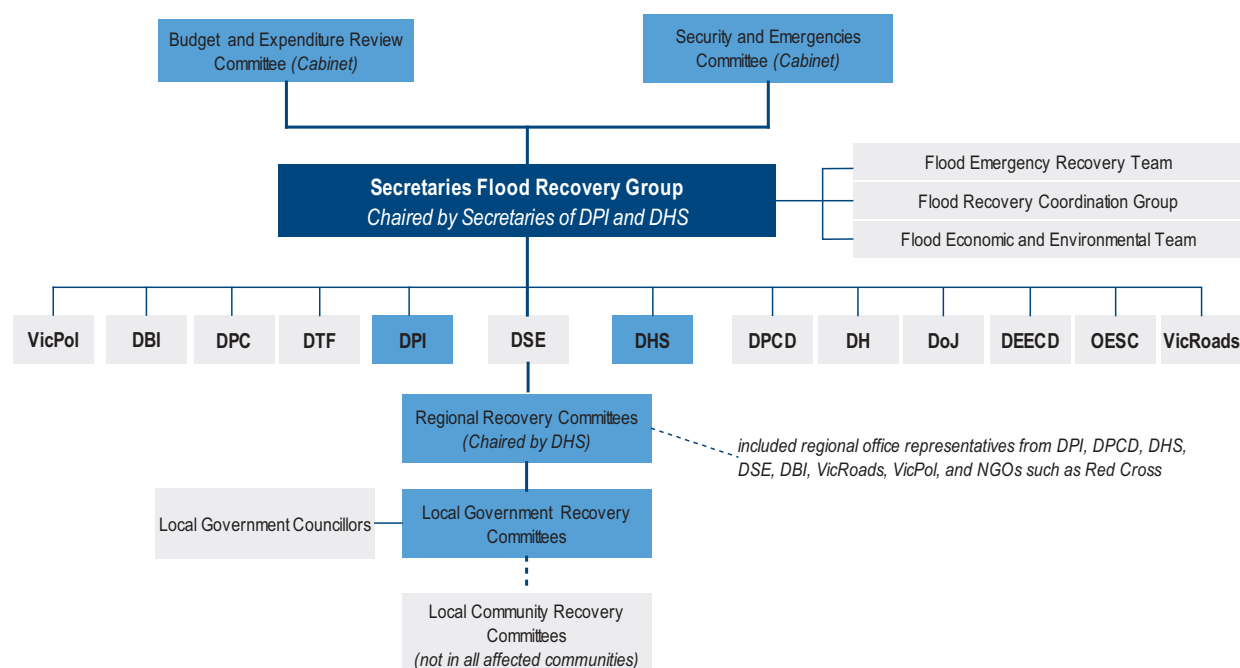
- providing strategic leadership
- coordinating the work of government departments
- identifying issues and policy responses
- assessing progress and evaluating the effectiveness of recovery initiatives.

The terms of reference for the SFRG are at Appendix A.

The harnessing of existing departmental structures and established arrangements was expected to effectively and efficiently coordinate recovery efforts across the various departments involved in service delivery.

The governance model, including links to regional and local committees, is shown in Figure 2A.

Figure 2A
Governance structure 2010–11 flood relief and recovery



Source: Victorian Auditor-General's Office from departmental documents.

Flood recovery groups reporting to the SFRG

The approved structure set up three groups reporting to the SFRG:

- A Flood Economic and Environmental Recovery Team, reporting to the secretary of DPI, focused on planning and implementing medium- and longer-term economic and environmental issues.
- A Flood Emergency and Recovery Team, reporting to the secretary of DHS, focused on assistance to affected households and communities, and reporting on the overall progress of the flood recovery.
- A Flood Recovery Coordination Group, which provided a forum for the leaders of the two recovery teams described above, along with department recovery leaders, to further coordinate and collaborate on recovery.

While these groups regularly communicated, meetings occurred on an as needs basis. The SFRG executive comprised senior departmental officers who prepared and coordinated documentation for consideration at SFRG meetings.

In practice, the same senior departmental officers attended the SFRG and the SFRG executive negating the need for three additional flood recovery groups.

2.3.2 Regional-level administration

Pre-existing regional structures were used by DHS, the Department of Planning and Community Development, the Department of Sustainability and Environment and DPI to administer and deliver programs. Generally, departments with a regional presence had pre-established relationships with local councils which were effective and helpful for relief and recovery activity.

Regional recovery committees—with representatives from departments and local government and chaired by the DHS Regional Recovery Manager—met regularly to oversee recovery coordination across the regions. They also assessed loss and damage, implemented recovery initiatives—including funding programs approved by government—and monitored regional progress.

As DTF had no regional presence, councils worked with DTF directly in its role as funding administrator for roads and bridges repair and the Natural Disaster Relief and Recovery Arrangements (NDRRA) requirements.

2.3.3 Local council-level administration

At a municipal level, flood recovery committees were quickly established to respond to immediate relief and recovery efforts. These were usually chaired by the Mayor and included key stakeholders from council, and regional representatives from state departments and not-for-profit organisations such as the Red Cross, Salvation Army and the Victorian Council of Churches.

These committees were required to develop and implement flood recovery action plans to address immediate, short- and medium-term relief and recovery needs.

2.3.4 Assessment of the SFRG governance model

The history of emergency management in Victoria has been marred by a siloed approach. Although the multiple services and stakeholders each make an important contribution, they could make a more powerful contribution had they worked more cohesively.

This fragmented approach has been noted in various policy papers and reviews, including the *Review of the 2010–11 Flood Warnings and Response* prepared by Neil Comrie AO, APM (the Comrie Review), which also observed a ‘strategic void’ in Victoria’s emergency management arrangements.

The government’s White Paper on *Victorian Emergency Management Reform* (the White Paper) notes that ‘Current governance structures reinforce a siloed approach to emergency management’, and has proposed streamlined governance arrangements under one peak body, the State Crisis and Resilience Council.

These documents are fairly recent, however, the siloed approach has featured in government policy papers and in debate about emergency management for a number of years. Despite this, the SFRG model perpetuated a number of the inherent flaws inherited from the past approaches to emergency management:

- it did not serve as one point of clear authority, so its leadership capacity was constrained
- it did not facilitate collaboration but maintained existing silos.

Leadership versus coordination

The difference between leadership and coordination is important to assessing how the SFRG operated. In this context, leadership is defined as steering a course to meet strategic and operational objectives, knowing when to act, acting promptly, and directing what action should be taken and by whom.

In contrast, coordination seeks to achieve integration or synchronisation of actions—in this case, the efforts of the nine departments involved in relief and recovery programs—and to share information in order to achieve common goals.

Under the governance model used for floods recovery, each department led its own sphere of activity leaving the SFRG with a role of coordination. The coordination task was significant, given the large number of departmental players, the complex suite of relief and recovery programs and the overlapping nature of flood events.

Although records of deliberations and decision-making show that the SFRG acquitted this coordination role well, there is little evidence of it leading relief and recovery efforts as required under its terms of reference.

Records of SFRG meetings show that there were issues central to the effectiveness of recovery efforts which were considered on multiple occasions but where responsive action should have been more prompt.

One of the most significant ongoing issues was the capacity of certain councils to plan for and manage the spending of NDRRA allocations. It was clear from early meetings of the SFRG in 2011 that certain councils were struggling but the SFRG failed to act:

- In April 2011, issues regarding council capacity to recover were discussed at the SFRG meeting with a decision made to:
 - brief regional contacts
 - identify local government areas (LGA) which need assistance appointing a Rural Coordination Officer
 - produce a list of councils who had not yet submitted claims to facilitate follow-up.

- In August 2011, two separate assessments of council recovery capacity were carried out by Local Government Victoria (LGV) and Regional Development Victoria (RDV). LGV completed a risk assessment of 50 flood-affected LGAs and categorised them into three risk categories—Assist, Monitor, and Ok. Seven LGAs were identified as Assist and four as Monitor. RDV conducted a survey of 29 flood-affected LGAs based on issues raised by the Commonwealth Inspectorate relating to flood recovery and the use of contractors.
- In September 2011, the SFRG considered a combined proposal by RDV and LGV to assist seven LGAs by funding each with a Flood Recovery Project Manager using re-prioritised flood funding. The SFRG did not support the provision of funding to councils for project managers.
- The SFRG decision in October 2011 was to continue monitoring the councils and act on any issues that arose. This monitoring was then merged with the monthly web portal reporting. The SFRG also provided more information and sent members from the SFRG executive out to talk to councils.
- In March 2012, the SFRG received a report that nine of 17 affected councils' current expenditure was less than 50 per cent of the total estimated damage bill.
- At the SFRG meeting on 1 June 2012, preliminary findings from meetings with flood-affected councils revealed that nine councils needed more time for reconstruction.

The varying capacity of local councils to meet demands placed on them is an ongoing and difficult issue. In the case of the floods, the size and complexity of repair and rebuilding significantly impacted this capacity. However, there was a lack of strong leadership to take action to support those councils with the most significant challenges. DTF advised that 15 councils will be unable to complete their flood repairs by 30 June 2013 and have requested an extension to the allowable time period.

There are other examples where stronger leadership by the SFRG would have benefited relief and recovery. These relate to longer-term planning for recovery, and evaluation.

Victoria set out its priorities for action under the Flood Recovery Work Plan (the Work Plan) which was developed as a requirement for funding from the Commonwealth under the National Partnership Agreement.

The Work Plan identifies longer-term recovery as a period greater than two years.

The role of the SFRG included recommending to government any medium- and longer-term policy initiatives to facilitate flood recovery for business, communities and the environment.

Planning for longer-term recovery was poor. Departments did not develop longer-term plans or strategic goals so the focus, effort and energy for this final but important part of the recovery task has dissipated. SFRG should have played a much stronger role in requiring plans, setting clear goals and monitoring action to achieve these goals.

A further important area of leadership relates to evaluation. The SFRG was responsible for evaluating the effectiveness of flood recovery initiatives. As set out in Part 5 of this report, there was no overarching evaluation of the relief and recovery effort.

This represents poor accountability for expenditure and means that Victoria has not captured lessons learnt from the floods experience to improve emergency management for future situations. This is a lost opportunity.

It is also concerning that, in light of the new emergency management architecture to be introduced in Victoria, valuable lessons learnt will not be available to use in the redesign work which is underway.

Authority

Another flaw in the SFRG's authority is that its membership was intended to be departmental secretaries, senior Victoria Police officers and the Emergency Services Commissioner. This level of authority was considered necessary to lead efforts, with the required authority and provide appropriate advice to the Cabinet and ministers.

However, the audit noted a pattern of devolved responsibility with member secretaries delegating their responsibility to subordinate officers. Analysis of attendance over the 8 March 2011 to 2 October 2012 period shows that:

- five secretaries never attended any meeting
- the most secretaries at a meeting was five, which only occurred once just after the group commenced
- less than one month after the SFRG was established, the co-chair secretaries—DHS and DPI were the only two departmental secretaries present
- in the second half of this period, secretaries who were responsible for chairing increasingly delegated this responsibility to their staff.

Collaboration

Collaboration relates to sharing responsibility for decision-making and in this context applies to planning, program and service design, and delivery and evaluation.

As noted above, the SFRG served to coordinate activity. However, the relief and recovery effort should have been collaborative not just coordinated. This would have created better links between programs and may have addressed some of the fragmentation of the overall relief and recovery effort which, as set out in Part 4, created significant confusion among local councils and affected communities.

Management of risk

Effective risk management is an important element of governance and contributes to the achievement of objectives. Risk management took on even greater significance during flood recovery given the breadth and complexity of the process which involved multiple tiers of government, stakeholders, programs and initiatives.

A key function of the SFRG under its terms of reference was to 'establish a risk management strategy for flood recovery to inform current and future actions'.

The risks identified in the Whole-of-Victorian-Government (WoVG) Risk Assessment were relevant and comprehensive in terms of key broad risks facing the flood recovery process. There was a clear obligation for departments to identify and manage operational and implementation risks associated with the delivery of initiatives under their control. However, it was not developed until August 2011, nearly five months after the 2011 floods.

In March 2011, the SFRG was provided with a Flood Recovery Consolidated Strategic Risk Management Matrix. This matrix identified risks on a department by department basis but not all departments were represented, and it did not provide a comprehensive risk assessment. It also lacked mitigation strategies for some risks, and responsibility for implementing mitigation strategies was not always clear.

The Work Plan showed that Victoria had established an electronic risk register for the recovery process. But this was not the case.

The only overarching listing or register of risks was the WoVG Risk Assessment which was not developed until August 2011. Despite this issue, between March 2011 and August 2011, there is evidence that the SFRG actively monitored the management of risks to the recovery program.

SFRG was provided with regular reports on key issues and risks, including emerging issues, which enabled it to monitor mitigation action on previously unidentified risks as they arose. In this way the SFRG's oversight of risk management extended beyond a 'set and forget' approach where monitoring only occurred on a set of previously identified risks.

This risk reporting and monitoring was undertaken using reports on recovery streams of activity and place-based reports rather than as a separate exercise with specific reporting against a formalised risk management strategy document. Although the approach adopted by the SFRG during this period was not fully consistent with the commitments provided in the Work Plan, it was an adequate and practical response to emerging issues and challenges.

The approach matured and after August 2011, the SFRG monitored risks using both its regular progress reports and the WoVG Risk Assessment document. The SFRG also established separate agenda items for key risks such as local government capacity to undertake reconstruction works and the interpretation of Commonwealth funding provisions on asset betterment.

Specific commentary on the effectiveness of mitigation actions in relation to key risks identified in the WoVG Risk Assessment document is provided in Part 3 of this report.

In summary, while the SFRG actively identified risks and obtained regular reports on progress in dealing with them, the findings of this audit and other reviews on some key risks, such as local government capacity and communication with key stakeholders, indicate that mitigation activity was not fully effective in these areas.

Effectiveness against good governance principles

The performance of the SFRG model against the Australian Public Service Commissioner's good governance principles is summarised in Figure 2B.

Figure 2B
Effectiveness of the SFRG model against good governance principles

Good governance principle	Assessment of SFRG model	Comment
Strong leadership	No	Model allowed coordination rather than leadership
Appropriate governance committee structures	In part	Committees set up by the SFRG as direct reports were appropriate, but the overall network of 40 state, regional and local committees was confusing
Clear accountability	In part	Accountability upwards to Commonwealth for NDRRA funds and to government through two Cabinet committees led to problematic accountability by departments
Working effectively across organisational boundaries	No	The model allowed a siloed approach by departments
Stakeholder relationships	In part	SFRG taskforce met with affected communities in 2012. The model facilitated strong links with departmental head office staff but there was confusion among other players about roles and responsibilities
Comprehensive risk management	In part	SFRG was alert to new and emerging risks. Its response was adequate and practical although mitigation activity was not fully effective
Strategic planning, performance monitoring	In part	Plans were developed (see Section 2.4) and key activity monitored but there was no overall evaluation or emphasis on evaluation of individual programs.

Source: Victorian Auditor-General's Office.

2.3.5 Effectiveness of regional and local administration arrangements

Regional governance and administration arrangements and local level arrangements appear to have worked fairly smoothly, when considered in their own right.

Regional committees worked mainly as information sharing bodies. There was some frustration by local government at the need to sit on multiple committees with the activity of regional forums not necessarily linked to concrete actions. However in a complex and changing emergency context, the sharing of information was an important aspect of the overall relief and recovery effort, even if its links to outcomes on the ground was not so obvious.

As DTF does not have a regional presence, local government staff had to deal directly with Melbourne-based head office staff. This model worked in varied ways across the three visited councils.

Some council staff were frustrated at the lack of clarity regarding NDRRA funding rules, stating that responses to questions were slow and delayed recovery works. Others found DTF to be very supportive in determining an approach to meeting the NDRRA criteria.

At a municipal level, Flood Recovery Committees were quickly established with a clear mandate and relevant appropriate authority, as they were generally chaired by the Mayor. They also included appropriate stakeholders from council, regional representatives from state departments and not-for-profit organisations. Engagement by stakeholders was very positive.

The Municipal Flood Recovery Committees at all visited councils developed and implemented flood recovery action plans which ensured there was a clear blueprint for action.

When regional and local administration arrangements are considered independently, they each appear reasonable. However, the picture is different when all arrangements are viewed collectively. The numerous committees operating at a state, regional and municipal level involving many stakeholders created a complex and unwieldy structure. The White Paper notes that there were more than 40 committees, sub committees and working groups identified in the Comrie Review. The multiplicity of committees is one issue that the new governance arrangements set out in the White Paper seeks to address.

Local government authorities were important players in informing and delivering services to their communities. However, overall effectiveness of relief and recovery efforts was weakened by a lack of clarity in roles and responsibilities between state departments and municipalities. At the community level, audit field work found that many were confused about the relief and recovery role of local government and that of the various government departments.

Despite this, arrangements at the local level generally worked effectively due to pre-existing relationships and councils' motivation to quickly address problems caused by the floods.

However, efforts were not uniformly effective in every local government area and the issue of local government capacity and impacts on relief and recovery efforts is discussed in Part 3 of this report.

Future governance arrangements

The changed arrangements proposed in the White Paper are designed to rectify past problems. It will be important that the new State Crisis and Resilience Council, chaired by the Secretary of DPC, is informed by appropriate governance principles while the detail of the Council's operational design is developed further.

2.4 Implementation planning

2.4.1 The importance of good planning

Good planning is essential in emergency events and needs to resist pressures from communities to move too rapidly to service delivery without considering how this is done in the most rational and efficient way to get the best results.

Best practice planning incorporates a clear high level or statewide plan, which is used to develop more detailed operational plans at the departmental and local levels.

2.4.2 Assessing the impact of the damage

The *Emergency Management Manual Victoria* (EMMV) prepared by the Department of Justice contains policy and planning documents for emergency management in Victoria, and provides details about the roles different organisations play in emergency management. The EMMV requires that:

- the control agency has overall responsibility for instigating and managing the RIA process
- RIAs are carried out in a timely manner
- all agencies involved in the emergency may be tasked to collect, confirm and exchange relevant information.

The OESC in the Department of Justice is responsible for the RIA model used. The objective of the RIA is to capture the nature and scale of the impact on people, community infrastructure, the economy, and natural and built environments during the initial 48 hours of an emergency.

The more quickly and comprehensively that information is collected, the sooner priorities for relief and recovery activities can be informed and appropriate resources provided.

The OESC was responsible for the RIA report using data collected by response agencies on the ground—including the State Emergency Service, Victoria Police and the fire services, as well as the Army.

Impact assessment data collected from 21 to 24 January 2011 was used to inform the report presented to the Flood Recovery Task Force on 25 January 2011. DPI provided a high level report on damage to the agricultural sector.

Significant impacts and issues affecting the municipalities, communities, farms and people shown DPI's report are shown in Figure 2C.

Figure 2C
Rapid impact assessment – significant impacts and issues

The assessment in January 2011 identified the number, location and immediate impact on:

- *Infrastructure*
 - roads, bridges and railway lines closed, inaccessible or washed away
 - inundated public facilities and residential properties
 - some 1 800 properties affected
- *Essential services*
 - including train services, power, telecommunications
 - water supply and sewer networks
- *People*
 - residents—evacuation, inundation, isolation
 - noted 24 municipalities and 75 townships affected
 - noted 4 500 people affected
- *Agricultural sector*
 - stock losses and potential health issues for stock
 - noted 3 000 to 10 000 sheep lost and 300 000 poultry dead
 - damage to crops estimated at more than \$10 million

Note: Inundation is defined as water over floorboard level. Affected is defined as inundated or isolated.

Source: Victorian Auditor-General's Office.

The RIAs provided key data to inform the government's planning and prioritisation for financial assistance and support to councils and communities. There were inherent problems in risk assessment following the floods as:

- damage was not easily seen or known at the time because much land was still under water
- water damage could continue to degrade buildings and land once it had moved on, particularly mould which became an issue later.

However, there were also problems with the way risk assessment was undertaken and communicated. The councils visited for the audit were not informed or aware of:

- the purpose of the RIA
- what data was collected and why—i.e. the criteria
- how the data would be used
- the standard process for coordinating, gathering, recording and reporting on impact related information.

This led to concerns by councils that flood-related damage in their municipality would be underestimated, and adversely affect funding eligibility and financial assistance. Further, insurance claims assessments were considered inadequate and unable to support prompt lodgement of insurance claims by councils, individuals and the community. Councils were also concerned about the reliability, accuracy, thoroughness and completeness of the RIAs.

Overall, impact data was patchy and inconsistent and without systematic verification processes. Regional staff relied in part on an incomplete data base of farm listings to establish damage to farms, and not all farmers could be contacted.

The Comrie Review found similar issues to those identified during this audit's field work and recommended improvement to the RIA process. However, although the government's response to the Comrie Review was silent on 62 of the 93 recommendations—including those relating to RIA—the government's December 2012 White Paper on Emergency Management Reform includes an action to review the impact assessment system.

Rapid assessment of damage is often imprecise, given the time pressures and incomplete knowledge of impacts, especially in a flood situation where much of the damage is hidden underwater or under road structures.

However, data collection can be improved so that Victoria is better equipped to assess impacts of future emergency events.

2.4.3 Planning for implementation

Pre-existing state and regional flood plans

A State Flood Response Plan, as distinct from a plan which would encompass all phases of emergency management, was in place at the time of the 2011 floods but was of limited use in planning for relief and recovery. The plan had not been updated since 2007. Regional plans had also not recently been reviewed.

The Comrie Review commented on the fact that regional plans merely copied the information contained in the state plan, without attempts to customise it to local conditions. It also found that municipal plans for emergencies were incomplete or draft at the time of the floods.

Pre-existing plans therefore provided little assistance for relief and recovery following the 2011 floods.

Flood recovery work plan priorities

The Work Plan was completed as a threshold requirement rather than as a part of any real planning for implementation. It prioritises programs, such as the clean-up fund, personal hardship grants and community recovery fund. However because the Work Plan was completed six months after the floods, many of these programs were already being implemented.

The real planning for implementation was based on RIAs, but also informed by:

- emergency relief requirements under the *Emergency Management Act 1986* and EMMV, such as for personal hardship grants
- initiatives that were deemed to be successful and rolled out previously at the time of bushfires and drought, such as the Apprenticeship Retention Program.

DTF, on request from the SFRG, prepared a funding proposal for government in March 2011. This sought output funding of \$117 million for response and recovery, support for public asset restoration and business recovery, and a further \$136 million in asset funding.

The proposal was based on bids prepared by each department, which were reviewed and assessed by DTF in order to develop a final set of initiatives for funding. Total funding approved was less than the aggregate funding sought.

This approach—of each department preparing its own bid and the need for DTF's assessment of these in order to develop a final proposal—is linked to the governance model which saw each of the nine departments controlling their own funding programs.

DTF's funding proposal represents a coherent set of initiatives with appropriate relief programs as well as medium- and longer-term recovery initiatives. This formed a sound basis for the subsequent roll-out of programs and more detailed planning which occurred at the regional and local level.

All councils visited for the audit developed action plans to drive short- and medium-term relief and recovery and were developing longer-term actions to better prepare for future disasters.

However, there were few departmental plans to support relief and recovery activity. Despite the government's requirement that sustained, long-term plans be developed for the six geographic areas most severely affected, they have yet not been developed.

Recommendation

1. The Department of Justice should review the current model for rapid impact assessment to improve the quality of the information collected.
-

3 Overarching implementation issues

At a glance

Background

The model for flood relief and recovery involved all departments, nine of which administered a number of programs funded by the Commonwealth and the state under the Natural Disaster Relief and Recovery Arrangements (NDRRA). Local government played an important role in overall relief and recovery efforts.

Conclusion

The multiple departments and programs involved made for a fragmented relief and recovery approach which was difficult for communities and councils to understand and navigate. The model did not assist government to explain the complex rules attached to NDRRA funding and there may have been lost opportunities for local government to claim funds for necessary improvements. The Commonwealth has yet to agree to a Department of Treasury and Finance request for a 12-month extension to the NDRRA funding time frame to allow some councils time to expend funding for recovery work. Limitations with local government capacity and with communication have slowed implementation progress.

Findings

- The lack of timely guidance by Department of Treasury and Finance made it difficult for councils to understand the NDRRA conditions for betterment funding.
- There were significant differences in capacity across the councils affected by the 2011 floods, yet all were required to play a major role in relief and recovery according to the degree of damage.
- The lack of a centralised, single information source adversely affected communities' understanding of available financial assistance and support.

Recommendations

- Local Government Victoria should lead the design and implementation of strategies to support councils to further develop social capital needed for recovery
- The Department of Human Services should develop an improved model for communication for future disasters that provides a single point of information and contact for disaster affected communities.

3.1 Introduction

This audit identified a range of overarching issues in relation to implementation of flood relief and recovery. These issues relate to:

- the fragmented nature of relief and recovery programs
- the timely release of funding
- constraints attached to how Natural Disaster Relief and Recovery Arrangements (NDRRA) funding could be used, particularly in relation to replacing damaged assets with more disaster resilient infrastructure—known as betterment
- the capacity of some local government authorities to deliver their part of the relief and recovery effort
- communication to local councils and to affected communities.

3.2 Conclusion

The large number of departments and programs involved caused a fragmented approach to relief and recovery which was hard for communities and local councils to understand.

Government did not clearly explain the complex rules attached to NDRRA funding, especially around the betterment issue and there may have been lost opportunities for councils to claim funds for necessary improvements.

Problems with local government capacity and with communication also adversely affected implementation, including time taken to claim and expend funds.

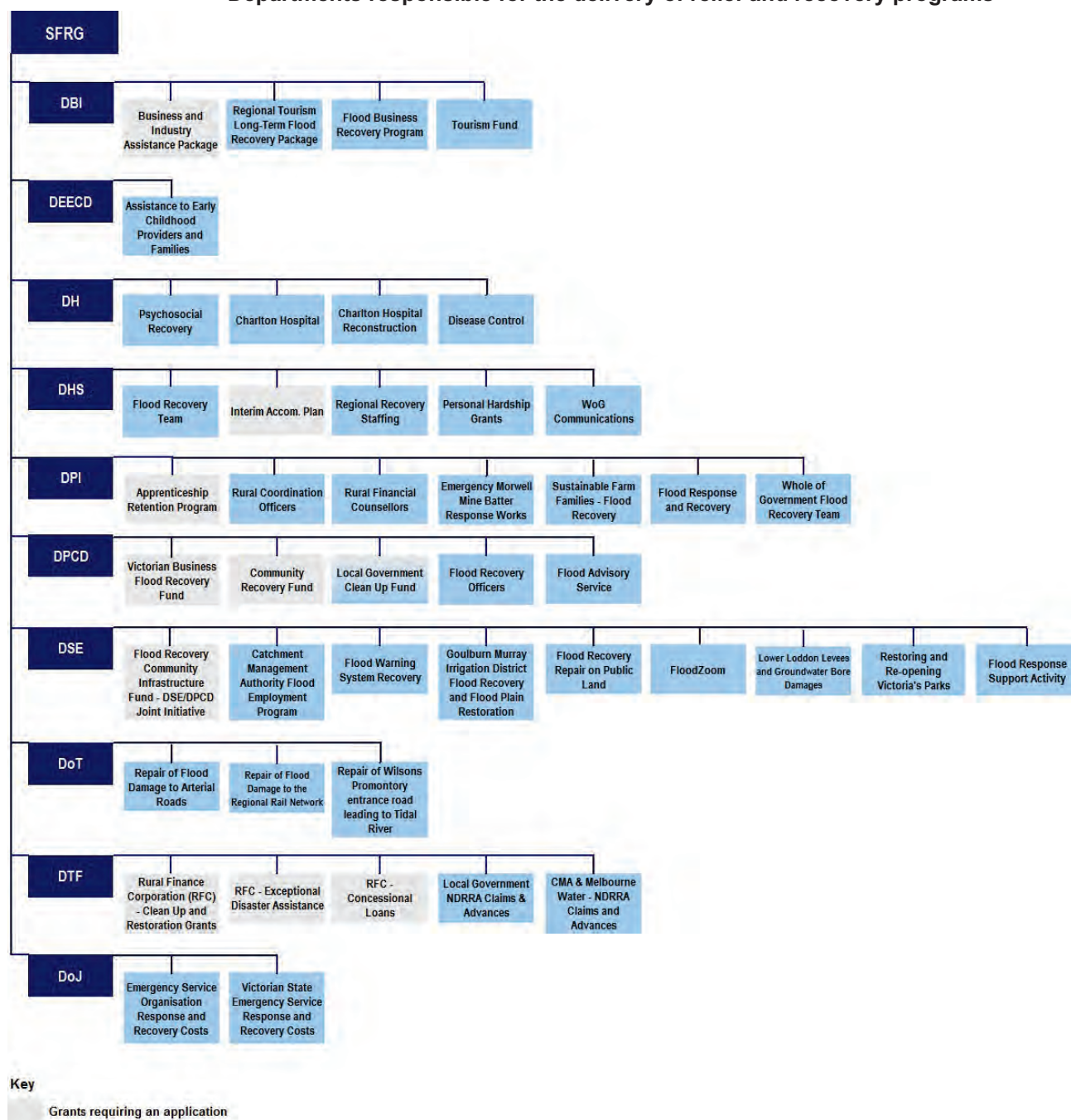
The Commonwealth has not yet agreed to a Department of Treasury and Finance (DTF) request for a 12-month extension to the NDRRA funding timeframe which would allow some local councils extra time to expend funding.

3.3 The fragmented delivery model

Funding to local councils and communities was administered by nine departments and agencies, all with different delivery arrangements and requirements. The Department of Premier and Cabinet was the only agency which did not directly administer funds.

The departments that administered a range of relief and recovery programs are shown in Figure 3A.

Figure 3A
Departments responsible for the delivery of relief and recovery programs



Note: The Department of Human Services (DHS) and the Department of Health (DH) have been counted as one department as they took joint responsibility for delivering emergency relief and recovery programs.

Source: Victorian Auditor-General's Office from departmental documentation.

There were 45 relief and recovery programs, many requiring an application, as shown in Figure 3A. Each department was responsible for administering its programs and informing councils and communities of application requirements.

Programs had different administrative processes, funding periods, criteria, financial thresholds and approval mechanisms, and reporting and acquittal processes. Guidance about the rules of some programs was inadequate and required further explanation.

Fieldwork conducted for this audit in three local government areas identified that:

- Local councils and communities found the number of programs confusing and the differentiation between them often unclear.
- Different departments were responsible for similar types of funding. For example, worker funding for Flood Recovery Officers (FRO) from the Department of Planning and Community Development (DPCD), and funding for Rural Coordination Officers from the Department of Primary Industries (DPI). This saw some councils combine the funding to extend the contract period for FROs.
- The different processes and stringency in rules attached to different schemes was confusing and often disproportionate to the funding amount.

Overall, the many program compartments in which funding was organised reduced flexibility, meant that opportunities for synergy were lost, and caused unnecessary administrative burden across government departments.

Program fragmentation created a complex environment that councils and communities were required to understand and navigate in difficult and traumatic times.

The Review of the 2010–11 Flood Warning and Response Final Report (the Comrie Review) advocated funding being issued early, as packages that could be used flexibly for a variety of purposes around relief and early recovery, rather than in a traditional program format. This would allow councils and agencies to quickly respond, and still provide government time to consider what additional initiatives may be required.

The Comrie Review recommended that the state finalise a review of municipal assistance, including addressing the issue of packages around relief and early recovery. This is one of the 62 recommendations in the report to which the government has not yet formally responded.

DTF advised that it is currently reviewing the natural disaster financial assistance provided to councils. DTF should consider the findings of this audit and the Comrie Review in relation to funding flexibility as part of its review.

3.4 Funding issues

3.4.1 Release of funding

The fragmented delivery model described in Section 3.3 impacted the release of funding for the flood relief and recovery programs.

Some funding, such as Personal Hardship Grants for individuals, was released straight away and Local Government Clean Up Funding payments of \$100 000 were made within 2–3 weeks to the 16 councils most severely affected.

However, despite the early release of specific funding, most took some time to be released. Each department had to prepare budget bids for proposed funding for consideration by government. This meant that funding decisions were not made as quickly as would have been possible under a single submission approach. It forced departments to compete with each other for limited funds and required intensive work by DTF to assess the merits of each submission at a time when efforts could have been applied to other areas of relief and recovery preparation.

Funding for flood recovery initiatives was approved by government at the end of March 2011, some two months after the main flood events. The time taken to release funding adversely affected when local councils and other local service providers could commence recruitment of staff to provide key services, including:

- FROs to take over operational management of local recovery and to relieve council staff who had been diverted from their substantive roles
- case workers and counsellors to provide psychosocial services and support.

3.4.2 Commonwealth funding expenditure

The Commonwealth has advanced the state \$500 million. At the time of finalising this report, the Commonwealth is only liable for approximately \$350 million of the total estimated cost of the relief and recovery effort. However, DTF has been given approval by the Commonwealth to use the rest of the \$500 million for the subsequent disaster events in 2011 and 2012.

The NDRRA determination requires the state to provide the Commonwealth with audited financial statements which acquit the money spent on natural disasters. This is required as soon as practicable after the end of the financial year in which an advance was made, and an extension must be sought if the statements cannot be provided within six months. Financial statements acquitting the 2010–11 NDRRA flood funding had not been prepared by DTF at the date of preparation of this report.

3.5 Constraints posed by NDRRA rules

3.5.1 Betterment

The betterment principle was introduced in the 2007 NDRRA Determination and enables states and local councils to apply to the Commonwealth for NDRRA funding to improve the disaster resilience of essential public assets damaged in natural disasters.

DTF advised that the betterment principle has been complex to interpret and apply, and, as at May 2013, only one betterment project in Australia has been approved by the Commonwealth.

Category B of the NDRRA funding provides for work on public assets that restores or replaces the asset to pre-disaster standard and to a more disaster resilient standard, in accordance with current building and engineering standards. It does not provide for asset expansion or enhancement beyond this. For example, adding lanes to roads damaged in a disaster is not eligible for assistance. Essential public assets are primarily state or local government owned.

The NDRRA can be used for betterment if the state:

- can satisfy the Commonwealth that the betterment proposal is cost effective and that the increased disaster-resilience of the asset will mitigate the impact of future natural disasters
- obtains approval from the Commonwealth before commencing betterment works.

Betterment funding is typically on a 50:50 basis for state assets, and a one-third, one-third and one-third basis for local government assets.

There was an opportunity for the state and councils to obtain additional financial assistance from the Commonwealth to improve the disaster resilience of important public assets that were being restored or replaced as part of the response to the floods.

However, taking advantage of this opportunity required DTF to play a role in identifying and processing betterment proposals. Evidence shows that DTF's advice and support to councils on betterment was not sufficiently timely. However, this was partly due to the need for ongoing discussions with the Commonwealth to clarify the interpretation of the betterment funding principle. As a consequence of advice not being timely, the state and councils may have missed out on Commonwealth funding.

Councils visited as part of the audit said they considered that there was a lack of advice and guidance available to them on the practical application of the betterment principle in the immediate aftermath of the 2011 floods.

This was particularly in relation to:

- the definition of an essential public asset
- whether the provisions related to all or part of an asset
- whether different approval processes applied according to the amount of funding required
- differentiating asset improvements to mitigate the impact of future natural disasters versus improvements required to meet changes in engineering standards or practices
- differentiating between eligible betterment and an ineligible increase in functionality or capacity.

The December 2011 Comrie Review also highlighted the betterment funding issue as an area of confusion for councils.

DTF advised that betterment was a relatively new and complex form of assistance and that it had worked with the Commonwealth during 2011 to develop some advice to councils on the replacement of essential public infrastructure, including betterment and enhancement. Notwithstanding this, the delays in clarifying the betterment principle meant that DTF was not able to provide authoritative advice to councils and agencies in the immediate aftermath of the 2011 floods.

In addition, the advice on DTF's website in early 2011 in relation to betterment was inconsistent with the definition of betterment found in the NDRRA Determination 2007 causing further confusion for agencies and councils. DTF did not update its website on this issue until June 2011.

The betterment issue featured consistently during the meetings of the Secretaries' Flood Recovery Group (SFRG) during 2011. In March 2011 the SFRG directed that a letter be sent to councils to encourage them to proceed with necessary recovery and reconstruction work, and clarifying funding arrangements for asset betterment. This letter was not sent until late July/early August 2011—some four months after the need was identified.

This lack of guidance made it difficult for councils to understand the conditions of betterment, particularly in relation to restoring roads to be more disaster resilient.

In some cases answers from DTF to several questions from councils were not provided after a period of several months. This lack of clarity, and the time taken to provide information, served as a deterrent to councils who could not delay restoration and rebuilding work indefinitely.

A common issue raised by councils was the installation of culverts and levees in damaged roads, to improve drainage and withstand future flooding. In the case of Loddon Shire, the council self-funded minor betterment works to avoid delay to rebuilding and restoration, however, this may not have been viable for other councils, whose financial capacity was more limited.

In March 2012, DTF issued advice which confirmed costs associated with providing an additional culvert when repairing a road damaged from a natural disaster would be eligible for NDRRA reimbursement, as long as there was an increase in disaster resilience and a net benefit could be demonstrated.

In December 2012, the Commonwealth released new guidance material on betterment as part of the revised 2012 NDRRA Determination to improve the clarity of what betterment means and the process for seeking funding for betterment projects.

Applications for betterment funding

In April 2011 the SFRG directed that a list of all significant betterment projects be developed for the Commonwealth. This list was not finalised and provided to the Commonwealth until September 2011.

The state's proposals included 23 projects with a total cost of \$47.3 million. The betterment component of this total cost was \$13.3 million. The bulk of the projects were from VicRoads although the largest single proposal related to the Charlton Hospital. Figure 3B shows examples of the betterment proposals.

Figure 3B
Victorian betterment proposals at September 2011

Project	Betterment description	Total cost (\$ million)	Betterment portion (\$ million)
Charlton Hospital rebuilding (Department of Health)	Purchase of new site for hospital to mitigate future flooding risk	20.0	5.0
Railway track improvements on Ballarat - Ararat line (V/Line)	Construct culverts to make more flood resilient	2.9	2.9
Reconstruction of Wimmera Highway Bridge over Yarriambiack Creek (VicRoads)	Improvement to hydraulic capacity of the bridge	1.8	0.9
Kerang—Murrabit Road (VicRoads)	Increase height of road to raise it above flood level	0.9	0.6

Source: Victorian Auditor-General's Office from departmental documentation.

There were no council projects included in the list submitted to the Commonwealth in September 2011. This may be due to the delays in providing clear advice to councils on betterment funding. DTF subsequently forwarded betterment proposals to the Commonwealth on behalf of a few flood-affected councils.

At the time of preparation of this report no betterment proposals had been approved by the Commonwealth for Victoria. NDRRA funds to relocate the Charlton Hospital have been approved but this was not under betterment provisions.

DTF advised that it is working with the Commonwealth to develop a more streamlined approach for betterment proposals.

3.5.2 Use of council staff

Councils could not claim recovery works performed by council staff and with council plant and equipment through the NDRRA.

In areas where the capacity for attracting people with the required skills was limited, this slowed the recovery process. This was particularly the case with engineering and skilled construction workers required for road and bridge repair.

3.5.3 Time limits on expenditure

Under the NDRRA, all expenditure must occur within two years after the end of the financial year in which the emergency event occurred. At the time of finalising this report 15 councils were anticipating they would not be able to expend funds within the required timeframe.

There has been no response from the Commonwealth to the submission by DTF in November 2012 requesting a 12-month extension.

3.6 Role and capacity of local government

3.6.1 Role of local government

Local government is an important player in informing and delivering services to its communities. It is asked to perform a significant role in emergency management, but the boundary between its role, and that of state departments, is not always clear. Communities were also confused about local councils' relief and recovery role versus that of government departments.

The floods experience showed that, although local councils largely rose to the challenge of providing relief and recovery, issues around roles persist.

The issue of role clarity is not new. The Municipal Association of Victoria (MAV) raised it in December 2011 in a position paper on the role of local government in emergency management, and in a submission in response to the Green Paper on emergency management reforms in November 2011.

However, the issue has not yet been properly addressed. MAV's involvement as a member of the new State Crisis and Resilience Council may serve to continue to raise role clarity issues.

3.6.2 Recovery capacity and capability

The variation in capacity across local councils, particularly in regional Victoria, is a further ongoing issue. Capacity is linked to rate revenue base and councils' ability to attract necessary skills and expertise.

There were significant differences in capacity across the councils affected by the 2011 floods, yet all were required to play a major role in relief and recovery according to the degree of damage sustained, and irrespective of resource and skill limitations. Some of the most vulnerable councils had large road networks that suffered significant damage in the floods and therefore they faced a challenging management and logistics task in undertaking repair works.

As early as 17 January 2011, the Central Government Response Committee was being briefed about local governments that lacked capability and would need additional support to play their role in relief and recovery. Uncertainty about council capacity and capability to effectively implement recovery activities was identified as a key risk in Victoria's Flood Recovery Work Plan and was regularly discussed by the SFRG.

Specific concerns about the capacity of some councils to undertake the scale of recovery and remediation work required included their ability to hire additional resources funded by the state government, pursuing grants within time lines, and project management of reconstruction works.

The SFRG's role in relation to this issue is discussed in Part 2.

The capacity of councils to undertake recovery tasks continues to be an issue. This affects the roll-out of recovery projects and, in turn, affects the recovery of the affected communities.

3.6.3 Local government response

For the most part, local councils were quick to respond and generally, networks between councils played a strong role in assisting responsiveness. Smaller councils were 'buddied' by larger councils who were able to divert resources in the short term to assist.

For example, the Shire of Campaspe was aided by Moira Shire, and Loddon Shire by the City of Greater Bendigo. Northern Grampians Shire received assistance from the Shire of Yarra Ranges which, while not geographically close, had prior relevant experience in emergency recovery.

This is consistent with the MAV's policy to encourage partnerships between councils to pool resources and offer help to members when required. The experience on the ground also showed that social capital—a strong, stable and experienced workforce, good leadership and well developed networks and relationships—is a powerful determinant of effective response. It can trigger staff exchange/deployment, practical advice and other forms of assistance beyond that which can be achieved through procedures, manuals and planning alone.

Good planning and procedures are important, and familiarity with those procedures and staff training will continue to be critical to how well emergency response, relief and recovery occurs at the local level. However, relationships and shared knowledge will be a significant influence in determining success.

3.6.4 The state's role in building local government capacity

If the state is to continue to depend on local government to play a major role in emergency management, it needs to help develop councils' capacity. This could require targeted assistance to build skills and undertake planning tasks.

It also needs to support collaborative approaches across local government, and the building of social capital, which has proven to be so effective in relief and recovery efforts after the floods.

3.7 The communication model

In a disaster situation, it is critical that current and relevant information is coordinated, consistent, and rapidly disseminated to communities and key organisations such as councils to assist their immediate relief and then recovery.

Well developed and tested communication channels, using a range of media, are vital for reaching as many people as quickly as possible.

3.7.1 Central government communications

The many players involved in delivering relief and recovery, together with the number of communities affected by the floods made the communication task extremely challenging, and required a highly organised approach to ensure communication was clear, current and consistent.

Immediately after the floods, Crisis Communication Teams were established at the Department of Premier and Cabinet and the Department of Human Services (DHS) to coordinate public information, web communications and media, and to coordinate stakeholder and internal communications.

By early March 2011, departmental and agency communications directors had formed a Flood Recovery Communications Working Group, which was supported by the Health and Human Services Management communications team.

When the SFRG was formed, all whole-of-government communications became the responsibility of a rebadged committee, the Flood Recovery Communications Group (FRCG). The FRCG was responsible for coordinating communication across government departments and agencies, ensuring key issues were addressed and that consistent and targeted information was provided. This work was guided by a whole-of-government communications framework and communications strategy.

At a central level, the approach to communication was structured and organised. It targeted people living and working in flood-affected areas as well as businesses, local government and local organisations affected by the flooding.

Coverage, in terms of included agencies, issues, information and the range of tools and media employed was comprehensive. Key tasks were broken down across the quadrant of recovery themes—i.e. people, social, health and community, economic (agriculture and business), built environment (community assets and transport) and natural environment.

The information provided was comprehensive, but this did not guarantee that the messages being communicated met the needs of communities and councils. The many departmental players involved may have contributed to the mixed and conflicting messages for local government and community. The lack of a central point of contact with information for flood-affected communities was a major weakness in communication.

In the immediate aftermath of the floods, financial support information was posted on the DHS website with links to other department websites. A new whole-of-government flood recovery website was launched on 8 July 2011.

This was an improvement as it centralised communication and information, rather than being department led. However, it did not eliminate the need for authoritative, consistent and accessible communication for communities and local government. Communication about available support and assistance was particularly urgent and in demand. Outreach services provided by DHS and the Red Cross aimed to reach people who were more isolated.

A range of communication options is vital for communities who are in distress and experiencing significant hardship. A website needs to be complemented by other forms of communication giving the same messages. In part, this was achieved through an extensive media strategy—advertising, printed material, radio and television—as well as fact sheets and mail drops to communities.

One of the stakeholders consulted for this audit recommended the use of a hotline, to serve as an interactive mechanism that could provide accurate information, and answer queries.

An independent review of the 2010–11 flood recovery communications identified improvements needed for future communication methods. This included streamlining information, and increasing two-way communication for those with questions that go beyond the general information available.

DHS has moved to implement recommended improvements. In December 2012, the Victorian Emergency Relief and Recovery 24/7 Information Line was launched for all emergency relief and recovery inquiries. The information line operated over the 2012–13 fire season.

Further improvements identified in the evaluation are discussed in more detail in Part 5.

3.7.2 Regional communication arrangements

Generally, regional communication across departments and with local government was good, particularly where regional department representatives had pre-existing relationships with each other and with councils in their region.

However, information provided by regional department staff in relief and recovery centres lacked consistency which was confusing for individuals, communities and businesses.

A number of councils and departments have noted the proactive approach taken by DTF in contacting councils to provide information and help them apply for financial assistance. This is commendable, especially given that, as a central agency without a regional presence, DTF did not have existing networks and relationships. This proactive approach should be maintained in future disasters.

3.7.3 Local communication arrangements

Councils, together with the mayor, played a key role in communicating recovery progress and information to communities, including:

- community consultation meetings, which started within a few days of the major flood events
- initial daily radio updates by the mayor on key issues, action being taken and contact information for assistance and support—this reduced to once a week when grant applications had peaked
- issue of flood newsletters—via an official website—containing advice, key contacts, web site information and phone numbers
- quarterly council bulletins—by mail—listing all road repairs, recovery progress and scheduled dates for repair works.

Overall, most local councils communicated well with their communities in difficult circumstances.

Recommendations

2. Local Government Victoria should lead the design and implementation of strategies to support councils to further develop social capital needed for recovery.
3. The Department of Human Services should develop an improved model for communication for future disasters that provides a single point of information and contact for disaster affected communities.

4 Delivering community relief and recovery initiatives

At a glance

Background

After the floods, a range of relief and recovery programs were rolled out to assist communities, businesses and primary producers. This audit examined 15 relief and recovery initiatives delivered by Victorian government departments.

Conclusion

The 15 community relief and recovery programs delivered much needed relief and recovery support to the disaster-affected communities. Overall, the programs formed a suite which adequately addressed community and business needs. However, the many departments involved in the planning, information provision, and administration of the initiatives, led to confusion and frustration in some affected communities.

Findings

- Each of the 15 initiatives examined was designed to target different aspects of community relief and recovery. Collectively they addressed relief and recovery needs but differing application processes, eligibility rules and governance created confusion at the community level.
- There was no single, central point of contact for councils, communities and businesses to get information from the government about assistance available.
- Short-term community relief and recovery programs were well implemented and generally well received by affected communities. Longer-term recovery programs proved more challenging.

Recommendations

- The Department of Premier and Cabinet should develop clear guidelines for departments in designing community disaster relief and recovery programs.
- Rural Finance Corporation (Department of Treasury and Finance) and Regional Development Victoria should coordinate any future disaster relief and recovery programs for businesses.
- Regional Development Victoria should implement the recommendations from DPCD's review of the Community Recovery Fund to improve the delivery of relief and recovery programs in future.

4.1 Introduction

The coordinated delivery of relief and recovery activities is important so that affected communities can be provided with support in a timely and efficient manner.

This audit focused on 15 state government programs providing community relief and recovery to individuals, businesses—including farmers—and local councils in affected areas.

It is important to acknowledge that, although relief programs and many recovery programs have concluded, the process of recovery at the community level is continuing in the most severely affected communities.

4.2 Conclusion

The community relief and recovery initiatives delivered by the state following the flood disaster events of 2010–11 adequately covered the major areas of social and economic recovery, and the built and natural environment.

The programs worked to deliver much needed relief and recovery support to disaster-affected communities. However, there were inconsistencies due to the number of departments involved in the planning, design, and administration of the initiatives. This led to confusion and frustration in some communities that were under considerable stress.

4.3 Overview of relief and recovery initiatives

This audit examined 15 community relief and recovery initiatives delivered by five state departments to assist and support the flood-affected communities primarily at three levels. These were:

- individuals and families
- businesses
- local councils.

In many instances, where individual programs were directed to a specific sector of the affected communities—for example businesses—they had different processes around planning, access, governance and evaluation. These differences made the overall approach fragmented.

This part presents a comparative analysis of the relief and recovery programs on offer for the three sectors of the community. Figure 4A provides an evaluative summary of performance of the 15 programs across four domains:

- **planning**—adequate planning and prioritisation
- **access**—ease of community access including:
 - clear and timely information of the program to the target audience
 - application/eligibility criteria and documentation requirements
 - approval or rejection decisions conveyed appropriately
 - scope for flexibility in funding use
- **governance**—including departmental structures in place to assess, approve and monitor funding applications
- **evaluations**—program evaluations completed.

Figure 4A
Overview of relief and recovery initiatives

Initiative	Cost \$ (mil)	Planning	Access	Governance	Evaluation
Department of Human Services (DHS)					
Interim Accommodation Plan	2.2	✓	✓	✓	None
Personal Hardship Grants	20.1	✓	✓	✓	None
Psychosocial Recovery	4.7	NS	✓	✓	✓
Department of Planning and Community Development (DPCD)					
Business Flood Recovery Fund	10.0	✓	NS	✓	None
Community Recovery Fund	4.0	✓	NS	NS	✓
Local Government Clean-Up Fund	5.0	✓	✓	✓	None
Flood Recovery Officers	2.1	NS	✓	✓	✓
Flood Recovery Community Infrastructure Fund ^(a)	8.0	✓	✓	✓	None
Department of Sustainability and Environment (DSE)					
Flood Recovery Community Infrastructure Fund ^(b)	22.0	✓	NS	✓	None
Department of Primary Industries (DPI)					
Apprenticeship Retention Program	1.0	✓	✓	✓	None
Rural Coordination Officers	0.5	NS	✓	✓	✓
Rural Financial Counsellors	3.4	✓	✓	✓	✓
Flood Response and Recovery	3.6	✓	NA	✓	✓
Department of Treasury and Finance (DTF) - Rural Finance Corporation (RFC)					
Clean-Up and Restoration Grants	82.0	✓	✓	✓	None
Exceptional Disaster Assistance	1.4	✓	NS	✓	None
Concessional Loans	6.0	✓	NS	✓	None
Total	176.0				

(a) Delivered by DPCD for projects on non-Crown land.

(b) Delivered by DSE for projects on Crown land.

Note: ✓ – Program performance is adequate, NS – not satisfactory, NA – not applicable, None – no information available.

Source: Victorian Auditor-General's Office from departmental documentation.

4.4 Delivery of relief and recovery initiatives

The Victorian Council of Social Services, in its submission to the Review of the 2010–11 Flood Warning and Response (the Comrie Review) stated that:

'Flood is a slow burn crisis with lasting social and economic impacts. Sustained, long term and flexible economic and psychosocial supports which address both individual and community support needs will be critical to prevent escalating impacts and to support community recovery.'

Each of the 15 examined initiatives targeted different aspects of community relief and recovery. However, differing eligibility rules, application rules and governance frameworks created confusion at the local community level.

4.4.1 Individual-level relief and recovery initiatives

Relief and recovery support for individuals was provided by Centrelink at the Commonwealth level, the Department of Human Services (DHS) at a state level and by non-government organisations such as the Salvation Army and Red Cross.

Figure 4B provides a summary of the individual-level programs examined in this audit.

Figure 4B
Individual relief and recovery programs

Program	Department	Summary
Interim Accommodation Plan	DHS	Temporary accommodation assistance for individuals or families whose homes had been damaged. Caravans, moveable units and temporary rent assistance were available to people while homes were repaired. <ul style="list-style-type: none"> \$2.2 million for 110 temporary tenancies and 709 interim accommodation referrals.
Psychosocial Recovery	DHS	Funding for additional staff to deliver counselling, case work support and community forums. <ul style="list-style-type: none"> \$4.7 million for 1 631 clients over 3 266 sessions and 10 521 contacts in outreach sessions.
Personal Hardship Grant	DHS	Assistance with the cost of essentials such as shelter, food, clothing, personal items or specific transport needs. <ul style="list-style-type: none"> Immediate upfront payments to individuals—adult \$427, child \$213, up to \$1067 per household—to reduce personal hardship. Financial assistance entitlements were paid to recipients by prepaid debit card. \$20 million for 8 857 needs-assessed emergency grants and 2 484 major grants

Source: Victorian Auditor-General's Office from departmental documentation.

For the most part, short-term community relief and recovery programs were well implemented and generally well received by affected communities.

DHS quickly implemented its personal hardship grants and interim accommodation program through community recovery centres. This response to the most pressing needs was based on its prior experience with natural disasters. Appropriate fraud controls were put in place for this kind of aid and it is likely that the number of those getting help who were not eligible was small. An issue raised by local communities was that DHS' needs-assessed emergency grants application process was more cumbersome and time consuming than that of the Commonwealth government's Centrelink service.

A number of councils, in their flood recovery evaluation, identified that there was a significant number of individuals eligible for interim accommodation and personal hardship grants that did not apply, either because they did not know about them or thought that there were other people in greater need.

In some cases, recovery commencement was affected by lengthy delays in getting programs underway, funds flowing or services delivered to people who were eligible. Figure 4C provides an example of program funding delay.

Figure 4C
Example of funding delay for psychosocial recovery services

Inglewood District Health Service, Loddon Shire

Inglewood District Health Service (IDHS) is situated in the Shire of Loddon—one of the communities that was severely affected in the 2010–11 floods. It serves the southern half of Loddon Shire which has a population of approximately 5 500.

After the January 2011 floods:

- DHS advised IDHS that funding would be available for counsellors and case support workers, but not the amount.
- IDHS could not recruit people until the amount was finalised.
- The lack of clarity resulted in a six to eight week delay in starting the recruitment process with flow on effects as to when counselling services became available to the community.

Source: Victorian Auditor-General's Office.

In Rochester, located within the Shire of Campaspe, the community's health service—Rochester and Elmore District Health Services (REDHS)—was only provided with funding for psychosocial case workers in May 2011 some four months after the floods in Campaspe. However, the support and counselling services provided by REDHS were exceptionally well regarded by the Campaspe community once operational.

These delays in funding meant services were not on the ground early when this support was needed.

Nevertheless, overall the audit found that these programs were effectively and efficiently designed.

4.4.2 Business-level relief and recovery initiatives

At the business level, flood relief and recovery programs were designed to target businesses, agriculture, dairy, livestock and other primary industries. Figure 4D provides a summary of these programs.

Figure 4D
Business relief and recovery programs

Initiative	Department	Summary
Victorian Business Flood Recovery Fund	DPCD	<p>\$10 million to stimulate job creation and promote economic development by encouraging private sector investment.</p> <ul style="list-style-type: none"> • Medium to large businesses eligible to apply for grants ranging from \$50 000 to \$2 million during 2011–12 and 2012–13. • 34 projects funded ranging from \$50 000 to \$750 000. • Managed jointly by DPCD through Regional Development Victoria and the Department of Business and Innovation.
Apprenticeship Retention Program	DPI	<p>\$1 million to support retention of apprentices in 28 flood-affected LGAs based on a similar program from the 2009 bushfire recovery.</p> <ul style="list-style-type: none"> • Businesses received a one off payment of \$750 for each apprentice employed for an initial six-month period and a further \$750 if the same apprentice was still employed later in 2011. • 626 apprenticeship retention places funded totalling \$860 411.
Rural Financial Counsellors (RFC)	DPI	<p>\$3.4 million to augment the existing Rural Financial Counselling Service (RFCS).</p>
Flood Response and Recovery	DPI	<p>\$3.6 million to provide response and support services to the agricultural sector and farm businesses to rebuild and recover.</p> <ul style="list-style-type: none"> • Activities undertaken include establishing a statewide Flood Recovery Centre with an Incident Management Team at Bendigo.
RFC – Clean-Up and Restoration Grants	DTF/RFC	<p>Grants of up to \$25 000 available to primary producers, small businesses and not-for-profit organisations for clean-up, removal of debris and business restoration on private land. Discretionary payment not income tested, but based on need demonstrated through an assessment process.</p> <ul style="list-style-type: none"> • 5 330 grants funded totalling \$82 million.
RFC – Concessional Loans	DTF/RFC	<p>Loans of up to \$200 000 available to eligible primary producers, small businesses and not-for-profit organisations whose properties have suffered direct damage as a result of the floods. Loans could be used for the replacement of lost or damaged assets and for essential working capital finance if applicable. Adequate security was required for any lending and applications were evaluated after taking into consideration insurance recoveries and other financial recoveries available.</p> <ul style="list-style-type: none"> • 220 loans totalling \$22 million.
RFC – Exceptional Disaster Assistance – Grants and Loans	DTF/RFC	<p>Initiative designed to provide loans and grants to primary producers and small-to-medium businesses essential to key economic supply chains and regional employment provided for re-establishment costs arising from direct extreme flood damage.</p> <ul style="list-style-type: none"> • 11 grants totalling \$197 333 and 13 loans totalling \$6 million.

Source: Victorian Auditor-General's Office from departmental documents.

Access to business-level relief and recovery programs

Limited coordination by departments for business-level relief and recovery programs contributed to:

- a lack of consistent information
- varying access rules for programs
- arduous application procedures.

An example of these issues is shown in Figure 4E.

Figure 4E

Example of the experience of businesses after the 2010–11 floods

Mount Alexander Shire Council's evaluation of flood recovery in the community found that, in general, business owners found accessing recovery information confusing and time consuming. It states that:

'...many business owners did not have the time to sit down and go through information as they were focused on trying to maintain business operations as soon as possible after the floods.'

The evaluation recommended that:

- the state needs to review the current business support model for future disaster events
- an agency should be charged with taking the lead role for business support and ensure that clear and concise information is provided from the outset.

Source: Victorian Auditor-General's Office based on Mount Alexander Shire Council's evaluation of the 2011 flood recovery efforts.

Businesses in flood-affected areas had to analyse and understand varying and complex funding, eligibility and application criteria of the Victorian Business Flood Recovery Fund (VBRF), the DTF RFC-Exceptional Disaster Assistance Grants and Loans, and the RFC Concessional Loans, in order to access these grants within set time periods.

For businesses—many under pressure from a decade or more of drought—applying for any of these grants and loans was a very complex, difficult and time-consuming task. This may have affected take-up.

DPI managed the mainly Commonwealth funded Rural Finance Counselling Service (RFCS), which was invaluable for many businesses applying for the available grants and loans. However, financial counsellors could not advocate for, or coordinate the application processes, for the businesses they were assisting.

There was also no coordination between the various service providers to explain differences in flood relief and recovery programs for businesses.

In future disaster situations, having clear explanation of the rationale and rules for different grants and loan options and more coordinated criteria across all departments would help the businesses most in need get the appropriate type and level of funding.

4.4.3 Local council-level flood relief and recovery initiatives

Approximately 70—or almost 90 per cent—of Victoria's 79 councils were affected by the 2010–11 flood events. Many of these councils suffered further damage in subsequent floods in late-2011 and 2012.

DPCD's Regional Development Victoria (RDV) identified 32 severely affected councils after the major floods in mid-January 2011. Of these, 16 were very severely affected.

Local councils were supported by relief and recovery initiatives including clean-up grants, community support, and community infrastructure restoration. Figure 4F provides a summary of the community relief and recovery activities for local councils.

Figure 4F
Local council relief and recovery activities

Initiative	Department	Summary
Local Government Clean-up Fund	DPCD	\$5 million initiative established to give 32 flood-affected LGAs funds for clean-up and repair activities such as removal of damaged household goods, restoration of streetscapes.
Flood Recovery Officers (FRO)	DPCD	\$2.1 million initiative for 19 FROs to assist 32 councils with the recovery process for a period up to 12 months.
Community Recovery Fund (CRF)	DPCD	\$4 million to restore social networks and community facilities.
Flood Recovery Community Infrastructure Fund ^(a)	DSE and DPCD	\$8 million initiative to repair or replace community infrastructure on council-owned or private land. \$22 million initiative for flood recovery works on Crown land managed by DSE
Rural Coordination Officers	DPI	\$0.5 million initiative to appoint nine rural coordination officers (RCO) to coordinate and respond to rural farm issues in 10 LGAs for six months.

(a) DSE was responsible for managing and administering the fund for projects on Crown land.
Source: Victorian Auditor-General's Office from departmental documents.

In addition to the community relief and recovery activities, a major part of local council restoration efforts was towards the rebuilding of major infrastructure such as roads, bridges, culverts, levees and other related infrastructure.

The process for funding the restoration and rebuilding of this infrastructure was managed by DTF, with VicRoads vetting projects.

Local Government Clean Up Fund

The three severely affected councils visited for this audit were satisfied with the implementation and management of the Local Government Clean Up Fund (LGCUF). LGCUF provided some of the worst affected local councils with immediate cash flow to start their clean-up activities.

The worst affected councils received initial funding of \$100 000 each to undertake clean-up and rebuilding activities with a further proportional funding allocation determined by the severity of flood damage suffered.

The LGCUF was effectively designed and administered. It combined the early issue of initial funds to allow clean-up to get started followed by a more considered submissions-based second funding round. Acquittals were required for all funding received. It was monitored by senior DPCD management through the provision of briefings during critical phases of the program. LGCUF was fully allocated by July 2011.

Figure 4G shows the timeline for LGCUF implementation.

Figure 4G
Timeline for the Local Government Clean Up Fund

Date	Event	Cash flow
Early January 2010	Flood events	NA
Middle January 2011	Initiative approved and Treasurer contacted to request funding	\$5 million
Late January/February 2011	First round notional allocation of \$100 000 each provided to 16 of the most severely affected LGAs	–\$1.6 million
End of March 2011	Minister writes to the LGAs about further funding	–
May 2011	Submissions received from LGAs for second round funding	–
June 2011	Second round notional allocation of \$50 000 or \$100 000	–\$2.2 million
June 2011	Second round proportional allocation based on the relative impact and the funding shortfall submissions provided by LGAs	–\$1.1 million
June 2011	Contingency fund of \$100 000 allocated and initiative is fully implemented	–\$0.1 million
July/August 2011	Acquittals received from the LGAs.	–

Source: Victorian Auditor-General's Office from DPCD documentation.

Flood Recovery Officers

The councils that audit visited considered the FRO initiative was valuable to their recovery effort. The councils received either \$60 000 or \$120 000 in funding, depending on the length of the FRO's appointment. The initiative was managed by DPCD through RDV and was wholly state funded.

FROs were appointed to selected councils based on the estimate of physical damage and the number of individuals that had received emergency grants. Smaller LGAs with less capacity were given a higher priority. The FROs played a vital role in the community relief activities at the councils where they were employed. Activities included:

- holding community relief and recovery workshops
- being the conduit for communications between the community and council
- providing information on the various initiatives available to the community
- preparing application forms for programs such as the CRF and Flood Recovery Community Infrastructure Fund (FRCIF)
- liaising with and attending regional recovery committees.

Funding for FROs was extended for 10 councils. Issues with the administration of the program included:

- a delay in funding
- uncertainty over the term of funding for the program.
- availability of appropriately qualified and experienced staff for the FRO positions
- a lack of clear guidance from DPCD about the role that the FRO was meant to perform.

In its submission to the government's Green Paper on emergency management, the Municipal Association of Victoria (MAV) highlighted the issue of funding delay. LGAs reported more than four months delay in the provision of FRO funding following the floods, when communities had greatest need. The MAV also highlighted the burden created for councils by having to make repeated submissions for funding.

There was also a lack of collaboration between departments offering worker funding which exacerbated the fragmentation created by so many programs.

Loddon Shire was offered 12 months funding for an FRO, a further six months funding for a rural coordination officer (RCO) and—much later—a further allocation from DPCD for a volunteer coordinator. The council rolled the first two allocations into one to employ a full-time FRO for a longer time period and has yet to apply the volunteer coordination funding.

The FRO program did not take into account skills shortages in regional and rural Victoria. Often, appropriately qualified and experienced staff were not available locally, and staff from outside the area were unlikely to be attracted to short-term positions.

Overall, although the FRO program was successful and valuable to the communities in which it was implemented. However, feedback from the councils and the evaluation conducted by DPCD indicates that a template position description would have provided councils with better direction about how the FRO position could best be used.

Community Recovery Fund

The \$4 million Floods CRF was set up by DPCD in January 2011 to support:

- community recovery, community development and capacity building for the future
- activities that help restore community infrastructure and social networks and functioning.

The CRF funding was allocated through a combination of a:

- base amount, plus an allocation based on severity of impact, to flood-affected communities on a municipal basis
- community small grants program for activities of \$5 000 or less
- strategic reserve.

An application for CRF funding had to be assessed at a regional and inter-departmental level and by a panel of representatives from the state and Commonwealth governments.

The complex governance structures and approval processes made application arduous and caused long wait times for decisions.

All three councils visited for the audit found the process of applying for the CRF frustrating and complex. For example, to run a community event, budgeted at approximately \$1 000, the Shire of Campaspe community had to wait more than two months while the funding application progressed through the CRF governance framework.

DPCD commissioned a review of the implementation of the CRF in May 2012. The report was delivered in August 2012.

Key points from the review include:

- delivery of recovery projects under CRF were dependent on resources available through another program, the FRO program—not all councils received FRO allocation and so could not take advantage of the CRF.
- information about the CRF and guidelines should be more readily available.
- promotion of the CRF by DPCD should be improved.

Although not designed to work in conjunction, in reality there was an interdependency between the CRF and FRO programs as the FRO was needed to deliver the CRF program. This highlights the problems in coordination across a complex suite of programs and the need for better collaboration.

It is commendable that DPCD conducted a thorough evaluation of this program. It should implement the recommendations of that review to inform similar future programs.

Flood Recovery Community Infrastructure Fund

The FRCIF was a joint initiative of DPCD and DSE to support the restoration and replacement of community infrastructure assets to flood-affected LGAs.

Eligible community infrastructure assets included:

- town halls
- sport and recreation facilities
- caravan and camping facilities
- public parks and reserves and walking tracks.

DSE was responsible for administering projects for assets on Crown land reserves managed by committees of management. DPCD administered projects where assets were council or privately-owned and operated by community organisations.

LGAs experienced differences in how the two departments delivered the program. For example, the Northern Grampians Shire Council had to submit four separate applications for four projects to DSE—\$207 500 for the tennis club, \$219 000 for the memorial park, \$187 000 for the bowling club and \$133 500 for a recreational reserve. However, it only had to submit one application totalling \$571 570 for six separate projects to DPCD.

DSE has advised that the FRCIF program for Crown land could not be packaged by LGA as the various Crown land parcels were managed by legislatively appointed committees of management. However, councils were able to act legally as the agent of multiple small committees of management. Councils applied for and received funds on behalf of those committees. In these cases, it is not clear why streamlined arrangements were not put in place.

From a community access perspective, differences in departmental application and documentation requirements for the FRCIF program were cumbersome which led to increased administration and confusion for already stretched council staff.

Rural Coordination Officers

The RCO initiative was established to coordinate volunteers to help with the clean-up and repair of fences for flood-affected farmers and to coordinate rural and agricultural issues. A similar program was run by DPI after the 2009 bushfires.

On receipt of a council application accompanied by a position description, councils were funded \$60 000 each to appoint an RCO for an initial period of six months. The councils had a degree of latitude in how they used the RCOs. RCO start dates varied from April to September 2011, with a significant proportion starting in June or July.

At the expiry of their initial six-month term, the RCOs in Buloke and Gannawarra were extended for six months. As noted above, short-term position funding creates problems—it increases the administrative burden on councils to again formally request for further funding, it is harder to attract appropriately qualified and experienced staff for short periods, and it works against medium- to longer-term planning. The issue of poor long-term planning for recovery is identified in this audit.

An external evaluation of the FRO and RCO programs commissioned by DPCD found the RCOs to be highly valued by the councils and the broader community and that they were, along with the FROs, a catalyst for action.

Similarly to the evaluation of the FRO program, the RCO review suggested that the development of a template position description for the RCO position would be useful for future programs.

Recommendations

4. The Department of Premier and Cabinet should develop clear guidelines for departments in designing community disaster relief and recovery programs.
 5. Rural Finance Corporation (Department of Treasury and Finance) and Regional Development Victoria should coordinate any future disaster relief and recovery programs for businesses.
 6. Regional Development Victoria should implement the recommendations from the Department of Planning and Community Development's review of the Community Recovery Fund to improve the delivery of relief and recovery programs in the future.
-

5 Monitoring and evaluating relief and recovery

At a glance

Background

Robust and systematic monitoring and evaluation of flood relief and recovery initiatives is necessary to identify lessons learnt and to measure effectiveness.

Conclusion

Victoria has met the Commonwealth's monitoring and reporting requirements under the National Partnership Agreement (NPA) but has not met financial reporting obligations under the Natural Disaster Relief and Recovery Arrangements (NDRRA). Delivery of flood relief and recovery actions has been adequately monitored by the Secretaries' Flood Recovery Group (SFRG).

No whole-of-government evaluation of relief and recovery activities has been undertaken to date, making it harder for lessons learnt to be applied in future.

Findings

- The state has provided comprehensive and timely monitoring reports to meet requirements under the NPA.
- Victoria has not met its financial reporting requirements under NDRRA, as it is yet to provide an acquittal of funds spent in respect of the 2010–11 floods.
- As part of the NPA, the state's Flood Recovery Work Plan required a comprehensive evaluation of the recovery phase of the 2010–11 floods. To date there has been no overarching framework and methodology to guide evaluation of individual programs or the overall recovery effort.
- The SFRG intends to evaluate the relief and recovery effort in the latter part of 2013, using the Department of Human Services developed program evaluation framework and guidelines.

Recommendations

The Department of Premier and Cabinet should lead:

- the development of an evaluation framework, based on work undertaken to date by the Department of Human Services to assess the impact of relief and recovery programs in the recent floods and in future disaster events
- an evaluation of the impact of relief and recovery programs in the recent floods, using this framework.

5.1 Background

Continuous monitoring and reporting on flood relief and recovery initiatives is necessary for timely, co-ordinated and decisive action to mitigate risks or any barriers to successful progress.

Evaluating the entire flood relief and recovery effort including governance is important to identify lessons learnt and gauge overall impact and effectiveness of programs. A systematic approach is required to use those lessons to inform strategies and actions, to better prepare for recovery in future emergency situations.

5.2 Conclusion

Victoria has met its monitoring and reporting requirements under the National Partnership Agreement (NPA). Monitoring and reporting mechanisms were sufficient to oversight and manage the most pressing issues faced by local councils and communities. Of the 15 initiatives examined, acquittal monitoring and reporting has been timely and appropriate. However, Victoria not yet acquitted its financial reporting requirements under the Natural Disaster Relief and Recovery Arrangements (NDRRA).

It is important for government to know what has worked well and where improvements need to be made. Conducting an overarching evaluation and incorporating lessons learnt into future planning would assist government to better support communities and know where to best target its resources for future emergency events.

The state committed to evaluating the recovery phase and actions identified in its Flood Recovery Work Plan (The Work Plan). This audit was advised that the Secretaries' Flood Recovery Group (SFRG) intends to implement the Department of Human Services (DHS) evaluation framework for relief and recovery programs and conduct a whole-of-government evaluation in the latter part of 2013. However, this framework will need to be adapted so that it can be applied to all relief and recovery programs, not just those administered by DHS.

5.3 Monitoring and reporting

Flood relief and recovery initiatives need to be monitored and reported consistently and regularly to enable:

- the state to meet Commonwealth NPA and NDRRA requirements
- departments and agencies to report to flood relief and recovery governance committees on recovery issues and barriers to progress
- councils to report to the state as part of the NPA and NDRRA acquittal requirements and to departments on the progress of initiatives and acquittal for funding provided.

Key elements of this reporting relate to:

- **financial data**—claims, acquittals against funding, advances
- **operational data**—service and grant utilisation, recovery issue identification and management, impact data, program delivery and acquittal reporting.

5.3.1 Reporting to the Commonwealth

The NPA for Victorian Flood Reconstruction and Recovery commenced on 10 May 2011 and is due to expire on 30 June 2014. The NPA acts in conjunction with the NDRRA, which is the key mechanism for the Commonwealth to support the states after a natural disaster.

Under the NPA, Victoria must report progress against outcomes specified in the Work Plan monthly for a period of six months. The frequency and form of reporting after that was to be agreed and based on milestones and initiatives identified in the Work Plan, which was finalised in September 2011. The NPA also requires reporting on:

- progress with expenditure under the NDRRA, including advice on the level of expenditure in key areas of the reconstruction effort
- revisions to estimates of costs
- progress against the recovery plans of the most severely affected communities as agreed by Victoria and the Commonwealth, including the extent to which milestones are being achieved.

Victoria has met NPA reporting requirements through the Department of Treasury and Finance's monthly Flood Recovery Performance Report. The report contains the number of—and expenditure on—household, business and primary producer grants and loans, business and local government funds, infrastructure repairs and other flood recovery programs established by government.

The Department of Treasury and Finance developed a framework to meet the NPA reporting requirements and commenced reporting in June 2011. This allowed for timely and comprehensive reporting. The first annual review of the NPA conducted in August 2012, by the National Disaster Recovery Taskforce and representatives of the SFRG found that '...overall, both parties have met their respective and shared performance monitoring and reporting requirements.'

Under the NDRRA arrangements, Victoria is required to provide audited financial statements to support claims, including subsequent spending against any advance payments. The NDRRA guidelines require these statements to be audited by the Victorian Auditor-General's Office (VAGO). Victoria has not met its financial reporting requirements under NDRRA, as it is yet to provide an acquittal of funds spent in respect of the 2010–11 floods.

5.3.2 Statewide monitoring and reporting

In addition to the monthly Flood Recovery Performance Report, the SFRG monitored recovery progress through:

- Place-based reporting of the most urgent issues, with strategies and actions to address the issue, as well as anticipated residual gaps.
- Stream-based reporting and tracking of key issues by portfolio—agriculture, business recovery and community assets, health and human services and natural environment and transport.

Place-based and stream-based reporting took a similar approach—highlighting the issues that were most pressing and addressing those as a matter of priority. With the widespread damage and continued movement of the flood waters across the state, this approach enabled a more rapid response to issues and flexibility where required.

However, the reports did not provide sufficient detail to understand how actions would be implemented, or a clear indication that the strategies/plans to address the issue had worked.

5.3.3 Monitoring of department initiatives

Departments' monitoring mechanisms for each initiative varied. Overall, departments have applied adequate acquittal processes according to the type of initiative, which includes:

- grants and loans to businesses and primary producers acquitted using invoices and receipts
- recovery support worker funding, such as the Flood Recovery Officer (FRO), acquitted by councils through submission of employment contracts, advertisements, and submission of an evaluation of flood recovery for their respective municipality
- councils acquitting recovery projects, such as the Community Recovery Fund, through the provision of signed invoices to the responsible department.

5.3.4 Reporting by local government

Local councils reported directly to each department and then departments reported to the SFRG on the progress, take-up and funding used for initiatives.

Initially, this reporting process was cumbersome and administratively time consuming, requiring councils to report the same or similar funding and service data to different departments. In November 2011, the Department of Primary Industries (DPI) implemented a web-based portal which enabled the generation of monthly scorecards to provide SFRG with key data by each council.

This has streamlined data administration processes for councils as well as improved data reporting at a state level. The portal has been well received by departments and local governments. It can form the basis of an efficient reporting system following future emergency events.

5.4 Evaluating flood relief and recovery

Evaluating relief and recovery activities and the governance systems that support planning and delivery is important. It helps to continuously improve emergency and recovery management and to better assist flood affected communities, both now and in the future.

5.4.1 Good practice evaluation for relief and recovery

A systematic, centralised evaluation based on a rigorous and clearly defined approach would enable the government to assess the extent to which its governance arrangements and selected programs and initiatives helped communities to recover.

The Department of Premier and Cabinet (DPC) developed a set of benchmarks for community recovery to inform the 2012 *Victorian Emergency Management Reform: White Paper* (the White Paper), as described in Figure 5A. These benchmarks are based on the Australian National Principles for Disaster Recovery and include the requirement for robust evaluation of initiatives and that documented lessons learnt are used to build capacity and prepare for future community relief and recovery programs.

Figure 5A
Benchmarks for community recovery

- **Appropriateness**—recovery assistance to disaster impacted individuals and families reflect an understanding of the community context, and the complex and dynamic nature of emergencies and communities.
- **Community-led**—successful recovery is responsive and flexible, engaging communities and empowering them to move forward.
- **Coordinated**—successful recovery requires a planned, coordinated and adaptive approach with clearly articulated decision-making structure and roles
- **Effectively communicated**—successful recovery is built on clear and relevant communication to, and feedback from, affected communities, individuals and organisations.
- **Acknowledging and building capacity**—successful recovery recognises, supports and builds on community, individual and organisational capacity.

Source: Victorian Auditor-General's Office from the Department of Premier and Cabinet's May 2012 submission in response to the Emergency Management Green Paper.

These benchmarks can be used in an evaluation framework to guide evaluation of individual programs as well as the relief and recovery effort overall.

5.4.2 Evaluation at a state level

The state's Flood Recovery Work Plan committed to a comprehensive evaluation of the recovery phase of the 2010–11 floods including evaluation of Work Plan actions. There have been evaluations of:

- some individual programs
- DHS's coordination of emergency relief and recovery
- the Whole-of-Victorian-Government Communication Strategy.

However, there was no whole-of-government evaluation of relief and recovery programs, and there was no framework in place to guide such an evaluation.

In June 2012, DHS endorsed a framework and guidelines for evaluation of relief and recovery programs managed by Health and Human Services Emergency Management (HHSEM). It includes benchmarks based on the Australian National Principles for Disaster Recovery and is largely consistent with those developed by DPC and set out in Figure 5A. Both DPC and DHS propose evaluation frameworks which would include:

- real-time evaluations during emergency events
- lessons learnt exercises
- recovery program monitoring
- recovery program evaluations.

The DHS framework provides process guidance and a methodology for evaluating performance and suggested benchmarks. It was clearly designed for DHS to use at a regional and state level.

This audit has been advised that the SFRG intends to use this framework to evaluate the whole-of-government relief and recovery effort in the latter part of 2013. The framework will need to be adapted to be used for a recovery evaluation across multiple departments.

The intended timing of evaluation—well after the majority of programs have been delivered—means that it is likely that important information will not be captured. This is a serious shortcoming.

In addition, there has been no central data collation and analysis from evaluations, nor has there been a consistent methodology and approach applied to enable a reasonable picture of performance to be formed. In the absence of a broader evaluation, there has been no assessment of how programs worked together, whether synergies were achieved, or if there were overlaps and gaps.

The 2012 White Paper states that evaluation will form part of the portfolio of the yet to be established Inspector General for Emergency Management (IGEM).

As outlined in the White Paper, this role will focus on performance monitoring, assurance and continuous improvement related to the response and planning phases of emergency management. However, there is no specific reference to performance monitoring, review and evaluation of recovery arrangements and activities. It is therefore not evident how lessons learnt will be incorporated into future planning priorities for recovery.

The White Paper makes no reference to a formal evaluation framework being developed and applied in the future. It identifies an action to work with communities to develop an approach for evaluating programs and initiatives. Although community input to an overarching evaluation approach is important, it is only one element needed to build a sound framework. It will be important for future reforms arising from the White Paper to include a rigorous approach to evaluation.

5.4.3 Department-led evaluation

Some specific flood relief and recovery issues and initiatives evaluated by departments include:

- the emergency relief coordination, the psychosocial recovery support program and the whole-of-government flood recovery communications — DHS
- agriculture flood response and recovery program, the rural coordination officer program and the rural financial counselling service — DPI
- FRO and the community recovery fund programs — the Department of Planning and Community Development (DPCD).

The results are summarised in Figure 5B.

Figure 5B
Summary of departmental evaluations

Emergency relief coordination (DHS) – June 2011

Evaluation of emergency relief and coordination activities between 12 January and 25 February 2011 found that:

- regional structures and networks worked well
- established relationships with the community contributed positively
- the lack of systems and processes contributed to a lack of clarity in roles and responsibilities between DHS and the Red Cross
- the lack of established relationships between central and regional staff reduced timeliness of response which compromised information being reported further up the line and the coordination of emergency relief.

Psychosocial recovery support program (DHS) – October 2011

Recommended earlier availability of flood support workers, better coordination with other agencies and local government and greater communication about the support available.

Whole-of-government 2010–11 flood recovery communications (DHS) – February 2012

Focused mainly on the feedback from government staff at a central and regional level, and had limited involvement with flood-affected communities. Involving communities more widely may have captured information more comprehensively on the extent to which public information was sufficiently targeted, accessible and relevant. Broader community involvement may also have helped identify the information required for longer-term recovery. Identified improvements to communication include:

- during initial recovery, more two-way communication is needed and more emphasis on quality, not quantity of information
- for ongoing recovery, increased community engagement and reminders about grants and assistance for individuals and businesses that may not have accessed these earlier.

Flood response and recovery – Agricultural Recovery Framework (DPI) – April 2012

Overall coordination and administration of DPI's flood response and recovery for the agriculture sector worked well. Improvements focused on standardisation of recovery plan documents, streamlining its reporting system and reporting recovery activities and stakeholder management and resourcing.

FRO and Rural Coordination Officer (DPCD and DPI) – March 2012

Evaluation of the FRO and Rural Coordination Officer initiatives showed a positive impact on the recovery process. This was attributed to allowing councils relative autonomy on how best to use the officers.

Figure 5B
Summary of departmental evaluations – *continued*

Community Recovery Fund (DPCD) – August 2012

The broader issues identified in this review include:

- multiple information points and provision of conflicting advice by government departments on available recovery assistance
- prior to the web portal, councils were required to submit flood impact, recovery activity and program acquittal data to multiple collection points, creating a significant administrative burden
- timing of recovery program roll-out should better align with need and the department should better inform communities of likely areas of funding and thereby manage expectations.

The review found other issues related to program administration and communication:

- application approval processes were overly bureaucratic and lengthy
- feedback on rejected proposals was not consistently provided to help with later proposals
- there was conflicting advice on project proposals by DPCD central and regional staff and limited regional resources to support the effective and efficient delivery of the fund
- promotion of the fund could be improved and provide readily accessible guidance
- inadequate communication processes in the Community Recovery Fund (CRF) governance structure led to incorrect assumptions by councils regarding the application process
- there were multiple agreements from different funding rounds to the same organisations, all requiring acquittal
- a lack of clarity relating to the regional structure, roles and responsibilities following Regional Development Victoria's integration with the DPCD.

Financial Counselling Service (DPI) – January 2013

Existing counsellors were extended for the period of the floods. The service had a positive impact on the rural community. A final program evaluation report is due by 30 July 2013.

Source: Victorian Auditor-General's Office from departmental documentation.

It is positive that the evaluations and reviews summarised in Figure 5B were conducted, however, there is a lack of consistent methodology on evaluations undertaken. A consistent and rigorous approach would have better enabled conclusions to be drawn about relief and recovery efforts, based on assessing the set of evaluations together. The process for incorporating improvements and lessons learnt is not apparent.

5.4.4 Local government evaluation of state-delivered relief and recovery initiatives

In addition to the department-led evaluations, local government councils conducted evaluations of the state-delivered flood recovery initiatives. Analysis of evaluations by the local government councils is presented in Appendix C.

The audit visited three local government councils that were very adversely affected by the 2010–11 floods. There were some common themes raised in the evaluations undertaken by local government, audit's council visits and the department-led evaluations. These themes are:

- **No single point of communication for information**—particularly in relation to financial assistance, including improved clarity of information.
- **Grant availability and eligibility criteria**—there was confusion regarding who was eligible for grants with barriers to take-up, including for businesses not physically damaged by flood waters but affected by business downturn. Low interest loans criteria excluded the businesses most likely to need the loan. Farmers had to derive 51 per cent of their income from their farms to be eligible for grants, but years of drought meant that many had sought additional sources of income outside their farms, to stay afloat, thus excluding them from grants.
- **Application approval processes overly bureaucratic and lengthy.**
- **Release of case support and counselling service funding too slow.**
- **Inaccuracy of impact data.**
- **Duplication of information collected across agencies**—agency information sharing prior to the use of the web portal for reporting was poor and added to the administrative load on local councils.

5.5 Relief and recovery lessons learnt

Victoria has experienced a rise in the frequency, scale and impact of natural disasters over recent years.

The systematic capture and incorporation of lessons learnt from previous events is critical for better preparation for future events and to continuously improve systems, processes and approaches to community recovery. The DHS evaluation framework includes a process for recording evaluation recommendations and incorporating those lessons into future planning. An opportunity exists for this to be applied more widely.

5.5.1 Review of flood warnings and response

The *Review of 2010–11 Flood Warnings and Response* (The Comrie Review), published in December 2011 identifies a range of improvements needed to assist local government and community recovery.

While the report has a broader emergency management focus, identified improvements are consistent with the findings of this audit. These improvements relate to:

- **Rapid Impact Assessment (RIA)**—absence of timely and accurate information, little understanding of the primary purpose of the RIA, different systems used by agencies to collect and analyse data, difficulties in getting access to timely and accurate data to plan and prioritise, and ownership and responsibility for the RIA. The Comrie Review noted that coordination of the RIA and the exchange of information was disorganised with some communities subject to multiple assessments

- **Financial Assistance**— confusion over the availability of financial assistance to deal with the repair and clean-up; problems with access to information on grants and assistance for individuals, businesses and primary producers; and no ownership of problems by state agencies
- **Betterment**— confusion and lack of clarity and information with regard to policy, processes and criteria for betterment funding—all of which led to a delay in local government applying for betterment funding and progressing recovery activity.

5.5.2 Government response to the Comrie Review

In November 2012, the government issued a response to the Comrie Review, specifically with regard to improving the flood warning systems implementation plan recommendations one to 30 and recommendation 86 of the Comrie Review. There were 93 recommendations in total, leaving 62 not yet responded to by the government. The Premier informed Parliament on 8 December 2011 that 'The Government accepts these recommendations...in whole, in part and in principle' However, there has been no further government response on 62 recommendations and it is not evident how recommendations from the Comrie Review regarding local government recovery have been used to inform the White Paper.

The White Paper responds in part to other issues raised in the Comrie Review, however, particular recommendations regarding local government and community recovery have not been completely addressed. The Department of Justice has advised that recommendations will inform future emergency management changes and activities. It is imperative that these recommendations, and the issues they illustrate, are not overlooked and that they are incorporated into future recovery planning and practices.

Recommendations

7. The Department of Premier and Cabinet should lead:
 - the development of an evaluation framework, based on work undertaken to date by the Department of Human Services, to be used in assessing the impact of relief and recovery programs in the recent floods and in future disaster events
 - an evaluation of the impact of relief and recovery programs in the recent floods, using this framework.
-

Appendix A.

Governance arrangements: 2010–11 Victorian flood recovery

Secretaries' Flood Recovery Group

Purpose

The Secretaries' Flood Recovery Group (SFRG) was set up to provide the necessary authority for rapid, coordinated and high quality recovery actions by the Victorian Public Sector and provide coordinated advice to Cabinet and the Ministerial Flood Recovery Taskforce.

Membership

Departmental secretaries and agency heads from:

- Department of Business and Innovation (DBI)
- Department of Education and Early Childhood Development (DEECD)
- Department of Human Services (DHS)
- Department of Justice (DoJ)
- Department of Planning and Community Development (DPCD)
- Department of Premier and Cabinet (DPC)
- Department of Primary Industries (DPI)
- Department of Sustainability and the Environment (DSE)
- Department of Transport (DoT)
- Department of Treasury and Finance (DTF)
- Office of the Emergency Services Commissioner (OESC)
- Victoria Police
- VicRoads

The Secretaries of DHS and DPI co-chaired the SFRG.

Roles and responsibilities

- Provide strategic leadership and coordination of the work of government agencies in flood recovery actions.
- Lead a whole-of-government, coordinated development of flood recovery initiatives for consideration by the Flood Recovery Ministerial Taskforce (FRMT), the Security and Emergencies Committee (SEC) and the Budget and Expenditure Review Committee (BERC).

- Inform the government's FRMT and SEC of flood impacts and the flood recovery actions by departments, including progress of implemented actions and recommended additional recovery actions.
- Identify medium- and long-term issues to be addressed, together with recommended initiatives, to enable communities, business and the environment to recover from the flood events.
- Recommend to government any medium- and long-term policy initiatives to facilitate flood recovery for businesses, communities and the environment.
- Engage with local communities, authorities and businesses regarding strategies and progress for flood recovery in the short, medium and long terms.
- Receive progress reports from each secretary whose agency leads recovery of one or more specific streams—agriculture, business, community assets, health, environment, transport—and major affected places—Mildura, Carisbrook, Charlton, Gannawarra/Loddon, Grampians, Creswick and Wilsons Promontory.
- Evaluate the effectiveness of flood recovery initiatives.
- Establish a risk management strategy for the flood recovery to inform current and future actions.

The SFRG was to be supported by two recovery teams, the Flood Emergency Recovery Team (FERT)—reporting to the secretary of DHS—and the Flood Economic and Environmental Recovery Team (FEERT)—reporting to the secretary of DPI

Flood Economic and Environmental Recovery Team

Purpose

Assist SFRG to address the medium and long-term planning and implementation of economic and environment issues.

Membership

FEERT was to comprise members from DPC, DTF, DPCD (including Regional Development Victoria (RDV) and Local Government Victoria (LGV)), DBI, DSE, DPI, DoT/VicRoads with DPI providing secretariat assistance.

Flood Emergency Recovery Team

Purpose

FERT was to be the central point for the social dimensions of flood recovery and coordinate assistance for households and communities, and coordinate whole-of-government communication.

Membership

FERT was led by DHS as lead recovery agency outlined in the State Emergency Recovery Plan. The team comprised recovery leaders nominated from relevant departments and agencies, in particular DPC, DTF, DPCD (including RDV and LGV), DBI and DPI.

Flood Recovery Coordination Group

Purpose

The Flood Recovery Co-ordination Group (FRCG) was to be the forum for leaders from FEERT and FERT, together with the agency recovery leaders, to take a coordinated and collaborative approach to recovery. The FRCG was to be chaired by the State Flood Recovery Coordinator.

Membership

The full membership of the FRCG was to include recovery leaders nominated from relevant departments and agencies, in particular DPC, DTF, DPCD/RDV/LGV, DBI, DPI, DHS, DoT, who were responsible for contributions to each of the two Recovery Teams.

Appendix B.

Commonwealth funding arrangements

National Partnership Agreement – May 2011

In the May 2011 National Partnership Agreement (NPA) for Victorian Flood Reconstruction and Recovery was signed. The Commonwealth Government agreed to provide Victoria with financial assistance in accordance with the provisions of the Natural Disaster Relief and Recovery Arrangements (NDRRA).

Natural Disaster Relief and Recovery Arrangements

NDRRA was established by the Commonwealth in 1974 to provide a basis for the provision of financial assistance to the states and territories for the purpose of natural disaster relief and recovery.

The 2007 NDRRA Determination and subsequent 2011 NDRRA Determination set out these arrangements, including:

- the types of natural disasters covered by the arrangements
- expenditure that is eligible for partial reimbursement by the Commonwealth
- how the amount of assistance will be calculated
- the process for claiming assistance
- conditions of the assistance including acquittal and audit requirements.

The Commonwealth will fund up to 75 per cent of the assistance available to individuals and communities. This contribution is delivered through a number of NDRRA measures and may include:

- personal hardship and distress assistance
- counter disaster operations
- loans for small businesses and primary producers
- transport freight subsidies for primary producers
- loans and grants to churches, voluntary non-profit organisations and sporting clubs
- restoration or replacement of essential public assets.

The Department of Treasury and Finance (DTF) interprets two of the NDRRA categories for Commonwealth-state cost sharing on a 50:50 basis. They are:

- A—provided to individuals to alleviate personal hardship or distress arising as a result of a natural disaster
- C—funding through a Community Recovery Fund to restore social networks, community functioning and community facilities, and recovery grants for small businesses and for primary producers.

As defined by the NDRRA Determination, the co-contribution ratio for categories A and C are dependent upon the state meeting pre-defined expenditure thresholds.

Under the NDRRA Determination, all expenditure must occur less than two years after the end of the financial year in which the emergency event occurred. Any claims by councils must be submitted within this time frame.



Appendix C.

Local government councils issues analysis

Common themes in council flood recovery evaluations

Local government councils with a dedicated Flood Recovery Officer (FRO) were required, as a condition of the FRO's role, to conduct an evaluation of flood recovery in their municipality.

Common themes raised in the evaluation reports included:

- confusion about what grants were available and who was eligible. One council suggested that there should be a single government department accountable for collating and publishing a list of financial assistance measures and eligibility criteria to help people determine what they were eligible for and how to get the assistance they needed.
- concerns about access to grants for business and low interest loans managed by the Rural Finance Corporation (RFC) such as:
 - the 51 per cent income rule whereby farmers/business need to derive at least 51 per cent of their income from their farming enterprise to be eligible for this financial assistance. This prevented many farmers/business who supplemented farm income from income other sources from receiving this financial assistance and many did not receive the full amount
 - a view of some councils that the low interest loan program was not successful with very little uptake due to the eligibility criteria
 - financial assistance not being available to businesses that were not flooded but still impacted by a general downturn in trade
 - application processes being too complicated, bureaucratic and time consuming
 - criticism by one council of the performance of RFC in assisting farmers to apply for these grants
 - the size of the grant amount, which was seen as inadequate.
- the hold-up in the release of funding for case support and counselling services funded by the Department of Human Services (DHS) which delayed the recruitment of staff and subsequent operation of services
- the requirement for better communication between VicRoads and councils about road closure and repair
- the time taken by VicRoads in repairing roads

- the inaccuracy of flood impact data provided by the Department of Primary Industries (DPI)
- concerns about the duplication in information collected by agencies. Sharing of information between agencies was poor.

What worked well and what did not

Figure C1
What worked well and what did not, as identified in local government council evaluation reports

Issue area—Communication
'What worked well' <p>Bendigo: Having a designated employee to work with the rural community was key to the recovery process. The Rural Coordination Officer (RCO) was dedicated to flood recovery and worked closely with affected landholders linking them to emotional, financial and on-farm support. The RCO and Case Support Worker from Bendigo Community Health Service (BCHS) made over 20 outreach visits to rural communities from January to March 2011. The visits gave residents an opportunity to talk about the recovery process, what support was still required, how they were coping and opportunities to link to services. The Rural Support Network, Farming Consultative Committee and regional flood recovery efforts coordinated by DHS were important avenues to raise rural issues and concerns, pinpoint areas for further action and provide information about available support services.</p>
'What did not work well' <p>Buloke: Sharing of information between agencies was poor. There was no central information source and forms needed to be completed for each and every service. Outreach services provided summary data only to council, making it difficult to identify ongoing need. To address this, council conducted outreach services to identify gaps. This placed additional pressure on council staff.</p> <p>Swan Hill: Countless number of services offered by —council, DHS, Red Cross and Rural Finance—to support affected residents, was provided in many different forms. Trying to identify and apply for all services for which people were eligible became overwhelming and confusing; a centralised point to collect information was required.</p>
Issue area—Financial assistance
'What worked well' <p>Bendigo: Many landholders applied for and receive financial assistance. The RCO and Rural Support Coordinator (RSC) were able to refer a number of landholders to BCHS Case Support Workers for assessment with regard to financial assistance.</p> <p>Campaspe: DHS Personal Hardship Grants were distributed very quickly to assist with immediate need. Financial and non-financial assistance provided by all agencies was a great support to the community.</p> <p>Loddon: All participants felt that the Victorian Government support was readily available and timely. Funding support from the Victorian and Commonwealth Governments was released in a timely manner to assist local governments in particular to plan and move quickly ahead with the recovery program.</p> <p>Swan Hill: A range of support measures were available to assist people during the recovery phase.</p>

Figure C1
What worked well and what did not, as identified in local government council evaluation reports – *continued*

Issue area—Financial assistance – <i>continued</i>
'What did not work well'
<p>Bendigo:</p> <p>Many landholders did not seek financial assistance because:</p> <ul style="list-style-type: none"> • they did not know about the financial assistance opportunities available • they thought that it wasn't worth their effort to apply due to perceived complicated State Government application processes • many self-assessed their eligibility and did not apply. <p>There is a need for greater communication with rural landholders about the availability of financial assistance.</p> <p>Many landholders were not eligible for grants due to earning significant off-farm income.</p> <p>Flood damage to some houses may not have been evident immediately following the floods. As these impacts took some time to materialise, some landholders missed the cut-off date to apply for financial assistance.</p> <p>There is a genuine need to look after elderly residents and other vulnerable people following flood/emergency events. Locals do this well but need more support to link to services for the elderly following on from the flood event.</p> <p>Campaspe:</p> <p>The re-establishment and temporary living grants offered by DHS were means tested which meant that people missed out.</p> <p>There was a huge amount of assistance available, but it was hard for people to understand what was available to them and what they were eligible for.</p> <p>A single government department needs to be accountable for collating and publishing a list of financial assistance measures and basic eligibility criteria to help people determine what they are eligible for and what they need to do to get the assistance they require.</p> <p>The Victorian and Commonwealth Governments should review and revise the Natural Disaster Financial Assistance (NDFA) program to speed up access to funds and remove restrictions around the use of internal road repair crews.</p> <p>Central Goldfields:</p> <p>DHS major grant application forms were felt to be overcomplicated for people struggling with day-to-day management in the aftermath of a flood.</p> <p>Information about grants was also sometimes poorly disseminated by council and other agencies.</p> <p>Gannawarra:</p> <p>Multiple data collection from different agencies meant it was difficult to deliver support where it was needed.</p> <p>Swan Hill:</p> <p>Many people did not meet eligibility requirements for financial assistance.</p>
Issue area—Community events
'What worked well'
<p>Bendigo:</p> <p>Financial assistance and council support for communities to hold events was very well received by rural communities.</p>
'What did not work well'
<p>Mildura:</p> <p>Greater transparency and earlier distribution of Department of Planning and Community Development funding with the governance undertaken at a local level rather than regional.</p>

Figure C1
What worked well and what did not, as identified in local government council
evaluation reports – *continued*

Issue area—Farming and small business
'What worked well'
<p>Gannawarra: Recovery assistance was seen to be adequate for business and there was a quick response time. The assistance given by DPI was seen as a positive for agricultural businesses.</p>
'What did not work well'
<p>Buloke: Confusion over eligibility and claiming of the \$25 000 RFC grant. Many were highly critical of the performance of RFC in assisting farmers to apply for these grants. Grants were very small when compared with the amount of damage. Difficult for farmers to apply for assistance. Need consistent information and service levels from agencies.</p> <p>Campaspe: Farmers who weren't currently generating 51 per cent of their income from their farm due to the 10-year drought were ineligible for assistance. The low interest loan program was not successful with very little uptake due to the eligibility criteria. Some of the grant amounts offered need to be increased to be useful. Government may need to reconsider the dollar amounts associated with the business loss—suggested coverage of 50 per cent of losses as opposed to capped grant amounts. Businesses that were not flooded and therefore ineligible for assistance were still impacted with a general downturn in trade—there was no assistance available to these businesses. Some business leaders felt that it would have been useful for the support agencies to follow-up at the six month and twelve month marks to monitor recovery support and progress. RFC was understaffed and their model of engagement—individuals as opposed to groups—was inefficient and not well received. Rural Finance Grant application process had mixed feedback—some people felt it was too hard to complete, whereas others did not. Actual time frames and requirements to get basic level business recovery grant, for example invoice requirements—could be greatly improved to give faster access to funds.</p> <p>Loddon: RFC grants (\$25 000) are a token of the cost of repair. Not many applicants received the full amount. For the \$200 000 loans available through RFC only 17 applications were approved at an average of \$87 824. No loans were successful for small business in the Loddon Shire. Requirements of RFC were too bureaucratic and time consuming for applicants. That financial assistance be granted to all businesses that can demonstrate they are impacted by the disaster, not just to businesses that have been inundated.</p> <p>Mount Alexander: Of the 106 applications for the RFC Clean Up and Restoration Grants only 95 were approved and not all were eligible for the full amount of \$25 000. Of the seven applications made through the RFC for \$200 000 concessional loans, only five were approved to a total amount of \$535 000. Business owners found business recovery information confusing and time consuming. There needs to be a one stop shop to assist businesses, too much information from too many agencies created confusion around who could help and what was on offer.</p> <p>Gannawarra: Not all property owners were eligible for RFC grants. Due to lack of access, numerous businesses were badly affected. Too much paperwork was required for RFC grants. Grants were not adequate and there should be more for larger farms.</p>

Figure C1
What worked well and what did not, as identified in local government council evaluation reports – *continued*

Issue area—Health and wellbeing
<p>'What worked well'</p> <p>Campaspe: Flood support and counselling services were exceptionally well regarded once they got up and running. Changes in demand for services were well managed as was the relationship between Rochester and Elmore District Health Service and the Departments of Human Services and Health. Department of Human Services (DHS) funded initiatives such as Red Cross outreach and community psychosocial support was well received.</p> <p>Loddon: DHS funded community psychosocial sessions assisting many in the community. DHS funded Case Support services. This was a very useful resource for helping affected people deal with their many issues and linking them in with counselling, grants and financial services. The Flood Recovery Manager was a timely and valuable addition to the recovery team. The role helped bring all the recovery effort together and provided a focal point for recovery.</p> <p>Mount Alexander: The flood support workers were a fantastic resource.</p>
<p>'What did not work well'</p> <p>Buloke: Case Support Services were not on the ground in Buloke until May 2011, some 4 months after the event. Earlier provision of these services would have provided much needed support. Need more evenly distributed access to services across the municipality. Perceived to be very focused on Charlton. Timing of these activities needs to be appropriate for the community.</p> <p>Campaspe: Funding for flood support workers was slow to be released and delayed operationalisation of the service. DHS should have a pre-approved budget for case support and counselling to be able to roll out a service very early on. Also, DHS should prepare as much case support material (such as position descriptions) as possible in advance to ensure that the services have standard templates to work from.</p>
Issue area—Infrastructure recovery
<p>'What worked well'</p> <p>Campaspe: The community received a range of grants covering many important recovery projects.</p>
<p>'What did not work well'</p> <p>Buloke: Better communications are needed between VicRoads and the Buloke Shire on road closures and better understanding of which roads are the responsibility of VicRoads.</p> <p>Campaspe: The community needs a better understanding of who is responsible for various projects to help them understand all of the agencies involved in flood recovery. Road repair has appeared to be too slow.</p> <p>Loddon: Some infrastructure repair issues were raised at the public evaluation session both for VicRoads and Loddon Shire road networks; for example, road closures and repairs. VicSES was overwhelmed and unable to fully respond to all built environment issues across the Shire. The current NDRRA rules allow for reinstatement works to current standards and not betterment of existing infrastructure even though betterment would benefit the whole community in the long term.</p>

Figure C1
What worked well and what did not, as identified in local government council
evaluation reports – *continued*

Issue area—Infrastructure recovery – <i>continued</i>
'What did not work well' – <i>continued</i>
<p>Gannawarra:</p> <p>Participants noted a slow response from VicRoads to repair roads and the lack of communication from VicRoads.</p> <p>Long delays in repairing VicRoad roads.</p> <p>Lack of communication from Vic Roads as to when roads were to be fixed.</p>
Issue area—Recovery funding for local council
'What did not work well'
<p>Campaspe:</p> <p>State Government funding bodies to provide clear information on recovery expenditure requirements. They should build a set of case studies that show best practice and permissible uses of the funding. In assessing grant applications, let the local knowledge decide how best to spend the funding. Consistency of reporting requirements from all agencies for grants is also required.</p>
Issue area —Natural environment
'What worked well'
<p>Mount Alexander:</p> <p>The cooperation of other agencies such as Goulburn Murray Water, Department of Sustainability and Environment and Parks Victoria were well received by Council staff.</p>
'What did not work well'
<p>Mount Alexander:</p> <p>There is a lack of clarity around roles and responsibilities of agencies in regard to repairs to the Natural Environment following a natural disaster.</p> <p>A clear and concise response and recovery model for agencies to deal with issues that may impact the natural environment following a disaster. A model needs to be developed and agreed to by all parties to ensure that the appropriate authorities are dealing with issues within their service portfolio.</p>
Issue area—Impact assessment
'What did not work well'
<p>Bendigo:</p> <p>DPI's flood impact data was based on Property Identification Code (PIC) numbers which only indicate that a rural landholder runs stock as their major enterprise so this data set did not capture flood impacts to other types of farming enterprises.</p> <p>Buloke:</p> <p>Data collection was poor regarding crop, livestock and infrastructure loss. Although the DPI gathered some data, it was based on PIC numbers. Properties that did not have livestock were not contacted. It is difficult to provide evidence of damage and the scale of the flood impact without this data.</p>
<p><i>Source:</i> Victorian Auditor-General's Office from local government council flood recovery evaluations.</p>

Appendix D.

Audit Act 1994 section 16— submissions and comments

Introduction

In accordance with section 16(3) of the *Audit Act 1994* a copy of this report was provided to the departments of Premier and Cabinet, Treasury and Finance, Sustainability and Environment, Primary Industries, Justice, Business and Innovation, Human Services, and Planning and Community Development with a request for submissions or comments.

Relevant extracts from the report were also provided to the three councils where field work was conducted for this audit, in order to confirm the accuracy of information used. These were—Loddon Shire Council, Campaspe Shire Council and Northern Grampians Shire Council.

The submission and comments provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

RESPONSE provided by the Secretary, Department of Environment and Primary Industries and the Acting Secretary, Department of Human Services



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Dr Peter Frost
Acting Auditor-General
Victorian Auditor-General's Office
Level 24, 35 Collins Street
MELBOURNE VIC 3000

Dear Dr Frost,

PROPOSED REPORT: PERFORMANCE AUDIT OF FLOOD RELIEF AND RECOVERY

Thank you for the opportunity to comment under section 16(3)(b) of the Audit Act 1994, on the proposed report of the *Flood Relief and Recovery*.

Please find attached a formal response on behalf of all departments involved in the audit to the proposed audit reports for inclusion in the final audit report.

Yours sincerely

Adam Fennessy
Secretary
Department of Environment and Primary Industries
Co-chair Secretaries' Flood Recovery Group

Katy Haire
Acting Secretary
Department of Human Services
Co-chair Secretaries' Flood Recovery Group

Attachment: Formal response on behalf of all departments



RESPONSE provided by the Secretary, Department of Environment and Primary Industries and the Acting Secretary, Department of Human Services – continued



Department of Human Services

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Dr Peter Frost
Acting Auditor-General
Victorian Auditor-General's Office
Level 24, 35 Collins Street
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Dear Dr Frost,

Thank you for the opportunity to comment under section 16(3)(b) of the Audit Act 1994, on the proposed report of the *Flood Relief and Recovery*.

Reviews of the 2010-11 Victorian Flood Events

The 2010-11 Victorian floods occurred two and a half years ago. Comprehensive reviews of these events have informed the most significant reform agenda for emergency management arrangements in Victoria in decades. Furthermore, numerous reforms have been implemented subsequent to the 2009 bushfires and the 2010-11 and 2012 floods that have improved emergency management in Victoria.

The most significant review of the 2010-11 floods was the *Review of the 2010-11 Flood Warning and Response*, headed by Mr Neil Comrie AO, APM, that was released on 1 December 2011 (the Comrie Review).

The Government released its emergency management Green Paper *Towards a more disaster resilient and safer Victoria*, in September 2011, as a first step in the comprehensive review of Victoria's emergency management arrangements. The Green Paper was designed to stimulate community discussion and invited public comments on proposed policy options. Ninety three submissions were received from various organisations, agencies and individuals. Copies of submissions made to the Green Paper, other than those where the author specifically requested confidentiality, are publicly available on the Department of Premier and Cabinet's website.

The *Victorian Emergency Management Reform: White Paper* (the White Paper), released in December 2012, is a roadmap for the largest reform in Victorian emergency management in 30 years. The White Paper outlines Victoria's vision for emergency management over the next ten years. The White Paper reform agenda aims to create safer and more resilient



RESPONSE provided by the Secretary, Department of Environment and Primary Industries and the Acting Secretary, Department of Human Services – continued

communities, and includes reforms specifically aimed at simplifying and streamlining Victorian emergency management governance arrangements.

The White Paper is informed by the findings of the 2009 Victorian Bushfires Royal Commission, the Comrie Review, the Fire Services Reform Action Plan and submissions to the Green Paper. It 'build[s] on this work, further improve[s] Victoria's emergency management arrangements and directly address[es], or provide[s] the mechanism to respond to, the recommendations of the [Comrie] Floods Review (White Paper, Introduction, pg. 1)

To that end, the White Paper directly deals with all the issues raised by the Comrie Review on emergency management governance and command and control, and community resilience.

Centralised Governance Model

The National Strategy for Disaster Resilience (released in February 2011) highlights that emergency management is a shared responsibility between governments, communities, businesses and individuals. Consistent with this approach, the Victorian Government has been decentralising functions, with a key objective of empowering local communities. Empowering local communities allows for services to be targeted towards the unique needs of the community and facilitates communities contributing to their own outcomes.

Decision making devolved to line agencies and local government

The 2010-11 Victorian floods were more dispersed and economically disruptive than the 2009 Victorian Black Saturday Bushfires. The floods had a much larger impact on State and Local Governments' essential public assets. Victorian agencies, including the Department of Human Services (DHS), the former Department of Primary Industries (DPI), the Department of Treasury and Finance, VicRoads, and Local Governments were all well placed to help Victorian communities rebuild.

As stated in the White Paper enabling communities to contribute to their own recovery is essential to restoring community functions. Relief and recovery should target the unique needs of the community, using community-led approaches that engage with the community.

A Victorian Bushfire Reconstruction and Recovery Authority or Queensland Reconstruction Authority – style governance approach may not always be the best model for every event, as the White Paper explains. The Audit Report overlooks criticisms of a centralised model, which may disempower local communities (for example, centralised procurement contracts can lock out local business and thereby adversely affect local economies). A centralised model may also not support community-based planning and recovery, and may impose a greater administrative burden on communities by adding another layer of management.

Victorian flood recovery governance arrangements were designed to allow for decision making to be largely devolved to line agencies and local government, with leadership, coordination and oversight, at officials' level, undertaken by the Secretaries' Flood Recovery Group (SFRG).

The decision to manage the recovery from the 2010-11 Victorian floods through the SFRG aligns with subsequent Local Government submissions to the Green Paper:

Gannawarra Shire Council submission to the Green Paper:

- '... [the Green Paper] suggests that a standard model be developed for dealing with large scale relief, recovery and reconstruction. Gannawarra is not in a position to comment on the effectiveness of the Victorian Bushfires Reconstruction and Recovery Authority model used after the February 2009 bushfire emergency. Nonetheless, a model that would fit all disasters may well turn out to be complex and an unnecessary extra layer of "red tape" for those trying to deal with recovery, which it is pointed out, begins the moment the emergency strikes. Any policy should allow decisions to be made at Cabinet level perhaps as to the means by which longer term recovery is assisted and controlled, as each event will have its own particular issues and options to consider as part of the recovery phase.
- [the option of a standard model] in the Green Paper is... not supported.' Pg.10

Pyrenees Shire Council (PSC) submission to the Green Paper:

- 'Relief and recovery for large scale events needs to be coordinated state-wide but delivered locally. Councils have a key role in this. PSC understands its responsibility

Page 2

RESPONSE provided by the Secretary, Department of Environment and Primary Industries and the Acting Secretary, Department of Human Services – continued

for managing the longer term outcomes of recovery and reconstructions for our community and this role should be respected.

- *In the circumstance where PSC may be overwhelmed by the scale of a disaster we need assistance not for our role to be taken over by others.' Pg.9*

The leadership role of the Secretaries' Flood Recovery Group

The SFRG is co-chaired by the Secretaries of DHS and DEPI. These Departments have the required policy expertise and ongoing responsibilities in relation to recovery (DHS) and the agricultural sector (DEPI).

The SFRG has provided the necessary authority for rapid, co-ordinated and high-quality actions by government agencies, and has kept senior officials and Cabinet informed of flood recovery actions by Departments and Local Governments. Specifically, the SFRG (and the Flood Recovery Inter-departmental Committee which transitioned to the SFRG):

- ensured that co-ordinated advice was given to senior officials and Cabinet;
- received progress reports from Regional Recovery Committees, local government and from Departmental Secretaries; and
- led the whole-of-government development of flood recovery initiatives for consideration by the then Central Government Response Committee, the Security and Emergency Committee of Cabinet, and the Budget and Expenditure Review Committee of Cabinet.

Such responsibilities would ordinarily be considered part of a leadership role. Setting objectives, ensuring that the aggregate of individual actions are sufficient, then adequately monitoring implementation, are all part of SFRG's remit.

The Victorian Government's position on the Audit Report's recommendations

The Victorian Government supports all of the Audit Report's recommendations.

The recommendations in the Audit Report cover issues canvassed by the Comrie Review and submissions to the Green Paper, that informed the White Paper. The Audit Report's recommendations will be taken into consideration as Victoria continues to undertake the comprehensive reform program outlined in the White Paper.

Yours sincerely



Adam Fennessy
Secretary
Department of Environment and Primary Industries
Co-chair Secretaries' Flood Recovery Group



Katy Haire
Acting Secretary
Department of Human Services
Co-chair Secretaries' Flood Recovery Group

Auditor-General's reports

Reports tabled during 2012–13

Report title	Date tabled
Carer Support Programs (2012–13:1)	August 2012
Investment Attraction (2012–13:2)	August 2012
Fare Evasion on Public Transport (2012–13:3)	August 2012
Programs for Students with Special Learning Needs (2012–13:4)	August 2012
Energy Efficiency in the Health Sector (2012–13:5)	September 2012
Consumer Participation in the Health System (2012–13:6)	October 2012
Managing Major Projects (2012–13:7)	October 2012
Collections Management in Cultural Agencies (2012–13:8)	October 2012
Effectiveness of Compliance Activities: Departments of Primary Industries and Sustainability and Environment (2012–13:9)	October 2012
Auditor-General's Report on the Annual Financial Report of the State of Victoria, 2011–12 (2012–13:10)	November 2012
Public Hospitals: Results of the 2011–12 Audits (2012–13:11)	November 2012
Water Entities: Results of the 2011–12 Audits (2012–13:12)	November 2012
Port of Melbourne Channel Deepening Project: Achievement of Objectives (2012–13:13)	November 2012
Portfolio Departments and Associated Entities: Results of the 2011–12 Audits (2012–13:14)	November 2012
Local Government: Results of the 2011–12 Audits (2012–13:15)	November 2012
Prison Capacity Planning (2012–13:16)	November 2012
Student Completion Rates (2012–13:17)	November 2012
Management of the Provincial Victoria Growth Fund (2012–13:18)	December 2012
Learning Technologies in Government Schools (2012–13:19)	December 2012
Addressing Homelessness: Partnerships and Plans (2012–13:20)	February 2013
Implementation of School Infrastructure Programs (2012–13:21)	February 2013
Rating Practices in Local Government (2012–13:22)	February 2013
Management of Unplanned Leave in Emergency Services (2012–13:23)	March 2013
Management of Freshwater Fisheries (2012–13:24)	March 2013

Report title	Date tabled
Managing Traffic Congestion (2012–13:25)	April 2013
Consumer Protection (2012–13:26)	April 2013
Public Asset Valuation (2012–13:27)	April 2013
Planning, Delivery and Benefits Realisation of Major Asset Investment: The Gateway Review Process (2012–13:28)	May 2013
Tertiary Education and Other Entities: Results of the 2012 Audits (2012–13:29)	May 2013
The State of Victoria's Children: Performance Reporting (2012–13:30)	May 2013
Management of Staff Occupational Health and Safety in Schools (2012–13:31)	May 2013
Infection Prevention and Control in Public Hospitals (2012–13:32)	June 2013
Organisational Sustainability of Small Councils (2012–13:33)	June 2013
Environment and Sustainability Sector: Performance Reporting (2012–13:34)	June 2013
Flood Relief and Recovery (2012–13:35)	June 2013

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