7.5. DISASTER RECOVERY FUNDING ARRANGEMENTS PROPOSED CHANGES

REPORT AUTHOR	Chief Executive Officer
EXECUTIVE	Chief Executive Officer
DEPARTMENT	Office of the Chief Executive Officer
TEAM	Office of the Chief Executive Officer
DATE	27 July 2026

RECOMMENDATION

That Council:

1. **Notes the proposed changes to Disaster Recovery Funding Arrangements announced by the Federal Government; and**
2. **Endorses the continued advocacy of the Federal and State Governments to ensure any changes in funding to the Disaster Recovery Funding Arrangements have no adverse impacts on Douglas Shire Council.**

EXECUTIVE SUMMARY

The Federal Government plans to cut its funding contribution to the Disaster Recovery Funding Arrangements (DRFA). These changes will move from the framework where the Commonwealth has historically contributed up to 75% of eligible costs with the State Government funding the remainder. The new framework will reduce the Commonwealth contribution to a maximum of 50%.

PREVIOUS COUNCIL CONSIDERATIONS / RESOLUTIONS

Not applicable

REPORT/BACKGROUND

On the afternoon of Friday, June 5, Federal Emergency Management Minister Kristy McBain announced sweeping changes to the disaster recovery funding arrangements including:

- moving to a standard 50/50 funding model between the Commonwealth and States and Territories;
- introducing standardised packages of assistance;
- raising the threshold for small disasters before they trigger Federal support;
- implementing a simpler threshold for accessing disaster funding; and
- Introducing a Resilient Infrastructure Scheme (replacing the current betterment funding framework), with funding of up to 15 per cent contributed towards each project, including 7.5 per cent contributed by the Federal Government, matched by the States.

Queensland currently receives an average Commonwealth contribution of approximately 64 per cent under DRFA, with the Commonwealth contribution reaching up to 75 per cent for some disaster categories. The proposed framework would reduce this to a fixed 50/50 split.

The State Government and potentially Councils would be left to cover the rest, which could cost communities hundreds of millions of dollars, putting councils and the communities they represent under further financial strain.

The Federal Government receives the most in tax revenue at 80.5% of all tax revenue generated within Australia. In comparison, the State Governments receive 16.5% of all taxation and Local Governments just 3%.

The announcement of the new framework has been and still is accompanied by limited detail regarding:

- Funding allocations and cost-sharing arrangements;
- How the new framework will operate in practice;
- Transitional arrangements; and
- The implications for States, Territories, and local government.

Given the importance of disaster recovery funding to the Douglas community, this lack of detail has understandably created concern and speculation. At this stage, many of the finer details remain unknown, and it would be premature to reach definitive conclusions regarding the impacts on local government.

The Federal Government has clearly indicated the removal of the betterment program and the efficiencies program currently administered through the Queensland Reconstruction Authority (QRA).

The Queensland Government and QRA should be acknowledged for developing the efficiencies framework. The program recognised an important reality, it costs more to deliver and recover infrastructure in regional, remote and very remote Queensland.

The efficiencies framework provided a mechanism to reinvest savings into resilience projects that may otherwise never have attracted funding. This resilience funding was to deliver projects identified by Council within the recently adopted Local Recovery Action Plan (LRAP).

A detailed analysis of the potential impacts of the disaster recovery funding received by Douglas Shire Council if the proposed DRFF had been in place when these events occurred is included in attachment 1.

FINANCIAL AND RESOURCE IMPLICATIONS

Douglas Shire Council has 9,936 rateable assessments, yet following Cyclone Jasper has secured approval for approximately $204.8 million in disaster recovery across Reconstruction of Essential Public Assets (REPA), Counter Disaster Operations (CDO) and Emergency Work (EWK). In addition, a further $47.6 million has been approved for the restoration of critical water and wastewater infrastructure.

If disaster recovery funding for water and wastewater assets was no longer available and Council was required to fund these repairs itself, the cost would equate to approximately $477 per ratepayer per year for the next ten years. For the average ratepayer, this would represent a 35% increase in rates.

Under the proposed disaster funding reforms, if the Queensland Government were to pass on a 15% local government contribution, Douglas Shire Council rate payers would face an additional burden of approximately $308 per ratepayer per year for the next ten years. This equates to a further 22% increase in rates.

Combined, these changes would require Douglas Shire Council ratepayers to absorb the equivalent of a 56% increase in rates over the next decade simply to restore essential public infrastructure damaged in this one event.

RISK MANAGEMENT IMPLICATIONS

Strategic Risk: Failure to deliver essential services
Reduction in funding will reduce the level of service and/or amount of assets that will be restored to the required standard following a disaster event. Prioritisation of assets to be restored will be required to be undertaken with not all damaged assets restored to service.

Strategic Risk: Financial Sustainability
The Queensland Government would be required to fund the reduction in funding that was previously provided by the Commonwealth. If this does not occur and Council has to fund the shortfall, this would generate a significant risk to Council's ongoing financial sustainability without a significant rate increase being levied on ratepayers.

Strategic Risk: Reputational / Political
Council has always enjoyed constructive engagement with both the Federal Member for Leichhardt and State Member for Cook. The potential for cost shifting onto Local Government could negatively impact the working relationship.

ENVIRONMENTAL IMPLICATIONS

Nil

SOCIAL IMPLICATIONS

Nil

CORPORATE AND OPERATIONAL PLAN

This report has been prepared in accordance with the following:

Corporate Plan 2025-2030 Initiatives:

Theme 2 - Prosperity
Council plans, builds and maintains the infrastructure required to improve our lifestyle and promote economic growth, working actively to support local businesses.
2.7 - *Build strong local, State and Federal relations.*

Theme 4 - Recovery and Resilience
To partner with community to build resilience against natural disasters creating a strong sense of social capital.

4.1 - *Support our community's journey of recovery and rebuilding after natural disasters.*

***4.2 -** Deliver infrastructure asset restoration and betterment.*
***4.5 -** Undertake effective disaster management (planning, preparedness, response, recovery).*

Operational Plan 2026-2027 Actions:

4.2.4 - Submit 2026 DRFA Activation works for approval.

LEGISLATION AND POLICY

Not applicable

CONSULTATION

External Consultation:

Local Government Association of Queensland (LGAQ)
Local Government Managers Australia (LGMA)
Queensland Reconstruction Authority (QRA)

CONCLUSION

The proposed reduction in funding contribution by the Federal Government along with changes to the Betterment program and removal of the existing Efficiencies funding has the potential to impact the ability of Council to deliver infrastructure recovery and resilience following natural disasters.

ATTACHMENTS

1. Douglas - DRFF potential impacts [**7.5.1** - 4 pages]

Potential impacts of proposed Disaster Recovery Funding Framework (DRFF) on Queensland councils^

Douglas Shire Council

Since its introduction in 2018, Council has received the following direct support under the Disaster Recovery Funding Arrangements (DRFA).

							Recovered from Commonwealth		
Event Year	Number of events	Category A	Category B	Category C	Category D	Total Council DRFA program	Existing DRFA 64%	Proposed DRFF 50%	Cost-shift to state/ council under DRFF
2018-19	4	-	9,079,118	40,721	9,952,261	**19,072,100**	*12,206,144*	*9,536,050*	*- 2,670,094*
2019-20	0	-	-	-	-	**-**	*-*	*-*	*-*
2020-21	1	-	188,956	-	377,323	**566,279**	*362,419*	*283,140*	*- 79,279*
2021-22	2	-	703,503	-	-	**703,503**	*450,242*	*351,751*	*- 98,490*
2022-23	1	-	648,224	-	-	**648,224**	*414,864*	*324,112*	*- 90,751*
2023-24	1	7,305,748	171,713,148	-	73,346,857	**252,365,753**	*161,514,082*	*126,182,876*	*- 35,331,205*
2024-25	1	-	4,723,667	-	-	**4,723,667**	*3,023,147*	*2,361,833*	*- 661,313*
2025-26#	0	-	-	-	-	**-**	*-*	*-*	*-*
Total	**10**	**7,305,748**	**187,056,615**	**40,721**	**83,676,442**	**278,079,526**	**177,970,896**	**139,039,763**	**- 38,931,134**
									-22%

Source: QRA program data as at 23 June 2026, Existing DRFA % (64%) is historical statewide average (2018-19 to 2022-23) based on C'wealth data presented in Colvin Report^.
 # 2025-26 program values based on submissions lodged with QRA to date, and excludes any additional submissions that remain In Development by Council.

Recovery support provided to Council since the introduction of DRFA in 2018 — 10 events — $278.1 million

HEADLINE IMPACTS ^

1. 50/50 cost-sharing would reduce Commonwealth's funding for Council's program by **$38.9 million** **-22%**
Either the State and/or Council would need to fund the shortfall to maintain existing levels of support.

2. Eligibility of Council's Counter Disaster Operations (CDO) costs is unclear and 'subject to consultation' **$7,305,748**

3. Betterment

Since its introduction in 2013, Council has delivered 10 Betterment projects with $29.9M funding. If DRFF had instead been in place, 1 of these projects worth $202k would have been fully funded.
The remaining 9 projects would have been eligible for DRFF funding of $1220.9k, a shortfall of $28.5M. **$28,492,796**

^ This analysis of potential impacts is based on QRA data, the Colvin Report and correspendence and public fact sheets issued by the Commonwealth in relation to the DRFF as at 23 June 2026.

Other changes proposed under DRFF^

Category A	In addition to potential changes to CDO eligibility *(see Headline Impacts)* , DRFF proposes national standardisation of personal hardship assistance payments. Existing grants paid to Council residents through the State (not included in Council impacts above) for Individual Hardship, Structural Assistance etc. may change (up/ down/ amended).	
Category B	Any difference between estimated and actual projects' costs would be returned to the Australian Government under DRFF, meaning any over-runs above an individual project's estimated reconstruction cost (ERC) may be fully borne by the State/Council. Under DRFA, the State funds 100% eligible actual costs even if Councils' actual cost to deliver exceeds its Recommended Value/ERC. The State can currently do this as DRFA allows a project overspend to be funded from efficiencies realised elsewhere across the state's entire reconstruction program for a given event year. **Under DRFF, any legitimate overspend on a Council project relative to its ERC might not be eligible for reimbursement.**	**tbd**
Category C	DRFF proposes national standardisation of community recovery support. Existing grants to Primary Producers, Small Businesses and Not-for-Profit in Council's LGA paid through the State (not included in Council impact numbers above) may change. The form of mental health programs, Community Recovery Officers and other Category C programs available under DRFA will also be standardised/amended.	
Category D	Category D exceptional packages will be removed under DRFF though *"Additional support **may be considered** in genuinely extraordinary circumstances"* . No detail has been provided on what constitutes 'genuinely extraordinary circumstances' or the types of support, consideration process and approvals that would be required to secure funding. Betterment in its current form will no longer be available. Instead, a Resilient Infrastructure Scheme would standardise betterment at 15% of an assets' ERC "w*here specific criteria met* ". The criteria is unknown but will likely be set by the Commonwealth (to meet its national consistency objective). *See Att 1 for detailed analysis by Betterment project of what may or may not have been eligible.*	**$28,492,796**
	Other Category C and D packages that Council has been funded under DRFA may no longer be available *(see Att 2)* .	**$53,921,610**
Efficiencies	The DRFA Efficiencies Framework will be removed under DRFF with *"any difference between estimated and actual project costs to be returned to Commonwealth"*. Instead, the Resilient Infrastructure Scheme will fund betterment of individual damaged assets, and the Commonwealth has cited availability of its Disaster Ready Fund (DRF) as an alternate source for other resilience funding (inc. new or non-infrastructure resilience projects not eligible for betterment). In 2026-27, the DRF will allocate up to $142.5M by competitive application nationally across Australia's 8 jurisdictions. Under the existing framework, Queensland has allocated >$700 million of DRFA effficiencies to strategic disaster mitigation and risk reduction activities across the state, including through the $450 million Queensland Resilience and Risk Reduction Program.	
Event activation	The small disaster criterion at which an event is eligible for DRFF support increases from $240k to **$2.7 million**. Although a statewide threshold, should Council be impacted by a disaster with geographically isolated impacts, the increased threshold may restrict activation of any DRFF funding support for Council.	

^ This analysis of potential impacts is based on QRA data, the Colvin Report and correspendence and public fact sheets issued by the Commonwealth in relation to the DRFF as at 23 June 2026.

Att 1 - Council Betterment projects since 2013

Projects approved for Council under Betterment programs since 2013	**10**	**$29,915,237**
Of these, projects fully eligible under DRFF eligibility criteria	1	$201,518
Projects that would not have been fully funded under DRFF	9	$29,713,719
DRFF funding that would have been available for these projects (15% of Cat B REPA ERC)		$1,220,923
Betterment funding shortfall under DRFF		**$28,492,796**

Event year	Submission Number	Project Name	Cat B REPA Approved	Cat D / E Betterment Approved	Cat D Ratio of Cat B Approved	DRFF 15% eligibility criteria met
2018-2019	DoSC.0019.1819E.REC	Cape_Tribulation_Bloomfield_Rd	$ 457,703	$ 3,453,215	754%	N
2018-2019	DoSC.0026.1819E.REC	Zig_Zag_Rd	$ 1,057,617	$ 2,239,270	212%	N
2018-2019	DoSC.0027.1819E.REC	Cape_Tribulation_Bloomfield_Rd	$ 252,095	$ 3,242,706	1286%	N
2020-2021	DoSC.0039.2021N.REC	Bamboo_Creek_Rd, Poletti_Rd, Whyanbeel_Rd	$ 18,880	$ 377,594	2000%	N
2023-2024	DoSC.0107.2324P.REC	Cape Tribulation Road (Noah's Creek Bridge)	$ 5,016,683	$ 7,007,709	140%	N
2023-2024	DoSC.0115.2324P.REC	Whyanbeel Road	$ 161,392	$ 929,232	576%	N
2023-2024	DoSC.0114.2324P.REC	Forest Creek Road	$ 462,076	$ 2,762,507	598%	N
2023-2024	DoSC.0112.2324P.REC	Douglas Creek Road (Lees Bridge)	$ 3,018,762	$ 201,518	7%	Y
2023-2024	DoSC.0104.2324P.REC	Cape Tribulation Bloomfield Road	$ 581,178	$ 5,564,790	958%	N
2023-2024	DoSC.0111.2324P.REC	Cape Tribulation Bloomfield Road (Collins Creek Crossi	$ 131,862	$ 4,136,696	3137%	N

^ This analysis of potential impacts is based on QRA data, the Colvin Report and correspendence and public fact sheets issued by the Commonwealth in relation to the DRFF as at 23 June 2026.

Att 2 - Category C and D funding that Council has been approved for under DRFA (other than Betterment)		$ 53,921,610
2018-2019	Flood Recovery Exceptional Assistance	$1,000,000
2018-2019	Flood Warning Infrastructure	$102,249
2018-2019	Recreation and Community Assets - LG and SD	$40,721
2018-2019	Water and Sewerage Program	$34,235
2023-2024	Extraordinary Clean up	$3,891,748
2023-2024	Recovery and Resilience Grants	$1,000,000
2023-2024	Recovery Project Managers	$285,714
2023-2024	Water and Sewerage Program	$47,566,944

^ This analysis of potential impacts is based on QRA data, the Colvin Report and correspendence and public fact sheets issued by the Commonwealth in relation to the DRFF as at 23 June 2026.