

# Disaster Ready Fund (DRF) Round Three

## Guidance on preparing a good application

Good DRF applications:

- meet all DRF eligibility requirements
- provide strong responses to each of the selection criteria
- include all required information.

When you prepare your application, make sure you:

1. Read the [DRF Round Three Program Guidelines](#)
2. Use the [application checklist](#) to check that you have included all necessary documentation.

## Address the selection criteria

Your application should address the selection criteria in the NEMA DRF Round Three Guidelines.

### Tips for addressing the selection criteria

#### *Criterion One – Project alignment with disaster risk*

- Be specific about the hazards and risk the project is addressing and how the project addresses the risk.
- Include well-defined project objectives, inputs, outputs and outcomes (short, medium and long-term). Project objectives should align to the DRF objectives. It should be clear what the project is protecting (i.e. people, assets, community, supply chains etc).
- Provide a detailed comparison of levels of exposure and vulnerability to natural hazards before and after the project.
- State a clearly articulated and compelling case that shows the potential benefits and impact of the project on the identified target area or group/s in terms of:
  - increased understanding of natural hazard disaster impacts,
  - increased resilience, adaptive capacity and/or preparedness, and/or
  - reduced exposure to risk, harm and/or severity of a natural hazard's impacts.
- Include multiple sources of high quality evidence to support claims related to levels of disaster risk and expected project benefits. This may include reference to:
  - [The Territory Wide Risk Assessment](#)
  - [Climate Change Risk Assessment for the ACT](#)
  - Hazard risk data and climate modelling
  - Assessment reports from expert or industry bodies
  - Peer reviewed research

- Provide a strong commitment to maintain the project benefits beyond the duration of program funding, and a credible explanation of how this will be done.
- Clearly explain how the project will avoid or prevent unintended outcomes.
- If you are applying for an infrastructure project, outline the impact climate change might have on the project and how you intend to mitigate these impacts.

#### *Criterion Two – Alignment with existing plans or development of plans*

- Provide a detailed and convincing explanation of how and to what extent the project activities and intended outcomes address one or more of the DRF's Objectives.
- Include specific references to relevant Commonwealth, Territory or local policies and/or risk assessments and clearly articulate how the project is consistent with or supports those policies and/or assessments. This may include reference to the:
  - [ACT Disaster Resilience Strategy](#)
  - [National Disaster Risk Reduction Framework](#) and the [Second National Action Plan](#)
  - [National Strategy for Disaster Resilience](#)

#### *Criterion Three – Likelihood of project success*

- Demonstrate a track record that includes extensive experience successfully managing multiple projects of a similar size and scope.
- Provide details of a team (applicant plus any delivery partners) that possesses all the required skills and expertise to successfully achieve the target outcomes.
- Include assumptions that are relevant, clear and reasonably detailed.
- Reference the business case, submitted as an attachment, and highlight the key components of the project plan.
- Be clear on how project funds will be used to deliver the project outcomes.
- Include a detailed description of stakeholder engagement activities that shows consultation and support from relevant stakeholders together with multiple sources of reliable evidence. For example, endorsement from community groups, outcomes from a community survey, community contributions to the project.
- If the project involves or impacts on Aboriginal and Torres Strait Islander peoples, outline how you have consulted with local groups, ensured alignment with the [National Agreement on Closing the Gap Priority Reforms](#) and/ or embedded cultural safety.
- Provide evidence of value for money, by outlining:
  - why the project is unable to be funded through other sources
  - the amount of co-contributions committed to versus the funding being sought.

## Write a business case

You must include a business case with your application. This should include:

- a project plan
- a budget
- a risk management plan

If your project is an infrastructure project, you must also include:

- a cost benefit analysis
- project designs and approvals
- evidence that the Applicant owns the land/infrastructure being built upon or has permission to use it (where relevant).

No templates are provided for the business plan, you should use your own templates for this.

In preparing your business case, make sure the proportionality of evidence and information matches the amount of funding requested. Larger more complex projects are generally expected to provide more detail against each of the selection criterion.

Your business case should include:

- Research to justify the project's value including what the cost of not taking action is.
- Modelling or information that already exists and the relevance to your application/proposed solution. This includes details of any checks that have been undertaken to ensure the project is feasible.
- A detailed project plan that is feasible and likely to achieve the intended outcomes taking into account the project inputs, outputs, duration, assumptions and risks.
- A detailed timeline/schedule for the project, that provides a very high level of confidence that the project can commence quickly (from January 2026) and be completed within the project duration (3 years, or 5 years for infrastructure projects).
- An indicative budget that is well-justified and appropriate for the size and scope of the project, with no significant gaps. The budget must:
  - factor in contingencies as a separate line item. This should be a minimum of 10%, but consideration of a high contingency up to 30% for projects in complex or remote delivery environments.
  - Spell out the expertise of staff listed in co-contributions to help justify expenses set out in budgets.

If your project is valued over \$1 million, cost estimates in the budget must be prepared by a quantity surveyor or other relevant professional. For example, an actuarial or accountant that can verify project costs are accurate and realistic.

- A detailed risk management plan. While risks may be present, demonstrate that any concerns or reservations are minor or can be managed.

## Prepare a Cost Benefit Analysis

Cost-Benefit Analysis (CBA) is an evaluation method used to estimate and compare the total costs and benefits of a project, expressed in dollars, from the perspective of the relevant community. This helps determine if the project offers value with relevant money.

To conduct a CBA that effectively supports your DRF Project Proposal, all CBAs should at a minimum:

- Involve a level of rigour and detail that is proportionate to the project's value, size and complexity.
  - For lower value projects, a simplified approach that focuses on major costs and benefits only may be appropriate.
  - For multi-million dollar projects, a detailed approach that considers all economic, social and environmental costs and benefits and calculates costs and benefits using parameters and inputs specific to the project location would be expected.
- Identify and describe project impacts as costs (any loss in societal wellbeing) and benefits (any gain in wellbeing), and then value them in dollar terms, to the extent possible.
- Ensure both direct and indirect costs and benefits are accounted for. These may include, but are not limited to:
  - Direct costs of the project such as capital and operating costs, as well as indirect costs that accrue to the relevant community as a whole, such as environmental impacts, disruptions to businesses and services while the project is being delivered, rate increases to support ongoing maintenance of an asset, etc.
  - Direct benefits such as disaster risk reduction, improved community resilience, and avoided disaster losses, as well as indirect benefits such as employment opportunities and co-benefits such as reduced insurance premiums.
  - Discount costs and benefits over the life of the project to determine their present value and if there are net benefits (that is, benefits greater than costs) for the proposal.

The Recommended steps in the CBA process are as follows:

### **1. Define problems and opportunities:**

- a. Clearly state the issues and opportunities the project aims to address, with reference to the objectives of the DRF.

### **2. Establish the base case and project options:**

- a. Compare the current scenario without the project (base case) to the proposed interventions (project options).
- b. Make sure the base case reflects a 'do nothing' or 'business as usual' approach.

**3. Identify costs and benefits over the life of the project:**

- a. Include all relevant societal costs and benefits, such as avoided disaster-related losses and improved resilience.

**4. Monetise (attach dollar values to) costs and benefits:**

- a. Convert all costs and benefits into monetary terms for effective comparison.
- b. Use real prices and exclude inflation.

**5. Account for non-monetised impacts:**

- a. Identify impacts that cannot be monetised, such as environmental and social outcomes.

**6. Discount future costs and benefits to obtain net present value (NPV):**

- a. Use a standard discount rate of 7% (with sensitivity analyses at 3% and 10%) to calculate the NPV (the present value of benefits minus the present value of costs).

**7. Analyse risks and sensitivity:**

- a. Assess uncertainties and test different assumptions to ensure robust outcomes.

**8. Report results clearly:**

- a. Summarise the results of the CBA, including whether the NPV is positive (i.e. improves efficiency) or negative (i.e. project is inefficient).

For further guidance and examples of cost-benefit methodologies refer to [Chapters 2 and 3 of the Guide to economic appraisal published by Infrastructure Australia](#) and the [Cost Benefit Analysis guidance note](#) published by The Office of Impact Analysis.