

## 6 RECOVERY

Recovery is the process of coming to terms with the impacts of a disaster and managing the disruptions and changes caused, which can result for some people in a new way of living. Being 'recovered' is being able to lead a life that individuals and communities value living, even if it is different to the life they were leading before the disaster event<sup>141</sup>.

The recovery phase is a complex and multi-faceted experience, unique to each individual, requiring detailed engagement and negotiation with a wide range of stakeholders. It takes time (sometimes years or even decades) and should progress at a pace that is right for the impacted individuals and communities. It is not a linear process and needs can emerge over time, often years after an event.

Financial assistance is an important way to help individuals in the immediate aftermath of a disaster. However, past disasters have demonstrated that we need to improve how this assistance is accessed. Navigating the complex system of recovery support can be traumatising. The assistance measures that are currently provided should be evaluated to ensure they are accessible and cover the range of needs and circumstances that arise following a natural disaster. In addition, delivering recovery support in a more accessible way, adopting case management services, and more effective communication can improve the recovery process<sup>142</sup>.

### 6.1 Understanding WA disaster recovery arrangements

Recovery is defined as the support of emergency affected communities in the reconstruction and restoration of physical infrastructure, the environment and community, psychosocial and economic wellbeing.<sup>143</sup>

It is the responsibility of local government to manage recovery. Early disaster recovery occurs immediately after the threat to human life has subsided, alongside but separate from the response phase. The bulk of the recovery begins once the immediate response to the disaster is underway, and the situation has stabilised to a point where attention can shift from saving lives and addressing immediate needs to rebuilding and restoring the affected community. The recovery phase is often described as being "long tailed", as it can span for months to even years, depending on the scale of the disaster. The work of financial counsellors starts with the commencement of the disaster, and ends when the community is full recovered, which may take years; financial counsellors provide enduring, reliable, and trustworthy support for the community.

Disaster recovery can be complex, especially in the case of concurrent disasters, or when disasters occur rapidly one after the other, overwhelming the community's capabilities. Community-focused recovery approaches are essential in building true disaster resilience over time. Due to the nature of the support provided, financial counsellors follow-up with clients to check on outcomes and see whether additional support is required.

The National Principles for Disaster Recovery outline that successful disaster recovery relies on<sup>144</sup>:

- Understanding the community context:

<sup>141</sup> <https://knowledge.aidr.org.au/media/5634/community-recovery-handbook.pdf>

<sup>142</sup> <https://naturaldisaster.royalcommission.gov.au/publications/html-report>

<sup>143</sup> <https://www.wa.gov.au/government/publications/state-emergency-management-plan>

<sup>144</sup> <https://www.wa.gov.au/government/publications/state-emergency-management-plan>

- Demographics
- Vulnerabilities
- Acknowledging the complex and dynamic nature of emergencies and communities
- Using community-led approaches:
  - Being responsive and flexible, empowering communities
- Ensuring coordination of all activities:
  - Efficient distribution of disaster recovery services e.g., financial counsellors, that target the most vulnerable and affected areas.
  - Continued assessment of impacts and needs through data collection
- Employing effective communication:
  - Efficient communication between organisations, agencies, and services
  - Efficient communication with affected communities and individuals
- Acknowledging and building capacity:
  - Recognising, supporting and building on community, individual and organisational capacity

### 6.1.1 Community-led recovery

Successful recovery is community-centred, responsive and flexible, engages with community and supports them to move forward. Financial counselling host agencies need to ensure that a community-led approach is embraced for effective recovery.

The term ‘community-led’ emphasises a community driven approach that strives to achieve strong community participation and leadership in all levels of planning, implementation and evaluation of recovery processes. Community-led social recovery processes fundamentally aim to support self-help and strengthen the resources, capacity and resilience already present within individuals and communities. Achieving community-led recovery may be challenging when:

- local, trusted community leaders have died or left the area because of the disaster
- communities of interest with diverse competing needs are involved
- affected individuals are widely dispersed
- vulnerable, marginalised or minority groups are excluded from community decision-making processes

Effective community engagement and strong facilitation processes are required to ensure communities can determine their own needs and shape recovery programs and activities that best them. Community-led recovery should<sup>145</sup>:

- assist and enable individuals, families and the community to actively participate in their own recovery
- recognise that individuals and the community may need different levels of support at various times- all clients are unique, have different capacities and recovery timelines. Some may not fully realise the effect the disaster has had on them until years down the

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<sup>145</sup> <https://knowledge.aidr.org.au/media/5634/community-recovery-handbook.pdf>

line and will only then turn to financial counsellors when they are in a critical state to “pick up the pieces”.

- be guided by the communities’ priorities
- channel effort through pre-identified and existing community assets, including local knowledge, existing community strengths and resilience. Community organisations are invaluable in reaching vulnerable groups and avoidant individuals early in the disaster recovery phase, allowing issues to be addressed early on before they spiral and leave long-lasting financial wounds on clients.
- build collaborative partnerships between the community and those involved in the recovery process
- recognise that new community leaders often emerge during and after a disaster, who may not hold formal positions of authority
- recognise that different communities may choose different paths to recovery.

Financial counsellors should work within a community-led recovery approach, applying principles that strengthen community cooperation and participation, where possible.

#### Additional information and resources

- [Local organisation guide to planning and preparing for community-led disaster recovery](#)<sup>146</sup>
- [Fundamentals of Community Recovery](#)<sup>147</sup>

## 6.1.2 WA disaster recovery bodies

Western Australia’s recovery activities are underpinned by the National Principles for Disaster Recovery and are delivered across four recovery environments: social, built, economic and natural.<sup>148</sup>

The SEMC as the peak emergency management body in WA, plays a key role in setting the strategic emergency policy framework in WA, including facilitating consultation and coordination between emergency management stakeholders.

The relevant controlling agency with responsibility for the response to an emergency must initiate recovery activities during the response to that emergency. The DFES is the controlling agency for most natural hazards, although the local government or the Department of Biodiversity, Conservation and Attractions (DBCA) may be the co-controlling agencies for smaller fires.

DFES is assigned the role of state recovery coordination in Western Australia. In this capacity DFES advises the government on recovery needs and recommended recovery arrangements and programs for each event. In large events a Recovery Coordinator or Controller may be appointed

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<sup>146</sup> [https://www.nswmentalhealthcommission.com.au/sites/default/files/2021-11/GUIDE%20-%20NON\\_LOCAL\\_ORG\\_Web%20Version%20-%2031%20October%202021.PDF](https://www.nswmentalhealthcommission.com.au/sites/default/files/2021-11/GUIDE%20-%20NON_LOCAL_ORG_Web%20Version%20-%2031%20October%202021.PDF)

<sup>147</sup> <https://knowledge.aidr.org.au/media/9903/fundamentals-of-community-recovery-module.pdf>

<sup>148</sup> <https://www.wa.gov.au/organisation/departments-of-communities/emergency-relief-and-support-services-recovery>

by the government to coordinate state resources in support of recovery. For smaller recoveries, DFES supports the local recovery coordinator.

Four recovery domain groups are established under the state recovery coordination arrangements to coordinate recovery across the social, economic, built environment and natural environment realms.

The DoC as the lead agency for the State Support Plan for Emergency Relief and Support, chairs the Social Domain. The Domain brings together services providers to coordinate the delivery of [emergency relief and support services](#)<sup>149</sup>, for recovery and advise DFES on recovery needs. The Social Domain includes financial counselling,

Once the response phase is over, the DoC is responsible for closing the evacuation centre and transferring leadership over to the local government. The local government may establish a recovery hub to provide a ‘one stop shop’ for community members to access support and information. A range of services are engaged in the recovery hub, such as State Government agencies, insurance companies, Centrelink, Salvation Army, etc.

The scope of support provided by the DoC is outlined in the [State Support Plan– Emergency Relief and Support](#)<sup>150</sup> and appropriate services will be determined based on disaster impact.

Local governments play a major role in disaster recovery. Local governments are guided by their Local Recovery Plan within their LEMA. However, the capacity of local governments to lead recovery in the immediate aftermath of a disaster varies significantly, and DoC will plan its service delivery according to local capacity.

Recovery is more effective when local governments take a proactive role and are engaged with their communities through all phases of recovery. Where recovery needs are complex and/or the capacity of local government is limited (some local governments may not receive adequate funding for recovery activities), State Recovery will activate operational support to coordinate a whole-of-government approach, or partner with local governments to support impacted communities. In such cases community networks become more important as local government resources may be unreliable. This highlights the importance of network building in the preparedness phase.

### 6.1.3 Sources of disaster financial support in WA

The SEMP states that “primary responsibility for safeguarding and restoring public and private assets affected by an emergency rest with the owner”,<sup>151</sup> whether it is an individual or a community. However, the state is aware that individuals and communities do not always have the resources to provide for their own recovery.

In WA, various forms of support are available to individuals and communities impacted by disasters. The support services aim to address a range of needs, including emergency assistance, financial support, mental health services, and community recovery efforts.

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<sup>149</sup> <https://www.wa.gov.au/organisation/department-of-communities/emergency-relief-and-support-services>

<sup>150</sup> <https://www.wa.gov.au/system/files/2023-10/ssp-emergency-relief-support.pdf>

<sup>151</sup> <https://www.wa.gov.au/system/files/2023-10/ssp-emergency-relief-support.pdf> p. 31

To best support individuals impacted by a disaster, it is important for financial counsellors and capability workers to stay informed about available support services through official channels, including government agencies, local authorities, and reputable organisations, such as banks.

The following is a list of some key sources of disaster support in WA. The list is not exhaustive and additional research is recommended:

- **Disaster Assist Website** <sup>152</sup>
  - This website provides a comprehensive overview of disasters that have recently impacted Australia.
  - It presents financial information for eligible disaster declared areas and individuals through the Natural Disaster Relief and Recovery Arrangements, DRP, Disaster Recovery Allowance, as well as Disaster Recovery payments for New Zealander Special Category Visa holders.
- **Australian Government Disaster Recovery Payment (DRP)**<sup>153</sup>
  - The DRP is a one-off, non-means tested payment of \$1000 for eligible adults and \$400 for eligible children who have been adversely affected by a major disaster either in Australia or overseas. DRP is activated when the impact of a disaster on individuals and families requires Australian Government assistance, in addition to that provided under standard recovery assistance.
  - Each disaster is different and as a result the timing and nature of additional levels of assistance varies from disaster-to-disaster and community-to-community. DRP assists with the short-term recovery needs of the community.
- **Disaster Recovery Allowance (DRA)**<sup>154</sup>
  - This is a short-term income support payment to assist individuals who can demonstrate that their income has been affected as a direct result of a disaster.
  - The DRA assists employees, small business persons and farmers who experience a loss of income as a direct result of a major disaster.
- **Disaster Recovery Funding Arrangements Western Australia (DRFAWA)**<sup>155</sup>
  - Through DRFAWA, the State government provides a range of relief measures to assist communities recover from eligible disaster events (i.e. bushfire, cyclone, earthquake, flood, landslide, meteorite strike, storm, storm surge, tornado and tsunami). Financial counselling is a Category A measure provided under DRFAWA.
  - The DFES coordinates all communication with the Australian Government and confirms whether a disaster is deemed eligible.

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<sup>152</sup> <https://www.disasterassist.gov.au/>

<sup>153</sup> <https://www.disasterassist.gov.au/Documents/Fact-sheets/Disaster-Recovery-Payment-Factsheet.pdf>

<sup>154</sup> <https://www.disasterassist.gov.au/disaster-arrangements/disaster-recovery-allowance>

<sup>155</sup> <https://www.dfes.wa.gov.au/recovery-funding>

- **Services Australia (Centrelink)<sup>156</sup>**
  - In an emergency, Centrelink will ensure that payments to its existing clients in the area affected by the emergency are not disrupted. In addition, it can often provide financial assistance to any person whose livelihood has been affected by the emergency.
  - Additional Child Care Subsidy may be available for people in temporary financial hardship as a result of a disaster
  - Low Income Health Care Card may be available for people who have reduced income as a result of a disaster.
- **Public Appeals – Lord Mayor’s Distress Relief Fund<sup>157</sup>**
  - The Lord Mayor’s Distress Relief Fund was established in 1961 to provide relief of personal hardship and distress arising from disasters occurring within Western Australia. The perpetual fund is a registered charitable body and has approval of the Australian Taxation Office for tax deductibility of contributions.
- **Premier’s Relief Payment (PRP)<sup>158</sup>**
  - The PRP provides special emergency financial assistance to residents whose usual place of residence has been destroyed or damaged by an eligible bushfire, or other natural disaster.
  - The payments are designed to help households cover urgent needs, such as temporary accommodation, purchasing essential items, and arranging emergency transport.
  - The scheme is activated by the WA Government following significant natural disaster events and is administered by DFES. Details on eligibility, application processes, and payment amounts are provided when the scheme is activated.
- **Premier’s Natural Disaster Recovery Fund (PNDRF)<sup>159</sup>**
  - The PNDRF aims to bridge the gap between immediate support and insurance payouts by tailoring financial assistance to meet the specific needs of individuals, households, local businesses, and community groups impacted by disasters.
  - The fund is activated by the Premier in situations where a natural disaster has significantly affected people and/or property.
  - Payments of up to \$20,000 are available, with amounts varying based on assessed needs and the cohort of the applicant.
- **Support for primary producers<sup>160</sup>**

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<sup>156</sup> <https://www.servicesaustralia.gov.au/western-australia-natural-disaster-support?context=60042>

<sup>157</sup> <https://appealswa.org.au/>

<sup>158</sup> <https://dfes.smartygrants.com.au/premiersreliefM>

<sup>159</sup> <https://www.wa.gov.au/government/media-statements/Cook%20Labor%20Government/Extra-support-for-WA-communities-impacted-by-natural-disasters-20241117>

<sup>160</sup> <https://www.agric.wa.gov.au/emergency-response/disaster-recovery-funding-arrangements>

- Relief measures are available to assist in meeting the needs of primary producers whose assets or primary production business has/have been affected by a disaster for which the DRFAWA have been invoked.
- **Rural Financial Counselling Service Program<sup>161</sup>**
  - This program has been in operation since 1986 and provides free and independent financial counselling to eligible farmers, fishers, foresters and small related enterprises who are experiencing, or at risk of, financial hardship.
  - The RFCS aims to:
    - transition clients out of financial crisis;
    - improve clients' business profitability or facilitate a dignified exit; and
    - improve clients' financial well-being and resilience.
  - The outcome of the program is that clients who engage with the service become financially self-reliant and their businesses are better prepared to deal with risk.
- **Banks**
  - Many banks have their own disaster frameworks outlining the support they provide their customers. This is not consistent across banks. It is advised that financial counsellors check with the various banks to see what support is available.

Additional grants and support may be available for disaster impacted communities. Online searches and consultation are advised to see what support is available.

**For more information see:**

- [Bushfire recovery and Centrelink<sup>162</sup>](#)
- [NAB disaster relief information for financial counsellors<sup>163</sup>](#)
- [Telstra disaster response and assistance<sup>164</sup>](#)

## 6.2 Communication and cooperation

Local organisations providing financial counselling services need to work closely with the DoC and local governments, who are responsible for coordinating emergency relief and disaster recovery activities, to be informed of local progress and ensure a smooth recovery process.

External organisations who are contracted to provide financial counselling services to disaster affected communities likewise need to work closely with these organisations as well as with local community service providers. This ensures effective practice because they have previously built relationships and trust with the local community, understand the community context, and have well-developed networks with community organisations, services and key leaders.

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<sup>161</sup> <https://nema.gov.au/get-support/rural-financial-counselling-service>

<sup>162</sup> <https://toolkit.org.au/wp-content/uploads/2023/03/Bushfire-Recovery-and-Centrelink-EJA-Jan-2020.pdf>

<sup>163</sup> <https://toolkit.org.au/wp-content/uploads/2024/01/NAB-Disaster-Relief-Support-Financial-Counsellor-Information-Sheet.pdf>

<sup>164</sup> <https://www.telstra.com.au/exchange/disaster-season-upgrades-2023>

Data collection during the response phase is critical, as it allows for the identification of emerging, as well as systemic issues and helps keep track of the disaster recovery support given by financial counsellors and capability workers. As with the response phase, it is important to keep FCAWA updated on the status and progress of disaster recovery activities to help them advocate for funding and resolution of systemic issues. FCAWA also has an important role in mediating relations between external and local financial counselling service providers, and Rural West for small business owners and primary producers. Furthermore, FCAWA can also facilitate referrals between general and specialist financial counsellors, if the general financial counsellors feel that there is a skills gap between them and their client's issues. FCAWA and FCA can work together to address systemic issues highlighting any WA nuances.

Working with community organisations is one method of contributing towards achieving true community-led recovery. Community organisations can link people (especially more vulnerable groups) in need with financial counsellors. Community organisations can also provide specialist, insider information that help financial counsellors engage with clients more effectively.

### 6.3 Supporting affected community members in recovery

Financial counsellors play a crucial role in disaster recovery settings by assisting individuals and communities in managing the financial challenges that arise from the impact of disasters. As mentioned previously, the support provided by financial counsellors in the response phase mainly consists of psychological first aid, by assuring individuals and families that they are safe, making sure they have their basic needs met, listening to their stories, and being a source of emotional support. It is important to not force services upon people and listen to what they need instead.

The recovery phase is when most people start coming to financial counsellors for help with financial issues, for example negotiating with creditors. Note that the points at which people seek out help will differ- some may not seek help for months, even years after the disaster has occurred. People may struggle for years on their own to recover, and only when their financial situation has become critical, will they start looking for help, which is when they turn to financial counsellors, who play a critical role in disaster recovery. Such situations highlight the importance of early intervention, to minimise the impacts and stress on both clients and financial counsellors.

The nature of the disaster recovery case work is different to normal financial counselling support, as outlined in FCA's *What the financial counselling sector has learned from the 2019-20 bushfire response* report<sup>165</sup>.

Financial counsellors can assist people impacted by disasters in the following ways<sup>166</sup>:

- Accessing relief for utility bills and other payments (see section 6.3.36.3.2):
  - Hardship Utility Grant Scheme
  - Negotiate with utility providers
- Accessing disaster grants and other government entitlements:
  - Disaster relief application forms are complex- financial counsellors play a key role in helping people navigate the application process for:
    - Centrelink disaster support payments

<sup>165</sup> <https://indd.adobe.com/view/fc49e4a4-b4d4-45d1-a884-6fd5c14d45ec>

<sup>166</sup> <https://fcvic.org.au/wp-content/uploads/Financial-Counselling-info-2022-flood-recovery.pdf>



- DRFAWA fund
  - Lord Mayor's Distress Relief Fund
- Negotiating with banks and creditors on debt issues:
  - Assist clients to apply for long-term hardship arrangements for mortgages
  - Assist with grant applications
  - Establish payment plans, reduce debt, or waive the debt completely
  - Support when court action being threatened
  - Assist with accessing superannuation to help pay debts
- Negotiating with insurance companies on claims:
  - Lodging claims
  - When claims get refused
  - When the claims are accepted, but the coverage is unsatisfactory
- Organise outreach activities to meet with community members to raise awareness of financial counselling support available
- Providing referrals to other services, for example legal services.
- Conducting financial assessments to understand the specific needs and challenges faced by clients post-disaster.
- Exploring options and advocating on the client's behalf
- Emotional support and being there to listen
- Following up with clients to check on outcomes

### 6.3.1 Insurance and disasters

Insurance is an important element in Australia's National Strategy for Disaster Resilience reflecting the focus on the shared responsibility for disaster preparedness, response and recovery between governments, communities and individuals<sup>167</sup>. However, at a household level there is evidence of significant rates of under-insurance, with many having no insurance coverage for property (both house and content insurance) or an inadequate level of coverage. In recent years some insurers have substantially increased premium prices in disaster-prone areas or have completely withdrawn coverage.<sup>168</sup> It is important for financial counsellors to be aware of the extent of the services they can provide, and to use referral pathways with Community Legal Centres to ensure clients receive the best possible support.

#### 6.3.1.1 The General Insurance Code of Practice

This is a voluntary Code of Practice (the Code) that requires insurers, and other industry participants, who have adopted the Code to provide services to their customers in an open, fair and honest way.

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<sup>167</sup> <https://knowledge.aidr.org.au/resources/ajem-october-2020-why-insurance-matters-insights-from-research-post-disaster/>

<sup>168</sup> Booth, K. & Tranter, B. (2018): When disaster strikes: Under-insurance in Australian households. *Urban Studies* (55: 14) pp 3135-3150 <https://doi.org/10.1177/0042098017736257>

- The Code's standards apply to many features of a customer's relationship with their insurer including when buying insurance, what to expect when making a claim, including timeframes for making a claim decision, and processes for making complaints.
- The Code also requires insurers to provide assistance to individuals who are in financial hardship and having difficulty meeting their financial obligations to an insurer. This includes:
  - a customer who has made a claim but is experiencing difficulty paying an excess to their insurer, or
  - a person who owes an insurer money because they caused damage while uninsured.
- In such cases, the Code sets out hardship and debt collection standards for general insurers and their agents to follow.
- The Code Governance Committee (CGC) is an independent body that monitors and enforces insurers' compliance with the Code. Financial counsellors are encouraged to submit Code breach allegations to the CGC when identified to progress cases and/or highlight a systemic issue.

**For more information, see:**

- [General Insurance Code of Practice](#)<sup>169</sup>
- Resource available through the FCA members' portal: [How can Financial Counsellors in disaster impacted communities utilise the Code?](#)<sup>170</sup>

### 6.3.1.2 Governance

The [Insurance Council of Australia](#) (ICA)<sup>171</sup> is the representative body for the insurance industry in Australia. When a 'catastrophe declaration' is issued from the Insurance Council of Australia this escalates and prioritises the insurance industry's response to support policyholders affected by the natural hazard that triggered the declaration. A catastrophe declaration means:

- Claims from affected policyholders are given priority by insurers.
- Claims will be triaged to direct urgent assistance to the worst-affected property owners.
- ICA disaster response specialists are mobilised to the affected location to work with government agencies, emergency services, local agencies and affected policyholders.
- Insurers mobilise their disaster response specialists to assist their affected customers with claims and assessments as soon as emergency services say it is safe to do so.
- An insurance industry taskforce is established to identify and address insurance related issues arising from the natural disaster

ICA is responsible for reviewing and updating the Code.

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<sup>169</sup> [https://insurancecouncil.com.au/wp-content/uploads/2023/11/2023-COP\\_UPDATE\\_October\\_FINAL.pdf](https://insurancecouncil.com.au/wp-content/uploads/2023/11/2023-COP_UPDATE_October_FINAL.pdf)

<sup>170</sup> <https://assets.csi.edu.au/assets/FCA-Presentation-21-February-2024.pdf>

<sup>171</sup> <https://insurancecouncil.com.au/>

For more information, see:

- [Insurance Council of Australia's frequently asked questions after a disaster](#)<sup>172</sup>

### 6.3.1.3 Complaints

Insurance complaints are handled by the [Australian Financial Complaints Authority \(AFCA\)](#)<sup>173</sup>, a free and independent dispute resolution service for individuals and small businesses. They can make a decision that is binding on the insurer. Financial counsellors should contact AFCA if they are unable to contact their client's insurer or are unsatisfied with their response. They should also be contacted if the client is unhappy with the outcome of the claim, with the proposed settlement, or with the service they received.

The [Australian Securities and Investment Commission \(ASIC\)](#)<sup>174</sup> is an independent commission of the Australian Government tasked as the national corporate regulator. They license and regulate insurers and take action against insurers who fail to comply with the financial service laws, including when insurers are being misleading or deceptive or are acting unconscionably. They do not act for individuals and only take action where it benefits the general public more broadly.

For more information, see:

- [AFCA and insurance complaints](#)<sup>175</sup>
- [How ASIC regulates insurance](#)<sup>176</sup>.

### 6.3.1.4 The claims process

In the context of disasters, being aware of various insurance matters is crucial for individuals and businesses to navigate the aftermath and facilitate a smoother recovery process. Financial counsellors can guide their clients through the claims process, providing advocacy and negotiating with insurers on their behalf.

The usual claims process is:

- Recording damage details
  - After the disaster has passed and it is safe to return home, photos need to be taken of all damage caused to the house, contents, car, and/or small business. Additionally, photos should be taken around the property, including sheds, downed trees and power poles. Note down any injuries or illnesses sustained as a result of the disaster. Also note down periods of unemployment, and the reasons why, as some may be able to claim insurance for loss of income.
  - Advise clients to not destroy, remove or repair things unless necessary, as the insurance assessor must see the damage.
- Lodging a claim

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<sup>172</sup> <https://insurancouncil.com.au/resource/frequently-asked-questions-after-a-disaster/>

<sup>173</sup> <https://www.afca.org.au/make-a-complaint/insurance>

<sup>174</sup> <https://asic.gov.au/>

<sup>175</sup> <https://www.afca.org.au/make-a-complaint/insurance>

<sup>176</sup> <https://asic.gov.au/for-consumers/insurance/#asic>

- If a claim is being made on home building insurance, the availability of temporary accommodation should be understood- what costs are covered, and for how long.
- An assessor measures the extent of the damage and what is covered, if they deem this necessary
- The insurer may ask for further information
- The insurer should provide monthly details on the claim's progress
- A decision to accept or deny the claim should be made within 4 months
- The claim is paid out or arrangements are made to rebuild, replace property, etc.

In the case of a severe disaster, there may be delays in processing insurance claims, due to the large number of people affected. The decisions on the claims may take up to 12 months.

### 6.3.1.5 Insurance issues in disaster recovery

Sometimes the insurance process is not smooth, and problems arise. In the *Exposed: Insurance Problems after Extreme Weather Events* report (2021)<sup>177</sup> prepared by the Financial Rights Legal Centre, key issues of concern to clients are outlined. These include underinsurance, problems with cash settlements, delays, poor claims handling practices and insurers' reliance on defect, maintenance and wear and tear clauses.

After disasters, some insurers may decline to provide specific natural hazard insurance coverage to vulnerable areas, or they may significantly increase premiums. Insurance plays a crucial role in disaster recovery for households, businesses and whole communities, and the unavailability or unaffordability of insurance will have devastating consequences in future disasters, slowing and even preventing recovery. This is an issue that needs to be addressed at the state and federal levels.<sup>178</sup>

### 6.3.1.6 Storm versus Flood insurance claims

Most policies differentiate between damage caused by flood water (such as water escaping from rivers, creeks, dams, lakes, and other watercourses) and storm water (including water escaping from drains and rainwater that has nowhere else to go). Most natural disaster events, including storm, are not defined by legislation. "Flood" is defined by legislation, however not everyone will have flood cover.

Some policies may exclude coverage for damage caused by flood water or provide only limited coverage. Some insurers may refuse to cover rainwater runoff or storm surge when the client chooses not to purchase flood cover.<sup>179</sup> Flood water exclusions can only be included in a policy if the insured has been advised of the exclusion in writing.

Additionally, what may appear to be flood damage can sometimes be attributed to storm water, and vice versa. Determining whether damage is due to flood water often requires expert hydrological evidence and legal advice to assess an insurer's decision. This scenario can be avoided by checking policy wording before purchasing.

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<sup>177</sup> [https://financialrights.org.au/wp-content/uploads/2021/07/Financial-Rights-Exposed-Report\\_FINAL.pdf](https://financialrights.org.au/wp-content/uploads/2021/07/Financial-Rights-Exposed-Report_FINAL.pdf)

<sup>178</sup> <https://www.aph.gov.au/DocumentStore.ashx?id=163e96d0-8b43-42f5-8728-b2679a596a16&subId=749913>

<sup>179</sup> <https://insurancouncil.com.au/resource/flood-insurance-explained/>

For addition resources and information, see:

- [Financial Rights Legal Centre: Insurance problems after extreme weather events<sup>180</sup>](#)
- [Financial Rights Legal Centre: Flood and storm insurance<sup>181</sup>](#)
- [Australian Financial Complaints Authority<sup>182</sup>](#)

### 6.3.2 Assisting clients with long-term hardship arrangements for mortgages and debts

Financial counsellors can negotiate with lenders on behalf of their clients to establish or extend reduced payment plans. This might include interest-only payments, extending loan terms, or temporary repayment suspensions. This can help reduce the financial burden in the recovery phase. Many lenders have hardship policies for disaster-impacted clients. Financial counsellors can guide clients through the eligibility and application processes for these programs, which might include extended loan forbearance or modifications.

Financial counsellors can connect clients with grants, subsidies, or low-interest loans provided by governmental and non-governmental organisations to support recovery. These funds may cover housing, essential expenses and even debt relief, reducing the need to rely heavily on loans. Additionally, they can ensure their clients' rights are protected and can intervene if lenders act unfairly, especially if they face foreclosure or other severe consequences.

### 6.3.3 Support with utilities in disaster recovery

Issues with utilities and essential services such as gas, water and electricity are commonplace after disasters. Fires, floods and cyclones can lead to disrupted services for weeks, if not months. Some may struggle to meet regular utilities payments after disasters, as all their financial resources are put into rebuilding. Financial counsellors play a critical role in helping people access and keep essential utilities services through negotiating with utilities providers and navigating hardship schemes.

The following energy issues may be experienced by people after disasters<sup>183</sup>:

- **Displacement and continued billing:** disasters can result in displacement from homes and businesses for months or even years as people rebuild destroyed buildings. Issues arise when:
  - estimate usage is based on the same time the year before, but circumstances are dramatically different due to the disaster
  - people receive bills with estimated usage for periods when they were not able to live in the property and not using energy
- **Meter replacement delays:** people may experience extensive delays by retailers arranging to replace their damaged or destroyed meters, after they receive notice from the network that they have a faulty meter. This can be due to internal process issues between retailers and metering providers, lack of metering provider technician

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<sup>180</sup> [https://financialrights.org.au/wp-content/uploads/2021/07/Financial-Rights-Exposed-Report\\_FINAL.pdf](https://financialrights.org.au/wp-content/uploads/2021/07/Financial-Rights-Exposed-Report_FINAL.pdf)

<sup>181</sup> <https://toolkit.org.au/wp-content/uploads/2023/03/FRLC-Flood-and-storm-insurance.pdf>

<sup>182</sup> <https://www.afca.org.au/>

<sup>183</sup> <https://www.ewon.com.au/page/publications-and-submissions/reports/spotlight-on/natural-disasters-the-long-term-customer-experience>

availability or a lack of understanding that the problems with the existing meter stem from a disaster. In some instances, people are not aware there is a continued issue with their meter until they query their bills.

- **Collections activity for unpaid bills:** people may continue to experience financial difficulties for years following an extreme weather event. Receiving debt collection notices, phone calls and text messages for unpaid bills and accumulated debt can be an enormous source of stress. Many people are subject to collections activity related to multiple utilities and services. Complaints have been made regarding:
  - receiving extensive collections contact like requests for payment via phone and email
  - difficulty negotiating a payment arrangement with a provider or accessing affordability assistance
  - risk of disconnection for non-payment.
- **Network and private installation issues:** Complaints have been made regarding:
  - delays repairing or replacing network assets
  - changes to minimum standards for safety maintenance, such as customers needing to comply with stricter vegetation management requirements
  - defect notices for private installations related to damage or destruction from extreme weather events
  - problems with work completed when restoring or rebuilding a property following an extreme weather event.

Financial counsellors play a critical role in helping people address the above issues. They provide advocacy, emotional, and practical support in negotiating with utilities providers to reach the following outcomes<sup>184</sup>:

- An extension to pay
- Paying in instalments
  - Most utility providers have hardship officers who can help work out a plan to pay the bills in instalments.
- Reduced or waived utility bills
- [Centrelink deductions \(Centrepay\)](#)<sup>185</sup>
  - Centrepay is a voluntary bill paying service which is free for Centrelink customers. People can use Centrepay to arrange regular deductions from their Centrelink payment that go towards paying utility bills.
- Access superannuation to pay utility bills
- Referral to legal services
- Access utility concessions and rebates
- Access to the HUGS for financial assistance (see below)

[HUGS](#)<sup>186</sup> is the main form of government support available to WA utility customers in financial hardship. Customers may be eligible for financial assistance through HUGS where payment

<sup>184</sup> <https://moneysmart.gov.au/managing-debt/problems-paying-your-bills-and-fines>

<sup>185</sup> <https://www.servicesaustralia.gov.au/centrepay>

<sup>186</sup> <https://www.wa.gov.au/service/community-services/community-support/hardship-utility-grant-scheme>

arrangements and other hardship strategies have been exhausted. People may be eligible if their utility provider assesses them as being in the following situation:

- they are assessed by their utility provider as being in financial hardship and not in payment difficulty;
- they have exhausted all their options with the utility provider and enter into a payment arrangement for at least 90 days to address the outstanding debt; and
- after completion of the payment arrangement, the outstanding bill is still more than \$300.

Financial counsellors can help clients navigate the HUGS scheme and access assistance.

The [Energy and Water Ombudsman Western Australia](#)<sup>187</sup> is an independent, impartial body that investigates and resolves complaints about electricity, gas and water providers in Western Australia. They are a long-term responder, with a role to provide clear information and referrals for immediate assistance when contacted by consumers. They also have a wealth of resources and information for consumers on concessions and financial assistance, outages and disconnections.

**For additional information and resources, see:**

- [Utilities and Telcos \(FCAWA\)](#)<sup>188</sup>
- [Complaints about phone companies and utilities \(Legal Aid WA\)](#)<sup>189</sup>
- [Utility rebates and concessions](#)<sup>190</sup>

### 6.3.4 Alternative forms of identity

Clients affected by natural disasters may have lost conventional identity documents such as their passport and driver's license. In such cases, alternative methods will be necessary to verify their identity. [Austrac](#)<sup>191</sup> provides useful guidelines for establishing identity through other means, which include:

- a referee statement (**financial counsellors are eligible referees**)
- photographic reference
- letters or forms as referee statements
- having referee statements witnessed
- government correspondence
- clients declaring their own identity

**For additional information see:**

- [AUSTRAC: Assisting customers who don't have standard forms of identification](#)

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<sup>187</sup> <https://energyandwater.ombudsman.wa.gov.au/community-resources/consumer-resources>

<sup>188</sup> <https://fcawa.org/utilities-and-telcos/>

<sup>189</sup> <https://www.legalaid.wa.gov.au/find-legal-answers/your-rights/complaints-and-consumers/complaints-about-phone-companies-and>

<sup>190</sup> <https://www.synergy.net.au/Your-home/Manage-account/Rebates-and-concessions>

<sup>191</sup> <https://www.austrac.gov.au/business/core-guidance/customer-identification-and-verification/assisting-customers-who-dont-have-standard-forms-identification>

## 6.4 Supporting primary producers and small businesses in disaster recovery

Primary producers and small businesses often face a more complicated recovery process compared to non-business owners, as they must balance both personal and business fronts. This can lead to increased financial stress, and elevated rates of mental health issues. Early intervention by financial counsellors can help this demographic avoid business closure and potentially life-threatening mental health problems.

Small businesses can seek help from both generalist financial counsellors and Rural West; however Rural West is the only service provider for primary producers. Rural West provides both the Regional Small Business Financial Counselling Program and the Rural Financial Counselling Service of WA (funded by the DAFF), which serves primary producers. Generalist financial counsellors have always been able to assist small businesses, but this has not been a large part of their casework until recently.

Rural West financial counsellors use a Business Adaptation Model (BAM) to engage clients in examining their enterprise, preferred future, management strategy and solution sets to achieve this.

### 6.4.1 Small businesses

For the financial counselling sector, ASIC has defined a small business as a business with fewer than 100 employees. Funding bodies, financial counselling agencies or jurisdictions may adopt a narrower scope.

Financial counsellors can assist small businesses in disaster recovery by:

- Negotiating with creditors, such as banks or finance companies
- Accessing dispute resolution services, such as the Australian Financial Complaints Authority (AFCA) or other industry Ombudsman services
- Providing information about the insolvency process for companies
- Assisting in understanding which disaster payments are non-assessable non-exempt income, meaning it does not need to be included in tax returns. Generally, Australian Government Disaster Recovery Payments are tax exempt. For more information, visit the [ATO](#).<sup>192</sup>
- Providing information about understanding rights and accessing legal help
- Helping access grants from disaster funding arrangements and sources of financial support
  - DRFAWA- reimbursements of up to \$50,000 were provided to small businesses to assist with cyclone-related cleanup for those affected by Ex-Tropical Cyclone Ellie and Tropical Cyclone Ilsa in 2023.
  - Concessional loans- low-cost loans from the government to help small businesses rebuild after disasters.
  - Bill relief- flexible payment plans with utility and service providers

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<sup>192</sup> <https://www.ato.gov.au/individuals-and-families/financial-difficulties-and-disasters/support-in-difficult-times/support-from-other-agencies/reporting-disaster-payments-and-grants-in-your-tax-return#Flooddisasterrecoveryallowance>



- Government payments- one-off or ongoing payments
- Understanding the points where business and personal assets and liabilities can become intertwined and explaining the implications of this in relation to debts
- Assisting in transitioning out of owning a business
- Being a source of emotional support

Generalist financial counsellors working with small businesses should seek to refer their clients to specialist services if they feel they do not have the skills or knowledge to assist a small business. FCAWA can aid in the referral process.

For more information on working with small businesses, see:

- [FCA small business handbook](#)<sup>193</sup>
- [Small Business Development Corporation](#)<sup>194</sup>

## 6.4.2 Primary producers

As mentioned previously, financial information is often considered “sensitive information” by primary producers, which can result in them avoiding seeking help. When they finally decide to engage with rural financial counselling services months or years after the disaster, their finances may be in a critical state, which means more difficult work for the financial counsellor, and more emotional stress for the business owner. This means that early intervention and previously established trust is essential when engaging with rural communities.

Rural financial counsellors working with farmers need to understand the different sources of financial assistance available to farmers post-disaster, and their application requirements.

Sources of financial assistance are:

- Farm Household Allowance<sup>195</sup>
  - The program provides assistance to farming families experiencing financial hardship for any reason.
  - The program provides eligible farmers and their partners with a package of assistance that includes:
    - up to four years of fortnightly income support (in every 10 year period)
    - ancillary allowances such as Pharmaceutical Allowance, Telephone Allowance, Rent Assistance and Remote Area Allowance
    - a professional financial assessment of the farm business (worth up to \$1,500)

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<sup>193</sup> <https://fcawa.org/wp-content/uploads/2021/03/2.-Small-Business-Handbook-Scope-Jan-2021-002.pdf>

<sup>194</sup> <https://www.smallbusiness.wa.gov.au/>

<sup>195</sup> <https://www.agriculture.gov.au/agriculture-land/farm-food-drought/drought/farm-household-allowance>

- funding to help develop skills, access training and pay for professional advice (up to \$10,000 and can include reasonable travel and accommodation to undertake training).
  - regular support of a case manager.
- Concessional loans<sup>196</sup>:
  - Regional Investment Corporation (RIC) is an Australian Government farm business lender providing low-cost loans for farmers and farm-related small businesses in financial need to strengthen Australian agriculture. RIC loans can be used for management, recovery and future proofing following severe business disruption due to drought, disasters and other biosecurity issues.
- ATO support and tax concessions:
  - The ATO may give payment extensions, set up a payment plan, remit penalties or interest charged during the recovery phase.
  - For additional information, visit the DAFF page on [drought, disaster and rural support](#)
- DRFAWA and other disaster payments

### 6.4.3 Contamination considerations after disasters

Disasters can result in the release of dangerous materials and chemicals into the environment, where it can be ingested, inhaled or touched by people and livestock, resulting in harm or even death. Cleaning up contaminants can be expensive, adding onto financial stress. At times, the process can cause psychological distress, for example primary producers having to bury their dead livestock after bushfires, floods or cyclones. Financial counsellors need to be aware of the financial and emotional issues associated with contamination clean-up during the recovery phase. The following are some of the main contamination sources:

- [Asbestos](#)<sup>197</sup> is extremely fibrous, and the tiny fibres are easily breathed in where they can become trapped in the lungs. Being exposed to asbestos increases the risk of developing cancers of the lung, ovary and larynx as well as mesothelioma (cancer of the lining of the lung). These cancers often develop decades after exposure to asbestos.<sup>198</sup> Fire-damaged buildings containing asbestos have the potential to release tiny fibres into the air. Asbestos also poses a major threat after cyclones or severe storms. In the case of a large bushfire event that results in significant costs and damages to the community, the DRFAWA may cover the cost of some, or all, of the removal and clean-up and work with emergency and response agencies, and the Local Government Environmental Health Officer to manage risks.<sup>199</sup>

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<sup>196</sup> <https://www.ric.gov.au/>

<sup>197</sup> [https://www.healthywa.wa.gov.au/Articles/A\\_E/Asbestos-removal](https://www.healthywa.wa.gov.au/Articles/A_E/Asbestos-removal)

<sup>198</sup> <https://www.cancer.org.au/cancer-information/causes-and-prevention/workplace-cancer/asbestos>

<sup>199</sup> [https://www.healthywa.wa.gov.au/Articles/F\\_/Fire-damaged-asbestos](https://www.healthywa.wa.gov.au/Articles/F_/Fire-damaged-asbestos)

- [Rainwater tanks](#)<sup>200</sup> can become contaminated after fires and floods, by ash, smoke, debris, bacteria, fire, or firefighting activities. Although contaminated water should never be consumed, it can be used to flush toilets, water the garden, wash cars and fight fires.
- [Dangerous damaged goods](#)<sup>201</sup> may include gas cylinders, containers of corrosives, oils and fuels, pesticides, pool chemicals, and industrial chemicals. Hazardous materials should have been accounted for in the preparedness phase during the risk assessment. After disasters, these dangerous goods may have leaked into surrounding soils or waterways. The environmental contamination needs to be considered in the clean-up. Primary producers are especially vulnerable to chemical contamination after disasters.
- Other contaminants to be aware of after disasters include [copper chrome arsenic timber ash](#)<sup>202</sup>, leaking sewage from [on-site wastewater systems](#)<sup>203</sup>, and [dead animals](#)<sup>204</sup>, particularly on farms.

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<sup>200</sup> [https://www.healthywa.wa.gov.au/Articles/N\\_R/Rainwater-tank-contamination](https://www.healthywa.wa.gov.au/Articles/N_R/Rainwater-tank-contamination)

<sup>201</sup> [https://www.healthywa.wa.gov.au/Articles/A\\_E/Damaged-chemicals-poison-and-pesticides](https://www.healthywa.wa.gov.au/Articles/A_E/Damaged-chemicals-poison-and-pesticides)

<sup>202</sup> [https://www.healthywa.wa.gov.au/Articles/S\\_T/Stay-safe-around-copper-chrome-arsenate-treated-wood/Cleaning-up-ash-from-CCA-treated-timber](https://www.healthywa.wa.gov.au/Articles/S_T/Stay-safe-around-copper-chrome-arsenate-treated-wood/Cleaning-up-ash-from-CCA-treated-timber)

<sup>203</sup> [https://www.healthywa.wa.gov.au/Articles/F\\_I/Fire-damaged-on-site-wastewater-systems](https://www.healthywa.wa.gov.au/Articles/F_I/Fire-damaged-on-site-wastewater-systems)

<sup>204</sup> [https://www.healthywa.wa.gov.au/Articles/A\\_E/Burying-dead-animals](https://www.healthywa.wa.gov.au/Articles/A_E/Burying-dead-animals)