

## 2017 Framework for Betterment

The Queensland Government and Australian Government will cost-share a Betterment Fund to improve the disaster resilience of local government owned assets that were directly damaged as a result of Severe Tropical Cyclone Debbie and associated rainfall and flooding, 28 March - 6 April 2017 (STC Debbie), and is additional to funding the Australian Government is already providing for the restoration of essential public assets under Category B of the NDRRA.

This framework has been developed with regard to the Framework Proposal for Betterment agreed between the State of Queensland and the Commonwealth in 2013 and 2015, which recognised the need for Betterment to be a more streamlined process.

### 1. What is Betterment?

The betterment provision allows State and Territory (State) governments to restore or replace essential public assets to a more disaster resilient standard than their pre-disaster standard. The intent of betterment is to increase the resilience of Australian communities to natural disasters, while at the same time reducing future expenditure on asset restoration, reducing incidents, injuries and fatalities during and after natural disasters, and improving asset utility during and after natural disasters.

### 2. Which assets can be included in Betterment for 2017?

The use of the funding must be linked to Essential Public Assets directly damaged as a result of STC Debbie.

#### 2.1 Meaning of Essential Public Asset

An asset of an eligible undertaking that the state considers and the Department agrees:

- is an integral and necessary part of the state's infrastructure that is associated with health, education, transport, justice or welfare; and
- would, if lost or damaged, severely disrupt the normal functioning of a community; and
- would, if lost or damaged, be restored or replaced as a matter of urgency.<sup>1</sup>

### 3. What are the costs that are eligible for Betterment?

Betterment costs are the difference between the cost of restoring or replacing an essential public asset to its pre-disaster standard, and the cost of restoring or replacing the asset to a more disaster-resilient standard.<sup>2</sup>

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<sup>1</sup> Source: Commonwealth NDRRA Determination 2012 v2, Page 6

<sup>2</sup> Source: Commonwealth NDRRA Determination 2012 v2, Guideline 7

The normal cost of restoration will be claimable under Category B of NDRRA and the marginal cost of betterment will be claimed under Betterment (Category D).

To illustrate, if a proposal is prepared for an asset with a restoration option costed at \$5 million and a betterment option costed at \$7 million, the betterment component would be (\$7 million minus \$5 million) = \$2 million.

#### **4. Who is eligible to receive Betterment funding?**

The 2017 Betterment Fund applies to Local Government Authorities (LGAs) that have been activated for the Restoration of an Essential Public Assets as defined in section 2.1.

#### **5. Assessment criteria for funding**

The assessment process is detailed below and will be utilised in the assessment of the project. Additional requirements are also identified within this section.

##### **5.1 The current NDRRA submission process**

The submission process is divided into four phases that an applicant follows to make a submission for funding and to receive funding:

- Phase 1: Submission preparation and approval
- Phase 2: Detailed design and procurement
- Phase 3: Project delivery – monitor and report on project milestones; submit progress claims
- Phase 4: Project acquittal – finalise claim

##### **5.1.1 Phase 1: Prepare submission**

Applicants lodge a submission with the Queensland Reconstruction Authority (QRA) including a Value for Money (VfM) statement.

The QRA will assess the application is consistent with the NDRRA Determination and will approve the submission if it satisfies the following:

- Completeness – all required information is included;
- Eligibility – the project is eligible for NDRRA funding
- Value for Money – VfM has been adequately considered and the project is likely to achieve VfM
- Betterment – the project demonstrates that increased disaster resilience has been incorporated into the final design.

### **5.1.2 Phase 2: Detailed design and procurement / update submission (if material changes)**

Once a submission is approved, if there are material changes following detailed design and procurement, applicants will provide updated project information. This additional information may include changes that occurred during the procurement stage of the project, such as contract price. This information will be used by the QRA to monitor project implementation.

### **5.1.3 Phase 3: Undertake project**

Throughout project delivery, on a monthly basis applicants will be required to provide progress reports, as project milestones are achieved or material issues identified (either by the applicant or the QRA), applicants will be required to provide detailed progress reports. These reports will indicate emerging scope, timing or project cost issues.

### **5.1.4 Phase 4: Project acquittal – finalise claim**

At the completion of the project, applicants will provide a final report which may be linked to a final progress payment. The report will include evidence that the project has been completed as agreed with the QRA. This includes a VfM Outcomes Report which assesses outcomes against the approved VfM Statement. The final acquittal procedures will be conducted in accordance with existing NDRRA processes.

Final payment of up to 10 per cent of the actual project costs will be made once the Final Report has been received and the QRA is satisfied that:

- the works have been completed in line with eligible scope; and
- VfM outcomes have been achieved.

## **5.2 Additional requirements for 2017 Betterment process**

The following additional detail will be required in assessing the betterment component:

### **5.2.1 General information**

This information should include the disaster event, the current submission number and general description of the current asset

### **5.2.2 Eligibility of asset**

An Essential Public Assets as defined in section 2.1.

### **5.2.3 Betterment proposal**

The proposal should detail the treatment proposed to increase resilience and the proposed engineering solution at a preliminary stage.

### **5.2.4 Proposed estimate of Betterment**

The proposal should provide preliminary estimate of the proposed betterment solution, to allow an assessment of VfM and the increase in marginal cost or betterment value.

### **5.2.5 Benefit analysis**

The benefit analysis should include the financial and non-financial benefits of the proposal. This may include prior natural disaster damage to the asset, loss of availability and its impact on economic or social factors of the community/ State/ Commonwealth and other relevant information.

The assessment will be carried out by the QRA as part of the normal assessment of NDRRA submissions. The QRA will assess the proposed betterment treatment and make recommendations to the State.

### **5.2.6 Council contribution**

Council will be required to make a contribution towards the Betterment project to ensure there is a contribution from all three levels of Government. Recognising their revenue generating capacity, Indigenous Councils will not be required to make the contribution.

## **6. Distribution of funds**

An Expression of Interest (Eoi) will be distributed to eligible LGAs and applications will be required to be submitted. The Eoi form requests a list of projects, estimate restoration and betterment cost. Where Council has a priority or shovel ready project, additional information can be supplied on the Betterment Form to accelerate the assessment and approval process.

## **7. Governance and delegation approvals**

The Queensland Minister responsible for reconstruction (currently the Deputy Premier, Minister for Transport, and Minister for Infrastructure and Planning) will have the ability to sign off the marginal betterment cost, based on an assessment and recommendation from the QRA.

The Minister will have the ability to sign off the marginal betterment cost to a maximum of \$5 million, relating to the increased resilience of the asset and not the total cost of the project.

## **8. Notification and recognition**

In line with Section 4.3 of the Australian Government's NDRRA Determination 2012 v2, all NDRRA funding announcements are to be joint Commonwealth/state or territory media announcements. This includes:

- initial and subsequent media releases announcing funding
- essential public asset commencement, completion or significant milestone ceremonies or media events
- plaques and signage.

The applicant must notify their Federal Member of the House of Representatives in writing when there is an intention to undertake an essential public asset restoration or replacement project in their electorate (Determination clause 4.3.4).

## **9. Inspection and acquittal**

The normal QRA inspection and acquittal process would occur during the life of the project. The delivery entity would need to be able to report the cost of restoration and the additional cost of betterment.