

NATIONAL PARTNERSHIP AGREEMENT FOR NATURAL DISASTER RECONSTRUCTION AND RECOVERY

Council of
Australian
Governments

An agreement between

- the **Commonwealth of Australia** and
- the **States and Territories**, being:
 - ◆ The State of Queensland

This Agreement will contribute to the reconstruction and recovery of communities affected by the 2010-11 floods and Tropical Cyclone Yasi.

National Partnership Agreement for Natural Disaster Reconstruction and Recovery

INTERGOVERNMENTAL AGREEMENT ON FEDERAL FINANCIAL RELATIONS

PRELIMINARIES

1. This National Partnership Agreement (the Agreement) is created subject to the provisions of the [Intergovernmental Agreement on Federal Financial Relations](#) (IGA) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements.
2. Given the scale of the 2010-11 floods and Tropical Cyclone Yasi (Cyclone Yasi), and the significant costs as a result, the Commonwealth Government is providing support for reconstruction and recovery of the communities affected. This includes providing a \$2 billion advance payment to the Queensland Government under the Natural Disaster Relief and Recovery Arrangements (NDRRA), to be paid in the 2010-11 financial year against the Commonwealth's obligations under the NDRRA.
3. In entering this Agreement, the Commonwealth and the relevant States acknowledge that primary responsibility for the protection of life and property in response to a natural disaster lies with the States. The States also acknowledge the need to ensure that a strategic approach is taken to reconstruction and recovery efforts, incorporating the principles of local input, and leverage effort across all three tiers of government and the private and not-for-profit sectors.
4. The key mechanism for the Commonwealth to support the States following a natural disaster is the NDRRA. This Agreement is intended to further strengthen and complement the governance and accountability provisions of the NDRRA by setting out:
 - (a) the objectives and outcomes sought through reconstruction and recovery efforts;
 - (b) the governance arrangement for the Commonwealth and the States to work together in the reconstruction and recovery effort;
 - (c) the roles and responsibilities of the Parties, including the Australian Government Reconstruction Inspectorate, which is responsible for the oversight of the reconstruction and recovery effort; and
 - (d) the arrangements for both reporting on, and the auditing of the expenditure devoted to, the reconstruction and recovery effort.
5. This Agreement will be implemented consistently with the objectives and outcomes of all National Agreements and National Partnerships agreed by the Parties. In particular, the Parties are committed to addressing the issue of social inclusion, including responding to Indigenous disadvantage (for example, the reform commitments provided in the [National Indigenous Reform Agreement](#)) and those commitments are embodied in the objectives and outcomes of

this Agreement. This Agreement will also be implemented consistently with the National Strategy for Disaster Resilience agreed by the Parties.

PART 1 – FORMALITIES

Parties to this Agreement

6. This Agreement is between the Commonwealth of Australia (the Commonwealth) and Queensland, and any other State or Territory that becomes a party to the Agreement.

Term of the Agreement

7. This Agreement will commence as soon as the Commonwealth and one other Party signs the Agreement and will expire on 30 June 2014, or on completion of the projects outlined in the Schedules, including acceptance of final performance reporting and processing of final payments against project milestones. The Agreement may be terminated earlier or extended as agreed in writing by the Parties.

Enforceability of the Agreement

8. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, that does not lessen the Parties' commitment to this Agreement.

Delegations

9. Commonwealth Ministers with portfolio responsibility for reconstruction and recovery, or their delegates, are authorised to agree Schedules, including Implementation Plans, to this Agreement. The Ministers or their delegates are also authorised to agree any amendments to Schedules on behalf of the Commonwealth.
10. Respective State Ministers with portfolio responsibility for reconstruction and recovery, or their delegates, are authorised to agree Schedules, including Implementation Plans, to this Agreement. The respective Ministers or their delegates are also authorised to agree any amendments to Schedules on behalf of their State.

Interpretation

11. For the purposes of this Agreement, the definitions of terms such as "floods" and "flood-affected communities", as they apply to each State, are set out in the Schedules to this Agreement.
12. For the purposes of this Agreement:
 - (a) "natural disaster recovery work plan" means the collection of projects developed by the States, and agreed with the Commonwealth, for reconstruction and/or recovery following the 2010-11 floods and Cyclone Yasi. The natural disaster recovery work plan for each State will be attached in a Schedule to this Agreement.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

13. This Agreement will contribute to the reconstruction of communities which were affected by the 2010-11 floods and Cyclone Yasi.

Outcomes

14. This Agreement will contribute to the following specific outcomes in flood or cyclone affected communities:
 - (a) repair of damage to essential public assets as a result of the floods or Cyclone Yasi;
 - (b) replacement or restoration of essential public assets;
 - (c) support for the recovery of communities and local economies severely affected by the floods or Cyclone Yasi; and
 - (d) assisting communities to be more resilient for future disasters, in keeping with the objectives of the NDRRA and the National Strategy for Disaster Resilience.

Outputs

15. Each State that is party to this Agreement agrees to prepare a Natural Disaster Recovery Work Plan which will identify a set of specific projects to assist with reconstruction and/or recovery in their State. These projects will target the following priority areas:
 - (a) reconstruction: supporting communities to rebuild essential public assets;
 - (b) people and communities: assistance and services to support individuals and communities to manage their own recovery; and
 - (c) the economy: recovery packages to support business and employment in flood and cyclone affected areas.
16. The Natural Disaster Recovery Work Plans should build on the planning work undertaken by Regional Development Australia (RDA) committees and local governments to ensure a strategic approach to reconstruction and recovery efforts, incorporating the principles of local input and leverage across all three tiers of government as well as the private and not-for-profit sectors.
17. The Natural Disaster Recovery Work Plans should be developed consistently with the Principles Related to Proposals for Additional Natural Disaster Assistance, set out in a Schedule to this Agreement.
18. The Natural Disaster Recovery Work Plans will be agreed between the States and the Commonwealth and attached to this Agreement as Schedules. States will be responsible for monitoring and reporting on progress against their Work Plans. The Commonwealth and a State may agree to amend a Work Plan to reflect changed circumstances as necessary.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

19. To realise the objectives and commitments in this Agreement, the Commonwealth and each State has specific roles and responsibilities, as outlined in the Schedules to this Agreement. In general terms, the role of the Commonwealth and the States are outlined below.

Role of the Commonwealth

20. The Commonwealth agrees to be accountable for the following roles and responsibilities:
- (a) providing a financial contribution in respect of its obligations under the NDRRA to the States to support the implementation of this Agreement;
 - (b) developing the Schedules to this Agreement in consultation with the States;
 - (c) auditing the performance of bodies directly involved in the expenditure of NDRRA funding for flood or cyclone reconstruction and recovery activities; and
 - (d) monitoring and assessing performance in the delivery of activities under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe.

Role of the States

21. The States agree to be accountable for the following roles and responsibilities:
- (a) developing the Schedules to this Agreement in consultation with the Commonwealth;
 - (b) providing relevant information and documentation to the Commonwealth necessary to track the use of NDRRA funding from its source to the point of final expenditure and/or final recipient;
 - (c) delivering on outcomes and outputs assigned to the States for implementation; and
 - (d) monitoring and assessing performance in the delivery of activities under this Agreement.

Shared roles and responsibilities

22. The Commonwealth and the States share the following roles and responsibilities:
- (a) participating in consultations as appropriate regarding the implementation of this Agreement;
 - (b) negotiating new or revised Schedules, including Implementation Plans, to this Agreement; and
 - (c) conducting evaluations and reviews of services and outputs delivered under this Agreement.

23. The Parties will meet the requirements of Schedule E, Clause 26 of the **Intergovernmental Agreement on Federal Financial Relations**, by ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity relating to activities under an Implementation Plan, and that the roles of both Parties will be acknowledged and recognised appropriately.

PART 4 – PERFORMANCE MONITORING AND REPORTING

24. The NDRRA is the primary mechanism for the Commonwealth to provide funding to the States for flood and cyclone reconstruction and recovery efforts. Under the NDRRA, States and Territories are required to provide independently-audited financial statements to support any claim under the NDRRA, including the requirement to substantiate spending against any advance payments. These statements are to be audited by the Auditor-General of that State, consistent with NDRRA guidelines.
25. Under this Agreement the parties agree to meet the key performance reporting requirements and project milestones for the projects specified in the Schedules to this Agreement. The States agree to report monthly to the Commonwealth through the Commonwealth Minister nominated as responsible for oversight of flood and cyclone reconstruction and recovery. Reports will cover:
 - (a) progress against Natural Disaster Recovery Work Plans and in meeting project milestones and outcomes as specified in the Schedules;
 - (b) progress with expenditure under the NDRRA, including advice on the level of expenditure in key areas of the reconstruction effort;
 - (c) revisions to estimates of costs; and
 - (d) progress against the strategic plans of each affected community, including the extent to which milestones are being achieved and what additional funding is being leveraged.
26. Given the large quantum of Commonwealth funding involved in the floods and cyclone reconstruction and recovery effort, the public is likely to expect an even higher standard of transparency and assurance that funds are being used appropriately.
27. The parties recognise that each jurisdiction's Auditors-General have the responsibility for auditing all public sector entities, including departments, statutory bodies and local governments within that jurisdiction. The Commonwealth Auditor-General will explore with the relevant Auditor-General in each State an agreed audit plan that would provide the capacity for Commonwealth funding under the National Partnership Agreement and the NDRRA to be audited from its source to the point of final expenditure and/or final recipient through a complementary approach to performance audits. The audit plan will determine the scope, timing and frequency of any audits relating to Commonwealth expenditure.
28. The parties also agree that the State Auditor-General will provide the audit findings, and the basis for those findings, to the Commonwealth Auditor-General for audits conducted in line with the agreed audit plan.

PART 5 – FINANCIAL ARRANGEMENTS

29. The Commonwealth will provide financial assistance to the States for flood and cyclone recovery and reconstruction activities as provided for under the provisions of the NDRRA. This includes an advance payment of \$2 billion to be paid to Queensland in the 2010-11 financial year under the Commonwealth's obligations under the NDRRA.
30. Any new proposals for assistance (for example, falling under Category D of the NDRRA, or non-NDRRA items) will need to be proposed to the Prime Minister, accompanied with business cases demonstrating value-for-money. Proposals should be consistent with the Principles Related to Proposals for Additional Natural Disaster Assistance, set out in a Schedule to this Agreement. The Commonwealth will consider any such proposals through normal Cabinet processes.

PART 6 – GOVERNANCE ARRANGEMENTS

Ministerial oversight

31. The governance arrangements in this Agreement aim to:
 - (a) ensure that the Commonwealth and States collaborate effectively in the reconstruction and recovery process;
 - (b) establish clear roles and responsibilities for the Commonwealth and States in the reconstruction and recovery process; and
 - (c) identify clear lines of reporting and transparent accountability for outcomes.
32. At both the Commonwealth and State Government levels, Cabinet committees will oversee the recovery effort and report directly to the Prime Minister and State Premiers respectively.
 - (a) The Commonwealth National Disaster Recovery Cabinet Sub-Committee will report on progress to the Prime Minister.
 - (b) State Cabinet Committees will report on progress to Premiers.
33. The Commonwealth Minister for Regional Australia, Regional Development and Local Government, as Deputy Chair of the National Disaster Recovery Cabinet Sub-Committee, will continue to be responsible for coordination of Commonwealth Ministerial involvement in flood and cyclone recovery and reconstruction efforts in affected States other than Queensland.
34. With respect to Queensland, the Commonwealth Minister Assisting the Attorney-General on the Queensland Floods Recovery will coordinate Commonwealth Ministerial involvement in Queensland flood and cyclone recovery efforts. This includes the Minister participating in the Queensland Flood Recovery Cabinet Committee to facilitate good communication between Queensland and Commonwealth Cabinet Committees.

Australian Government Reconstruction Inspectorate

35. The Commonwealth will establish an Australian Government Reconstruction Inspectorate (the Inspectorate) to oversee the reconstruction activity to provide assurance that value for money is being achieved in the expenditure of both Commonwealth and State funds during the recovery phase. The Inspectorate will:

- (a) report to the Prime Minister;
 - (b) work closely with the established processes within state agencies and provide an additional level of check and balance for the expenditure of funds; and
 - (c) not replicate the function or responsibilities of decision-making or statutory bodies such as the Queensland Reconstruction Authority or the Commonwealth or State Ombudsmen or Auditors General.
36. The Inspectorate will perform its functions by:
- (a) working collaboratively with any reconstruction agency on the development of contractual frameworks, tendering processes and project management systems used;
 - (b) where necessary, undertaking scrutiny of requests for reimbursement by local government for projects completed for the purposes of reconstruction;
 - (c) undertaking scrutiny of contracts and benchmark prices, to ensure value for money;
 - (d) undertaking scrutiny prior to execution for complex or high value contracts;
 - (e) monitoring achievement against agreed milestones; and
 - (f) responding and investigating complaints or issues raised by the public.
37. Membership of the Inspectorate would be matter for the Commonwealth to determine, but would include:
- (a) a Chair with extensive experience of public sector management and decision-making;
 - (b) a senior audit partner from a major accounting firm;
 - (c) independent member(s) with private sector expertise and relevant experience; and
 - (d) the Secretary of the Australian Government Department of Finance and Deregulation (DoFD).
38. The Commonwealth will support the provision of expert advice to the Inspectorate, for example in the fields of quantity surveying, construction management and contract law, as necessary through its National Disaster Recovery Taskforce.
39. The Commonwealth will develop operating protocols for the Inspectorate, setting out how the Inspectorate will interact with other Commonwealth and State bodies involved in reconstruction activity, as soon as is practicable after the Inspectorate's establishment. The Commonwealth will consult the States when developing the operating protocols.

Commonwealth National Disaster Recovery Taskforce

40. A Commonwealth National Disaster Recovery Taskforce ('the Taskforce') will be established and located in the Department of Regional Australia, Regional Development and Local Government (DRARDLG). Its work will be guided by a steering committee chaired by the Secretary of the DRARDLG, and include the Secretaries of the Attorney-General's Department, Department of Infrastructure and Transport, DoFD, the Treasury and the Associate Secretary, Domestic Policy, Department of the Prime Minister and Cabinet.

41. The Taskforce will have as its sole focus the oversight and coordination of Commonwealth interests in relation to the recovery and reconstruction efforts regarding the flooding events that took place in late 2010 and early 2011 and Cyclone Yasi. The Taskforce will:
- (a) provide support, including Secretariat services, to the Inspectorate;
 - (b) report to the Minister Assisting the Attorney-General for Queensland Flood Recovery and the Deputy Chair of the Australian National Disaster Recovery Cabinet Sub-Committee;
 - (c) provide the Australian National Disaster Recovery Cabinet Sub-Committee with monthly progress reports on State plans for recovery, including updated estimates of the Commonwealth's liability under the NDRRA;
 - (d) provide the secretariat function for the Business Leaders Taskforce;
 - (e) assess spending on recovery and reconstruction efforts arising from the flooding and cyclone events to ensure consistency with NDRRA;
 - (f) assess requests for Commonwealth funding assistance outside those automatically triggered by a declaration under the NDRRA (including all Category D requests) consistently with the Principles Related to Proposals for Additional Natural Disaster Assistance set out in a Schedule to this Agreement, and advise the Commonwealth Government on these requests; and
 - (g) ensure that a strategic approach is taken to reconstruction and recovery efforts, incorporating the principles of local input, and leverage effort across all three tiers of government and the private and not-for-profit sectors.

State-specific governance arrangements

42. In addition to the general governance and accountability arrangements set out in this Agreement, State-specific arrangements will be established. Each of these State-specific governance arrangements will be included in the relevant Schedules to this Agreement.

Dispute resolution

43. Any Party may give notice to other Parties of a dispute under this Agreement.
44. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
45. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.
46. If a dispute cannot be resolved by the relevant Ministers, it may be referred by a Party to the Prime Minister and relevant Premiers.

Review of the Agreement

47. The Agreement will be reviewed within 12 months of signing, or earlier as agreed by the Prime Minister and the Premier of any Party, and annually thereafter with regard to progress made by the Parties in respect of achieving the agreed outcomes.

Variation of the Agreement

48. The Agreement may be amended at any time by agreement in writing by all the Parties.

49. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.

The Parties have confirmed their commitment to this agreement as follows:

*Signed for and on behalf of the Commonwealth
of Australia by*



The Honourable Julia Gillard MP
Prime Minister of the Commonwealth of Australia

17 February 2011

*Signed for and on behalf of the
State of Queensland by*



The Honourable Anna Bligh MP
Premier of the State of Queensland

24 February 2011

PRINCIPLES RELATED TO PROPOSALS FOR ADDITIONAL NATURAL DISASTER ASSISTANCE

(BEYOND EXISTING PROVISIONS OF CATEGORIES A, B AND C OF THE NATURAL DISASTER RELIEF AND RECOVERY ARRANGEMENTS)

A Framework for the Development and Consideration of Proposals

- A1 The following principles are to guide the development and consideration of proposals:
- (a) Ensure that each level of government contributes appropriately to the funding needs, recognising that for large disaster events, the standard NDRRA provisions already provide that the Commonwealth funds the majority of State and local government costs for repairing/replacing eligible assets. Accordingly, a strong case showing the benefit to the Commonwealth and the States should be made, noting that contributions from States and local governments provide good incentives for high priority projects to be identified and, if approved, also provides incentives to obtain value for money in the management of the projects.
 - (b) A higher level of government should not provide assistance until the lower level(s) of government have also done so, and their ability to provide further assistance has reached its limits.
 - (c) Ensure that the structure of proposals and their funding arrangements do not undermine or distort the obligations on parties for security, business continuity or insurance—accordingly, proposals should not have the effect of providing a disincentive for individuals, businesses and governments to act prudently and responsibly in future.
 - (d) Each proposal should demonstrate why it should be regarded as a relative priority for funding — proposals need to show why they are critical to recovery and are unable to be funded in an alternative and more cost-effective or equitable way, in particular, the case should explain why the proposal has not been, or could not be, considered for funding under the standard infrastructure programs of the Commonwealth and State/local governments.

Information Needed to Support Proposals Which Meet the Above Principles

- A2 Taking these principles into account, proposals which are developed should address the following issues where possible:
- (a) Why does the Commonwealth government need to intervene in the way proposed?
 - i. What is the rationale for the proposal — issues to be addressed would include the scope for State and/or local government funding?

(b) What are the options and their pros and cons?

- i. Are they supported by a cost-benefit analysis (or at least a cost-effectiveness analysis)?
- ii. What evidence can be presented that the proposal will be cost-effective, and represents value for money?
- iii. Are they supported by commitments to mitigate future claims of the same kind, for example a commitment for specific improvements in land use policies, zoning rules, etc?
- iv. Has the proposal been, or could it be, considered for funding under another program? If so, why was it not funded or not considered for funding under another program?

(c) What is the fiscal impact of the options?

- i. What is the cost — details of the costing assumptions and the basis for the costing calculations should be provided.

(d) Implementation arrangements

- i. Issues to be addressed may include governance, management of risks and mechanisms to provide assurance on obtaining value for money.

Queensland-Specific Governance Arrangements for Reconstruction and Recovery

- B1. This Schedule provides for a number of governance arrangements specific to Queensland in addition to the general governance and accountability arrangements set out in the National Partnership Agreement for Natural Disaster Reconstruction and Recovery (the Agreement).
- B2. For the purposes of this Schedule:
- (a) "floods" means floods that were declared disasters for which NDRRA assistance was activated from November 2010 to early 2011, which the Bureau of Meteorology's Special Climate Statement 24 has linked with six major rain events that occurred between 28 November 2010 and 15 January 2011; and
 - (b) "flood-affected communities" means communities directly affected by the 2010-11 floods in Queensland as per the NDRRA activations.

Queensland Reconstruction Authority

- B3. The Queensland Reconstruction Authority (QRA) will:
- (a) lead and oversee Queensland's flood and cyclone recovery operations;
 - (b) develop and implement Queensland's Natural Disaster Recovery Work Plan, identifying specific projects, which will be attached as a Schedule to the Agreement;
 - (c) monitor and assess the performance of the delivery of projects under the Agreement;
 - (d) report to the QRA Board, the Central Agency Steering Committee, the Australian Government Reconstruction Inspectorate and the Queensland Cabinet on the delivery of outcomes as set out in the Work Plan;
 - (e) liaise with the State Disaster Recovery Coordinator and the Commonwealth National Disaster Recovery Taskforce as needed to ensure good integration; and
 - (f) report on performance against the projects set out in Queensland's Natural Disaster Recovery Work Plan.
- B4. To ensure good coordination across levels of government, two Commonwealth representatives will be appointed to the Board of the QRA. One of these will be the Secretary of the Department of Regional Australia, Regional Development and Local Government (DRARDLG). The other member will be nominated by the Commonwealth and will have extensive experience working with States and Territories in large scale implementation projects.

- B5. Members of the QRA will have substantial experience in financial, contractual, engineering and/or large-scale infrastructure projects.
- B6. All board members sitting on the QRA will be indemnified against any legal claims while exercising the Board's functions in good faith.

Central Agency Steering Committee

- B7. A joint Central Agency Steering Committee will be established to ensure the effective collaboration between Commonwealth and State central agencies involved in the reconstruction and recovery effort.
 - (a) This Committee will be chaired by the Director-General of the Queensland Department of Premier and Cabinet.
 - (b) The Commonwealth representative on the Committee will be the Secretary of the Department of the Prime Minister and Cabinet.

Queensland Flood Recovery Cabinet Committee

- B8. The Commonwealth Minister Assisting the Attorney-General on the Queensland Floods Recovery will participate in the Queensland Flood Recovery Cabinet Committee to facilitate good communication between the Queensland and Commonwealth Cabinet committees.