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**From:** McMahon, Anthony  
**Sent:** Monday, 16 May 2022 1:21 PM  
**To:** Portfolio Committee 4  
**Cc:** Executive Assistant  
**Subject:** RE: Long term sustainability and future of the timber and forest products industry - Post-hearing responses - 5 April 2022  
**Attachments:** D21 105243 2021.10.20 Attachment Financial Assistance Grants Special Submission 2021-22 Response From Local Government Grants Commission.pdf; FINAL local government grants commission special submission 2021-22 grants Responding to and Preparing and Mitigating Natural Disasters - bvsc submission no.pdf

Lauren

Attached is a previous submission Council made that references the unrateable land in the Shire and the impact on our ability to fund what is required to support that land.

At the hearing I also made reference to royalties for regions funding that relates to the mining sector as being a model that could be considered to be applied with respect to forestry effected communities.

A link to information on that program is here:

[Resources for Regions | NSW Government](#)

Hopefully this covers off on everything.

Regards



**Anthony McMahon**  
*Chief Executive Officer*

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**P.** (02) **M.**  
**E.**

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We wish to acknowledge the Traditional Custodians of the lands and waters of the Shire  
- the people of the Yuin nation and show our respect to elders past and present.

NSW Local Government Grants Commission  
5 O'Keefe Avenue NOWRA NSW 2541  
Locked Bag 3015 NOWRA NSW 2541

OUR REFERENCE: A751975  
YOUR REFERENCE:  
CONTACT: Helen Pearce  
(02)

Ms Leanne Barnes  
General Manager  
Bega Valley Shire Council  
PO Box 492  
BEGA VALLEY NSW 2550

30 April 2021

By email: @begavalley.nsw.gov.au

Dear Ms Barnes

Thank you for Bega Valley Shire Council's special submission, dated 16 November 2020, in relation to the 2021-22 calculation of financial assistance grants. I note that I responded to council on 2 December 2020 to acknowledge receipt of Council's submission advising that the Commission would consider the matter at its next meeting. The Commission met on 27 April 2021 and has given careful consideration to the disability issues raised by Council.

At the outset the Commission wishes to acknowledge, as it did when it visited Council in 2019, the burden carried by the community responding to these recent disasters. The Commission is ever mindful of the funding shortfall experienced by councils in NSW. The Commission is also aware that the NSW Government and Commonwealth Government have provided councils with a range of assistance measures to support recovery and assist in developing resilience. Most recently, councils have been encouraged to apply for grants through the jointly Commonwealth and State funded *Bushfire Local Economic Recovery Fund*, a \$250 million package which will further support social and economic recovery in regional communities most effected by the 2019/20 bushfires.

Council has raised the following disability issues:

Emergency management and disaster preparedness:

- planning
- preparedness
- asset protection
- mitigation works and ongoing management of critical infrastructure
- emergency response, and
- recovery activities.



The Commission's response to the items raised by is shown in the table below. Council will note that its expenditure on these items is taken into account in determining, as the Commission is required to do under the National Principles, Council's position relative to all other councils. All councils receive funding adjusted for relativities. However, the actual amount received needs to first take into account the 'size' of the annual bucket and the statutory requirement to distribute the per capita minimum amount:

<b>Function</b>	<b>Disability</b>	<b>Commission Response</b>
Recreation and Culture	The cost impact described below in public order and safety also relates to management of fire risk associated with natural areas under Council's management. In addition, it is estimated that Council is disadvantaged by approximately \$50,000 per annum in being able to manage recreation assets due to the additional coastal hazards. Recreation assets are not typically eligible for funding under DFRA guidelines.	Council currently receives a <i>notional</i> allowance of \$623,182 for Recreation. Fire risk management costs and coastal hazard costs associated with recreation assets are not unique to Council. The Commission recommends the existing disability measure be maintained.
Administration and Governance	Council is disadvantaged approximately \$200,000 per annum on average as result of the issues described above. This includes work in unclaimable costs supporting response of emergency services which in 2018 and 2020 were in the order of \$250,000 per event. Council has had to absorb costs not claimable from Resilience NSW (formerly Office of Emergency Management) to support recovery centres, and recovery support services. This has been in the order of \$100,000 per event.	Council currently a <i>notional</i> allowance of \$1,816,618. The Commission recommends the existing disability measure be maintained.
<b>Function</b>	<b>Disability</b>	<b>Commission Response</b>
Roads, Bridges, Footpaths	It is estimated that Council is approximately 20% further disadvantaged than most Councils in its ability to manage roads, bridges and footpaths due to the combination of highly undulating topography, relative impact of climate change through increased frequency of storms/heavy rain (combined with tidal surges in coastal areas) and geology (many decomposed granite substrates which are highly erosive) .	Council currently receives a <i>notional</i> allowance of \$2,342,733. A disability measure for rainfall, topography and drainage is recognised in the Public Order, Safety, Health and Other Function. Council also receives an additional \$38,796 for the relative disability allowance, of which \$3,439 is for local unsealed roads. Council received \$2,002,034 in the Local Roads Component. The Commission recommends the existing disability measures be maintained.

Public Order, Safety	It is estimated that Council is approximately \$300,000 under funded relative to similar scale Councils with respect to its ability to manage bushfire risk on its recreation and natural areas land. This is reflective of the relative area for rateable land compared to where the additional bushfire risk is sourced from. In addition, it is estimated Council is further disadvantaged an additional \$50,000 due to the increased prevalence of emergencies and disasters and the State imposed role that Council plays in emergency management. This is through supporting the functions of the Local Emergency Management Committee.	Council currently receives a <i>notional</i> allowance of \$1,520,947. The Commission recommends the existing disability measure be maintained.
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One of the on-going challenges faced by the Commission is the fair allocation of the grants under the closed annual pool of funds arrangement. This was particularly difficult in 2020-21 when the CPI increase of funds was considerably lower, at approximately 1%, compared to the previous few years with increases of approximately 3.5% to 4.0%. As the overall pool of funds does not increase depending on the level of overall additional costs to councils, if one council receives more funding, other councils stand to receive less funding.

In considering implementing a new disability factor, the Commission generally compares all councils across the state, or a significant group of councils, not just a single council, as the grants are based on relative disability. While the Commission acknowledges there are costs related to planning for natural disasters, and Bega Valley Shire Council has been significantly impacted particularly by recent bushfires and floods, natural disasters are not unique to this area. In fact the Commission was recently addressed by another council and advised that there have been 512 declared disasters over the past 20 years across the State. This statistic does not include droughts.

While they may not cover all associated costs, the Commission is aware, and under the National Principles required to take into account, other grant assistance available to councils. Specific funding arrangements already exist with other government agencies, agencies which specialise in such emergencies and natural disasters. Councils are eligible to apply for funding under the Floodplain Risk Management Grants Scheme (FRMGS), the Bush Fire Risk Management Grants Scheme (BFRMGS) and the Community Resilience Innovation Program (CRIP). Further details may be available at Resilience NSW accessed at <https://www.emergency.nsw.gov.au/Pages/emergency-management/local-government/Local-Government.aspx>

In those circumstances, it is considered that as other grant funding is available the need for a specific disability factor is not justified. If a new disability factor were to be implemented, such grants and other assistance would need to be analysed and measured across the board to avoid funding duplication, which is a requirement of the National Principles.

The Commission must also give due consideration to how a new disability factor could be measured in a statistically robust method. The limited data currently available makes this problematic, particularly with existing grants. Also, the unpredictability of costs related to natural disasters would potentially create instability for individual council grants.

On this basis, the Commission has decided to retain its position on emergency funding and funding for natural disasters, being, that it is best evaluated and administered by the related specialist government agencies.

If you or your staff would like to discuss these matters further, please contact me on (02)

I trust this information is of assistance.

Yours sincerely

**Helen Pearce**  
**Executive Officer**





# Local Government Grants Commission Special Submission

2021-22 Grants

Responding to and Preparing and Mitigating Natural Disasters

Bega Valley Shire Council  
November 2020



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# Contents

<b>Background.....</b>	<b>3</b>
<b>Submission.....</b>	<b>4</b>
Function Affected .....	4
1. The preparation and planning for emergency management.....	4
2. Planning and delivery of critical infrastructure .....	4
3. Response .....	4
4. Recovery .....	4
5. Management of Core Infrastructure .....	4
Disability Description.....	4
Description and Response .....	4
Cost Impact.....	4
• Recreation and Culture, Natural Areas .....	4
• Administration and Governance .....	4
• Roads, Bridges, Footpaths .....	5
• Public Order, Safety .....	5

# Background

Bega Valley Shire Council (BVSC) has experienced significant natural disasters over the past decade. Since 2012 there have been over twelve disaster declarations for the Shire covering floods, East Coast Low coastal impacts and fires. In 2020 alone we have experienced five natural disaster declarations. In the Black Summer bushfires 61% of the Shire's area was burnt; 599 houses, 1401 outbuildings and 47 facilities were destroyed or significantly damaged.

The Bega Valley Shire area is identified as one of the highest risk bushfire areas in the country. Floods and coastal lows also significantly impact this corner of the State. Climate variances are seeing increasing severity and regularity of these events.

The Bega Valley Shire Council BVSC has significant planning, asset protection zone works, and preparedness, response and recovery work in the emergency management area.

Whilst some funding is provided to Councils following a disaster this is restricted and does not cover all costs. There is limited funding for planning, preparedness, asset protection and mitigation works. The financial impact of inherent expenditure disabilities beyond our control from this work and other local government areas in high risk areas we do not believe is currently reflected in the current methodology.

Whilst the current expenditure functions assessment includes a coverage of rainfall, topography and drainage and environment we do not believe the current overlays adequately cover disaster assessment. In the Relative Disadvantage Allowance there is no reflection of the risk assessment of the likelihood of natural disasters applicable to Bega Valley Shire Council.

BVSC has a high proportion of unrateable land being Crown, National Parks and State Forests. Ironically it is these lands that also contribute to the relative disadvantage of the Shire with respect to risk from natural disaster.

As part of the Southern NSW Recovery the impost of the expanded roles now expected of local government in emergency preparedness, response and recovery and in asset protection has been discussed and seen as a growing expectation. The acceptance by the NSW Government of all the recommendations from the Bushfire Inquiry highlight this with 28 of the 76 recommendations bringing increased roles to local government.

Council, at its meeting on 8 October 2020, resolved to make a submission to the Local Government Grants Commission in relation to inclusion of emergency preparedness asset protection and community and asset resilience as a disability factor in the Grants Commission.



# Submission

## Function Affected

1. The preparation and planning for emergency management
2. Planning and delivery of critical infrastructure
3. Response
4. Recovery
5. Management of Core Infrastructure

## Disability Description

Emergency management and disaster preparedness:

- planning
- preparedness
- asset protection
- mitigation works and ongoing management of critical infrastructure
- emergency response and
- recovery activities.

## Description and Response

Action taken to address the issues identified has included applying for special purpose competitive grant programs when they become available which is rarely the case. Even when grant programs do become available that might accommodate the disadvantages identified above BVSC is submitting applications for initiatives that others do not need to consider. A recent example is BVSC applying for additional funding for bushfire hazard reduction planning and works out of a Federal drought program.

## Cost Impact

### • Recreation and Culture, Natural Areas

The cost impact described below in public order and safety also relates to management of fire risk associated with natural areas under Councils management. In addition it is estimated that BVSC is disadvantaged by approximately \$50,000 per annum in being able to manage recreation assets due to the additional coastal hazards. Recreation assets are not typically eligible for funding under DFRA guidelines.

### • Administration and Governance

It is estimated that Council is disadvantaged approximately \$200,000 per annum on average as result of the issues described above. This reflects the typical number of natural disasters experienced, the value of restoration works required and the unclaimable components associated with responding to and recovering from disasters. This includes work in unclaimable costs supporting response of emergency services which in 2018 and 2020 were in the order of \$250,000 per event.

In relation to local government being a key player in recovery activities Bega Valley Shire Council has had to absorb costs not claimable from Resilience NSW (formerly Office of Emergency Management) to support recovery centres, and recovery support services. This has been in the order of \$100,000 per event.

In relation to emergency management preparation and planning and community resilience there is a growing expectation of the role of local government in this area. Currently Resilience NSW support an officer to assist Council and the National Bushfire Recovery Agency has personnel working in the Shire. The administration and on costs associated with these positions however rest with Council.

- [Roads, Bridges, Footpaths](#)

It is estimated that BVSC is approximately 20% further disadvantaged than most Councils in its ability to manage roads, bridges and footpaths due to the combination of highly undulating topography, relative impact of climate change through increased frequency of storms/heavy rain (combined with tidal surges in coastal areas) and geology (many decomposed granite substrates which are highly erosive) . This means Council is required to expend more resource on its transport infrastructure to maintain the same service stands of others. In broad terms if the road component of the FAG was increased for BVSC by approximately 20% it would equate to an increase of approximately \$400,000.

- [Public Order, Safety](#)

It is estimated that BVSC is approximately \$300,000 under funded relative to similar scale Councils with respect to its ability to manage bushfire risk on its recreation and natural areas land. This is reflective of the relative area for rateable land compared to where the additional bushfire risk is sourced from. In addition, it is estimated Council is further disadvantaged an additional \$50,000 due to the increased prevalence of emergencies and disasters and the State imposed role that Council plays in emergency management. This is through supporting the functions of the Local Emergency Management Committee.