

Day Labour Framework

For 2013-14, 2014-2015, 2015-2016, 2016-2017 financial years only

Traditionally under Commonwealth Government Natural Disaster Relief and Recovery Arrangements (NDRRA) guidelines, local governments are unable to claim the cost of using their internal workforce (day labour) to undertake reconstruction works.

On 14 June 2015 the Commonwealth Government agreed to an exemption, allowing the temporary use of day labour, while a long-term solution is pursued through broader disaster funding reforms. The new exemption is subject to conditions set by the Commonwealth Government (**Attachment 1**).

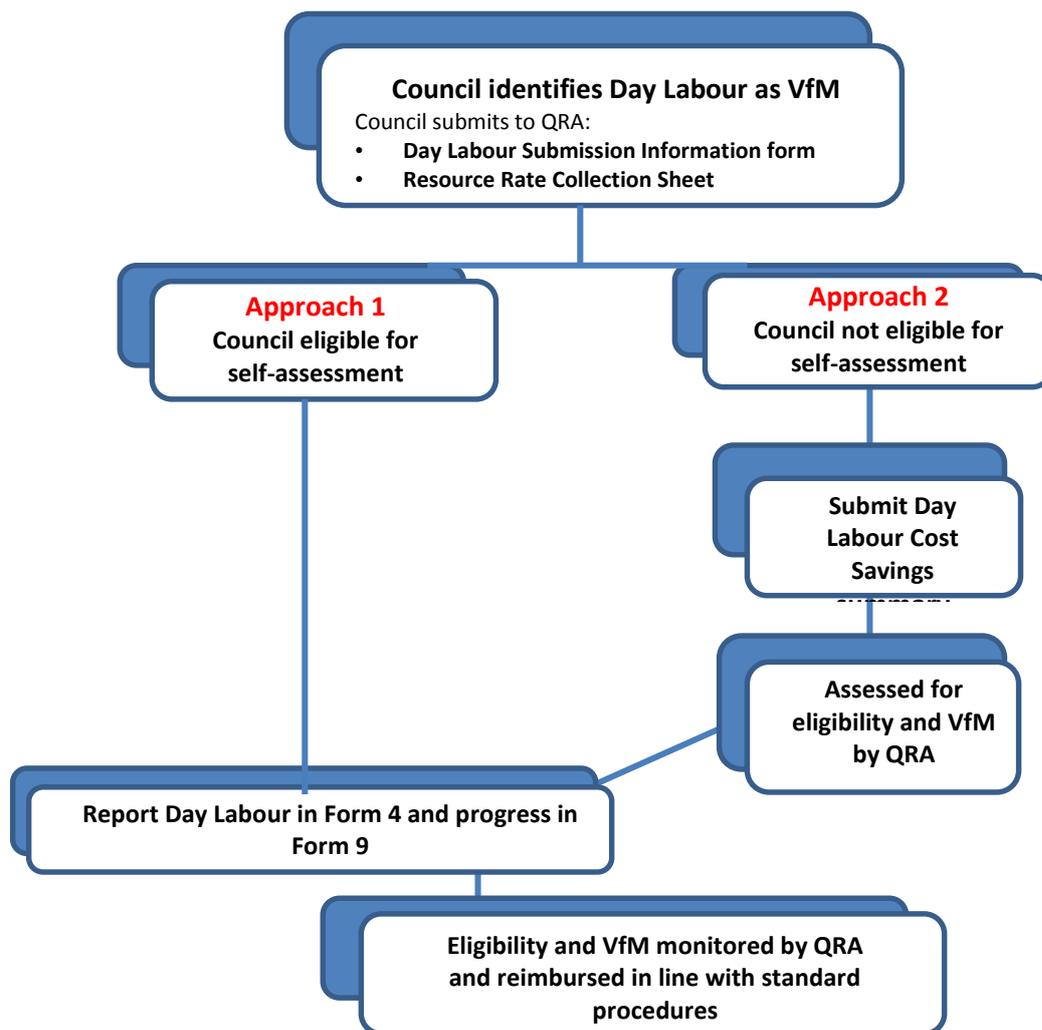
The initial day labour trial (2011-2013) was governed by the National Partnership Agreement for Natural Disaster Reconstruction and Recovery, which ceased operating as at 30 June 2015.

The governance arrangements around the use of day labour for 2013-14, 2014-15, 2015-16 and 2016-17 are in line with the current arrangements under NDRRA and the existing process the Queensland Audit Office (QAO) applies to ensure compliance to the NDRRA Determination 2012 (the Determination).

The day labour exemption is limited to costs associated with local government employees undertaking disaster reconstruction works on damaged essential public assets (excluding emergent works).

Process

To apply to use day labour, Council should complete the Day Labour Submission Information form and Resource Rate Collection Sheet (**Attachments 2, 3**) and if not undertaking self-assessment, should also complete the Cost Savings Summary (**Attachment 4**) and forward these documents to the Queensland Reconstruction Authority (QRA). Councils are also required to report day labour on the relevant Form 4 and Form 9 documents.



Principles

All submissions, including those with a day labour component, 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 that the QRA will apply to the inclusion of the Day Labour Framework for 2013-2017 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 use of day labour in the delivery of a particular project resulted in VfM outcomes.

Approvals

LGAs may self-assess their eligibility to apply the Day Labour Framework, however, they must notify the QRA of the submissions that will be delivered by day labour 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. Indicators of this may include:

- the LGA has previously been assessed by the QRA as having achieved VfM through the use of the VfM Day Labour Model
- the relevant works are for treatments previously confirmed as demonstrating a high likelihood of achieving VfM outcomes through the use of Day Labour.

LGAs requiring assistance, such as those that have not previously used the Day Labour Model, should submit an application to the QRA to apply the Day Labour Framework. In this case, LGAs should use the existing QRA application process that incorporates day labour components and provide relevant information for a preliminary assessment of the likelihood that VfM outcomes will be achieved, including comparison of day labour estimates against estimated contractor costs, to be provided in the Day Labour Cost Savings Summary.

The QRA applies the same approach to assessing submissions across all NDRRA submissions, which includes consideration of the submission level risk of achieving VfM outcomes.

If a local government is not able to demonstrate VfM outcomes for all levels of government from the use of day labour, the normal exclusion of day labour costs under the NDRRA Determination 2012 will apply.

It is a requirement that LGAs notify the QRA (via the Day Labour Submission Information form) of the submissions that will be delivered by day labour, irrespective of the assessment process applied, with expected value of day labour within the submission. If QRA is not notified of the submission prior to final acquittal documents being received by the QRA, the normal exclusion of day labour costs under the NDRRA Determination 2012 will apply.

Attachment 1

1. The exemption will apply to eligible NDRRA events occurring in the 2013-14, 2014-15, 2015-16 and 2016-17 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 (excluding 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 not able to demonstrate value-for-money outcomes for all levels of government from the use of day labour, the normal exclusion of day labour costs under the NDRRA Determination 2012 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.