

## **NSW Floodplain Management Program**

### **Fact sheet: Proposed changes to grant administration**

The NSW Government provides technical and financial support to local government under the Floodplain Management Program (the Program) to manage flood risk. The Program is administered by the Office of Environment and Heritage (OEH).

Under current arrangements, local councils can apply annually for grants under the Program for each of their projects, and receive an annual total allocation which can be used to fund any or all of their successful projects.

#### **Proposed changes**

The Program will move to a project-based framework from 2012–13, with applicants able to apply for the entire funding for a stage of a project (not just an annual amount).

For the purposes of funding, the following independent project stages are defined as:

**Stage 1** - flood study (including data collection)

**Stage 2** – prepare or review floodplain risk management study and plan

**Stage 3** – investigation, design and/or feasibility study for works identified in a floodplain risk management plan (where required)

**Stage 4** - implementing actions identified in a floodplain risk management plan including but not limited to:

- structural works such as levees, detention basins, flood gates and flow conveyance improvements
- flood warning systems and evacuation management
- voluntary house raising and voluntary purchase.

Applications for funding of significant works (greater than \$500,000 total cost of works) will be prioritised against other significant works projects on a state-wide basis. The application process will be the same for all projects.

This new project-based framework, similar to that of the Coastal and Estuary Management Programs, will provide greater certainty to applicants on what is being funded and will reduce red tape as applications, work plans and acquittals will be for a whole stage rather than annually. It is being implemented in response to stakeholder feedback, and recommendations from an independent audit and an internal OEH review of the Program.

## Transition arrangements for 2012–13

To transition to this framework, applicants will be able to apply in 2012–13 for the remaining funding needed to complete the current stage of any existing project (even if funding is needed beyond 2012–13).

Applications will need to outline project progress and expenditure to date and provide evidence of an ongoing contractual commitment or an explanation of how the requested funding is inextricably linked to the current stage of the project. For example, the stage may be for a specific flood study that is continuing, but only a component of the flood study has been contracted so far.

## Question and answers

### 1. *What are the changes?*

Rather than the current arrangements of an annual grant, a single application and grant offer (and associated funding agreement) will cover a whole single stage of a project. A stage may be implemented over multiple years. Applications for funding of significant works (greater than \$500,000 total cost of works) will be considered within a separate program of works prioritised across NSW.

### 2. *Why change?*

The offer will cover funding for a whole single stage (not just on an annual basis) and so provide greater certainty to councils on what is being funded. It will also provide more certainty for Government of the scale of ongoing commitments and outcomes. The arrangements will reduce red tape as applications, work plans and acquittals will be for a whole stage rather than annually.

This new framework is similar to that of the Coastal and Estuary Management Programs. It is being implemented in response to stakeholder feedback, and recommendations from an independent audit and an internal OEH review of the Program.

### 3. *What level of funding will be available?*

The proposed changes to program administration for the State Floodplain Management Program and the Floodplain Risk Management Grants Scheme (under the jointly State and Commonwealth funded Natural Disaster Resilience Program) do not affect budget allocations to the programs from governments.

### 4. *Will all stages of projects currently funded under the Program continue to be funded until completion?*

It is expected that projects that have commenced will be funded until completion, provided satisfactory progress is made. However, all projects may not be able to be funded immediately during the transition phase (depending on the timeframe within which councils seek the remainder of funds). If there are not sufficient funds in a particular year to fund all continuing stages, then the State Assessment Panel may re-prioritise projects within a council area or across the state, with consideration given to minimising disruption to continuing projects.

### 5. *What happens if a project is currently covering multiple flood studies? Will they all be considered as an ongoing stage?*

Each project should only cover the one flood study/plan, so it is clear at the outset what is being funded and the expected cost. Preference will be given to projects which seek to understand the physical processes at the flood study phase on a whole catchment or

sub-catchment basis. It is envisaged that a number of floodplain management studies / plans could be prepared for a broader area that is covered by a single flood study.

6. *Will new projects be funded?*

Yes, new projects will be funded based on identified priorities for the Program and selection criteria including cost effectiveness, benefits of the project and regional/state significance.

7. *What is the definition of a stage?*

For the purposes of funding, the following are defined as independent project stages:

**Stage 1** - flood study (including data collection)

**Stage 2** - prepare or review floodplain risk management study and plan

**Stage 3** - investigation, design and/or feasibility study for works identified in a floodplain risk management plan (where required). This stage **must** be undertaken for any works projects that are likely to exceed a total project cost of \$500,000

**Stage 4** - implementing actions identified in a floodplain risk management plan including but not limited to:

- structural works such as levees, detention basins, flood gates and flow conveyance improvements
- flood warning systems or evacuation management
- voluntary house raising or voluntary purchase.

8. *What is the maximum funding term for a stage?*

Stages should generally be completed within three years of the grant offer. This is to ensure projects are being completed within a reasonable period and to assist with cashflow of the Program (that monies are not unnecessarily allocated to outstanding projects). If a project stage is likely to extend beyond three years, then the Council should consider further staging of the project. When applying for funding for a stage, Councils will request the funding term and this will be reflected in the funding agreement. Extensions to the funding term after the stage has commenced may be considered, subject to a reasonable explanation for any delay.

9. *Will monies be available for works?*

Yes. Applications for funding of smaller works (\$500,000 or less total cost of works) will be assessed in the same way as other stages of a project.

Applications for funding of significant works (greater than \$500,000 total cost of works) will be considered within a separate program of works, which considers statewide priorities based on the level of risk across the state. The revised arrangements are intended to provide more certainty for both local councils and state government about what works are being considered and the total cost of these works.

10. *How will funding from the jointly funded NSW and Commonwealth Government's Natural Disaster Resilience Program be administered?*

Current arrangements are expected to continue, with OEH administering the combined funding from the state Floodplain Management Program and the jointly funded NSW and Commonwealth Government's Natural Disaster Resilience Program. This means only a single application is necessary through the OEH application process. Funding for successful applications may be funded under either program. Commonwealth funds will be allocated on the same funding ratio as State funds. No additional reporting is required if Commonwealth funds are accessed.

11. *How will continuing stages be assessed?*

Completion of current stages will be one of the funding priorities for the Program for 2012–13 (and likely for the following year or so). Applications will be assessed on selection criteria including cost effectiveness, benefits of the project, technical feasibility and regional/state significance. If there are not sufficient monies immediately available to fund all continuing stages, then the State Assessment Panel may prioritise projects within a council area or across the state, with consideration given to minimising disruption to continuing projects. Continuing stages not funded immediately will be considered for funding in the following year(s).

12. *Will the next stage of a project be given priority over new projects (as occurs in the current program)?*

The current prioritisation arrangements will remain. This means priority will be given to the next stage of a project that is integral to a stage currently being completed, for example, works to offset the impacts from a levee project currently being constructed.

As is currently the case, investigation and design and construction stages will be each considered new stages, and no additional priority will be given.

13. *How will new projects be assessed?*

New projects will be funded based on identified priorities for the Program and selection criteria including cost effectiveness, benefits of the project, technical feasibility and regional/state significance. Assessment of new works projects will also include ranking based on the system endorsed by the Floodplain Management Association. Assessment for all types of projects includes scale of the problem; community involvement; strategic planning; benefit/cost ratio, and incorporation of environmental considerations. Assessment specific to some types of projects includes average damage per dwelling (and the extent to which the project will reduce this); and social improvements resulting from the project.

14. *A council has received funding for a stage but needs more money for that stage after going out to tender. Will this extra money be available?*

Yes. As currently occurs under the Program, the Council can apply to OEH for a change in the funding amount, and this would be assessed by OEH based on the reasons for the increase and within OEH financial delegations.

15. *A council has received funding for a stage but needs to vary the scope of that stage (e.g. broaden the area to be covered or the type of works to be undertaken). Will this be possible?*

Yes. The council can apply to OEH for a change to the project scope, and this would be assessed by OEH based on the reasons for the change; technical feasibility (if applicable) and consistency with original project objectives. These will be approved within OEH grant approval delegations.

16. *A council wants to vary milestones or due dates. Is this possible?*

Yes. The council simply needs to submit a revised work plan. If the revised work plan extends past the currently approved funding term however, the council will also need to apply for, and justify, an extension to the funding term.

*17. What about stages that have previously been offered funding but have not yet commenced? Will they be funded?*

Only stages which have commenced (that is, where grant monies have been expended) will be considered as continuing. Councils can still submit an application for any stage which has not yet commenced but these will be considered as new projects.

*18. Will monies still be available for Voluntary Purchase and Voluntary House Raising?*

Yes. As currently occurs under the Program, monies are available as a pool which can be accessed by councils when opportunities arise to purchase or raise properties. Councils apply to OEH for specific approved schemes to have access to this pool based on their suitability for purchase or raising to reduce flood risk. To increase certainty for councils and to reduce red tape, it is proposed that from 2012–13 onwards, councils can apply for access for up to three years for a specific scheme.

*19. Is an annual acquittal required for each stage?*

No. An acquittal is only required at the end of a stage, and will be done as part of the Final Report.

*20. Will projects still receive approval to the upper limiting fee (also known as 'project approved end cost')?*

No. This will not need to continue as the full cost of the project stage will be determined at the time of the grant offer. As per current funding conditions, however, council will be required to seek and consider OEH advice in the preparation of briefs and prior to awarding a contract.

*21. Will funding be available to upgrade levees in western NSW?*

Yes. Funding will be available under stages 3 and 4 outlined above to undertake levee upgrade work in western NSW, where these works have been recommended in a floodplain risk management plan and/or the Levee Audit of Urban Levees.

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