

Day Labour, Plant and Equipment Approval Framework

2013-14 – 2018-19 financial years

Under the requirements of the Commonwealth Natural Disaster Relief and Recovery Arrangements (NDRRA) Determination, local governments are unable to claim the *ordinary* cost of using internal workforce (day labour) and non-consumable costs of internal plant and equipment to undertake reconstruction works.

The Commonwealth Government approved an exemption of this requirement which enables local governments to seek reimbursement of costs incurred while using their own day labour and internal plant and equipment when delivering reconstruction and emergent works under the NDRRA.

This exemption allows councils to be reimbursed for costs incurred relating to activated events from 1 July 2013 to 31 October 2018, where value for money can be demonstrated for all levels of government.

The Commonwealth Government confirmed this advice would also apply to emergent works.

The new exemption is subject to conditions set by the Commonwealth Government (**Attachment 1**).

The Queensland Reconstruction Authority's (QRA) governance arrangements for the use of day labour from 2013-14 – 2018-19 are in accordance with the current NDRRA arrangements and the existing process the Queensland Audit Office (QAO) applies to ensure compliance to the relevant NDRRA Determination

- Events up until 30 June 2017 – NDRRA Determination 2012 version 2 (the Determination 2012)
- Events from 1 July 2017 – 31 October 2018 NDRRA Determination 2017.

The day labour, plant and equipment exemption is limited to:

- costs associated with local government employees undertaking disaster reconstruction works on damaged essential public assets, including emergent works
- costs associated with council using its internal plant and equipment when undertaking disaster reconstruction works on damaged essential public assets, including emergent works.

Process

To seek approval for the use of day labour and/or internal plant and equipment, forward the following completed forms to the QRA:

Application Type	Documents required
Day Labour only	<ul style="list-style-type: none">• Day Labour Application Form• Resource Rate Collection Sheet
Day Labour and Plant and Equipment	<ul style="list-style-type: none">• Day Labour Application Form• Resource Rate Collection Sheet
Plant and Equipment only	<ul style="list-style-type: none">• Resource Rate Collection Sheet

Principles

All submissions, including those with a day labour and/or plant and equipment components, will continue to be subject to the QRA's assessment process comprising Compliance, Assurance and Value for Money assessments to confirm eligibility with the requirements of the Determination.

The governance arrangements applied to the use of Day Labour, Plant and Equipment Framework for 2014-2018 are consistent with the arrangements applied to the VfM Day Labour Model for the 2011 to 2013 events. In turn, these governance arrangements are consistent with those applied by the QRA to all submissions for NDRRA funding.

Under the arrangements, Local Government Authorities (LGAs) are required to demonstrate that the project delivery through the use of day labour has resulted in VfM outcomes.

Approvals

LGAs may self-assess their eligibility to apply the Day Labour and Plant and Equipment Framework, however, they must notify the QRA of works (by submission) intended to be delivered by day labour and internal plant using the Day Labour Submission Information Form and Resource Rate Collection Sheet.

Self-assessment only applies where there is a likelihood of achieving VfM outcomes through the use of day labour and internal plant and equipment. Indicators of this may include:

- A council that has previously been assessed by the QRA as having achieved VfM through the use of the VfM Day Labour Model.
- A council that has previously undertaken comparable works through the use of day labour, and demonstrated the achievement of VfM outcomes.
- Where contract labour (only) is utilised to operate Council owned Plant and Equipment, and eligible plant rates have previously been established with the QRA.

Councils requiring assistance, such as those that have not previously used the Day Labour Model, should submit an application to the QRA seeking approval to apply the Day Labour and Plant and Equipment Framework. In such circumstances, councils should use the existing QRA application process that incorporates day labour components, enabling a preliminary assessment of the likelihood that VfM outcomes will be achieved.

For the plant and equipment exemption, Council must demonstrate to QRA, that the Council internal hire rate represents the actual cost (fixed and variable costs) of the plant and equipment charged. For the day labour exemption, Council must demonstrate that the day labour charged is actual incurred cost to council, and does not represent a charge out rate.

The QRA applies the same approach to assessing all NDRRA submissions, which includes consideration of the submission level risk of achieving VfM outcomes. If a council is unable to demonstrate VfM outcomes for all levels of government from the use of day labour and/or plant and equipment, the normal exclusion of *ordinary* costs under the NDRRA Determination 2012 or NDRRA Determination 2017 will apply.

It is a requirement that councils notify the QRA (via the Day Labour, Plant and Equipment Submission Information form) of the submissions that will be delivered by day labour, irrespective of the assessment process applied, with the expected value of day labour within the submission. If QRA is not notified of the submission prior to final acquittal by the QRA, the normal exclusion of day labour costs will apply.

Attachment 1 - Conditions of Commonwealth Government Exemption

1. The exemption will apply to eligible NDRRA events occurring in the 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 (events up to 31 October 2018) financial years only.
2. The exemption will be limited to day labour costs associated with local government employees undertaking disaster reconstruction works on damaged essential public assets (including emergent works).
3. The Queensland Government will permit an Australian Government-appointed independent assessor to:
 - a. assess the effectiveness of the Queensland Government's *Local Government Value for Money Pricing Model* to assure the audit and assurance conditions governing day labour are appropriate and achieve value-for-money outcomes for all levels of government, and
 - b. audit and assure any state and local government claims for expenditure related to day labour.
4. The Queensland Government will permit the Australian Government and/or the independent auditor to access all records and documents necessary for the performance of the above tasks, and will also exercise its own powers to request records and documents from local governments at the request of the Australian Government and/or the independent auditor.
5. The Queensland Government will implement any recommendations made by the Australian Government and/or the independent auditor.
6. The Queensland Government will, in its use of day labour, consider drawing on the pool of job seekers under the Australian Government's 'Remote Jobs and Communities Program' which is designed to support the provision of jobs, participation and community development services in remote regions across Australia.
7. If a local government is unable to demonstrate value-for-money outcomes for all levels of government from the use of day labour, the normal exclusion of day labour costs will apply.
8. If the Queensland Government fails to cooperate fully with these conditions, the Australian Government has the discretion to withhold day labour funding and/or terminate the exemption.