ORDINARY MEETING 15 JULY 2026	6.11

PROPOSED CHANGES TO THE DISASTER RECOVERY FUNDING ARRANGEMENTS

EDA | 58/6/3-01 | #7909636

RECOMMENDATION:

That Council:

1. **Opposes the proposed changes to the Disaster Recovery Funding Arrangements that would reduce the Australian Government's contribution to disaster recovery funding to a standard 50/50 cost-sharing model with states and territories;**

2. **Supports the advocacy being led by the Queensland Government and Local Government Association of Queensland on these matters;**

3. **Approves a Council submission being made to the National Emergency Management Agency in relation to the proposed reforms to the Disaster Recovery Funding Arrangements should the opportunity arise and on the basis of the matters outlined in this report; and**

4. **Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to finalise any and all matters in relation to the above.**

INTERESTED PARTIES:

Queensland Government
Australian Government

Note: The identification of interested parties is provided on a best endeavours basis by Council Officers and may not be exhaustive.

EXECUTIVE SUMMARY:

The Australian Government has announced proposed reforms to the Disaster Recovery Funding Arrangements (DRFA), including replacing the current model with a fixed 50/50 cost-sharing arrangement between the Australian Government and states and territories. The proposed reforms also include standardised assistance packages, changes to disaster funding thresholds, and a new Resilient Infrastructure Scheme to replace current betterment funding arrangements.

The Local Government Association of Queensland (LGAQ) has raised significant concerns that the proposed changes would reduce the Australian Government's contribution to disaster recovery in Queensland, shift additional costs to the Queensland Government, councils and ratepayers, and weaken the ability of councils to rebuild public infrastructure to more resilient standards. Queensland currently receives an average Federal contribution of approximately 64 per cent under the existing DRFA, with contributions reaching up to 75 per cent for some disaster categories.

Queensland is Australia's most disaster-prone state, with 74 of its 77 local government areas disaster declared in 2026, following two cyclones and five months of monsoonal flooding across much of the state. For councils such as Cairns, recent events including Tropical Cyclone Jasper (TC Jasper) highlight the significant scale and cost of recovery works required after major disasters.

Council's experience following TC Jasper demonstrates the critical importance of DRFA funding. Nearly $85 million in Federal and State support helped Cairns restore essential infrastructure and community assets, while avoiding substantial recovery costs being passed on to ratepayers. The Federal disaster recovery funding Council has received in response to disasters such as TC Jasper has been greatly appreciated and warmly welcomed given how critical it has been to the economic and social recovery of the Cairns community.

While practical reform is supported to simplify disaster recovery funding, reduce administrative burden, improve transparency and accelerate approvals, this should occur without reducing the Australian Government's financial contribution. Accordingly, it is recommended that Council formally support the Queensland Government's and LGAQ's advocacy on this matter and call on the Australian Government to retain a fair, sustainable and disaster-responsive funding partnership for Queensland communities.

BACKGROUND:

The DRFA are the primary mechanism through which financial assistance is provided to state and local governments for response to, and recovery from, eligible natural disasters. The arrangements are particularly important in Queensland, where councils are regularly required to restore essential public infrastructure following cyclones, flooding and other severe weather events.

On 5 June 2026, the Australian Government announced proposed reforms to disaster recovery funding, including a new Disaster Recovery Funding Framework to replace the existing DRFA. The proposed changes include moving to a standard 50/50 funding model between the Australian Government and states and territories, introducing standardised packages of assistance, raising the threshold for small disasters before Federal support is triggered, and introducing a Resilient Infrastructure Scheme to replace the current betterment funding framework.

The Queensland Government and the Queensland Reconstruction Authority (QRA) have advised councils that the proposed move to a 50/50 cost-sharing arrangement is expected to significantly reduce federal funding to Queensland. QRA has indicated that applying the Australian Government's own data suggests the reform would result in the Australian Government's contributing approximately $200 million less per annum to Queensland in an average disaster season.

The proposed reforms also raise concerns about the future of betterment and resilience funding. Current DRFA arrangements have enabled damaged roads, bridges and public assets to be rebuilt to a more resilient standard. The LGAQ has advised that the proposed changes would abolish the current betterment funding framework and the DRFA efficiencies program. QRA has also advised that, based on the proposed replacement arrangements, only 1 per cent of the State's 770 betterment projects would have been able to proceed under the new rules.

Given the potential adverse impacts of the proposed reforms on future disaster recovery funding for Cairns, it is recommended that Council support the advocacy of the Queensland Government and LGAQ on this matter. This report provides further detail in this regard.

COMMENT:

It is noted that in recent years there has been significant improvements in the way the Queensland Government, in conjunction with the Federal Government, administers, manages and disburses disaster recovery funding to councils. This includes a move to upfront payments for certain recovery activities including Counter Disaster Operations, limiting the need for councils to funds works up front and subsequently seek reimbursement.

Whilst there is always merit in considering reforms that further simplify disaster recovery funding arrangements, proposed simplification should not come at the expense of a reduction in the Australian Government's funding contribution. In fact, any reduction of funding is likely to further complicate these arrangements and delay recovery activities as processes need to be applied to distribute a lower pool of funding across competing priorities within council areas and across the state more broadly.

The LGAQ advises a fixed 50/50 cost-sharing model would represent a significant reduction in Federal support for Queensland, which currently receives an average Federal contribution of approximately 64 per cent under DRFA. This would shift additional financial pressure to the Queensland Government, councils and ultimately ratepayers.

Queensland is Australia's most disaster-prone state, and local governments are on the front line of response and recovery. The LGAQ has advised that 74 of Queensland's 77 local government areas were disaster declared during the 2026 summer season, following two cyclones and five months of monsoonal flooding across much of the state. This context is particularly relevant for Cairns, where the impacts of TC Jasper demonstrated the scale of recovery works required after major disaster events.

Council's experience following TC Jasper highlights the importance of maintaining strong Federal and State investment in disaster recovery. The almost $85 million in DRFA support received by Council was critical to restoring public infrastructure and community assets across the region. Without this support, Council may have been unable to restore affected areas to the standard required for genuine recovery, or the cost would have been borne more heavily by local ratepayers.

The proposed removal of current betterment and DRFA efficiencies arrangements is a significant concern. Betterment funding has enabled councils to rebuild essential public infrastructure to more resilient standards, improving community safety, reducing future recovery costs and limiting repeated disruption from future disaster events. Without adequate funding for resilient and timely recovery, damaged assets may be reinstated to vulnerable standards, increasing long-term costs and exposing communities and businesses to recurring impacts.

Underfunded or delayed disaster recovery has broader impacts on business confidence, community wellbeing and economic recovery. If essential infrastructure is not restored quickly and to an appropriate standard, businesses face prolonged disruption, higher costs and investment uncertainty, while communities experience reduced access to services, increased stress and declining confidence in recovery. Any new framework should strengthen councils' ability to rebuild more resilient infrastructure and support the timely restoration of economic activity, confidence and wellbeing.

It is therefore recommended that Council support the LGAQ's advocacy position. This would recognise the value of further reforms that reduce red tape, improve transparency, speed up approvals and provide earlier funding certainty, while opposing any change that reduces the Australian Government's contribution or leaves Queensland councils and communities worse off. A fair and sustainable disaster recovery funding partnership is essential to ensure councils can continue to support communities before, during and after natural disasters. It is anticipated that a letter will be issued to the Hon Kristy McBain MP, Minister for Emergency Management, outlining the key concerns raised in this report in relation to the proposed funding changes.

Proposed themes for a formal submission to NEMA

It is understood that the National Emergency Management Agency will be consulting on the proposed funding reforms with the potential for interested parties to make formal submissions. At the date of this report, the exact details of the consultation/submission process are not yet known. Given the lack of clarity regarding consultation timeframes, this report recommends delegated authority be provided to Council's Chief Executive Officer to make a submission on this matter should the opportunity arise. The key matters recommended for inclusion in that submission are outlined below.

Headline/Priority Items:

1. **Opposition to reduced Australian Government cost-sharing**

The proposed submission would oppose the proposed reduction in the Australian Government's contribution under the DRFA, including the proposed move to a standard 50/50 cost-sharing model. The submission would state that any reduction in the Federal contribution would shift costs to the Queensland Government, local governments and ultimately ratepayers.

2. **No worse-off outcome for Queensland councils and communities**

The proposed submission would seek a clear commitment that Queensland councils, communities and ratepayers will not be financially worse off under any revised disaster recovery funding framework. The submission would highlight Queensland's high exposure to natural disasters and the limited financial capacity of local governments to absorb additional recovery costs.

Other matters:

1. Support for streamlined administration and reduced red tape

The proposed submission would support reforms that further simplify DRFA administration, reduce duplication, improve clarity around eligibility, accelerate approvals and provide earlier funding certainty. The submission would note that faster and clearer processes would assist councils, residents, businesses and contractors to progress recovery works with greater confidence.

2. Importance of DRFA funding to Cairns' recovery

The proposed submission would use TC Jasper as a local example of the critical importance of DRFA funding. The submission would note that Cairns Regional Council received almost $85 million in Federal and State DRFA support following TC Jasper, which was essential to restoring critical public infrastructure, beaches, community assets and recreation spaces.

3. Retention of betterment, resilience and mitigation funding

The proposed submission would strongly oppose any reduction in access to betterment, resilience or mitigation funding. The submission would state that disaster recovery funding should support more resilient reconstruction where appropriate, rather than simply replacing damaged assets to the same vulnerable standard.

4. Assessment of the proposed Resilient Infrastructure Scheme

The proposed submission would acknowledge that the proposed Resilient Infrastructure Scheme may have merit if it provides resilience funding earlier and allows resilience upgrades to be incorporated into initial reconstruction works. However, the submission would seek further detail to ensure the proposed additional 15% cost-shared funding is sufficient, does not reduce funding otherwise available under current betterment programs, and delivers equivalent or improved resilience outcomes.

5. Protection of funding certainty and timely approvals

The proposed submission would advocate for earlier confirmation of funding eligibility, clearer approval pathways and published decision-making timeframes. The submission would note that funding certainty is essential to allow councils to plan, procure and deliver recovery works efficiently.

6. Flexibility for disaster-impacted councils

The proposed submission would seek a framework that recognises the practical realities faced by disaster-prone councils, including repeated damage to infrastructure networks, regional delivery costs, contractor availability, environmental constraints and the need to restore a broad range of public assets.

7. Transparent modelling and genuine consultation

The proposed submission would request transparent modelling of the proposed reforms, including the financial impact on Queensland councils and communities. The submission would also seek worked examples comparing current DRFA arrangements with the proposed framework, including examples relevant to TC Jasper and other recent Queensland disaster events.

8. Confirmation of eligible activities

The proposed submission would seek confirmation that emergency response, counter-disaster operations and essential recovery activities will remain eligible under any revised framework. The Queensland Reconstruction Authority has noted that eligibility for

Counter Disaster Operations had not been clearly addressed in available information on the proposed reforms.

OPTIONS:

Option 1 (Recommended)

That Council:

1. Opposes the proposed changes to the Disaster Recovery Funding Arrangements that would reduce the Australian Government's contribution to disaster recovery funding to a standard 50/50 cost-sharing model with states and territories;

2. Supports the advocacy being led by the Queensland Government and Local Government Association of Queensland on these matters;

3. Approves a Council submission being made to the National Emergency Management Agency in relation to the proposed reforms to the Disaster Recovery Funding Arrangements should the opportunity arise and on the basis of the matters outlined in this report; and

4. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to finalise any and all matters in relation to the above.

Option 2

That Council:

1. Does not oppose the proposed changes to the Disaster Recovery Funding Arrangements at this time.

2. Does not support further advocacy seeking to oppose the proposed changes to the Disaster Recovery Funding Arrangements;

3. Does not support the advocacy being led by the Queensland Government and Local Government Association of Queensland on these matters; and

4. Does not approve a Council submission being made to the National Emergency Management Agency in relation to the proposed reforms to the Disaster Recovery Funding Arrangements.

Option 3

That Council seeks further information from Council Officers before making a determination on this matter.

CONSIDERATIONS:

Council Finance and the Local Economy:

The proposed changes to the DRFA may have significant future financial implications for Council, the Queensland Government and local ratepayers if they result in reduced

Commonwealth funding contributions, reduced access to betterment or resilience funding, or increased local government contributions to disaster recovery works.

DRFA funding plays a critical role in restoring essential public infrastructure and community assets following disaster events. Any reduction in funding certainty or Commonwealth cost-sharing may increase financial pressure on Council, impact future capital and operational budgets, and affect the timely restoration of infrastructure that supports the local economy, tourism, business continuity and community recovery.

Corporate and Operational Plans:

The proposed submission aligns with Council's Corporate Plan 2025–2030 and Operational Plan 2026–2027, particularly in relation to advocacy, resilience, infrastructure planning, disaster recovery and responsible financial management.

The submission supports Council's role in advocating to State and Federal Governments, protecting essential community infrastructure, strengthening regional resilience and reducing financial risk to Council and ratepayers following major disaster events.

Policy

Council's endorsed Advocacy Policy has been applied in developing the proposed advocacy approach.

Nick Masasso
Director – Economic Development & Advocacy