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National Emergency Management Agency
disastermanagementreform@nema.gov.au

19 August 2026

Re: Submission to Proposed Disaster Recovery Funding Framework

The ten Member Councils of the Hunter Joint Organisation (JO) welcome the opportunity provided by the National Emergency Management Agency to provide feedback on the Disaster Recovery Funding Framework.

The Hunter Joint Organisation is the statutory local government entity established by the NSW Government, through the *NSW Local Government Act 1993*, to support the ten member Councils of the Hunter Region to work together for better rural and regional outcomes, and to enhance the way local and state governments work together to plan and deliver important regional infrastructure and investment. Member Councils of the Hunter JO include:

- Cessnock City Council
- Dungog Shire Council
- Lake Macquarie City Council
- Maitland City Council
- MidCoast Council
- Muswellbrook Shire Council
- City of Newcastle
- Port Stephens Council
- Singleton Council
- Upper Hunter Shire Council

The Hunter JO also works closely with Central Coast Council on a number of disaster resilience initiatives.

The core statutory functions established by the NSW Government for the Hunter JO include:

1. Strategic planning and priority setting
2. Intergovernmental collaboration
3. Shared leadership and advocacy

Through the [Hunter JO Strategic Plan 2035](#), our councils have identified climate change mitigation, adaptation and disaster resilience as one of the key priorities for the Hunter Region. The Hunter Region, particularly the MidCoast, Dungog, Port Stephens, Maitland and Newcastle LGAs, were significantly impacted by the NSW East Coast severe weather from May 2025. The ten Mayors of the region are strongly aligned in advocating for resourcing of local and regional disaster resilience and recovery activities.



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The region is already feeling the impacts of a changing climate from severe bushfires and coastal erosion to more frequent flooding and heat extremes, with projected increases in these hazards over coming decades. These hazards pose real, measurable risks to people, the built environment and vital regional assets.

The Hunter JO has prepared this submission as a high-level regional overview, informed by feedback from member councils. It is intended to summarise the key themes and common priority issues across the region, including:

- Protecting local government financial sustainability.
- Ensuring repeated moderate disasters are not excluded by higher thresholds.
- Guarantee long-term risk reduction funding beyond the Disaster Ready Fund.
- Fully fund climate adaptation, flood resilience and disaster adaptation planning.
- Include council owned water and sewer infrastructure as eligible infrastructure.
- Include community, cultural and recreational assets as eligible infrastructure.
- Reduce administrative burden on councils.
- Avoid cost shifting from Commonwealth to state and local government.
- Recognise the Hunter's high exposure to flooding, coastal erosion, bushfire and severe weather risks.

It is understood that Member Councils will also provide their own individual submissions to the consultation process.

I encourage you to consider our submission to inform the Disaster Recovery Funding Framework and would welcome the opportunity to further discuss our feedback and recommendations, particularly given the significant disaster impacts experienced in the Hunter JO region.

Should you have any further queries please don't hesitate to contact Susan MacDonald, Senior Project Coordinator, Hunter JO at susanm@hunterjo.nsw.gov.au or on 0459 928 799.

Yours Sincerely

A handwritten signature in black ink, appearing to read "SR Moore".

Sue Moore
Mayor Singleton Council
Chair Hunter Joint Organisation

Submission to Proposed Disaster Recovery Funding Framework

Organisation: Hunter Joint Organisation

Date: 19 August 2026

1. Cost shifting onto NSW councils

The biggest strategic concern is the proposed move to a **50:50 Commonwealth-State funding model**. While the reforms are not directed at arrangements between states and local government, Hunter councils are concerned that:

- NSW may seek greater local government contributions to disaster recovery costs.
- Regional councils already facing financial sustainability pressures could ultimately bear additional costs.
- Smaller councils such as Dungog, Upper Hunter, Muswellbrook and Singleton would struggle to fund larger resilience upgrades.

2. Higher disaster activation thresholds

Under the proposal, NSW disasters would only trigger Commonwealth cost-sharing once eligible costs exceed **\$2.7 million per event**. The Hunter experiences frequent natural hazard impacts rather than acute catastrophic disasters. Smaller but recurring flood, storm, erosion and bushfire events may not reach the threshold leaving councils left to carrying the costs for localised disasters.

The Hunter jo Strategic Plan notes: "The Hunter is predicted to experience increased extreme weather and natural hazards. Many of the region's communities are struggling to recover from the continual and combined impacts of more frequent and severe natural hazards."

For Hunter councils, repeated moderate events may be as financially damaging as one major event.

3. Uncertainty around eligible infrastructure – Council Owned Water and Sewer Infrastructure

The current Australian Government's Disaster Recovery Funding Arrangements (DRFA) eligibility criteria exclude council-owned water and sewer infrastructure from reimbursement. Unlike many other categories of essential public infrastructure, such as roads and bridges, this leaves regional

councils, and ultimately their residents, to bear the full financial burden of repairing and restoring these essential services following natural disasters.

Limited customer base

Council's local water utility services have relatively few water and sewer customers but operates a comparatively large water and sewer network. As an example, Singleton, which is considered a large local water utility by comparison in NSW, only has 7,500 water customers and 6,000 sewer customers to cover operational, maintenance, renewal and upgrade costs, compared with Hunter Water who serves around 600,000 customers.

Critical Service

Water and sewer assets are recognised as critical infrastructure and are fundamental services to the community. They support residences, hospitals, schools and businesses. Recovery funding should recognise this critical underpinning function.

Funding Inequity Shifts Burden to Small Customer Base

During disasters, Council's must divert resources and funding for renewals and upgrades to repair damaged infrastructure. With the cost recovery models in place, it is simply not possible to increase water and sewer prices and ask the community to immediately fund urgent repairs particularly when disaster damage can exceed annual capital renewal budgets. Similarly, it cannot be justified to ask customers to pay increased bills to provision for potential emergency disaster repairs that may never happen or arguably worse, ask for more money if it exceeded any money that was provisioned.

Public health and environmental impacts

Damage to water and sewer assets during a disaster creates immediate public health and environmental risks. A community can function with detours and temporary road closures. It cannot safely function without access to drinking water and sewerage services. Deferred disaster repairs, maintenance or renewals can create future public health and environmental impacts and risks.

Economic Recovery

Access to water and sewer services is essential to the economic recovery of a disaster affected community. Residents cannot return home and businesses cannot operate if the restoration of

water and sewer assets is delayed by a lack of financial capacity of the local water utility to respond on the scale required.

Intergenerational Inequity and Long-Term Risks

Water and sewer assets have a long life (typically 80 – 100 years) with each customer contributing to both the current and future asset needs. Disaster repairs funded by existing customers may not be possible to the extent required with deferred repairs resulting in increased asset failures, reduced system resilience, higher operating and maintenance costs and greater future disaster impacts

Hunter Councils advocate for the reform to ensure council owned water and sewer assets are recognized as essential public assets and included in disaster recovery funding eligibility under the new DRFF.

4. Uncertainty around eligible infrastructure – Community Assets

A major issue for Hunter councils will be whether community assets become eligible under the proposed Resilient Infrastructure Scheme.

The Discussion Paper notes that existing arrangements exclude some assets that councils value, including community and recreational assets. The proposal asks whether parks, playgrounds, recreational and cultural assets should become eligible. Hunter councils consider critical community assets such as coastal infrastructure, sporting facilities, foreshore assets, community halls, cultural facilities and tourism infrastructure, which are often highly exposed to floods, storms and coastal inundation, are eligible for inclusion.

5. Capacity to deliver resilience projects

The proposed model introduces resilience funding of up to 15% above reconstruction costs for betterment works.

While this is positive in principle:

- 15% may not be enough to achieve meaningful resilience upgrades.
- Smaller councils lack engineering and project management capacity.
- Councils facing multiple disasters may struggle to prepare business cases and demonstrate eligibility.

- Hunter councils have experienced difficulties claiming betterment funding through category B

6. Increased reporting and evidence requirements

The Discussion Paper acknowledges that existing audit and assurance requirements create a significant administrative burden for local governments.

Councils suggested that the DRFA categories are too complicated and lack clarity as to what can be claimed and the purpose of each. For a significant event like that which occurred in May 2025, councils found that the process for applying for emergency funding was slow and convoluted. Overall, support for standard Category B funding was reasonable however there was far too little available for Category C.

Councils indicated that there is an expectation that DRFA assessments be submitted before impacts are fully known or floodwaters have receded. This creates additional burden for councils, as they are often required to provide the same data multiple times throughout the initial declaration process. Councils recommend a more effective and simplified approach could include appointing a dedicated resource to work with each LGA to assess council damages, reducing confusion about what can be claimed and ensuring appropriate confirmation of loss is obtained and provided to RA in a timely manner.

Hunter councils have also specifically raised concerns about project acquittals, audit requirements, disaster cost evidence requirements and asset damage recording. Hunter councils would welcome reporting systems that are simpler and do not overburden council staff with additional data collection requirements and systems that enable claims to be processed significantly faster.

7. Loss of flexibility under standardised packages

Whilst it is recognised that the reforms propose nationally standardised recovery packages that promote fairness across the state, Hunter councils are concerned that region specific issues such as mining communities in transition, recurrent flooding, and agricultural recovery needs may require a more tailored response.

Hunter councils argue that locally designed recovery programs must remain possible through exceptional circumstances provisions.

8. Future of Disaster Ready Fund and risk reduction funding

The Discussion Paper indicates the Commonwealth is considering what replaces the current Disaster Ready Fund after 2028.

Hunter councils are seeking certainty that:

- risk reduction funding continues beyond 2028;
- regional adaptation projects remain eligible;
- councils can access funding without highly competitive grant processes;
- flood, coastal erosion and bushfire mitigation remain priorities.

9. Recognition of the Hunter's high disaster risk profile

The Strategic Plan highlights that Lake Macquarie, Newcastle, and MidCoast are among NSW's most at-risk LGAs for natural hazards, and Port Stephens is among the highest-risk LGAs for coastal erosion and inundation.

Hunter councils advocate for funding formulas that recognise:

- cumulative disaster exposure;
- repeated event impacts;
- coastal erosion risk;
- floodplain management costs;
- ageing infrastructure.

A purely event-based funding model may not adequately recognise these ongoing pressures.

10. Spontaneous volunteers

Current funding arrangements do not allow for the recovery of costs incurred through the management and coordination of spontaneous volunteers, including through third parties such as Disaster Relief Australia.

Hunter councils advocate to allow recovery of costs to councils incurred through ongoing Spontaneous Volunteer management and coordination to be included in the DRFF.