**A Guide to the Role of the**

A Council Guide to the

Financial Management of Emergencies

# Introduction

Managing the council’s financial sustainability during and following an emergency presents a particular challenge as councils simultaneously strive to maintain critical business operations.

In addition to the *Local Government Act 1989 (LG Act),* councils have responsibilities within each of the following:

• *Emergency Management Act 1986*

*• Country Fire Authority Act 1958 (CFA Act)*

*• Metropolitan Fire Brigades Act 1958 (MFB Act)*

• Emergency Management Manual Victoria (EMMV)

• *Victoria State Emergency Service Act 2005*

* *Water Act 1989* and *Water Industry Act 1994*
* *Public Health and Wellbeing Act 2008*
* *Electricity Safety Act 1998* and Electricity Safety (Electric Line Clearance) Regulations 2010

These Acts, or parts thereof, relate directly to emergency management. However, emergency management has relevance to many parts of council business, including planning and building, infrastructure management, environmental management and animal management.

The cost to councils of providing emergency-related services is generally unbudgeted, as the timing, nature, scale and duration of such requirements are unpredictable.

Emergency recovery is an area of service delivery which may continue for months or years and can be very costly for councils. It includes recovery of the social, economic, built and natural environment of affected communities and the restoration of the council’s own assets and operations.

To add to this complexity, the costs eligible for reimbursement from government and control agencies depend on the nature of the emergency and can vary from event to event.

This guide encourages councils to:

* establish processes to support decision-making and enable the effective financial management of emergencies
* track costs incurred to support reimbursement claims and account for unbudgeted expenditure/opportunity costs the council has incurred
* put into place appropriate delegations that provide officers with the authority to make timely decisions and act on behalf of the council regarding the use of council resources
* develop knowledge of funding arrangements to provide relevant officers, for example the Municipal Emergency Resource Officer (MERO) and Municipal Recovery Manager

(MRM), with the confidence and capacity to commit the necessary resources during and following an emergency.

# Before an Emergency Event

1. Establish unique general ledger accounts/budget codes for recording all costs associated with an emergency.

It is important to capture all costs related to the emergency, even if not eligible for reimbursement, to account for the unbudgeted expenditure/opportunity costs the council has incurred.

Establish separate cost centres for each emergency event. This will make it easier to determine the cost of the disaster and to prepare claims for reimbursement.

As not all expenditure can be claimed, ensure that cost centre descriptions are meaningful to ensure expenditure is correctly assigned.

Some example categories may include:

* + employee costs – ordinary hours
  + employee costs – extraordinary costs including overtime, backfilling and on-costs
  + plant and equipment
  + material and contracts
  + response/recovery operations

Look at the type of expenditure sought on a claim form. Refer to **Appendix A** for further suggestions

1. Establish a system for authorising and tracking all expenditure associated with an emergency. The Crisisworks incident management system (formerly known as MECC Central) may be useful for this purpose. It is proposed that this be used to complement, rather than duplicate, council’s financial software.

Councils are encouraged to use Crisisworks for the management of smaller scale incidents, as well as major emergency events.

If the Crisisworks (MECC Central) incident management system is to be used, council finance officers are encouraged to participate in training to enable use of the system in matching emergency-related activities to invoices. Refer to actions 17 and 28.

1. Understand the scale and scope of costs that councils may incur during an emergency. Have a discussion with your council’s executive about where the financial resources will come from in an emergency. Consider allocating funds for counter disaster activities, emergency asset protection works, clean-up costs, extraordinary staff/contractor costs, materials/supplies and relief/recovery operations.
2. Understand the reimbursement arrangements that may apply to different types of emergencies. In some circumstances, reimbursement of costs incurred during or following an emergency can be sought from the Victorian and Australian governments. A brief summary is provided at **Appendix B**.

The prospect of reimbursement should not cause councils to neglect their own obligation to plan and allocate resources for emergencies and incidents.

1. Understand what is not eligible for reimbursement. For example, in the event of a natural disaster the costs of overtime and backfilling of roles may be eligible, but ordinary salaries are not eligible.
2. Note that expenditure of funds provided via the Victorian Government’s Natural Disaster Financial Assistance (NDFA) program or the Australian Government’s Natural Disaster Relief and Recovery Arrangements (NDRRA) must be acquitted within the allowable time period and will be audited.
3. Know your regional VicRoads representative who has the role of verifying and recommending NDFA/NDRRA claims for payment by the Victorian Department of Treasury and Finance (DTF). VicRoads assesses costs associated with counter disaster operations, emergency protection works and the reinstatement of essential public assets.
4. Ensure that council’s asset register is maintained, especially for those assets considered to be essential public assets.
5. Ensure that council has developed and implemented disaster mitigation strategies to minimise the effects of disasters. Evidence of implementation will be required for reimbursement. The state’s financial assistance to councils is reduced by 10 per cent where natural disaster mitigation strategies are not in place in respect of likely or recurring disasters.
6. Ensure that council has adequate insurance in place. Reimbursement from other sources should not be relied upon. Be aware of the excess that is payable by council. Refer to **Appendix C** for further details relating to insurance.
7. Ensure that appropriate instruments of delegation are in place, providing relevant officers with the power to undertake actions on behalf of the council regarding the use of council resources and to make other necessary decisions relating to an emergency.
8. Have extraordinary/emergency delegation arrangements formally agreed by council in recognition that exceptional circumstances may apply during major emergency events, requiring increased delegation limits for the CEO and other relevant council officers.

## Recommendation- Develop expertise in reimbursement arrangements

Nominate at least one key person to develop expertise in emergency management reimbursement arrangements.

It is important to maintain current knowledge of such arrangements and to note that eligibility for reimbursement may vary according to the circumstances of the emergency event.

This person should know who to call to discuss the reimbursement arrangements that apply to a specific emergency. Contact details for key agencies are listed in **Appendix B.**

1. Know your procurement policy and the provision in the *Local Government Act 1989* - s186(5)(a), which provides a procurement exemption to enable immediate emergency works to be undertaken. Use of this exemption requires a resolution of council to declare the event to be an emergency. Longer term restoration works are subject to the usual procurement practices.
2. Consider the need to establish a panel of contractors for emergency infrastructure works and longer term restoration. The availability of contractors can be an issue when multiple municipalities, including those interstate, have also been recently affected by disaster. These contractors should be listed in the Municipal Emergency Management Plan (MEMP) for the MERO’s reference.
3. Consider issuing credit cards to relevant officers with a realistic limit for use during emergency events, together with guidelines regarding the use of such credit cards.
4. Consider the establishment of accounts in advance with relevant local businesses, such as supermarkets and hardware stores.
5. Identify who will confirm and approve all expenditure associated with response, relief and recovery activities. The Crisisworks (MECC Central) incident management software can assist in tracking expenditure. See actions 2 and 28.
6. Identify who will be responsible for overseeing the financial records relating to the emergency and making reimbursement claims.
7. Identify who will be responsible for the acquittal of funding received.

Refer to **Appendix D** for a checklist that may be useful in identifying responsibilities.

# During an Emergency Event

**Recommendation - Establish effective internal communication**

Regular communication about costs and reimbursement is critical. At a minimum, the emergency management officer/s, MERO, MRM, finance officers, payroll officers, infrastructure officers and senior management team have a key role.

Depending on the nature and scale of the emergency, those with a role may include human services, environmental management, animal management, public health, economic development, building control, land use planning and human resources.

Also communicate with council’s CEO who, in partnership with the Mayor, is likely to be advocating to the Victorian and Australian governments, including DTF, for financial assistance. Their existing good relationships with local Members of Parliament will also be beneficial during an emergency.

1. Following a natural event (e.g. severe rain) contact DTF about the extent of damage and the type of expenditure being incurred as there may be an opportunity for DTF

to submit a claim under the NDRRA. No declaration is required for councils to seek financial assistance.

1. Check whether your council is a signatory to the MAV Inter-Council Emergency Management Resource Sharing Protocol and/or other support arrangements.

The MAV Resource Sharing Protocol (page 7) clarifies operational, insurance and reimbursement issues that may arise through municipal resource-sharing arrangements. A copy of the protocol and a list of signatories can be found on the MAV website – [http://www.mav.asn.au/policy-services/emergency-management/Pages/ resource-sharing-protocol.aspx](http://www.mav.asn.au/policy-services/emergency-management/Pages/%20resource-sharing-protocol.aspx)

1. If utilising staff from another council, establish a process for tracking hours worked

and associated costs.

Discuss with the assisting council whether they intend to invoice your council for salary, travel, accommodation and allowances of the assisting officer/s.

These costs may be eligible for reimbursement, minimising the out of pocket costs

for both the affected council and the assisting council. This may enable the assisting council to provide staff or other resources for longer periods.

1. Advise/remind all relevant council units of the accounts to be used for any

expenditure related to the emergency. Refer to the recommendation above relating

to effective internal communication.

1. Ensure the payroll officer is advised of the project code for overtime and/or other relevant staffing costs in relation to the emergency.
2. Check council’s financial responsibilities as the arrangements below are subject to change1.

Councils are responsible for the costs of providing municipal resources (owned or under the direct control of council)2 including:

* equipment such as heavy machinery (even where under existing contract from external suppliers), however the provision and use may be subject to limits and constraints as outlined in the MEMP3.
* personnel for response and recovery activities
* resources for recovery activities

Responsibility for the costs of providing emergency relief services is as follows:4

* municipal councils are responsible for meeting the cost of emergency relief measures provided to people affected by an emergency
* if emergency relief is requested by a response or relief agency for its own personnel, that agency will be responsible for costs incurred
* when a response agency requests emergency relief (such as food and water)

on behalf of a number of response agencies, the requesting agency will be responsible for costs incurred.

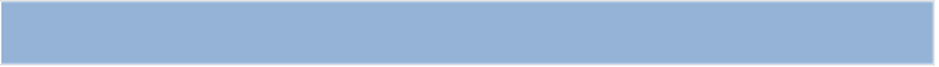
These arrangements apply regardless of whether emergency relief is coordinated at municipal, regional or state levels.

In some cases, the costs associated with establishing and operating a Municipal Emergency Coordination Centre (MECC) or alternative, or with relief and recovery services may be eligible for reimbursement.

1. Gather evidence to show damage from an event. For example, initial impact assessments, post impact assessment reports, Bureau of Meteorology reports (Special Climate Statements), newspaper articles and/or photos of water over roads may be useful to obtain approval for the reimbursement of costs associated with repairs. Records such as a log of roads closed and other requests that have been logged in Crisisworks (MECC Central) may also be of value.
2. *Note: Funding arrangements may change upon implementation of Victoria’s Emergency Management White Paper reforms*
3. *Emergency Management Manual Victoria (EMMV), Part 6, page 6-17:* [*http://www.oesc.vic.gov.au/home/policy+and+standards/emergency+management+manual+victoria*](http://www.oesc.vic.gov.au/home/policy+and+standards/emergency+management+manual+victoria)
4. *Note: Some costs associated with counter disaster activities or emergency protection works may be eligible for reimbursement.*
5. *Emergency Relief Handbook, DHS:* [*http://www.dhs.vic.gov.au/emergency*](http://www.dhs.vic.gov.au/emergency)

|  |
| --- |
| Recommendation – Contact the funding body Finance Officer contact the relevant funding body as soon as the event occurs to check  eligibility for reimbursement. Eligible costs for reimbursement may be determined  according to the circumstances of the emergency event. The major funding sources are  listed at **Appendix B**.  Questions to ask include:   * What percentage of eligible costs will be reimbursed? * What, if any, relief costs are eligible for reimbursement? * What recovery costs are eligible for reimbursement? * What clean-up costs are eligible for reimbursement? * Are the costs associated with establishing and operating a MECC eligible for reimbursement for this event? * Will the cost of seconding staff from other councils to assist or backfill roles be   eligible for reimbursement? Does this include travel expenses, allowances,  and accommodation?   * What funding is available in advance of the impact assessments? * Are costs associated with a betterment project eligible for reimbursement? * What evidence will be required to acquit the funding? |

1. If required, consider using the provision that exists in the *Local Government Act 1989*, *s186(5)(a),* which allows a procurement exemption to enable immediate emergency works to be undertaken. Note: Use of this exemption requires a resolution of council, declaring the event to be an emergency. Longer term restoration works are subject to the usual procurement practices.
2. Track the use of resources throughout the response, relief and recovery stages. The Crisisworks (MECC Central) incident management software will be useful for resource tracking, if your council has procured it. See actions 2 and 17.
3. If required, discuss the need to employ Community Development Officers within affected communities with the Emergency Management Branch at the Department of Human Services.

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# Following an Emergency Event

1. To seek advance payments or reimbursement through NDFA/NDRRA funding, understand what evidence is required and work closely with VicRoads and DTF for approval of works and funding. See actions 7 and 26.
2. Check the deadline for lodging any claims for financial assistance.
3. Identify the deadline for finalising reimbursement claims. Under the NDFA/NDRRA, all eligible expenditure must occur within a period of less than two years after the end of the financial year in which the natural disaster occurred. Eligible events under the NDRRA can be found at <http://www.dtf.vic.gov.au/Victorias-Economy/Natural-disaster-financial-assistance/Allowable-time-period>

Council’s Infrastructure and Finance Managers should be highly involved in this process and understand that works may become ineligible for reimbursement if not completed within the NDFA/NDRRA timeframe.

# Appendix A: Sample Budget Cost Centre Spreadsheet for an Emergency Event

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Create two cost centres - one for Response and one for Recovery?* | | | | |
| **Cost Centre** | **Total  Actuals** | **YTD  Current  Budget** | **YTD  Actuals** | **YTD  Variance** |
|  |  |  |  |  |
| Target Amount |  |  |  |  |
| **Difference** |  |  |  |  |
| Grand Total |  |  |  |  |
| **INCOME** |  |  |  |  |
| **MECC Response and Recovery Operations** |  |  |  |  |
| 1000 - Grant Response Grant from NDFA (Natural Disaster Financial Assistance) |  |  |  |  |
| 1000 - Recovery Grant from NDFA (Natural Disaster Financial Assistance) |  |  |  |  |
| 1000 - Grants in Advance - Operational |  |  |  |  |
| 1000 - Subsidy - State |  |  |  |  |
| **Infrastructure Response Works** |  |  |  |  |
| 1000 - Grants- NDFA - |  |  |  |  |
| 1000 - Grants in Advance - Works |  |  |  |  |
| 1000 Grants - Subsidy |  |  |  |  |
|  |  |  |  |  |
| **EXPENDITURE** |  |  |  |  |
|  |  |  |  |  |
| **21. Employee Costs - Response** |  |  |  |  |
| 2101 - Salaries |  |  |  |  |
| 2106 - Salaries - Overtime |  |  |  |  |
| 2112 - Annual Leave Loading |  |  |  |  |
| 2113 - Long Service Leave |  |  |  |  |
| 2114 - Annual Leave |  |  |  |  |
| 2115 - Workcover |  |  |  |  |
| 2116 - Allowances |  |  |  |  |
| 2117 - Super DB |  |  |  |  |
| 2118 - Super Lasplan SGA |  |  |  |  |
| 2119 - Motor Vehicle Package Deductions |  |  |  |  |
| 2121 - Temporary Staff |  |  |  |  |
| 2122 - Annual Leave Provision Movements |  |  |  |  |
| 2123 - Officers Vehicle Contributions |  |  |  |  |
| 2126 - Maternity/Paternity Leave |  |  |  |  |
| 2155 - Fringe Benefits Tax |  |  |  |  |
| 2160 - Uniform and Clothing |  |  |  |  |
| 2165 - PPE |  |  |  |  |
| **22. Materials and Contracts Response** |  |  |  |  |
| 2205 - Consumables |  |  |  |  |
| 2211 - Contractors |  |  |  |  |
| 2215 - Cleaning |  |  |  |  |
| 2223 - Fuel |  |  |  |  |
|  |  |  |  |  |
| **Cost Centre** | **Total  Actuals** | **YTD  Current  Budget** | **YTD  Actuals** | **YTD  Variance** |
| 2263 - Plant Hire External |  |  |  |  |
| 2270 - Computer Hardware |  |  |  |  |
| 2271 – Software |  |  |  |  |
| 2272 - Services Miscellaneous |  |  |  |  |
| 2273 – Signage |  |  |  |  |
| **26. MECC Operations - Response** |  |  |  |  |
| 2603 – Advertising |  |  |  |  |
| 2612 - Catering (Offsite only) |  |  |  |  |
| 2615 - Catering (onsite Only) |  |  |  |  |
| 2666 – Printing |  |  |  |  |
| 2678 – Stationery |  |  |  |  |
| 2684 - Telephone General |  |  |  |  |
| 2687 - Telephone Mobile |  |  |  |  |
| 2696 - Travel and Accommodation |  |  |  |  |
| 26?? MECC Operations- General |  |  |  |  |
| **29. Internal Charges Response** |  |  |  |  |
| 2908 - Civic Buildings |  |  |  |  |
| 2916 - Function Centre |  |  |  |  |
| 2953 - Internal Charges - Plant Hire |  |  |  |  |
| 2956 - Internal Charges - Vehicle Expenses |  |  |  |  |
| **52. Health and Local Laws Response** |  |  |  |  |
| 5221 - Septic Tanks |  |  |  |  |
| 5232 - HLL Immunisation and Infectious Diseases |  |  |  |  |
| 5241 - HLL Animal Management |  |  |  |  |
| **62. Parks and Recreation Response** |  |  |  |  |
| 6201 - VicRoads Jobs |  |  |  |  |
| 6225 Storm Damage |  |  |  |  |
| 6228 Tree Works - Streets |  |  |  |  |
| 6232 Tree Works - Electric Line Clearance |  |  |  |  |
| 6236 Tree Works - Parks |  |  |  |  |
| 6296 Land Management and Fire Protection |  |  |  |  |
| **63. Engineering Operations Response** |  |  |  |  |
| 6301 - General Management |  |  |  |  |
| 6302 - Chargeable Works |  |  |  |  |
| 6305 - Street Cleaning |  |  |  |  |
| 6314 - Engineering Works |  |  |  |  |
| 6321 - Availability/Call Outs |  |  |  |  |
| 6323 Underground Drains (Clean Pits and Drains) |  |  |  |  |
| 6327 - Emergency Management |  |  |  |  |
| 6329 - Unsealed Roads – Grading |  |  |  |  |
| 6331 - Unsealed Roads - Open Drains Works |  |  |  |  |
| 6337 - Sealed Roads –Works |  |  |  |  |
| 6341 - Sealed Roads -Major Patching |  |  |  |  |
| 63?? -Sealed Roads Reconstruction |  |  |  |  |
| 6348 - Signs & Street Furniture Repair/Replacement |  |  |  |  |
| 6349 - Line marking |  |  |  |  |
| 6351 - Bridge and Culverts (Repair and Replacement) |  |  |  |  |
| 6357 - Footpaths (Repair and Replacement) |  |  |  |  |
| 6385 - Tipping Costs |  |  |  |  |
| **Cost Centre** | **Total  Actuals** | **YTD  Current  Budget** | **YTD  Actuals** | **YTD  Variance** |
| 6388 - Waste Chipping and Mulching |  |  |  |  |
| 6397 - Waste Disposal - Recyclables |  |  |  |  |
| 6415 - Workshop Services |  |  |  |  |
| **NEW COST CENTRE ??** |  |  |  |  |
| **21. Employee Costs - Recovery** |  |  |  |  |
| 2101 – Salaries |  |  |  |  |
| 2106 - Salaries – Overtime |  |  |  |  |
| 2112 - Annual Leave Loading |  |  |  |  |
| 2113 - Long Service Leave |  |  |  |  |
| 2114 - Annual Leave |  |  |  |  |
| 2115 – Workcover |  |  |  |  |
| 2116 – Allowances |  |  |  |  |
| 2117 - Super DB |  |  |  |  |
| 2118 - Super Lasplan SGA |  |  |  |  |
| 2119 - Motor Vehicle Package Deductions |  |  |  |  |
| 2121 - Temporary Staff |  |  |  |  |
| 2122 - Annual Leave Provision Movements |  |  |  |  |
| 2123 - Officers Vehicle Contributions |  |  |  |  |
| 2126 - Maternity/Paternity Leave |  |  |  |  |
| 2155 - Fringe Benefits Tax |  |  |  |  |
| 2160 - Uniform and Clothing |  |  |  |  |
| **22. Materials and Contracts Recovery** |  |  |  |  |
| 2205 - Consumables |  |  |  |  |
| 2211 – Contractors |  |  |  |  |
| 2223 – Fuel |  |  |  |  |
| 2247 - Materials and Services |  |  |  |  |
| 2253 - Minor Equipment |  |  |  |  |
| 2263 - Plant Hire |  |  |  |  |
| 2270 - Computer Hardware |  |  |  |  |
| 2271 – Software |  |  |  |  |
| 2272 - Services Miscellaneous |  |  |  |  |
| 2273 – Signage |  |  |  |  |
| **26. Other Recovery** |  |  |  |  |
| 2678 – Stationery |  |  |  |  |
| 2687 - Telephone Mobile |  |  |  |  |
| 26?? - ERC Operations |  |  |  |  |
| **29. Internal Charges Recovery** |  |  |  |  |
| 2916 - Function Centre |  |  |  |  |
| 2953 - Internal Charges - Plant Hire |  |  |  |  |
| 2956 - Internal Charges - Vehicle Expenses |  |  |  |  |
| **30. Social and Community Services – Recovery** |  |  |  |  |
| 31?? Emergency Relief Centre Operations |  |  |  |  |
| 31?? Recovery Centre Operations |  |  |  |  |
| 31?? Case Management |  |  |  |  |
| 31?? Community Recovery Committee Operations |  |  |  |  |
| **52. Health and Local Laws Recovery** |  |  |  |  |
| 5221 - Septic Tanks |  |  |  |  |
| 5232 - HLL Immunisation and Infectious Diseases |  |  |  |  |
| 5241 - HLL Animal Management |  |  |  |  |

# Appendix B: Reimbursement Arrangements

|  |  |
| --- | --- |
| **Natural Disaster**  Storm, hail, flood, earthquake, bushfire; cyclone; storm surge; landslide; tsunami; meteorite strike; or tornado.  Excludes drought\*, frost, heatwave, epidemic.  Also excludes disasters where human activity is a contributing cause, e.g. poor environmental planning, commercial development, personal intervention on (other than arson) or accident | **Australian Government’s Natural Disaster Relief and Recovery Arrangements (NDRRA)**  **Victoria’s Natural Disaster Financial Assistance (NDFA) scheme**  Contact: Victorian Department of Treasury and Finance  (DTF)  tel: 9651 2327  email: [ndfa@dtf.vic.gov.au](mailto:ndfa@dtf.vic.gov.au)  web: [DTF website](http://www.dtf.vic.gov.au/Victorias-Economy/Natural-disaster-financial-assistance) - http://www.dtf.vic.gov.au  Further information is provided below.  Councils can apply to the Victorian Grants Commission for the provision of special payments where there is a shortfall between the approved restoration costs and the Department of Treasury and Finance contribution. |
| **Environmental incident** | ***Environment Protection Act 1970***  Contact: Victorian Environment Protection Authority (EPA)  tel: 1300 372 842 (24 hours)  web: <http://www.epa.vic.gov.au>  Further information is provided below. |
| **Emergency Animal diseases (EADs)**  A disease that is likely to have significant effects on livestock – potentially resulting in livestock deaths, production loss, and in some cases, impacts on human health and the environment. These diseases typically have the potential to cause international trade losses, and market disruptions | **Emergency Animal Disease Response Agreement (EADRA)**  Contact: Victorian Department of Environment and Primary  Industries (DEPI)  tel: Principal Veterinary Officer Emergency Response /  Exotic Disease (03) 5226 4871  web: <http://www.depi.vic.gov.au/>  Further information is provided below. |

## Natural Disaster Relief and Recovery Arrangements (NDRRA)

The Australian Government’s Natural Disaster Relief and Recovery Arrangements (NDRRA) provides states and territories with partial reimbursement of natural disaster relief and recovery costs.

NDDRA criteria applies to claims for reimbursement of municipal expenditure, however Victorian councils cannot directly apply for NDRRA funding. Funding is administered by the Victorian Department of Treasury and Finance (DTF) through the State’s Natural Disaster Financial Assistance (NDFA) program.

Depending on the type of emergency, the State Government is able to include municipal expenditure in NDRRA claims and pass reimbursement on to councils. In the case of a small disaster, councils are encouraged to contact DTF about the extent of damage and the type of expenditure being incurred as there may be an opportunity for DTF to submit a claim.

## Natural Disaster Financial Assistance (NDFA)

The Victorian Department of Treasury and Finance (DTF) provides Natural Disaster Financial Assistance (NDFA) to local councils to assist in the recovery process and alleviate some of the financial burden that may be experienced following a natural disaster.

The NDFA essentially mirrors the NDRRA. No declaration is required for councils to seek financial assistance. Councils are encouraged to contact DTF about the extent of damage and the type of expenditure being incurred as there may be an opportunity for DTF to submit a claim under the NDRRA.

In exceptional circumstances, and where a council can demonstrate financial hardship, arrangements for payments to assist council in commencing or progressing NDRRA/NDFA recovery projects may be organised. Details regarding eligibility criteria and lodging a claim for financial assistance are available via the DTF website, <http://www.dtf.vic.gov.au>

As a general rule, counter disaster or emergency protection works would occur within the first 24/48 hours and up to two weeks after an event to ensure that essential public assets are protected and to restore essential public services within the affected region.

Upon receipt of the claim, VicRoads carries out a formal assessment of any damage to roads, bridges and other essential public assets. Councils are encouraged to submit a copy of their claim directly to the relevant VicRoads regional office when lodging their formal claim with DTF in order to expedite claim processing.

*Note: Funding arrangements may change upon implementation of Victoria’s Emergency Management White Paper reforms*

## Victorian Grants Commission

Councils can apply to the Victorian Grants Commission for the provision of special payments where there is a shortfall between the approved restoration costs and the NDFA contribution. Further information can be obtained from the Victorian Grants Commission - <http://www.dpcd.vic.gov.au/localgovernment/victoria-grants-commission>

## Environment Protection

Section 62 of the *Environment Protection Act 1970* deals with abatement of pollution and the removal of industrial wastes and other hazardous materials.

This section allows for the EPA to direct or require a clean-up to be conducted and to recover the costs from the polluter.

Section 62B relates to special powers of authorised officers where an imminent danger to life, limb or the environment exists. This provision allows for reimbursement of clean-up costs, other than to the person who caused or permitted the pollution/ hazard.

In any instance where a direction is issued, councils are encouraged to do the following:

* confirm with EPA that any clean-up direction is issued as per s62B
* if the direction is verbally issued, request and record the issuing officer’s name and address and request the direction in writing as soon as practicable
* if required, clarify what is intended by the direction. For example if materials are to be removed, where they to be removed to and who is responsible for their disposal
* if it is intended that costs are to be recovered, make it clear that this is the case and establish who is responsible for collating the costs and under what conditions reimbursement will occur.

## Emergency Animal Disease Response Agreement (EADRA)

The EADRA is a national agreement between governments and livestock industries on how to manage cost and responsibility for an emergency response to an outbreak of emergency animal disease (EAD).

The most substantial benefit of the EADRA is the ability to respond quickly and effectively to an EAD incident while minimising uncertainty over management and funding arrangements.

Parties to the EADRA have agreed to a mechanism for sharing the cost of a response. The proportions depend on the disease category.

There are 65 diseases that are covered by the EADRA which are sorted into 4 disease categories that determine the proportions paid by government and industry. The EADRA also provides a mechanism to cover non-listed EADs, under a set of conditions.

Cost sharing applies to certain wages, operating expenses, capital costs, and compensation as detailed in EADRA.

The process for invoking cost-sharing is as follows:

* an Emergency Animal Disease Response Plan (EADRP) is developed by the state or territory chief veterinary officer(s) in whose jurisdiction(s) the EAD incident has occurred.
* any key strategies and core operational activities that are to be the subject of cost sharing must be clearly identified in the EADRP.
* once agreed by the National Management Group (NMG), the EADRP will commit the state or territory agency/ies to the key strategies and core operational activities contained in the plan.
* when councils are contracted by the Victorian Department of Environment and Primary Industries (DEPI) to carry out activities specified in the EADRP that are subject to cost-sharing then the council carries out the activity, the council invoices DEPI for the works carried out, DEPI pays the council’s invoice and DEPI will then seek reimbursement of these costs via EADRA arrangements.

This process of reimbursement is unique to EAD responses that are cost-shared under the EADRA. In other emergencies, including EADs that are not eligible for cost-sharing, where DEPI may be the lead or support agency, it is important to note that the council still has its normal roles and responsibilities as specified in the EMMV.

For more information on the EADRA see:

* <http://www.animalhealthaustralia.com.au/programs/emergency-animal-disease-preparedness/ead-response-agreement/>
* <http://www.animalhealthaustralia.com.au/wp-content/uploads/2011/04/EADRA-FAQs1.pdf>

# Appendix C: Insurance and Indemnity

There is a vast array of potential legal issues that may arise from emergency planning and from emergency management in practice. By adopting a robust approach to risk management, emergency management planning, systems and implementation, legal and liability issues can be minimised.

It is critical that councils review the various types of insurance they have in place to ensure they have adequate insurance cover, in addition to other mechanisms of protection such as adequate occupational health and safety measures.

Types of insurance cover will include professional indemnity and public liability insurance, which currently all Victorian councils have under the Liability Mutual Insurance (LMI) scheme.

Additionally, other forms of insurance can include property insurance, business insurance, personal accident insurance (for volunteers), motor vehicle insurance etc. Councils should review their insurance packages and speak to their insurance brokers in relation to the emergency management activities the council may engage in to ensure they have adequate coverage.

If a council does not have effective EM planning arrangements, including appropriate risk management measures in place, this may result in the council being more vulnerable to claims, including public liability and/or professional indemnity claims. This will result in the council having to pay more excess payments under its insurance policies and may also result in increased insurance premiums.

Councils have a duty of care to employees and the public, and all care must be taken to ensure these obligations are met. Councils’ duties of care include statutory duties to perform their statutory functions with reasonable care.

Councillors and council officers are subject to an indemnity by the council under s76 of the *Local Government Act* 1989 against all actions or claims in respect to any act or omission done in good faith in the exercise of any function or power in the *Local Government Act* 1989 or any other Act.

Councils are encouraged to seek independent legal advice to ensure:

* their employment of emergency management personnel complies with the requirements of relevant Australian and Victorian legislation with regard to employment and OHS matters
* the responsibilities and roles assigned to emergency management personnel comply with the requirements of the relevant emergency management legislation, and
* the council’s emergency management planning, activities and personnel adequately respond to relevant local circumstances.

## EmRePSS

EmRePSS is an insurance policy that provides cover for private sector resource owners when their resources (equipment and personnel) are used for emergency operations on an ad hoc basis, i.e. not under a pre-existing contract.

The scheme does however apply to arrangements in which certain resources are only identified as available to be used in emergencies.

The scheme, managed by the Victorian Managed Insurance Authority (VMIA), provides insurance cover for privately owned resources used in emergency operations at no cost to the owners of the resources. A number of government agencies with emergency management responsibilities, and the MAV, have combined to establish EmRePSS, each contributing a share of the EmRePSS annual premium.

Subject to the terms, conditions, limits and exclusions of the policies issued by VMIA, EmRePSS insurance is provided for:

* property damage and business interruption
* motor vehicle
* public and products liability
* professional indemnity
* directors and officers liability

The scheme does not provide insurance to cover injury and death to the operators of the equipment.

Further information about EmRePSS including details of how to claim are on the VMIA website at http://www.vmia.vic.gov.au

1. *Part 8, Appendix 11 of the Emergency Management Manual Victoria (EMMV)*

# Appendix D: Emergency Event Financial Checklist

The checklist below is an example, provided as a suggested starting point for identification of actions and the responsible officer. Councils may choose to tailor this to suit their specific processes.

|  |  |  |
| --- | --- | --- |
| WHO | ACTION | COMPLETED |
| YES/NO |
| MERO | Request budget codes/project number from Finance |  |
| Finance Officer | Circulate project number across council |  |
| All council | Invoice and expenditure coding to reflect business unit |  |
| MERO, MRM, payroll and managers | Payroll and managers to be advised to code wages to project code |  |
| MERO | Approve staff hours during response activities |  |
| MERO or MRM | Approve staff hours during relief activities |  |
| MRM | Approve staff hours during recovery activities |  |
| MERO, MRM | Know your procurement policy and preferred payment method for smaller purchases |  |
| MERO or MRM | Raise purchase order, if requested by provider |  |
| All council | Understand delegation arrangements to be adhered to |  |
| MERO-Response & Relief MRM- Relief & Recovery | Confirm and approve expenditure |  |
| Finance Officer/ MERO | Forward cost recovery invoices to agencies requesting resources |  |
| Finance Officer/MERO | Contact relevant funding body to determine eligibility for reimbursement (e.g. DTF for NDRRA/NDFA funding) |  |
| MRM | Contact DHS to determine if financial assistance available for recovery activities |  |
| MERO, MRM | Collect data for insurance/reimbursement claims |  |
| Finance officer, MERO, MRM | Prepare grant/funding application/claim |  |
| Finance Officer | Advise relevant council officers (e.g. MERO, MRM) of grant/funding applications and approvals |  |
| Finance Officer | Obtain CEO sign-off on all funding and grant applications |  |
| Finance Officer | Allocated grants and funding payments to correct project when received |  |
| Finance Officer | Advise MERO and MRM of receipt of revenue |  |
| MERO, MRM | Complete funding and grant acquittals, including sign-off by CEO. Submit to funding body. |  |

# Glossary

**Betterment** the replacement or restoration of an essential public asset to a more disaster resilient standard than its pre-disaster standard.

**Counter disaster operation**

refers to those extraordinary activities undertaken to provide direct assistance to, and in the protection of, the general public immediately before, during and in the immediate aftermath of a natural disaster.

Examples of a counter disaster operation include sandbagging or operations to protect a threatened house or render a damaged house safe and habitable, or the removal of debris.

Examples that have been eligible under NDRRA in recent years include the cost of councils pumping out septic tanks following flood. Following fire, costs associated with emptying, cleaning and refilling the potable residential water tanks have been eligible if the potable water was the only source of water and the water tanks had been polluted by ash and other debris.

**Emergency Management Manual Victoria (EMMV)**

contains policy and planning documents for emergency management in Victoria, and provides details about the roles different organisations play in the emergency management arrangements.

**Emergency Relief**

the provision of life support and essential needs to persons affected by an emergency. (See also Emergency Relief Centre).

**Emergency Relief Centre (ERC)**

a building or place established to provide life support and essential needs to persons affected by an emergency (including evacuees). Emergency relief centres are established on a temporary basis to cope with the immediate needs of those affected during the initial response to the emergency. They do not imply any longer-term use of facilities as a location for recovery services.

**Essential Public Asset**

The NDRRA Determination 2012, effective for natural disaster events occurring post-18 December 2012, defines an essential public asset as an integral and necessary part of the State’s infrastructure which is associated with health, education, transport, justice or welfare. *Note: this is subject to change from time to time.*

Examples of assets generally considered are road and bridge infrastructure, footpaths, levees, local government offices and storm water infrastructure.

General exclusions now include sporting, recreational or community facilities such as playgrounds and associated facilities, religious establishments and memorials, which are damaged as a direct result of a natural disaster.

However, where a facility has been damaged while undertaking eligible counter disaster activities including where an asset has been damaged when used as an evacuation point, those costs associated with the repair or restoration are eligible as a counter disaster activity.

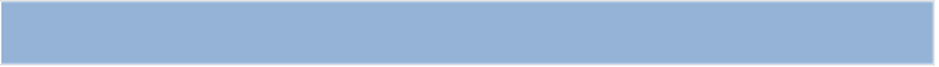
**Recovery** assisting persons and communities affected by emergencies to achieve a

proper and effective level of functioning.

**Response** the combating of emergencies and the provision of rescue and immediate relief services.

**Response Agency**

an agency having a role or responsibility under the State Emergency Response Plan or the response arrangements. Response agencies can be control or support agenciesfor different emergencies.

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# Abbreviations

CEO Chief Executive Officer

CFA Country Fire Authority

DTF Department of Treasury and Finance (Victoria)

EMMV Emergency Management Manual Victoria

ERC Emergency Relief Centre

MAV Municipal Association of Victoria

MECC Municipal Emergency Coordination Centre

MEMP Municipal Emergency Management Plan

MEMPC Municipal Emergency Management Planning Committee

MERO Municipal Emergency Resource Officer

MFB Metropolitan Fire and Emergency Services Board

MRM Municipal Recovery Manager

NDFA Natural Disaster Finance Assistance (Victorian Government)

NDRRA Natural Disaster Relief and Recovery Arrangements (Australian Government)

# Disclaimer

This guide was developed by the Municipal Association of Victoria (MAV) with valuable input and advice from:

* Manningham City Council
* City of Ballarat
* Moira Shire Council

and the Victorian Government’s:

* Department of Treasury and Finance, (DTF)
* Department of Environment and Primary Industries (DEPI)
* Environment Protection Authority, Victorian Government (EPA) and
* Department of Human Services (DHS)

While care has been taken to ensure that the information provided is correct at the date of publication, councils should:

* ensure that they have adequate insurance in place
* comply with the requirements of relevant emergency management legislation and the EMMV
* check council’s financial responsibilities as the arrangements published in this guide are subject to change and are likely to change upon implementation of Victoria’s Emergency Management White Paper reforms
* contact the relevant funding body as soon as the event occurs to check eligibility for reimbursement

# References

* websites identified throughout this guide
* Emergency Management Manual Victoria (EMMV), Part 6, page 6-17: <http://www.oesc.vic.gov.au/home/policy+and+standards/emergency+management+manual+victoria>
* Emergency Relief Handbook, DHS: <http://www.dhs.vic.gov.au/emergency>
* Local Government Emergency Management Handbook, Municipal Association of Victoria, 2013
* MAV Protocol for Inter-Council Emergency Management Resource Sharing

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