



NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

# The Resilient Homes and Resilient Lands Programs

PERFORMANCE AUDIT | 20 MAY 2026

## THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General and the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to give reasonable assurance that financial statements are true and fair, enhancing their value to end users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These assess whether the activities of government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities. Our performance audits may also extend to activities of non-government entities that receive money or resources, whether directly or indirectly, from or on behalf of government entities for a particular purpose.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.

Cover image: Relocated houses at Mt Pleasant Estate, Goonellabah NSW. © NSW Reconstruction Authority, used with permission.



GPO Box 12  
Sydney NSW 2001

The Legislative Assembly  
Parliament House  
Sydney NSW 2000

The Legislative Council  
Parliament House  
Sydney NSW 2000

In accordance with section 38EC of the *Government Sector Audit Act 1983*, I present a report titled '**The Resilient Homes and Resilient Lands Programs**'.

A handwritten signature in black ink, which appears to read 'Bola Oyetunji'.

**Bola Oyetunji**

Auditor-General for New South Wales  
20 May 2026

## RECONCILIATION STATEMENT

We pay our respect and recognise Aboriginal peoples as the traditional custodians of the land in NSW who have cared for and protected the environment, waterways, and sacred sites over many millennia. We honour and thank the traditional custodians of the land on which our office is located, the Gadigal people of the Eora Nation, and the traditional custodians of all the lands on which our employees live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

We also acknowledge that our long history is shared with the histories of colonisation in New South Wales. We acknowledge the impacts of colonisation, and the resulting marginalisation and disadvantage of Aboriginal and Torres Strait Islander peoples in this state.

We embrace our role in holding government agencies to account for the delivery of effective services for Aboriginal and Torres Strait Islander peoples. We are committed to ensuring that our audits are culturally responsive, respectful and inclusive, and that we engage with Aboriginal and Torres Strait Islander peoples and communities in a meaningful and collaborative way.

We recognise the ancestral tie of Aboriginal and Torres Strait Islander peoples to this land, and we acknowledge that we have much to learn from their wisdom, rich and diverse culture, languages, knowledge and practices.

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# 1. Report snapshot

## Objective

This audit assessed whether the NSW Reconstruction Authority (the Reconstruction Authority) is effectively administering the Resilient Homes Program (RHP) and the Resilient Lands Program (RLP) to meet the programs' objectives.

## Key findings

### The Resilient Homes and Resilient Lands Programs were not effectively planned

Key elements of planning were not undertaken before the RHP and the RLP were rolled out, including the development of detailed project plans and risk mitigations. This had a significant impact on their ongoing implementation and led to delays. There was no business case or cost-benefit analysis to inform the design and establishment of the programs.

### The Reconstruction Authority is prioritising Resilient Homes Program funding based on risk

The approach adopted in June 2023 has ensured that funding is targeted to the RHP properties assessed as having the highest flood risk.

### The Reconstruction Authority has reallocated funding from buybacks to increase the number of resilient measures

Following the increase in the RHP budget to \$880 million, the Reconstruction Authority estimated that it would be able to support 1,345 buybacks and 420 resilient measures.

In August 2025, it re-profiled program funding to work towards 1,000 buybacks and 600 resilient measures. This change was informed by community and local council feedback.

### There have been persistent delays in the Resilient Homes Program

During early implementation of the RHP, it became clear that additional policy work was required, including the need for procedures on home relocations and the gifting of homes. This additional work, as well as changes to the delivery model for the resilient measures stream, contributed to delays in delivery.

### The Reconstruction Authority has not effectively administered the Resilient Lands Program

The RLP was designed to help meet the demand for land and housing as estimated when the program was established. There have been significant delays in program delivery, including in finalising the Resilient Lands Strategy, and the program is yet to deliver any land for housing.

## Recommendations

The report makes 5 recommendations for the Reconstruction Authority, including identifying opportunities to accelerate delivery of the RLP, improve planning for future disaster recovery and to ensure the appropriate use of bought-back land. These recommendations are outlined in Chapter 2.

## Fast facts

\$880m

budget for the RHP

1,000

buybacks currently targeted through the RHP

793

buybacks delivered through the RHP as at 31 March 2026

\$100m

budget for the RLP

4,382

homes or lots anticipated to be delivered through the Resilient Lands Strategy

0

homes or lots delivered through the RLP as at 31 March 2026

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## 2. Executive Summary

### Context

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Extreme rainfall across eastern Australia in 2021 and 2022 led to a series of major flood events in NSW, including extensive flooding in the Northern Rivers. Between late February and early April 2022, 13 people died as a result. Four thousand and fifty-five properties became uninhabitable, and another 10,849 properties were damaged.

Following these events, the NSW Government launched a series of programs to support homeowners to recover and to build housing resilience in the Northern Rivers. This included the Resilient Homes Fund, which includes 2 programs aimed at the longer-term recovery of the Northern Rivers: the Resilient Homes Program (RHP) and the Resilient Lands Program (RLP). The RHP is co-funded with the Commonwealth Government through the Disaster Recovery Funding Arrangements (DRFA) and the RLP is funded by the NSW Government.

The RHP is an \$880 million program that aims to provide financial assistance to homeowners to improve the flood resilience of their properties in the Northern Rivers. It intends to do this through voluntary buybacks, as well as by implementing measures to increase the resilience of homes, such as rebuilding housing with flood-hardened materials or home-raising. Buybacks for the program have been delivered in 2 phases: a pilot program that began in February 2023, and the main phase of the program, which began in June 2023.

The RLP is a \$100 million program that aims to speed up the delivery of new land and housing in the Northern Rivers to provide flood-affected residents with housing options to support their relocation, and to improve the resilience of the region. The program began in October 2022 with a request for Expressions of Interest from landholders to propose suitable land for the program. Following the assessment of this land, the Resilient Lands Strategy was published in August 2024. It consists of 12 priority sites that aim to accelerate the delivery of housing in the region using a variety of interventions including the purchase of land, delivery of housing in conjunction with Landcom and Homes NSW, and funding for infrastructure to support the private development of housing.

In July 2022, the Northern Rivers Reconstruction Corporation (NRRC) was established to lead the reconstruction of the Northern Rivers region following the flood events. The NRRC was responsible for the programs before July 2023, at which point the NRRC transitioned to the NSW Reconstruction Authority (the Reconstruction Authority), which then became responsible for the programs. The NRRC was dissolved in August 2023. The former Department of Regional NSW also played a role in establishing the programs.

### Audit objective

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This audit assessed whether the NSW Reconstruction Authority is effectively administering the RHP and the RLP to meet the programs' objectives. The audit examined whether the Reconstruction Authority:

- effectively planned the administration of both programs
- is effectively delivering the RHP
- is effectively delivering the RLP.

For the period prior to the Reconstruction Authority assuming responsibility for these programs (August 2023), the audit considered the role of the former NRRC and the Department of Regional NSW in establishing and administering both programs.

## Conclusion

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The Resilient Homes Program (RHP) and the Resilient Lands Program (RLP) were not effectively planned before implementation. The lack of detailed planning led to significant delays and increased the risk that program outcomes will not be achieved. While the Reconstruction Authority is targeting RHP funding to properties assessed as having the highest flood risk, delivery of some elements of the RHP, particularly the resilient measures stream, have been delayed. This has impacted timely access to support by flood affected residents. The Reconstruction Authority has not effectively administered the RLP to meet timeframes and it is yet to deliver any land for housing.

The buyback stream of the RHP will not meet its original funded target of 1,300 voluntary buybacks. The Reconstruction Authority attempted to meet this target before it re-profiled program funding to deliver 1,000 voluntary buybacks and increased the number of resilient measures from 420 to 600.

## Key findings

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### **Administration of the Resilient Homes and Resilient Lands Programs was not effectively planned before implementation**

Key elements of planning were not undertaken for the programs prior to their commencement which had a significant impact on their ongoing implementation and led to delays. Detailed project plans, including timelines and key milestones, were not developed for either program prior to program commencement. Governance arrangements were established early for the RHP but formal governance arrangements were not in place for the RLP until October 2024. Although key risks were identified for both programs at establishment, detailed risk mitigations were not in place for either program prior to commencement. There was also no monitoring and evaluation plan in place and this was not developed until late in the delivery of both programs.

There was no business case or cost-benefit analysis to inform the design and establishment of either program. Such analysis is intended to inform the investment decision, demonstrate that adequate due diligence and thinking was undertaken, and to inform funding approval.

### **The approach adopted in June 2023 for assessing and prioritising homes ensures funding is distributed to homes assessed as having the highest flood risk**

Eligibility criteria were developed at the outset of the RHP and are detailed in the program guidelines. A mapping exercise was conducted to support development of the criteria. Flood mapping from across the Northern Rivers was gathered and used to evaluate the location of homes in the highest risk locations. An independent review released in April 2024 found that the program was using the best available flood and floor-level data, and that the methodology was aligned with recommended risk assessment principles. In December 2024, the Reconstruction Authority updated its prioritisation approach based on more recent data. This mapping approach has ensured that funding is distributed to homes assessed as having the highest flood risk.

### **The Reconstruction Authority will not meet its original funded target for the buyback stream and is increasing its focus on the resilient measures stream**

Based on the initial \$700 million of funding for the RHP, the Reconstruction Authority estimated that the program would be able to support approximately 1,000 buybacks and 370 resilient measures. Following the increase in the program budget to \$880 million, the Reconstruction Authority estimated that it would be able to support 1,345 buybacks and 420 resilient measures. The Reconstruction Authority treated these revised figures as targets.

In August 2025, the Reconstruction Authority re-profiled program funding to work towards 1,000 buybacks and 600 resilient measures. At that time, 925 properties had been approved for a buyback and 682 buybacks had been finalised. Of the 925 properties approved, 87% (803) had accepted with 4% (39) declining the offer, and the remainder considering the offer.

This change was guided by community and local council feedback to redirect more funding to the resilient measures stream and increase access to the program. As part of re-profiling the budget, the Reconstruction Authority also identified that the remaining budget was not sufficient to support the targeted 1,345 buybacks and reduced this target to 1,000. The Reconstruction Authority attempted to meet the target of 1,345 buybacks prior to making the changes to the program. Before determining to reduce the targeted number of buybacks, the Reconstruction Authority had contacted 1,300 homeowners who had either applied for a buyback or were identified as potential applicants. However, some of these homeowners did not apply, with some also deemed ineligible after applying.

### **Delivery of the Resilient Homes Program has been delayed which has limited support to flood-affected homeowners during recovery**

The request to the Commonwealth Government for the first tranche of co-funding in August 2022 advised that the \$800 million for the RHP would be spent by June 2024. Limited program development work had been undertaken at the time of this request. Following an application for extension of time made in late 2024, the Commonwealth Government approved an extended deadline to June 2027.

There have been persistent delays in the RHP. Early in the RHP, it became clear that additional policy work was required to address some of the key issues that were identified during program implementation. These included procedures for home relocations, gifting homes for relocation and a large lot policy for land greater than 2 hectares. The former NRRC developed these policies while delivering the program, leading to delays in program delivery. Changes to the model used for delivering the resilient measures stream also led to delays. This change in approach meant that the first resilient measures payment was not made until December 2023, 21 months after the first of the major flood events in February 2022.

### **The Reconstruction Authority has developed plans for the future use of most land bought through the Resilient Homes Program**

The Reconstruction Authority is responsible for determining the future use of bought-back land. The RHP guidelines state that zoning restrictions will be placed on residential properties purchased through the buyback stream, to prevent future residential use. The former NRRC and the Reconstruction Authority did not consider future planning for the land and properties other than these rezoning requirements as part of the design of the program.

In July 2024, the Reconstruction Authority began planning for future land use in the Northern Rivers and has since worked with local councils and state government departments, as well as other stakeholders, to determine preferred land use. In August 2025, project plans for future land use in Lismore and South Murwillumbah were established, outlining the objectives, budget considerations and key milestones for the preparation of precinct plans and planning proposals in these locations. Throughout late 2025, further work was undertaken on other locations across various Northern Rivers Local Government Areas (LGAs).

As engagement with the program is voluntary, this has resulted in individual parcels of land being bought by the Reconstruction Authority that are isolated from other purchased sites. This has made precinct planning difficult in some areas. The Reconstruction Authority does not have a plan for these separate vacant lots, but it has engaged with councils on available land and has started to work on a divestment approach.

### **The Reconstruction Authority has not delivered the Resilient Lands Program to established timelines and the program is significantly delayed**

There have been significant delays in the RLP, and the Reconstruction Authority is yet to deliver any land for housing. The Resilient Lands Strategy took over a year to be finalised after the draft was exhibited to the public. It establishes expected timelines for the delivery of each of the sites that form part of the RLP and the Reconstruction Authority has not met these timelines.

The Reconstruction Authority reviewed timelines for the RLP projects in May 2025 and again in October 2025, and pushed back the expected dates of completing the planning and DA approval steps for most sites. In addition, some sites will have a delayed completion date compared to what is published in the Resilient Lands Strategy. Nine of the 12 sites are now due to be completed by the end of 2026 or 2027, with the remainder planned to be completed in 2028. This has resulted in the planned completion of half of the sites being delayed, with delays ranging from 6 to 21 months. Some lots are planned to be available for purchase before these completion dates.

**The land identified in the Resilient Lands Strategy is forecast to meet estimated demand, but delays in the program put this at risk**

The hectares of land needed to support people leaving flood-affected areas through the RLP in each LGA was estimated. The RLP was designed to meet the estimated required land across each LGA, and the number of lots planned to be released through the program will exceed the number of destroyed and severely damaged homes in all LGAs except Ballina Shire Council. The Reconstruction Authority anticipates a total of 4,382 homes or lots will be delivered through the implementation of the Resilient Lands Strategy. The Reconstruction Authority, in conjunction with partner agencies, is responsible for the direct delivery of 612 of these homes or lots.

The former NRRC categorised the demand as an immediate need and sought to fulfil it by early 2028, that is, within 5 years from April 2023. As part of the selection process for the land, the former NRRC chose only sites that it assessed could be delivered within that 5-year period. Delays in the program have put the Reconstruction Authority's ability to meet this demand in a timely manner at risk.

No lots or homes have yet been delivered through the RLP. So, while the RLP aims to eventually deliver the housing that was identified at the outset of the program, it is not yet fulfilling its role of supporting flood-affected residents in the Northern Rivers. Given the delays in the RLP, the program has not offset the reduction in housing created by the RHP buyback stream.

## Recommendations

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**By September 2026, the NSW Reconstruction Authority should:**

1. identify and act on opportunities to accelerate the delivery of sites under the Resilient Lands Program, to ensure current program timelines and targets are met.

**By June 2027, the NSW Reconstruction Authority should:**

2. work with councils to finalise and implement plans for:
  - a) each of the areas with significant numbers of buybacks
  - b) parcels of bought-back land that are isolated from other buyback sites
3. document lessons learned to inform planning for future disaster resilience, recovery and adaptation programs, including land use planning activities
4. ensure readiness for future natural disasters by:
  - a) developing and implementing resilience and adaptation programs in anticipation of natural disasters and outside periods of declared natural disaster
  - b) planning in advance for the timely implementation of disaster recovery programs, including meeting requirements for business cases and cost-benefit analyses.

**By March 2028, the NSW Reconstruction Authority should:**

5. complete and publish the evaluation and ex-post cost-benefit analysis of the Resilient Homes Program and the Resilient Lands Program.

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## 3. Introduction

Extreme rainfall across eastern Australia in 2021 and 2022 led to a series of major flood events in NSW, including extensive flooding in the Northern Rivers. Between late February and early April 2022, 13 people died as a result. Four thousand and fifty-five properties became uninhabitable, and another 10,849 properties were damaged.

Following these severe flooding events, the NSW Government launched a series of programs to support homeowners in their recovery and to build resilient housing in the Northern Rivers. This included the following programs:

- the Resilient Homes Fund consisting of 2 programs: the Resilient Homes Program (RHP) and the Resilient Lands Program (RLP)
- the Flood Property Assessment Program (FPAP), which provides free repair assessments for flood damaged properties, as well as free demolition services for homeowners
- Disaster Relief Grants (DRG), to help vulnerable community members make their homes safe and liveable after a disaster event.

This audit assessed the administration of the RHP and RLP, which are being delivered by the NSW Reconstruction Authority (the Reconstruction Authority). The initiation, planning and early delivery of the programs were conducted by the former Northern Rivers Reconstruction Corporation (NRRC) in conjunction with the former Department of Regional NSW. The NRRC was established in July 2022 to lead the reconstruction of the Northern Rivers region following the flooding events. It was establishing itself as an organisation at the same time that it was launching the RHP and RLP. The NRRC was responsible for the programs prior to July 2023, at which point the NRRC transitioned to the Reconstruction Authority, which then became responsible for the programs. The NRRC was dissolved in August 2023.

A first tranche of funding for the Resilient Homes Fund was approved in September 2022. The RHP is co-funded with the Commonwealth Government through the Disaster Recovery Funding Arrangements, and the RLP is funded solely by the NSW Government. The first tranche of funding for the Resilient Homes Fund was \$800 million, which included \$350 million in Commonwealth Government funding. In May 2024, the Reconstruction Authority sought and received an additional \$90 million in funding from the NSW Government for the RHP and an additional \$90 million in Commonwealth Government funding in late 2024.

### 3.1. The Resilient Homes Program

The RHP provides financial support to flood affected homeowners for voluntary buybacks, as well as measures to increase resilience, such as home-raising or rebuilding housing with flood-hardened materials. Funding for the program was received in 2 tranches: \$700 million approved in September 2022, and \$180 million approved in 2024. Both tranches were co-funded by the Commonwealth Government and the NSW Government.

To be eligible for the program, properties must be located in one of the Northern Rivers Local Government Areas (LGA) and have contained a lawful residential dwelling at the time of the flood event. In addition, the homeowner must be the registered proprietor of the property at the time of application and immediately before the beginning of the first flood event in February 2022. Also, homes are only eligible for the program if the primary residential dwelling footprint was inundated by flood waters in the flood event or affected by landslide as a result of the event.

Properties located in the Northern Rivers that are eligible for the NSW Voluntary Purchase Schemes (VPS) are also eligible for a buyback under the RHP. The VPS is a buyback program administered by the Department of Climate Change, Energy, the Environment and Water. It aims to remove at-risk people from high flood hazard areas.

In addition to these eligibility criteria, the Reconstruction Authority developed a prioritisation approach informed by flood mapping for the eligible homes. Buyback zones were classified into 2 different eligibility categories. Category A consists of highest priority areas for buyback, and category B consists of areas where a buyback is also recommended, but is of lower priority than category A areas. Category A sites were considered for a first round of funding and category B sites were considered for a second round of funding.

During the development of the prioritisation approach, it was identified that it may not be possible to purchase all category B properties within the program’s funding envelope, and so a sub-prioritisation approach was developed for these areas. This approach considered the areas’ socio-economic disadvantage and evacuation constraints, because these 2 factors influence the risk to life during a flood event. Category B zones were assigned a priority level ranging from 1 (highest priority) to 8 (lowest priority).

For homes outside categories A and B, an additional assessment methodology was also developed to determine which homes should be prioritised for the resilient measures stream, which consists of home-raising and rebuilding activities. The prioritisation categories for the program are outlined in Table 1.

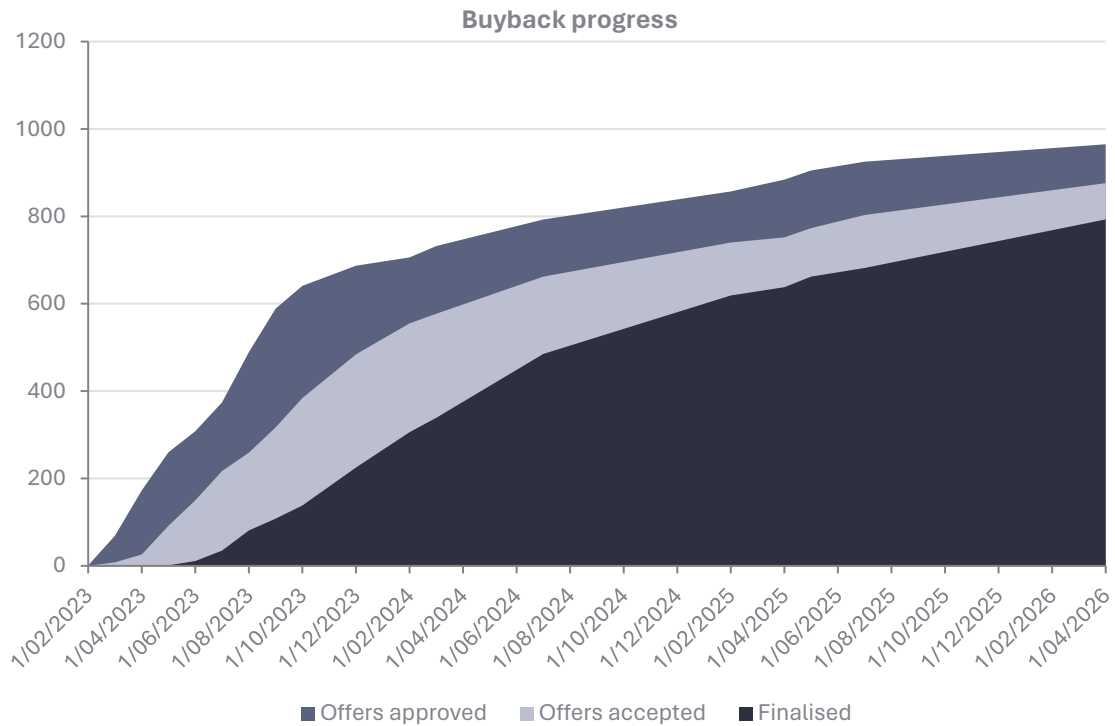
**Table 1: RHP prioritisation categories**

Category	Program stream	Funding round
A	Buybacks	Round 1
B	Buybacks	Round 2
C	Resilient measures	Round 2

Source: Audit Office of NSW analysis.

The RHP began customer outreach in November 2022. Buybacks for the program have been delivered in 2 phases, starting with a pilot program that began in February 2023, and then the main phase that started in June 2023 and has since continued. As at 31 March 2026, a total of 793 properties had settled, with the program now anticipated to support a total of approximately 1,000 buybacks. As at February 2026, the spend on the buyback stream was \$581.5 million. This includes the value of the buybacks as well as make good and demolition activities. The number of buybacks over time is outlined in Figure 1.

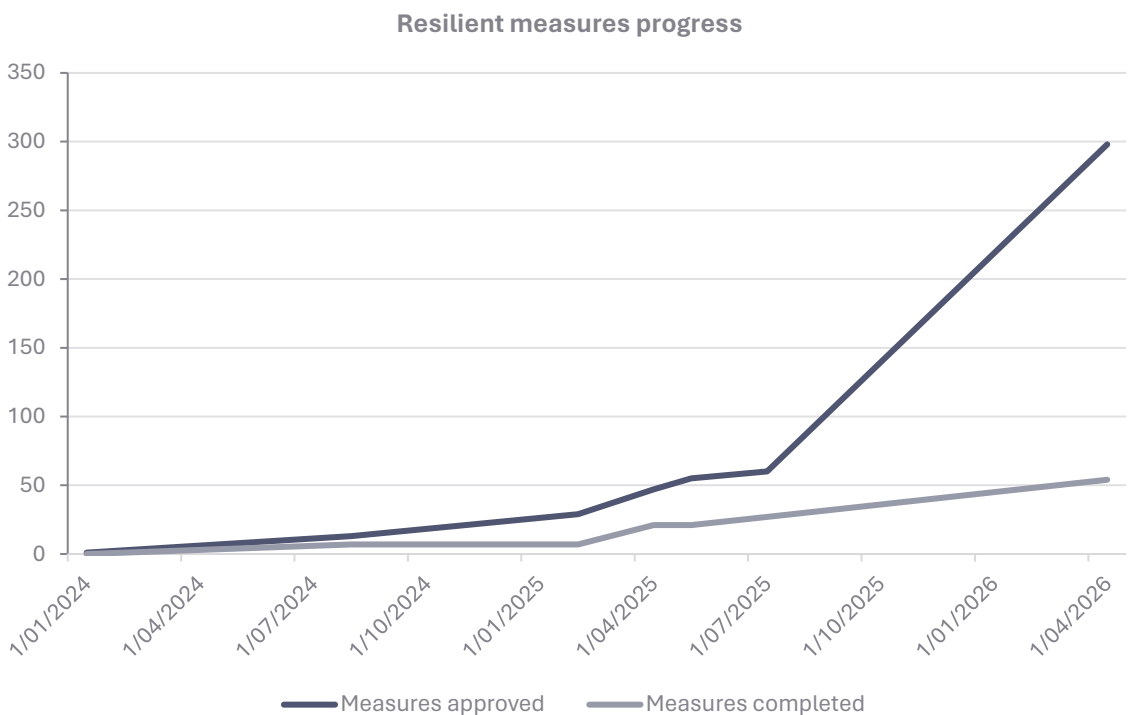
**Figure 1: RHP buyback progress**



Source: Audit Office of NSW analysis.

The resilient measures stream began customer outreach in July 2023 and has been delivered progressively since. As at 31 March 2026, 54 resilient measures activities had been completed out of an expected total of approximately 420. As at February 2026, the spend on resilient measures activities was \$17.5 million. The number of resilient measures activities delivered over time is outlined in Figure 2.

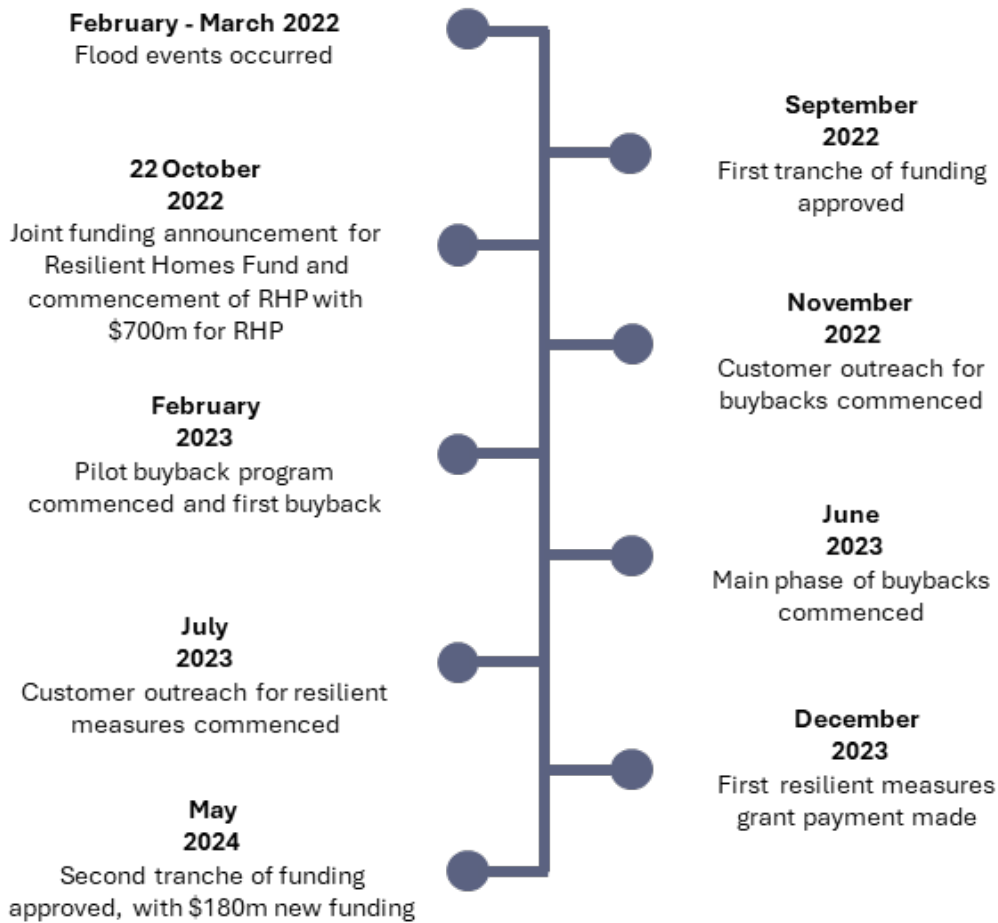
**Figure 2: RHP resilient measures progress**



Source: Audit Office of NSW analysis.

As at February 2026, the total spend for the RHP, including program administration, was \$554.8 million. Key dates for the RHP can be seen in Figure 3.

**Figure 3: RHP timeline**



Source: Audit Office of NSW analysis.

## 3.2. The Resilient Lands Program

The RLP is a \$100 million program that aims to supply new land and housing for flood-impacted residents through a mixture of land purchases and acceleration of land availability for future development. The program began in October 2022 with a request for Expressions of Interest from landholders to propose suitable land for the program. These were reviewed for suitability and shortlisted to form a draft Resilient Lands Strategy which was exhibited publicly in June 2023. The strategy was refined based on community feedback, further feasibility studies and due diligence on the shortlisted sites.

The Resilient Lands Strategy was published in August 2024. It consists of 12 priority sites that aim to accelerate the delivery of housing in the region using a variety of interventions including the purchase of land, delivery of housing in conjunction with Landcom and Homes NSW, and the funding of enabling infrastructure to support private development of housing. The Reconstruction Authority anticipates a total of 4,382 homes or lots will be delivered through the implementation of the Resilient Lands Strategy. The Reconstruction Authority, in conjunction with partner agencies, is responsible for the direct delivery of 612 of these homes or lots. Table 2 contains a summary of the expected completion dates and numbers of new homes for each of the 12 priority sites. The Reconstruction Authority anticipates that the first new homes will be delivered under the program by August 2026.

**Table 2: Estimated number of homes and planned timelines for RLP projects – As at October 2025**

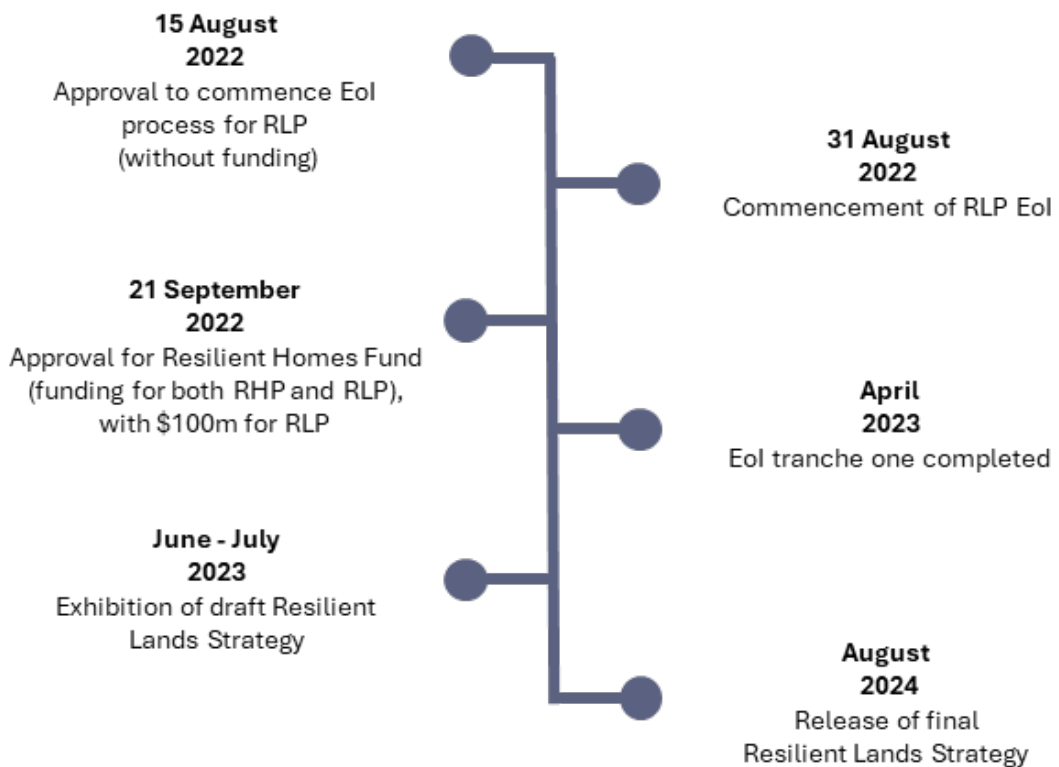
LGA	Project	Estimated homes	Completion date
Lismore	Mount Pleasant, Goonellabah	39	End Q4 2026
Lismore	North Lismore	85	End Q3 2027
Lismore	Crawford Road, East Lismore	400	Pt 1: End Q4 2026 Pt 2: End Q4 2027
Byron	Station Street, Mullumbimby	32	End Q2 2027
Lismore	Bristol Circuit and Cynthia Wilson Drive	56	End Q2 2027
Kyogle	Mayfield Estate, Kyogle	40	End Q4 2026
Tweed	North Arm Road, Murwillumbah	250	End Q4 2028
Byron	The Saddle Road, Brunswick Heads	600	End Q2 2028
Richmond	Summerland Way, Casino	1500	End Q2 2028
Lismore	Goonellabah	350	End Q4 2027
Ballina	Lennox Head	30	End Q4 2027
Clarence	Summerland Way, Junction Hill	1000	End Q4 2027

Note: All dates are calendar year.

Source: Resilient Lands Strategy and Audit Office of NSW analysis.

Key dates for the RLP can be seen in Figure 4.

**Figure 4: RLP timeline**



Source: Audit Office of NSW analysis.

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## 4. Program Development

### 4.1. Program design

#### **There was no business case or cost-benefit analysis to inform the design and establishment of the Resilient Homes and the Resilient Lands Programs**

While the Resilient Homes Program (RHP) and the Resilient Lands Program (RLP) are disaster adaptation and recovery rather than response programs, they were established shortly after natural disasters, that is, at the same time as response efforts and with some urgency. Current business case guidelines allow for a short-form assessment in cases of emergency response, however the guidelines in place at the time that these programs were established required a full business case.

There was no business case or similar investment justification for the RHP or the RLP to support the original or subsequent funding request. All proposals for NSW Government funding should be evidence-informed and supported by business case principles. The 2018 NSW Government Business Case Guidelines (the guidelines) were in place when the initial funding request was submitted. These guidelines required agencies to prepare business cases for all types of investment proposals to inform investment decisions, demonstrate that adequate due diligence and thinking was undertaken and obtain approval including for funding. Business cases had to include:

- a clear rationale for agency and government action
- a cost-benefit analysis
- evidence that appropriate options were financially viable
- demonstration that the delivery agency had the capacity and capability required to procure, implement and maintain the proposal
- confidence that the proposed solution was deliverable.

These matters were not addressed in detail as part of the initial funding request in September 2022 to ensure that the investment decision would deliver the best objectives, outcomes and benefits.

In February 2023, the NSW Government issued its Guide to Cost-Benefit Analysis which states that it is mandatory to complete a cost-benefit analysis when producing a business case to support government funding. A cost-benefit analysis should be incorporated into a business case to define the expected costs of the program in detail and compare these with other options to establish the most cost-effective use of resources. An ex-post cost-benefit analysis allows for costs and benefits to be quantified after the program has commenced.

In October 2023, the NSW Government implemented the NSW Treasury Disaster Cost-Benefit Framework (the framework), which states that, in response to a disaster, it may be impractical to complete a business case, including a cost-benefit analysis, prior to funding. In these cases, the framework stipulates that where a disaster resilience initiative valued over \$10 million is not supported by a business case and cost-benefit analysis, it is mandatory to complete an evaluation, including an ex-post cost-benefit analysis, within a reasonable period of time.

When additional budget was sought for the RHP in May 2024, the NSW Reconstruction Authority (the Reconstruction Authority) did not develop a business case to justify the additional expenditure or to provide further detail on the program, nor did it fulfil the alternative requirements set out in the framework. However, the agency made changes to program delivery in response to community feedback. The new funding request supported both additional buybacks and resilient measures, in line with the community feedback. The request to the National Emergency Management Agency (NEMA) outlined the number of properties that would be bought back if additional funding was provided. However, there was no further analysis that would substitute for a business case.

The Reconstruction Authority has not undertaken an ex-post cost-benefit analysis as required by the guidelines, though one has begun. While the Reconstruction Authority has reviewed some aspects of the program, this was not equivalent to an ex-post cost-benefit analysis.

The Reconstruction Authority had to submit an assistance request form to NEMA to access funding under the Disaster Recovery Funding Arrangements (DRFA). This submission met the Commonwealth Government's information requirements and included detail on the amount of funding with a cost breakdown per financial year, a description of the initiatives, and the administrative arrangements for the programs. The Reconstruction Authority also considered some potential benefits that may arise from the program, such as reduced insurance premiums for people in the Northern Rivers, but these were not quantified. While the submission to NEMA provided some information relevant to a business case, it was not sufficient on its own to fulfil the requirements of the guidelines.

### **Data and evidence informed the assessment of demand for the Resilient Homes Program**

Design of recovery programs should be based on evidence and tailored to the context and needs of disaster-affected communities. Collection and analysis of data relating to disaster impact and recovery are necessary to understand community needs and how they can be addressed. Relevant data was collected and used to inform the RHP's approach.

The initial demand for the RHP was assessed using State Emergency Service (SES) data in conjunction with flood mapping. The estimate was refined once the program started, using data collated from applications to the RHP, the Flood Property Assessment Program (FPAP) and Disaster Relief Grants (DRG). Councils were also consulted on properties that were eligible for their Voluntary Purchase Schemes (VPS) which were included as eligible under the RHP guidelines.

The Queensland Reconstruction Authority (QRA) was also consulted during program development. The QRA had developed a similar program, the Resilient Homes Fund, in response to the 2021-22 Southern Queensland flood events. Both the NSW and Queensland programs are designed to repair, retrofit, raise or buy back eligible properties. The QRA program does not have an equivalent land supply program like the RLP.

In the course of implementing the RHP, an approach was developed to inform the prioritisation of areas for inclusion in the RHP's buyback and resilient measures streams of the RHP. This prioritisation framework was informed by the most recently available flood mapping to ensure that homes in higher risk areas were prioritised for buybacks.

Assessment of demand was further refined using this prioritisation framework. The prioritisation framework identified the number of properties within the eligibility categories and compared this with the number of properties registered for the RHP, the FPAP and DRG, as well as properties identified through the pilot program and VPS properties. This analysis was updated and provided to the RHP Steering Committee in May 2023 and November 2024.

### **Evidence of flood risk informed eligibility for the Resilient Homes Program**

The design and ongoing development of both phases of the RHP have been informed by evidence of flood risk. In determining eligibility for the RHP's pilot program in early 2023, the former NRRC primarily considered 3 factors: the severity of damage from the 2022 flood event, whether homes were in the 20% or 5% Annual Exceedance Probability flood zone<sup>1</sup>, and whether the property had previously been identified through a VPS.

Since June 2023, mapping developed by a specialist consultant has been used to determine program eligibility. This mapping used the most recently available flood mapping from relevant councils to determine the expected flood depth and velocity across a range of scenarios. Homes were then prioritised on the basis of risk according to these factors.

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<sup>1</sup> The Annual Exceedance Probability is the probability that a flood will exceed a given level in any given year. A 20% AEP is the equivalent of a one in 5-year flood.

The Reconstruction Authority convened a panel to undertake a peer review of this flood mapping, which was published in April 2024. The review was largely positive about the maps that had been developed for the RHP, though it did identify a number of potential improvements. In response to these recommendations, the Reconstruction Authority made changes to the maps, which expanded the eligibility for buybacks to some areas that had previously been excluded.

### **The Reconstruction Authority undertook research to identify the demand for land in the Northern Rivers but did not consider the impact of the Resilient Homes Program**

To inform the RLP, the Reconstruction Authority used a range of data and information early in the program to identify the potential housing need in the Northern Rivers, including identifying the extent of the housing shortage prior to the 2022 flood events. This included academic research that identified issues with housing availability in small towns and remote communities, a lack of housing for large families and a lack of accessible housing for older people or people with a disability. The research also identified decreasing availability of affordable rental accommodation as an issue.

The former NRRC worked with the former Department of Planning and Environment to design a data platform that could be used to identify the housing shortfall in each Local Government Area (LGA). Key insights included information about dwelling approvals and dwellings built in each year, as well as changes in housing price and land values. This information was drawn from the Australian Bureau of Statistics' data reporting.

These sources provided detailed information about the extent of the housing shortage in the Northern Rivers prior to the floods, but they did not identify the expected demand that might be generated through the RHP buybacks. To assist with modelling potential demand, the number of homes that had been impacted, severely damaged or destroyed by the floods were identified. On the other hand, the RHP eligibility mapping considered flood mapping rather than severity of damage. This means that the modelling used to estimate demand to inform the RLP was not an appropriate substitute for estimating the take-up of the RHP.

To supplement this demand modelling, in mid-2023 a survey was created for RHP participants so that the Reconstruction Authority could better understand their housing needs. Of the buybacks that had been processed by 21 November 2024, 125 participants were interested in RLP land. There was also significant demand for sites where individuals could relocate bought-back homes. In the survey, RLP registrants indicated where they would like to live. An analysis of this information has allowed the Reconstruction Authority to identify that the most popular LGAs for RLP land (among RHP participants) is in Lismore and the coastal LGAs. The demand was significantly lower from RHP participants for land in Richmond Valley, Kyogle and Clarence Valley councils.

### **The Resilient Homes Program's objectives have remained consistent over time**

The RHP's initial objective, which was first documented in July 2022 was broad and lacked specificity. However, by the time the program guidelines were developed before the pilot round in January 2023, the objective was clearly defined and it has remained largely consistent over time.

Design documents from July 2022 set out objectives that covered what were to later become the separate RHP and RLP programs. At that time the objective for both programs was 'To build the disaster resilience of new and existing homes in flood high risk areas'.

In January 2023, the first guidelines for the RHP were published. The aim was to provide 'financial assistance to homeowners to improve the flood-resilience of residential properties in the Northern Rivers'. The RHP's objectives have remained consistent since. In November 2024, the Reconstruction Authority updated the program guidelines to show how this would be achieved, including: reducing the number of homes in severe-risk flooding areas; raising homes up to minimise the frequency of potential flood related damage; and using design techniques, construction materials and repairs to help homes better withstand flooding.

### **The Resilient Lands Program's objectives were not clear at the outset and changed throughout, leading to uncertainty about the program's approach**

There was no clear description of the RLP's objectives at the time that funding was initially sought for the program in September 2022. The RLP's objectives have changed since they were first outlined in December 2022, and were not finalised until the Reconstruction Authority released its Resilient Lands Strategy in August 2024.

As part of the program's governance framework developed in December 2022, the objectives of the program were initially to 'identify and develop a pipeline of housing and land supply', to 'fast-track supply to assist high risk communities impacted by floods', and to 'build back better by helping to address underlying affordability and supply issues in the region to create a resilient and adaptable region.'

By March 2023, the objective had changed. A scope and problem definition document that set out the purpose of the RLP was circulated to the Resilient Lands Expert Panel, which was tasked with assessing Expressions of Interest in the RLP. The document stated that the primary objective of the Resilient Lands Strategy, the key strategic document for the RLP, was 'to identify land to relocate residents eligible for voluntary purchase under the former NRRC's Resilient Homes program.' Later expressions of the RLP's objectives do not include any connection to the RHP, but it is clear that there was a conceptual link between the 2 in the early stages.

While the draft Resilient Lands Strategy, released in May 2023, does state that the RLP may help to alleviate some of the underlying housing pressures in the region, this was no longer part of the program's objectives. There is no mention of the RHP in the stated objective. The Resilient Lands Strategy sets out that the aim of the program is 'to identify and accelerate delivery of land suitable for residential development', including 'to provide flood affected residents with housing options to support their relocation'. This represented a move away from delivery of housing as part of the RLP to focusing solely on the delivery of land.

By the time the Reconstruction Authority released its final Resilient Land Strategy in August 2024, the program's aim was 'to accelerate the delivery of new land and housing in the Northern Rivers to provide flood affected residents with housing options to support their relocation, and to improve the resilience of the region.' This represented a return to housing being included as part of the RLP and, for the first time since December 2022, also included improving the resilience of the region. As with the draft strategy, addressing underlying housing pressures was no longer part of the program's objectives.

This series of changes led to a variety of approaches being pursued within the program rather than one consistent approach. It has also resulted in uncertainty about the connection between the RHP and the RLP. There was no documented rationale for the changes to the objectives. Setting the program objectives early may have meant a more consistent approach throughout the life of the program, allowing the Reconstruction Authority to achieve the RLP's objectives in a more timely manner.

### **Key milestones for the Resilient Homes and Resilient Lands Programs were not set at program establishment**

When the RHP and the RLP were being designed in late 2022, timelines and key milestones were not set as part of program establishment. As noted above, there was no business case for either program. However, some timelines were established for each of the programs as they were being delivered.

Early in the design of the RHP, some key dates were set out for its launch, but these did not include many of the key steps that were needed beforehand, such as the development of program guidelines and eligibility criteria, or the process for applying for Commonwealth Government co-funding. Additionally, they did not include detailed milestones for the RHP. These were not developed until around February 2023, by which time program establishment was largely complete, and the document focused on the delivery dates of key RHP stages. A full, detailed project plan was not developed to inform the implementation of the program or to support achievement of the delivery dates.

In December 2024, the Reconstruction Authority designed a Program Action Plan for the RHP, which outlines measures and outcomes for the program and contains milestones for both RHP streams.

Detailed timelines for the RLP were not created when the program was being designed in late 2022. The original co-funding request to the Commonwealth Government in August 2022 included funding for acquiring land to increase supply. The Reconstruction Authority originally expected this funding to be spent by June 2024. Given the amount of work that was required to assess potential land, identify selected sites, consult with stakeholders and then begin acquisitions and works, it was unlikely that this timeframe could be achieved. However, the DRFA states that work must be completed within 2 years and so it is understandable that this was selected as the initial end date for the program.

While detailed schedules were not developed for key aspects of the RLP's work, some high-level milestones were created in October 2022. The initial plan was to have assessments of the first tranche of RLP sites completed by the end of March 2023, with all assessments completed by the end of June 2023. Project delivery was planned to begin around April 2023.

The timeline for developing the Resilient Lands Strategy, a key deliverable for the RLP, established clear deliverables in March 2023. This set out the work required and the months by which it was scheduled to occur. This was planned to end with the public exhibition of the draft Resilient Lands Strategy in May 2023 and the release of the final Resilient Lands Strategy in August 2023, which would be the beginning of the investment and delivery phase of the RLP.

## 4.2. Program governance

### **The Resilient Homes Program had governance arrangements in place from February 2023, but the Resilient Lands Program did not have a Steering Committee until October 2024**

Governance arrangements for the RHP were designed and implemented within 4 months of the funding announcement for the program. A Steering Committee was established in February 2023. The Steering Committee is responsible for: guiding and providing advice on the governance and delivery of the program; monitoring and making decisions on the strategy, key policies and approaches; and the finances of the program. In fulfilling these functions, the Steering Committee provided oversight of the RHP from early 2023 and continues to do so.

The Steering Committee is made up of key program staff, including senior staff with decision-making authority who attend regularly. In addition, staff from NEMA, other relevant state entities and key delivery partners attend either on a regular basis or as their input is required. This has allowed the Steering Committee to act as an avenue for collaboration with other relevant entities.

In December 2022, an overarching governance framework for the RLP was designed. This framework proposed the establishment of a Lands Governance Group, which would act as a decision-making body for the RLP and would ensure that the program objectives were achieved. There is no evidence that this group was ever established and no equivalent structure was put in place until October 2024. A Program Working Group provided some program governance throughout 2023 and 2024, but this group operated without a Terms of Reference and did not include the senior leaders with decision-making authority that were intended to be in the Lands Governance Group. This lack of program governance contributed to delays in delivering the program, particularly in relation to the preparation of the Resilient Lands Strategy.

There was no effective governance framework for the RLP until October 2024 when the Reconstruction Authority established the RLP Steering Committee based on a formal governance structure and Terms of Reference. The Terms of Reference included guiding and providing advice on the governance and delivery of the program, as well as monitoring and making decisions on the strategy and finances of the program. The RLP Steering Committee fulfilled these functions, providing oversight of the RLP.

Membership of the Steering Committee includes more senior representatives than the original Program Working Group, which allows for more effective oversight by staff with decision-making authority and greater involvement of key stakeholders. Key senior staff responsible for the RLP are involved, as are other senior staff from relevant branches of the Reconstruction Authority. Other agencies that are involved in delivering select sites are also part of the Steering Committee meetings. These include relevant councils, Homes NSW, Government Architect NSW, and the Department of Planning, Housing and Infrastructure.

### **The Reconstruction Authority has mechanisms in place to ensure regular engagement with the Resilient Homes Program stakeholders, but consultation has not always been timely**

The Reconstruction Authority has developed a range of agreements and governance arrangements for the RHP to ensure that the views of councils, the Commonwealth Government and other key delivery partners are incorporated into the program. As noted above, some of this consultation occurs through the Steering Committee but other avenues have also been established.

The Reconstruction Authority developed communications and engagement plans for different aspects of the RHP including the resilient measures stream and the relocation and gifting of homes. These plans aim to increase community awareness and local business involvement in the program. The plans outline the key stakeholders and a communication and engagement schedule for them. This engagement is supported by fact sheets for homeowners, contractors and buyers of relocatable homes, which are available on the Reconstruction Authority website.

Mechanisms for consultation with councils include a Community Leaders Forum, which allows the Reconstruction Authority to consult and share information with key elected officials across the Northern Rivers. It is an advisory forum with no decision-making responsibility and enables community leaders to provide guidance on all region-wide recovery programs, including the RHP. During the development of the RHP, local councils were also consulted about eligible homes under the existing VPS programs. These homes were included in the buyback stream and the councils' VPS lists were used in demand estimation.

Regular meetings have been held with local councils to provide updates on Northern Rivers programs, including the RHP. These meetings also allow councils to pass on feedback and questions they have received from their communities, so that the Reconstruction Authority can engage directly with these stakeholders.

Although formal mechanisms are in place, consultation has not always occurred in a timely fashion. While council flood mapping was used in creating the maps, consultation with some councils on flood mapping did not happen until shortly before the maps were published, limiting the ability of those councils to provide input and understand the mapping in their areas.

## **4.3. Risk management**

### **Risks to both programs were identified but not fully mitigated**

Some high-level risks to both programs were first identified in July 2022. This did not include measures to address these risks, which mostly related to program design rather than to program delivery.

In August 2022, key strategic, operational and program-level risks were identified for both the RHP and RLP. These included risks that were rated 'high', 'very high' or 'extreme'. Key mitigation opportunities were also identified, which are techniques and strategies used to minimise risk. These mitigations were not linked to specific risks and were not capable of mitigating all the risks that had been identified.

The former NRRC created an enterprise risk register in September 2022, which contained some risks that were relevant to the RHP and RLP, particularly in relation to program funding. However, there was no detailed risk management plan for either program at that stage.

A risk register for the RHP was first developed in March 2023, and has been regularly updated since. This register is comprehensive and identifies a range of risks that are critical to program delivery, including a number of risks that have been realised during program delivery. Key risks identified include the risk of reputational damage due to perceived unfairness in program allocation, and a range of risks that could cause delays. Mitigations are designed for each risk, including identifying further actions where the residual risk remains too high.

Mitigations identified in the March 2023 RHP risk register were not always implemented. For example, the register identified a risk to the efficiency of the program caused by the large geographical area it covered, which was to be mitigated with the use of cost-benefit analyses when making decisions.

However, there is no evidence that a cost-benefit analysis was developed for decisions of this nature. Another identified risk was project design not being fit for purpose, for which the mitigation was to develop key program documentation. While documentation was designed for key processes including program guidelines, business case documentation was not completed, and some program policy documents had to be developed while the program was being delivered.

The RLP Steering Committee was advised of risks after its creation in October 2024 and at subsequent meetings, though these were not included in a formal risk register at the time.

A formal risk register was first developed for the RLP in 2025. The risks outlined in this register are different to those reported to the Steering Committee at its meetings. They are risks and mitigations relating to meeting program objectives and timelines, and legislative, regulatory or policy obligations.

As the RLP risk register was not developed until 2025, the time it has taken to identify these risks and mitigations has meant that some of these risks have been realised. Additionally, some of the mitigations identified in the December 2025 risk register have not been effective. For example, the risk register identified a risk to meeting the program's objectives and timelines due to conflicting priorities between the RLP and private interests. However, the mitigations outlined for this risk relate to communication between the RLP, the RHP and other programs, and maintaining relationships with enabling divisions. These mitigations do not relate to the Reconstruction Authority's relationship with private entities and the risk has not been effectively mitigated.

The management of risk throughout the life of the RHP and the RLP is discussed in subsequent chapters.

### **Probity plans were developed for both programs shortly after their commencement in September 2022**

A probity plan was developed for the RLP in December 2022 and for the RHP in January 2023. The purpose of a probity plan is to ensure processes are fair, transparent and ethical. The plans set out how probity is managed, including the role of the probity advisor, the roles and responsibilities of staff in relation to probity, and the controls that are in place to ensure that probity is maintained. Staff across a number of key RHP roles, including assessments and approvals, also received training in the probity expectations and controls for the program.

Independent probity advisors have been appointed for both programs. They are responsible for providing advice to resolve any probity issues that arise, providing advice in relation to probity risks and risk management strategies, as well as approving key documents.

The RHP probity plan outlines a series of implementation controls that align with key probity principles including fairness and integrity, consistency and transparency of process and identification and management of conflicts of interest. The Reconstruction Authority has implemented these controls including publishing key program documentation to ensure program processes are transparent, maintaining a decision register for the program and maintaining a conflicts of interest register.

The RLP probity plan lists controls relevant to that program. The Reconstruction Authority implemented these controls including publishing key program documentation to ensure program processes are transparent, maintaining records of the land suitability analysis and maintaining a conflicts of interest register.

The Reconstruction Authority has a Code of Ethics and Conduct (the code) that defines conflicts of interest and contains a high-level overview of the procedure for identifying and managing conflicts of interest. The code states that conflicts of interest must be disclosed as soon as the individual is aware of the conflict. Managers are responsible for documenting conflicts of interest, considering actions to take, approving management plans to eliminate or manage the conflict and monitoring compliance with the management plan.

The Conflicts of Interest Policy supports the code and requires all staff to make an annual declaration of any conflicts of interest, including a statement that no conflicts exist. Declarations are recorded in the Reconstruction Authority Conflicts of Interest Register, which is managed by the Governance Branch. Specific declarations were documented for staff working on the programs.

## 4.4. Monitoring and evaluation

### **The Reconstruction Authority did not develop outcome indicators for the Resilient Homes Program until May 2025**

Monitoring and evaluation are most effective when they are considered during the design stage of a program and incorporated into its planning. A program logic model should be developed to set out inputs, activities and outputs, linking these to the program's outcomes and benefits. While the Reconstruction Authority developed elements of this, such as output indicators, at an early stage, it did not define program outcomes as part of program development.

The Reconstruction Authority did not develop a program logic model until May 2025. The model outlines the key objective of the RHP, as well as recovery objectives and corresponding outcomes. These disaster objectives and outcomes are then linked to program activities and defined measures. The measures include improved resilience and reduced financial impact of future events. Other measures are defined by the number of houses purchased under the buyback stream, or raised or rebuilt under the resilient measures stream. However, these measures do not have defined targets, limiting the Reconstruction Authority's ability to use them to measure the RHP's success.

Additionally, although the Reconstruction Authority measures its performance against defined outputs, there is no evidence that it collects information to determine whether outcomes have been achieved. As the Reconstruction Authority did not develop performance indicators until over 2 years after the RHP began, the agency could not identify the data it would need to assess the program's performance until 2025. For example, information has not been collected about the housing outcomes of individuals whose homes have been bought back. There is a risk that key information has not been collected to assess if the program is meeting its objectives and targets.

### **A monitoring and evaluation plan was developed late in the delivery of the Resilient Homes and Resilient Lands Programs**

A monitoring and evaluation plan was not developed for either the RHP or the RLP when the programs were established. The Reconstruction Authority developed an evaluation plan for the RHP throughout 2024 and 2025 which consists of a process, outcome and economic evaluation.

The process evaluation began in mid-2025 and will cover program design, implementation and stakeholder engagement. The recommendations of this evaluation will focus on key challenges, learnings and implications for policy and practice for future resilience programs. Developing the evaluations so late in the program's lifecycle means that there will be little opportunity to incorporate lessons learned into the program and that relevant data may not have been collected to inform the evaluation.

The Reconstruction Authority developed a draft evaluation framework for the RLP that was presented to the RLP Steering Committee in November 2024. The plan was to partner with a local research organisation to conduct the evaluation. The research organisation chose not to submit a proposal to undertake this work, leaving the program without a planned evaluation. However, in November 2025 the Reconstruction Authority issued a request for quotation for an evaluation of the RHP, the RLP and the FPAP. The 3 programs have been grouped together under one project but will be evaluated individually.

As part of developing its draft evaluation framework for the RLP, the Reconstruction Authority identified a range of performance indicators for the program. The status of these indicators is unclear, as there is no indication that these were formally approved and adopted for the program.

In addition to the above, in 2024 the Reconstruction Authority commissioned a best practice framework for integrating housing considerations across the disaster planning and management process. While not a full evaluation, this project identified key lessons and challenges relating to the ongoing housing response and recovery process in the Northern Rivers. It also identified a range of strategies to address these challenges for future disaster responses.

The Reconstruction Authority has also engaged researchers to develop findings to improve the responsiveness and efficacy of existing and future initiatives to enhance community disaster resilience. The project will also evaluate the relationship between the RHP and the RLP to identify key learnings to improve policy outcomes and customer experiences.

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## 5. The Resilient Homes Program

### **There was no costed options analysis for the Resilient Homes Program but alternative methods for delivering parts of the program were identified**

An important element of the business case process is an options analysis to consider alternative options before determining the preferred option to fulfil a program's objectives, including costings for different options. Although some options were identified and assessed during the establishment of the Resilient Homes Program (RHP), the total cost of these were not considered at the time. These options included immediate mass retreat from flood zones, house relocations and land swaps to address flood risks. Assessment of these options did not consider their risks, costs, benefits or dependencies. While this was not the same as a full options analysis, it does show that alternative models of delivery were considered.

Different options were also considered for the delivery of the resilient measures stream. A range of models were considered to produce a shortlist of potential delivery methodologies. These included:

- awarding of grants directly to homeowners
- direct management, with agency management of the full delivery of project works
- a traditional managing contractor, with a head contractor to manage the development of the design and delivery of the project works
- early contractor involvement, that is, working with a contractor to produce the delivery methodology and if approved, engage this contractor to deliver the project works
- alliance, that is, working collaboratively with contractors to deliver the project works.

The shortlist was further analysed. It compared key features and suitability, as well as advantages and disadvantages in each delivery model. The analysis was presented to the Steering Committee along with ratings across the key capabilities of each model, including cost control, risk apportionment, delivery management efficiencies and quality and value of outcomes over cost.

### **The Reconstruction Authority will not meet its original funded target for the buyback stream and is increasing its focus on the resilient measures stream**

In September 2022, it was estimated that the program would support approximately 2,000 buybacks and 4,400 resilient measures across 2 tranches of funding. These figures were based on SES impact data for the flood events.

In February 2024, based on the RHP's first tranche of funding of \$700 million, the NSW Reconstruction Authority (the Reconstruction Authority) estimated that the program would be able to support approximately 1,000 buybacks and 370 resilient measures. Following the increase in the program budget in May 2024 to \$880 million, the Reconstruction Authority estimated that it would be able to support 1,345 buybacks and 420 resilient measures. The Reconstruction Authority treated these revised figures as targets.

In August 2025, the Reconstruction Authority re-profiled its program funding to work towards 1,000 buybacks and 600 resilient measures. At that time, 925 properties had been approved for a buyback and 682 buybacks had been finalised. Of the 925 properties approved, 87% (803) had accepted with 4% (39) declining the offer, and the remainder considering the offer.

The change in the program's profile was guided by community and local council feedback. This feedback requested that sufficient funding be made available to people with a more limited capacity to pay for the resilient measures, and for the focus of the remaining budget to be on resilient measures. As part of re-profiling the budget, the Reconstruction Authority also identified that the remaining budget was not sufficient to support the targeted 1,345 buybacks and reduced this target to 1,000. Changes were made to the resilient measures stream to make it more accessible, particularly for people with a lower capacity to pay the co-contribution.

The Reconstruction Authority tried to meet this target of 1,345 buybacks before making the changes to the program. By the time it had made the changes, the Reconstruction Authority had contacted 1,300 homeowners who had either applied for a buyback or were identified as potential applicants to progress their home buybacks. However, some of these individuals did not apply, with some also deemed ineligible after applying.

### **The Reconstruction Authority adapted the Resilient Homes Program in response to community feedback**

During the implementation of the RHP, the Reconstruction Authority responded to community feedback and developed policies to meet the more specific needs that arose during delivery. For example, the Reconstruction Authority received feedback from the Northern Rivers community that some homeowners wanted to relocate their homes or gift their bought-back homes to others to relocate. The Reconstruction Authority developed 2 policies in May 2024 to support this: the Relocation Policy and the Gifting Policy. As at March 2026, 30 private relocations had been completed, a further 8 relocations were completed by the Reconstruction Authority, and 180 private relocations were planned. This uptake indicates that the policy has addressed a demand that existed in the community.

The Relocation Policy allows buyback stream participants to secure and relocate their bought-back homes post-settlement. The Gifting Policy allows homeowners to gift their former dwelling to a third party before settlement if they do not want to relocate the home themselves. In addition, the Reconstruction Authority also developed a process to offer homes for sale to the public for relocation. Funds from the sale of these homes are re-invested back into the RHP to support additional buybacks in locations where there is a risk to life. This was also developed in response to community feedback, and maximises the opportunities for the reuse of bought-back properties.

In late 2023, the Reconstruction Authority identified that the requirement for properties to be empty at settlement was a barrier to program participation for homeowners. The Reconstruction Authority implemented a 'Licence to Occupy' arrangement so that the homeowner or tenant can remain in the property following settlement. This arrangement provides homeowners with access to settlement funds to support their relocation, and gives tenants additional time to find alternative housing. The Reconstruction Authority developed a series of mitigations to minimise the risks associated with these arrangements through specific licence terms, in conjunction with pre-occupancy inspections and the engagement of community housing providers to administer and manage the Licence to Occupy arrangements.

In 2025, the Reconstruction Authority developed an integrated plan for the delivery of the RHP, which was informed by input from local leaders, councils and community feedback. The plan outlines community feedback and corresponding changes made to the RHP. Some of the feedback identified financial barriers to participation in the resilient measures stream, including high upfront design and planning costs, and the co-contribution requirement for the grants. In response to this feedback and to encourage a higher take-up rate for the stream, the Reconstruction Authority implemented measures including the introduction of a new grant for upfront costs relating to feasibility, design and development approvals. The agency also introduced a hardship provision where the co-contribution requirement could be waived for eligible participants.

### **The Steering Committee monitors risks for the Resilient Homes Program, but mitigations are not always implemented and in some instances are not relevant**

A risk register for the program was first created in March 2023 and was updated throughout the life of the program. This demonstrates a proactive approach to the identification of risks. The RHP Steering Committee began meeting in February 2023 and has included risk reporting as a standing agenda item from the beginning. However, the risk reporting included only a small number of risks until June 2023, when the risk reporting became more expansive. Discussion of risks by the Steering Committee has also included their treatment plan and residual risk rating.

Risk documentation comprehensively states the causes and impacts of the identified risks and largely assigns responsibilities for those risks to key individuals. Mitigations are also listed for most of the risks and these mitigations had the effect of reducing the identified risk to a moderate level or less. However, while mitigations were regularly stated, these did not always appear to clearly relate to the causes that were listed and in some cases it was clear that mitigations had not been implemented at the time.

For example, mitigations for the risk that the program would be unable to deliver against the delivery timeline included creating an evaluation plan, which does not address the potential causes for this risk as outlined in the register. Further, several of the mitigations that were in place related to an alternative model being in place for the resilient measures stream that was not ultimately used.

**The Reconstruction Authority has extended timelines for completion of the Resilient Homes Program twice**

In August 2022, the Reconstruction Authority’s request to the Commonwealth Government for the first tranche of co-funding for the Resilient Homes Fund showed that the combined state and Commonwealth governments’ \$800 million would be spent by June 2024, which aligned with the Disaster Recovery Funding Arrangement’s maximum allowable initial time limit of 2 years. The Reconstruction Authority also indicated that a potential second tranche would be spent by June 2027. Limited program development work had been undertaken at the time of this request.

In September 2023, the Reconstruction Authority sought the National Emergency Management Agency’s (NEMA) approval of a one-year extension from June 2024 to June 2025. In late 2024, the Reconstruction Authority made another application to NEMA for a further extension of time, to extend the deadline to June 2027. The Commonwealth Government approved the extensions, shifting the deadline for expenditure of the first tranche of co-funding by 3 years from June 2024 to June 2027.

In February 2023 target milestones were established for the RHP. These were that tranche 1 of the buybacks would result in 850 offers by mid-August 2023, and that tranche 2 funding would begin in early 2024 to complete the remaining buybacks. Home raisings were due to start in July 2023, with an expected completion of 1,000 raisings by August 2025. In addition, a combined 1,000 home demolitions or retrofits were due to begin in November 2023, with expected completion in August 2025. These milestones were not achieved and were revised in February 2024. See Table 3 for planned and actual milestones for delivering the RHP and Table 4 for revised and actual milestones for delivering the RHP.

**Table 3: Original planned and actual target milestones for the RHP – February 2023**

Milestone	Planned date	Actual date	Variance
850 buyback offers issued	August 2023	January 2025	+17 months
1,000 home raisings completed	August 2025	Not complete	
1,000 home demolitions or retrofits	August 2025	Not complete	

Source: Audit Office of NSW analysis.

**Table 4: Revised and actual target milestones for the RHP – February 2024**

Milestone	Planned date	Actual date	Variance
500 buyback offers accepted	February 2024	January 2024	-1 month
700 buyback offers approved	February 2024	January 2024	-1 month
500 buyback properties settled	December 2024	August 2024	-4 months
One home raising grant approved for future works <sup>2</sup>	June 2024	July 2024	+1 month
One home raising future works grant payment paid	June 2024	September 2024	+3 months
One retrofit grant approved for future works	June 2024	November 2024	+5 months
One retrofit future works grant payment paid	June 2024	December 2024	+6 months

Source: Audit Office of NSW analysis.

### Timely support for recovery was not available to flood-affected homeowners due to delays in program delivery

The original milestone dates for the program were developed in February 2023. The Reconstruction Authority revised these dates as the RHP progressed and key milestones were not completed on time. The original and actual timelines for the program are outlined in Table 5.

**Table 5: Planned and actual timelines for delivering the RHP**

Milestone	Planned date	Actual date	Variance
Buyback pilot study begins	February 2023	February 2023	On time
First buyback settlement	March 2023	May 2023	+2 months
Hazard mapping completed	March 2023	April 2023	+1 month
Assessment / prioritisation of homes completed	April 2023	Ongoing	
Pilot program completed	May 2023	September 2023	+4 months
Resilient measures stream tender opens	February 2023	April 2023	+2 months
Buyback stream begins	March 2023	June 2023	+3 months
Resilient measures stream tender awarded	May 2023	Not awarded – tender closed October 2023	
Resilient measures completed works first grant payment	December 2023	December 2023	On time
Resilient measures future works first grant payment	June 2024	October 2024	+4 months
Eligibility assessments completed	July 2023	Ongoing	

Source: Audit Office of NSW analysis.

It became clear early in the RHP that additional policy work was required to address some of the key issues that were identified during the program's implementation. This led to delays in the rollout of the program. These included procedures for home relocations, gifting homes for relocation and a large lot policy for land greater than 2 hectares. The former Northern Rivers Reconstruction Corporation (NRRC) developed these policies while delivering the program, leading to delays in program delivery. More detailed planning at the outset of the program may have identified issues earlier, and resulted in these policies being developed prior to program implementation.

<sup>2</sup> Future works refers to home raising or retrofit works yet to be completed. Progress payments are made directly to contractors as works progress.

Changes to the model used for delivering the resilient measures stream also led to delays. The former NRRC considered a variety of options for delivery based on the expected funding for the RHP and initially planned to implement them from April 2023 using a managed contractor model. This model would involve the former NRRC engaging a head contractor to manage the development of the design and the delivery of the works on its behalf. This was considered an appropriate model due to the complexities of delivering the stream and the potential risks to delivery.

The tender was released in April 2023 and the evaluation panel met to discuss the responses. However, a decision was made not to go ahead with awarding a contract following this tender. The Reconstruction Authority advised that this was because lower than estimated registrations for the resilient measures stream made the managed contractor model unviable.

Following a review of the resilient measures stream in October 2023, the Reconstruction Authority decided to undertake a pilot program: a homeowner-led approach to managing the retrofit of the homes. The intention was to refine the process before implementing it across the entire region. This change in approach meant that the first resilient measures payment was not made until December 2023, 21 months after the first of the major flood events in February 2022. The program involved both reimbursement to homeowners for works completed prior to the stream’s commencement and milestone payments made directly to contractors, referred to as ‘future works.’ The first resilient measures future works grant payment was made in October 2024, 4 months later than the target date for the first payment outlined in the Steering Committee papers.

The timely delivery of the program was important to ensure that the risk to flood-affected homeowners could be mitigated rapidly. For homeowners eligible for the resilient measures stream, this support was not able to be accessed until more than 2 years after the initial flood event.

Homeowners impacted by the first flood event were not able to apply for the RHP until 8 months after the event, and buyback offers did not start until 12 months after the initial flood event. The first buyback settlement did not occur until May 2023, 2 months later than planned.

### Eligibility for the pilot of the buyback stream was informed by flood risk

The process developed for the pilot program prioritised higher risk properties. Properties that were within the 20% Annual Exceedance Probability (AEP) flood zone and had been destroyed were the highest priority, while properties that were within the 5% AEP flood zone and part of the NSW Voluntary Purchase Schemes (VPS) were the lowest priority. The pilot aimed to reduce risk to life by ensuring that only the highest risk homes were eligible. Prioritisation was divided into 6 tranches, which are outlined in Table 6.

**Table 6: Buyback pilot program tranches**

Severe risk criterion	Impact criterion	Tranche
20% AEP	Destroyed	A
20% AEP	Other government program equivalent definition to destroyed (‘for demolition’, ‘uninhabitable’)	B
Landslip	Destroyed	C
20% AEP	Severely impacted	D
5% AEP	Destroyed; or other government program equivalent definition to destroyed (‘for demolition’, ‘uninhabitable’)	E
N/A	All properties that were nominated to be purchased under the DPE Floodplain Management Program Voluntary Purchase Scheme	F

Source: Audit Office of NSW analysis of Northern Rivers Reconstruction Corporation documentation.

The Department of Regional NSW gave briefings to an Approval Panel, which was responsible for approving the buyback of homes, that contained recommendations for each property being considered under the pilot. However, from the start of the pilot in February 2023 through to mid-March 2023, the briefings did not contain information about the reasons the properties had been prioritised. This amounted to a total of 26 homes that were sent to the approval panel without a rationale for their prioritisation, so it was not clear which tranche each home should fall under. From late March 2023 until the end of the pilot program period, these briefings were improved to include information about why homes were prioritised as part of the pilot program.

### **The approach adopted in June 2023 for assessing and prioritising homes ensures funding is distributed to homes assessed as having the highest flood risk**

The eligibility criteria developed at the outset of the RHP are set out in the program guidelines. Properties must be located in one of the Northern Rivers Local Government Areas (LGA), have contained a lawful residential dwelling at the time of the flood event and the homeowner must be the registered proprietor of the property at the time of application and immediately prior to the start of the first flood event in February 2022. Homes are only eligible for the program if the primary residential dwelling footprint was inundated by flood waters in the flood event or affected by landslide as a result of the event. A prioritisation approach was also implemented for the pilot program in April 2023, which is discussed above.

A new prioritisation approach was implemented in June 2023 to inform the prioritisation of areas for inclusion in the buyback and resilient measures streams of the program.

As part of a mapping process to inform prioritisation, buyback zones were classified into 2 different eligibility categories. Category A contains the highest priority areas for buyback, and category B is made up of areas where a buyback is recommended, but are of a lower priority than category A areas. During the development of the prioritisation approach in May 2023, it was identified that it may not be possible to purchase all category B properties within the program's funding envelope, and so a sub-prioritisation approach was developed for these areas. This approach considered socio-economic disadvantage and evacuation constraints, as these 2 factors influence the risk to life during a flood event. Category B zones were assigned a priority level ranging from 1 (highest priority) to 8 (lowest priority).

As at January 2026, 64.6% of buyback offers had been made to properties located in category A, and 13% of offers had been made to properties located in category B. The remaining offers were to properties included in the program under the appeals process, the Flood Property Assessment Program (FPAP), the VPS, or the pilot program. For a sample of applications reviewed for this audit, all properties bought back were located in either category A or category B.

An additional assessment methodology for homes outside of category A and category B was also developed to determine which homes should be prioritised for the resilient measures stream. This methodology was informed by flood-level survey data.

Given the value of the program and the need to ensure that the prioritisation approach was fair and reasonable, in December 2023, the Reconstruction Authority established a Peer Review Panel, which was responsible for reviewing the mapping methodology. They found that the program was using the best available flood and floor-level data, and that the methodology was aligned with recommended risk assessment principles.

In December 2024, the Reconstruction Authority updated its prioritisation approach based on more recent data. This was used to refine the methodology. The updated flood-mapping data did not result in any changes to the potential impact of flood events on homes, but the likelihood of flood events occurring was deemed to be higher for some homes.

## The Reconstruction Authority followed documented assessment and appeal procedures for the buyback stream

The RHP guidelines outline the assessment, appeals and delivery processes for both streams of the program. In the first stage of the process, the Reconstruction Authority contacts registrants of the RHP to inform them of the stream they are indicatively prioritised for, or to inform them that they are not prioritised for either stream and provide review and appeals pathway information. Following this, homes eligible for buyback are valued by an independent valuer.

The Reconstruction Authority liaises with Valuation NSW to provide a quality assurance check of valuations. From the start of the program in September 2022 to December 2024, Valuation NSW undertook quality assurance checks of each valuation. From January 2025, the Reconstruction Authority changed to a sampling approach for these assurance checks. The Reconstruction Authority also assesses other compensation such as legal, valuation and advisory costs eligible under the program, as well as a 'top-up' amount to reflect the difference between the amount of the current valuation and the value of the property immediately before the start of the flood event. Where a homeowner has received a cash settlement or other benefit from their insurer for damage to the property as a result of the flood event, this benefit may be offset against the buyback offer.

In a sample of home buybacks reviewed for this audit, all offers made to applicants aligned with the valuation conducted by the independent valuer, incorporated the additional compensation and 'top-up' amounts, and deducted previously paid insurance claims. All valuations were reviewed by Valuation NSW except one, which was documented as not being selected for sample testing.

Once an applicant receives their letter of offer, they may accept or reject the offer. Applicants can request an internal review or appeal against the following 4 decisions made by the Reconstruction Authority:

- the applicant does not qualify for assistance under the program
- the applicant disagrees with their stream allocation
- the applicant disagrees with the amount of their offer
- the applicant disagrees with the scope of works proposed in a resilient measures offer.

An applicant may only seek an internal review or appeal under the following circumstances:

- The applicant has additional information and evidence which the Reconstruction Authority did not have when making its decision.
- The applicant believes the Reconstruction Authority considered incorrect information as part of their decision. The homeowner needs to identify the information they believe is incorrect and provide evidence to support their position.
- The applicant has individual and exceptional circumstances that the Reconstruction Authority has not considered when making their decision.

Applications for review are sent to the internal review panel and the independent appeals panel to make recommendations based on the relevant approved policies and guidelines, considering any additional information and documentation provided by the homeowners.

For a sample of applicants who appealed the Reconstruction Authority's decision, the appeals panel considered the supporting information in line with the process. Consideration of this information was documented in meeting minutes and retained by the Reconstruction Authority for record-keeping. The sample represented both successful and unsuccessful applicants.

### **The Reconstruction Authority processed most milestone payments in line with documented procedures in a sample tested for the resilient measures stream**

Homeowners participating in the resilient measures stream of the RHP are required to sign and submit Milestone Payment Claim Forms to authorise payment of submitted invoices. Milestone payments are made directly to the contracted building professional. Each milestone payment has information that must be submitted with the claim form to ensure that the requirements for the milestone claim have been met. This includes documentation such as works contracts, contractor's invoices and inspection certificates. The Reconstruction Authority is responsible for reviewing this supporting evidence before issuing payment.

For each payment in a sample reviewed for this audit, the Reconstruction Authority reviewed the milestone claim form and supporting documentation relevant to the claim and retained this documentation for record-keeping. One of the milestones requires a site visit to be conducted before payment can be made. The audit team identified one payment that was issued to a contractor for the completion of this milestone without the site visit having been conducted. The Reconstruction Authority advised that it reviewed photographs of the works completed instead of conducting a physical inspection, which aligns with the current process set out in the building contract.

### **The Reconstruction Authority has developed plans for the future use of most land bought through the Resilient Homes Program**

Given that it is planning to purchase approximately 1,000 parcels of land in the Northern Rivers, the Reconstruction Authority must make arrangements to manage these properties on an ongoing basis until it disposes of the land. It must also make these sites safe for disposal.

The Reconstruction Authority has contracted NSW Public Works, part of the Department of Primary Industries and Regional Development, to undertake management of the land on its behalf. NSW Public Works manages a contractor to conduct key aspects of securing the land and making it safe, including constructing fences, disconnecting services from the purchased properties, securing the properties, and conducting maintenance.

The Reconstruction Authority is also responsible for determining the future use of bought-back land. The RHP guidelines state that zoning restrictions will be placed on residential properties purchased through the buyback stream to prevent future residential use. The former NRRC and the Reconstruction Authority did not consider future planning for the land and properties other than these rezoning requirements as part of the design of the program.

Since July 2024, the Reconstruction Authority has worked with local councils and state government departments, as well as other stakeholders, to determine preferred land use to inform its rezoning and divestment strategy. Some locations with a large number of bought-back properties will require technical reports and planning proposals to rezone the land and determine its future use. The Reconstruction Authority is unsure if these activities will be eligible for funding under the Disaster Recovery Funding Arrangements (DRFA) as they were not considered in the development of the RHP. As a result, the Reconstruction Authority has not sought reimbursement for these expenses from the Commonwealth Government.

In August 2025, project plans for future land use in Lismore and South Murwillumbah were established, outlining the objectives, budget considerations and key milestones for the preparation of precinct plans and planning proposals for these locations. Throughout late 2025, further work was undertaken on other locations across various Northern Rivers LGAs.

As engagement with the program is voluntary, this has resulted in individual parcels of land being bought by the Reconstruction Authority that are isolated from other purchased sites. This has made precinct planning difficult in some areas. The Reconstruction Authority does not have a plan for these separate vacant lots, but it has engaged with councils on available land and has started to work on a divestment approach.

Additional planning at the start of the program may have shown that plans for the future use of bought-back land would be beneficial to develop at an earlier stage. Given that the future use of the land and properties was not considered during the RHP's development, the Reconstruction Authority is now developing an approach during program implementation.

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## 6. The Resilient Lands Program

### **There was no costed options analysis for the Resilient Lands Program but alternative methods for delivering the specific sites were considered**

An important element of the business case process is an options analysis to consider alternative options before determining the preferred option for fulfilling a program's objectives, including costings for different options. A full options analysis was not undertaken for the Resilient Lands Program (RLP), but alternative delivery models were considered.

One alternative option considered was land swaps, which would have involved providing the Resilient Homes Program (RHP) participants with alternative land at higher ground for relocation. Early in the program design it was envisaged that the RLP may be delivered through land swaps, but a final decision on this approach had not been made at the time. This option was eventually replaced by an alternative option, namely seeking to accelerate land for residential use. This change in approach was made due to the scale of land required, a desire to ensure flexibility for impacted residents, and the cost of purchasing land for land swaps, which would have exceeded the \$100 million available to the program. Preliminary analysis conducted by the former Northern Rivers Reconstruction Corporation (NRRC) estimated that a land swap program to service all tranche 1 buyback recipients would cost approximately \$400 million for the purchase of land alone.

The NSW Reconstruction Authority (the Reconstruction Authority) uses different delivery models for different sites to meet the program's objectives within the funding envelope. For example, it purchased the Mount Pleasant site in Goonellabah rather than deliver it through a third party. For other priority sites, such as that in Murwillumbah, the Reconstruction Authority is working with relevant local councils to move development forward by addressing existing constraints on infrastructure, progressing rezoning requirements, and providing funding for site studies and investigations. This demonstrates a flexible approach and a consideration of alternative options for delivery on a site-by-site basis.

### **While risks are regularly reported to the Resilient Lands Program Steering Committee, the controls in place have not been implemented effectively**

The RLP Steering Committee (the committee) first met in October 2024. One of its roles is to provide guidance on decisions related to risk monitoring and management. The committee receives reporting on program risks on a quarterly basis. The risks presented include program administration risks related to budget, time and community perception, and 2 risks that relate specifically to the delay of the North Lismore and East Lismore sites.

While the Reconstruction Authority reports risks to the committee, the controls in place have not been implemented effectively. The risk relating to community perception and reputation states that this will be controlled through proactive community engagement and accelerating housing supply. Community engagement has occurred through a series of workshops, indicating that there has been some implementation of a mitigation for this risk. However, the controls related to accelerating housing have not been effective, given that the delivery of housing through the program has been largely delayed. Despite this, the risk continued to be rated as 'moderate' throughout 2025.

Similarly, the risk relating to delays in acquiring the North Lismore site was raised with the committee at its first meeting in October 2024. It was rated as a medium risk with controls that included working on the legal process, working with NSW Public Works and setting milestones for the project. These controls had not changed by June 2025 despite significant issues with acquiring this site. The lack of change to the risk profile despite the changes in circumstances demonstrates that the risk was not actively managed and the controls were not effective in preventing the risk materialising.

It does not appear that the committee discusses risks in its meetings, including whether further mitigations may be required. The meeting minutes only note that the risks were presented and do not indicate any further discussion of these risks.

## **The Reconstruction Authority has involved stakeholders in the delivery of the Resilient Lands Program**

The Reconstruction Authority must work closely with stakeholders to deliver the RLP, particularly because the Reconstruction Authority is not directly delivering the sites. In addition to delivery agencies, the Reconstruction Authority needs to work with the community to ensure that their perspectives are considered as a number of the sites will lead to an increase in population for the towns that have RLP sites in them.

The draft Resilient Lands Strategy was released to the public in June 2023 and received 225 submissions from the public. Submissions related to what was most important to people in terms of the land that was selected for inclusion in the Resilient Lands Strategy, as well as which sites were selected. Feedback was incorporated into the final version of the Resilient Lands Strategy, showing that stakeholder views were incorporated.

Successful delivery of the RLP requires the Reconstruction Authority to work closely with a range of key stakeholders. In particular, councils play a key role in the delivery of sites, and funding is often used to assist councils with preparing site studies and plans. In line with this, the Reconstruction Authority has signed a series of memoranda of understanding (MoU) with the councils that set out responsibilities and what is expected to be delivered through the RLP. Similarly, for those sites where the Reconstruction Authority is working with other state government agencies as the delivery partner, MoUs are in place.

## **The land assessment process was consistent, but lacked oversight**

The NRRC developed the 'Resilient Lands Suitability Assessment Framework' (the framework) in March 2023. The framework was largely followed, resulting in a selection of land that was not in a flood zone. However, one of the key oversight mechanisms, the Lands Governance Group, was never formed and so there was no oversight mechanism for the assessment.

The framework set out a 3-stage process, as follows:

- Stage 1 – Compliance check and initial screening
  - Step 1a – Compliance and desktop assessment
  - Step 1b – Qualitative screening
- Stage 2 – Expert panel assessment
  - Step 2a – Individual expert panel member assessments
  - Step 2b – Panel assessment and moderation
- Stage 3 – Recommendations and endorsement
  - Step 3a – Recommendations reporting
  - Step 3b – Governance endorsement.

Stage 1 involved a desktop review of the sites to gather information and to determine whether each site met the minimum eligibility requirements. Key information was drawn from a number of sources. To determine whether it was appropriate for selection, each site was analysed to determine whether it had significant risks around flooding, bushfire and biodiversity conservation. Sites were automatically removed if: most of the site had been impacted by the 2022 flood or were within the probable major flood (PMF) zone; there was a major bushfire risk over the majority of the area; or development would have a material biodiversity impact. This process reduced the list to 27 sites.

For Stage 2, a panel of experts was convened. Each panel member assessed the remaining sites individually against a set of criteria. These were collated and then the panel members came together to discuss their scores and agree a consensus score. Following the panel discussions, a recommendations report setting out the recommended sites was created. After further refinement, this list became the sites in the final Resilient Lands Strategy. This approach to site review was consistent with the framework and resulted in an evidence-based list of sites that met the established criteria of the RLP.

While the process for assessing the sites was consistent, there was a lack of oversight. Stage 3 provided for the results of the assessment process to be presented to the Lands Governance Group. The Lands Governance Group was also to be responsible for overseeing the implementation of the framework and ensuring that it had been followed in developing the recommendations. However, as noted above, the Lands Governance Group was never formed, and no other body fulfilled this function.

**The Resilient Lands Strategy was not delivered according to the planned schedule, which significantly delayed the Resilient Lands Program**

The Resilient Lands Strategy was a critical deliverable of the RLP, as it set out the land that would be delivered through the RLP. A broad timeline for the delivery of the Resilient Lands Strategy, refined in March 2023, set out when key stages were expected to be completed. These timelines were not met. Table 7 sets out the anticipated timelines for the program, alongside the actual dates on which those milestones were achieved.

**Table 7: Planned and actual timelines for delivering the Resilient Lands Strategy**

Milestone	Planned date	Actual date	Change
Expression of Interest (Eol) tranche 1 completed	March 2023	April 2023	+1 month
Eol tranche 2 completed*	April 2023	October 2023	+6 months
Exhibition of draft strategy	May 2023	June-July 2023	+1-2 months
Release of final strategy	August 2023	August 2024	+12 months

\* The second tranche of Eols considered a small number of sites identified later in the Eol process.

Source: Audit Office of NSW analysis.

As can be seen in Table 7, while there were delays during the preparation of the draft Resilient Lands Strategy, the primary delay was in producing the final version of the Resilient Lands Strategy. Despite the strategy not being finalised, some work was undertaken as part of delivering the RLP, including site feasibility studies and entering into MoUs with key parties, though this was not enough to ensure that the individual sites were released according to their planned timelines. The Reconstruction Authority revised its milestones a number of times, aiming to receive ministerial approval for the Resilient Lands Strategy first in December 2023 and then in March 2024, but these timelines were also missed. As a result, the Resilient Lands Strategy was released a year later than initially planned and this has put the program behind schedule.

**The Reconstruction Authority has not delivered the Resilient Lands Program sites according to its established timelines and the program is significantly delayed**

The Resilient Lands Strategy establishes expected timelines for the delivery of each of the sites that form part of the RLP. The Reconstruction Authority has not met timelines for delivery of these sites. The timelines for the projects have been reviewed, and some projects are delayed by a year or more.

The Reconstruction Authority released the Resilient Lands Strategy in August 2024 with timelines for each of the programs. Table 8 sets out the timelines for each project as established in the Resilient Lands Strategy. The Reconstruction Authority is not responsible for delivering every aspect of these sites, as in some cases it is responsible only for providing relevant studies. However, the Resilient Lands Strategy still sets out timelines for these sites, as well as the expected timing for first new homes, and Eol process identified that these sites could be delivered within 5 years.

**Table 8: Resilient Lands Strategy planned timelines for RLP projects – August 2024**

LGA	Project	Planning <sup>3</sup>	DA approval	Completion
Lismore	Mount Pleasant, Goonellabah	N/A	End Q3 2024	End Q4 2025
Lismore	North Lismore	N/A	End Q3 2025	End Q4 2027
Lismore	Crawford Road, East Lismore	End Q4 2024	End Q2 2025	End Q4 2027
Byron	Station Street, Mullumbimby	N/A	End Q3 2025	End Q3 2027
Lismore	Bristol Circuit and Cynthia Wilson Drive	N/A	End Q1 2025	End Q3 2026
Kyogle	Mayfield Estate, Kyogle	N/A	End Q3 2024	End Q1 2025
Tweed	North Arm Road, Murwillumbah	End Q4 2024	End Q2 2025	End Q1 2027
Byron	The Saddle Road, Brunswick Heads	End Q1 2025	End Q3 2025	End Q4 2027
Richmond	Summerland Way, Casino	End Q4 2024	End Q2 2025	End Q4 2027
Lismore	Goonellabah	End Q4 2024	End Q2 2025	End Q4 2027
Ballina	Lennox Head	End Q4 2024	End Q2 2025	End Q4 2027
Clarence	Summerland Way, Junction Hill	End Q2 2024	End Q4 2024	End Q4 2027

Note: All dates are calendar year.

Source: Resilient Lands Strategy and Audit Office of NSW analysis.

The Reconstruction Authority advised that some of the timelines in the Resilient Lands Strategy were not realistic. However, the deliverability of sites was considered through the EoI process by the expert panel and there is no evidence that the former NRRC or the Reconstruction Authority objected to the inclusion of these sites when creating the Resilient Lands Strategy.

In May 2025, the Reconstruction Authority revised the timelines for the program. By this time, the Reconstruction Authority had not met some of the Resilient Lands Strategy's timelines. The timelines were further revised in October 2025, but the updated timelines were not published. These revised timelines represent significant delays in implementation. The revised timelines can be seen in Tables 9 and 10.

<sup>3</sup> Projects that had already completed this stage are marked as N/A.

**Table 9: Revised timelines for the RLP: Forward planning and DA approval stages - October 2025**

Project	Planning	Planning change	DA approval	DA approval change
Mount Pleasant, Goonellabah	N/A	N/A	End Q4 2025	+15 months
North Lismore	N/A	N/A	End Q4 2025	+3 months
Crawford Road, East Lismore <sup>4</sup>	Pt 1: Complete	N/A	Pt 1: Complete	N/A
	Pt 2: Complete	N/A	Pt 2: End Q2 2026	+12 months
Station Street, Mullumbimby	N/A	N/A	End Q2 2026	+9 months
Bristol Circuit and Cynthia Wilson Drive	N/A	N/A	Pt 1: End Q3 2025	+12 months
			Pt 2: End Q2 2026	+15 months
Mayfield Estate, Kyogle	N/A	N/A	End Q1 2026	+18 months
North Arm Road, Murwillumbah	End Q1 2026	+15 months	End Q4 2026	+18 months
The Saddle Road, Brunswick Heads	End Q1 2026	+12 months	End Q4 2026	+15 months
Summerland Way, Casino	End Q2 2026	+18 months	End Q2 2027	+24 months
Goonellabah	Completed	N/A	End Q1 2026	+9 months
Lennox Head	Completed	N/A	End Q4 2025	+6 months
Summerland Way, Junction Hill	Completed	N/A	Completed	N/A

Note: All dates are calendar year.

Source: Audit Office of NSW analysis.

The Reconstruction Authority revised the timing of expected final completion at the same time that it revised the completion dates for the design and approval stages. While all of the design and approval stages were moved back, the final anticipated construction time was brought forward in some cases and delayed in others. The revised completion dates and changes from the Resilient Lands Strategy can be seen in Table 10; for most of the sites some land will be available for public purchase prior to the completion date of the overall sites.

The Reconstruction Authority is not accountable for delivering all aspects of these sites because it only provides supporting studies or works to some of the sites. By including these timelines in the Resilient Lands Strategy, the Reconstruction Authority created an expectation that sites would be completed within them. Not ensuring that these sites are delivered within the timelines would put the program's ability to fulfil its objectives at risk.

<sup>4</sup> The Reconstruction Authority has split this into 2 stages of work; both are here compared to the original timeline.

**Table 10: Revised timelines for the RLP: Completion dates – October 2025**

Project	First land available	Completion	Completion change
Mount Pleasant, Goonellabah	Q1 2026	End Q4 2026	+12 months
North Lismore	Q3 2027	End Q3 2027	-3 months
Crawford Road, East Lismore	Pt 1: Q4 2026	Pt 1: End Q4 2026	-12 months
	Pt 2: Q2 2027	Pt 2: End Q4 2027	No change
Station Street, Mullumbimby	Q1 2027	End Q2 2027	-3 months
Bristol Circuit and Cynthia Wilson Drive	Pt 1: Q1 2027	Pt 1: End Q2 2027	+9 months
	Pt 2: Q1 2027	Pt 2: End Q2 2027	+9 months
Mayfield Estate, Kyogle	Q3 2026	End Q4 2026	+21 months
North Arm Road, Murwillumbah	Q1 2028	End Q4 2028	+21 months
The Saddle Road, Brunswick Heads	Q4 2027	End Q2 2028	+6 months
Summerland Way, Casino	Q4 2027	End Q2 2028	+6 months
Goonellabah	Q1 2027	End Q4 2027	No change
Lennox Head	Q3 2027	End Q4 2027	No change
Summerland Way, Junction Hill	Q3 2027	End Q4 2027	No change

Note: All dates are calendar year.

Source: Audit Office of NSW analysis.

The Reconstruction Authority advised that the RLP is due to be completed in 2027–28. While some of the projects may continue after this date, the Reconstruction Authority’s ability to influence the pace of delivery of these projects will be limited.

### **The Resilient Lands Program has not yet met the demand created by the Resilient Homes Program**

The most recent version of the RHP Guidelines and the Resilient Land Strategy make clear that the RHP and the RLP are meant to complement each other. While it is clear that the RLP is not only intended to meet the demand created by the RHP, parties who have had their homes bought back through the RHP fall into the flood-affected residents category outlined in the Resilient Lands Strategy. Further, the Reconstruction Authority has established a concierge service for RHP buyback participants to provide assistance, including by connecting participants to the RLP.

In mid-2023 a survey was created to understand RHP participants’ housing needs. Of the buybacks that had been processed by 21 November 2024, 125 participants were interested in RLP land. By this time approximately 725 homeowners had accepted offers through the RHP, indicating that approximately only 17% of the RHP buyback stream participants were interested in RLP land. This survey received only 182 responses and so it is possible that the true extent of demand generated through the RHP is underestimated. The Reconstruction Authority has not monitored the housing outcomes of homeowners who have had their property bought back to determine whether they are still seeking a new property or are waiting for land to be delivered through the RLP.

The Reconstruction Authority has attempted to connect RHP participants with the RLP. This includes the concierge service mentioned above, to provide assistance to buyback stream participants in seeking housing solutions, including through providing connections with the RLP. This concierge service has been used to determine interest in particular sites, particularly the Mount Pleasant site in Goonellabah. However, when the Reconstruction Authority has spoken to RHP participants about their interest in the RLP, some participants have said that the delays in the RLP are one of the reasons that they do not want to participate in the program.

While this demand has been identified, no lots or homes have yet been delivered through the RLP. While the RLP aims to eventually deliver the housing that was identified at the outset of the program, it is not yet fulfilling its role of supporting flood-affected residents of the Northern Rivers. Given the delays in the RLP, the program has not offset the reduction in housing created by the RHP buyback stream.

**The land identified in the Resilient Lands Strategy is forecast to meet estimated demand, but program delays put this at risk**

At first, destroyed and severely damaged properties were used to assess the potential demand for the RLP and to determine the land that would become part of the Resilient Lands Strategy. This information informed the estimated number of hectares of land that would need to be provided through the program in each Local Government Area (LGA) to support people leaving the flood-affected areas. The estimated land required was taken to represent the immediate need to be met in the Northern Rivers.

Table 11 compares the estimated required land with the land expected to be delivered through the RLP. In addition, Table 11 compares the number of destroyed and severely damaged homes in each LGA with the number of homes or lots that are estimated to become available across the RLP sites. The former NRRC identified demand for the program during the program’s establishment, and designed the EoI process to meet this identified demand.

The Reconstruction Authority anticipates a total of 4,382 homes or lots will be delivered through the implementation of the Resilient Lands Strategy. The Reconstruction Authority, in conjunction with partner agencies, is responsible for the direct delivery of 612 of these homes or lots. It is supporting the delivery of the other homes or lots through a variety of interventions that aim to accelerate the delivery of housing in the region.

**Table 11: Identified demand for RLP land**

	Ballina	Byron	Clarence	Kyogle	Lismore	Richmond Valley	Tweed	Total
Destroyed and severely damaged homes	77	60	10	6	602	332	250	<b>1,337</b>
Estimated homes on site	30	632	1,000	40	930	1,500	250	<b>4,382</b>
Required land (hectares)*	10	10	3	1	99	157	44	<b>323</b>
Expected land to be delivered (hectares)	14	121	103	35	174	181	174	<b>802</b>

\* Rounded to the nearest whole figure.

Source: Northern Rivers Reconstruction Corporation documentation.

The former NRRC categorised the demand as an immediate need and sought to fulfil it by early 2028, that is, within 5 years from April 2023. As part of the selection process for the land, the former NRRC chose only sites that it assessed could be delivered within that 5-year period. Delays in the program have put the Reconstruction Authority’s ability to meet this demand in a timely manner at risk.

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# Appendix 1 – Response from entity

## Response from the NSW Reconstruction Authority

NSW Reconstruction Authority



**Mr Bola Oyetunji**  
**Auditor-General**  
**Audit Office of NSW**

Courtesy copy: Andrew Anderson, Director, Performance Audit

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### **Re: NSW Reconstruction Authority Response to the Performance audit – Resilient Homes Program and Resilient Lands Program**

Dear Mr Oyetunji,

I welcome and accept in full the findings and five recommendations of the final performance audit report on the Resilient Homes Program (RHP) and Resilient Lands Program (RLP). Further, I can advise that work is underway against all recommendations (further outlined at **Attachment A**).

As the Chief Executive Officer of the Reconstruction Authority, I am committed to the delivery of these programs for communities in the Northern Rivers and Central West and to integrate lessons into future program design and delivery.

The programs were established in 2022 and the Reconstruction Authority assumed responsibility in August 2023. In considering the extraordinary circumstances faced at the time these programs were developed and delivered, it is evident that the design and scale of these programs was a first for NSW. It is acknowledged that better initial program planning would have reduced the likelihood of delays when compared to the original timeframes. As the report outlines, RA has administered both programs in line with established guidelines and has not found any significant issues with the way program funding has been administered and expended.

While there have been delays and challenges in delivery; the intent of these programs is considered positive for the long-term recovery of impacted communities.

One of the key insights RA has observed from the delivery challenges of the RHP and RLP, is the benefit of addressing land use planning issues before a disaster occurs. This is reflected in the objectives of the *NSW Reconstruction Authority Act 2022* and the legislative powers of the RA, which are intended to provide a focus for government on long term mitigation and adaptation planning, and enable communities across NSW to realise the long-term benefits that these can bring.

The RA remains committed to building resilience in communities through its disaster mitigation, adaptation, preparedness and recovery functions. Our role in the delivery of programs such as the RHP and RLP, on behalf of the NSW Government, remains a critical element of this commitment.

Finally, I would also like to make special mention of the work undertaken by our staff, councils, and delivery partners across the RHP and RLP. I am confident that this work demonstrates service and commitment to the Northern Rivers and Central West communities. I am proud of the work achieved to date by current staff of the Reconstruction Authority. It is my responsibility to ensure that our staff and partners continue to be supported through effective decisions and resources to deliver.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Kate Fitzgerald".

**Kate Fitzgerald**  
Chief Executive Officer  
NSW Reconstruction Authority

GPO Box 5434  
Sydney NSW 2001  
ABN 56 672 828 283

02 9212 9200  
[www.nsw.gov.au/reconstruction-authority](http://www.nsw.gov.au/reconstruction-authority)

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Recommendation	Comment
1) By September 2026, the NSW Reconstruction Authority should identify and act on opportunities to accelerate the delivery of sites under the Resilient Lands Program, to ensure current program timelines and targets are met.	<p><b>RA accepts this recommendation in full. Implementation of this recommendation is in progress.</b></p> <p>During the period leading up to the finalisation of this report, the two priority sites in North Lismore and East Lismore which the RA is directly responsible for delivery of, have transitioned to the delivery phase with our delivery partners at HomesNSW and Landcom.</p> <p>The RA is now focused on the review the remainder of the RLP sites to identify and act on opportunities to accelerate the delivery of sites as per this recommendation.</p> <p>This will include a review of the current program timelines and targets to ensure these are clearly articulated and defined and able to be met over the remaining life of the RLP.</p>
2) By June 2027, the NSW Reconstruction Authority should work with councils to finalise and implement plans for: <ol style="list-style-type: none"> <li>each of the areas with significant numbers of buybacks</li> <li>parcels of bought-back land that are isolated from other buyback sites.</li> </ol>	<p><b>RA accepts this recommendation in full. Implementation of this recommendation is in progress.</b></p> <p>RA agrees that working collaboratively with local councils to finalise plans for areas with significant numbers of buybacks, as well as those isolated sites, is critical to achieving intended program outcomes and supporting long term community resilience.</p> <p>RA acknowledges that comprehensive place-based planning for areas impacted by buybacks was not undertaken as part of the design of the Resilient Homes Program.</p> <p>The report recognises that RA is already working with local councils and state government departments, as well as other stakeholders, to determine preferred land uses. RA is actively progressing a structured, council-led planning approach for priority locations with high concentrations of buybacks.</p> <p>Procurement processes have now been completed and consultants engaged for the planning process for the two largest areas covering Lismore and South Murwillumbah, and briefs for further engagements are being finalised across the remaining areas of concentrated buybacks.</p> <p>RA has sought and recently received confirmation from NEMA on the permissible zonings and land use controls for the RHP buybacks using the existing NSW Floodplain Risk Management framework.</p>

Recommendation	Comment
	<p>RA is concurrently working with local councils to develop the process for the rezoning, divestment of land, and future land use considerations for the remaining isolated buyback sites so that this can be finalised by June 2027.</p>
3) By June 2027, the NSW Reconstruction Authority should document lessons learned to inform planning for future disaster resilience, recovery and adaptation programs, including land use planning activities	<p><b>RA accepts this recommendation in full. Implementation of this recommendation is in progress.</b></p> <p>RA has considered lessons learned from the delivery of recent disaster resilience, recovery and adaptation programs to inform the design of future initiatives, including land-use planning activities. These lessons emphasise the importance of early intervention, coordinated decision making, and policies that support safe, long term housing outcomes in disaster affected areas.</p> <p>In developing and refining its approach, RA also had regard to research commissioned by the Northern Rivers Reconstruction Corporation (NRRC) and completed by the Southern Cross University and the University of Technology Sydney, <i>A Best Practice Framework: Housing in Disaster-Affected Areas – From Crisis to Long-Term Resilience</i>. The research identifies key lessons across the disaster recovery lifecycle and outlines six recommendations focused on improving housing outcomes, governance, community engagement, and long-term resilience.</p> <p>The findings and recommendations in this research have informed RA’s thinking and were considered in shaping its response to the recent Mid Coast flood event. In particular, the research reinforces the importance of clear recovery pathways for displaced households, alignment between recovery programs and land-use planning, and the need to balance urgency of response with long term risk reduction and resilience objectives.</p> <p>RA will continue to draw on evidence-based research, post event reviews, and program evaluations to inform the planning and continuous improvement of future disaster resilience, recovery, and adaptation programs, ensuring they support sustainable recovery outcomes for communities and reduce exposure to future hazard risks.</p>
4) By June 2027, the NSW Reconstruction Authority should ensure readiness for future natural disasters by: <ol style="list-style-type: none"> <li>developing and implementing resilience and adaptation programs in anticipation of natural disasters and outside periods of declared natural disaster</li> </ol>	<p><b>RA accepts this recommendation in full. Implementation of this recommendation is in progress.</b></p> <p>RA agrees that resilience and adaptation programs should be planned, developed and maintained in readiness for future natural disasters, outside periods of declared disaster and separate from response and immediate recovery efforts.</p> <p>RA is progressing actions to embed this approach, including:</p> <ul style="list-style-type: none"> <li>Progressing the actions identified in the State Disaster Mitigation Plan and the development of regional Disaster Adaptation Plans across NSW.</li> </ul>

Recommendation	Comment
<p>b. planning in advance for the timely implementation of disaster recovery programs, including meeting requirements for business cases and cost-benefit analyses.</p>	<ul style="list-style-type: none"> <li>• Developing standing program frameworks and delivery models for resilience and adaptation interventions that can be activated when required.</li> <li>• Strengthening cross agency coordination to align resilience planning with land use, housing, infrastructure and climate adaptation strategies.</li> <li>• Incorporating lessons learned from the RHP and RLP into future program design guidance and internal assurance processes.</li> <li>• Working with central agencies to ensure future resilience investments are supported by appropriate planning and business case documentation, proportionate to program scale and risk.</li> </ul>
<p>5) By March 2028, the NSW Reconstruction Authority should complete and publish the evaluation and ex-post cost-benefit analysis of the Resilient Homes Program and the Resilient Lands Program.</p>	<p><b>RA accepts this recommendation in full. Implementation of this recommendation is in progress.</b></p> <p>The Resilient Homes Program and the Resilient Lands Program are currently subject to a comprehensive program evaluation, including an ex-post cost-benefit analysis. The evaluation is being undertaken by ARDT and is presently underway.</p> <p>The final evaluation report is expected to be delivered in late 2027, at which point the findings will be considered for publication in line with NSW Government evaluation and reporting requirements as well as proactive release obligations under the GIPA Act.</p>

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# Appendix 2 – About the audit

## Audit objective

This audit assessed whether the NSW Reconstruction Authority is effectively administering the Resilient Homes Program (RHP) and the Resilient Lands Program (RLP) to meet the programs' objectives.

## Audit criteria

The Audit Office addressed the audit objective with the following audit criteria:

- the NSW Reconstruction Authority effectively planned the administration of both programs
- the NSW Reconstruction Authority effectively delivered the RHP
- the NSW Reconstruction Authority effectively delivered the RLP.

## Audit scope and focus

In assessing the criteria, we checked the following aspects:

- The NSW Reconstruction Authority effectively planned the administration of both programs
  - The agency developed evidence-based strategies and plans for both programs informed by a comprehensive assessment of demand and future flood risk
  - The agency established timelines and key performance indicators (KPIs) for the delivery of both programs
  - Governance structures were established to support effective coordination between the Reconstruction Authority and other relevant entities
  - The agency effectively identified risks and strategies to respond to identified risks for both programs
  - The agency considered probity advice and conflicts of interest in the planning and design of both programs
  - The agency established and implemented a monitoring and evaluation plan for both programs.
- The NSW Reconstruction Authority effectively delivered the RHP
  - The agency delivered the RHP according to established strategies and plans and in line with identified need and demand
  - The agency delivered the RHP in line with established timelines and to meet KPIs
  - The agency used a risk-based approach to consistently assess and prioritise homes
  - The agency monitored the program's performance, including whether payments were meeting program objectives and achieving value for money
  - The agency effectively coordinated with other relevant entities in its delivery of the RHP
  - The agency monitored and addressed risks to program delivery and adapted the program where necessary.

- The NSW Reconstruction Authority effectively delivered the RLP
  - The agency delivered the RLP according to established strategies and plans and in line with identified need and demand
  - The agency delivered the RLP in line with established timelines and to meet KPIs
  - The agency consistently identified and assessed land that meets the RLP’s objectives
  - The agency effectively coordinated with other relevant entities in its delivery of the RLP
  - The agency monitored and addressed risks to program delivery and adapted the program where necessary
  - The agency developed and implemented a plan for the management and future use of the land and properties acquired through the RHP.

## Audit exclusions

The audit did not:

- examine the activities of local councils relevant to both programs, except the NSW Reconstruction Authority’s planning and monitoring of these activities, and understanding the impact of these activities on the audited programs
- examine housing responses in areas outside of the Northern Rivers, including the Central West stream of the RHP
- examine other forms of flood response from the NSW Reconstruction Authority, including the provision of temporary housing and disaster relief grant programs
- examine the Flood Property Assessment Program
- question the merits of government policy objectives.

## Audit approach

Our procedures included:

- interviewing key staff, including:
  - senior staff responsible for both programs
  - staff responsible for the planning of both programs
  - staff responsible for the delivery of both programs
  - staff responsible for performing evaluations of both programs
  - staff responsible for community and stakeholder engagement
  - local community stakeholders, including councils and NGOs.
- examining key sources of documentation including:
  - strategies and plans for both programs
  - outputs of demand modelling and flood-mapping analysis
  - memoranda of understanding or similar formal agreements between entities involved in the programs
  - key program documentation including governance and risk management
  - communication plans and related documentation
  - reporting on both programs
  - committee and taskforce meeting papers and minutes
  - program evaluations, recommendations and related action plans.
- analysing relevant data.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

## **Audit methodology**

Our performance audit methodology is designed to satisfy Australian Auditing Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

## **Acknowledgements**

We gratefully acknowledge the cooperation and assistance provided by the NSW Reconstruction Authority.

## **Audit cost**

The estimated cost of the audit is approximately \$740,000.

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# Appendix 3 – Performance auditing

## What are performance audits?

Performance audits assess whether the activities of state or local government entities are being carried out effectively, economically, efficiently and in compliance with relevant laws.

The activities examined by a performance audit may include a government program, all or part of an audited entity, or more than one entity. A performance audit can also consider particular issues that affect the whole public sector and/or the whole local government sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake audits is set out in the *Government Sector Audit Act 1983* for state government entities, and in the *Local Government Act 1993* for local government entities. This mandate includes audit of non-government sector entities where these entities have received money or other resources (whether directly or indirectly) from, or on behalf of, a government entity for a particular purpose (follow-the-dollar).

## Why do we conduct performance audits?

Performance audits provide independent assurance to the NSW Parliament and the public.

Through their recommendations, performance audits seek to improve the value for money the community receives from government services.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, state and local government entities, other interested stakeholders and Audit Office research.

## How are performance audits selected?

When selecting and scoping topics, we aim to choose topics that reflect the interests of Parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and in consultation with parliamentarians, agency heads and key government stakeholders. Our 3-year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to Parliament, aligns with government priorities and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

## What happens during the phases of a performance audit?

Performance audits have 3 key phases: planning, fieldwork and report writing.

During the planning phase, the audit team develops an understanding of the audit topic and responsible entities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the audited entity, program or activities are assessed. Criteria may be based on relevant legislation, internal policies and procedures, industry standards, best practice, government targets, benchmarks or published guidelines.

During the fieldwork phase, audit teams will require access to books, records or any documentation deemed necessary in the conduct of the audit, including confidential information that is either Cabinet information within the meaning of the *Government Information (Public Access) Act 2009* or information that could be subject to a claim of privilege by the State or a public official in a court of law. Confidential information will not be disclosed, unless authorised by the Auditor-General.

At the completion of fieldwork, the audit team meets with management representatives to discuss all significant matters arising from the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with management representatives to check that facts presented in the draft report are accurate and to seek input into developing practical recommendations on areas of improvement.

A final report is then provided to the accountable authority of the audited entity(ies), which will be invited to formally respond to the report. If the audit includes a follow-the-dollar component, the final report will also be provided to the governing body of the relevant entity. The report presented to the NSW Parliament includes any response from the accountable authority of the audited entity. The relevant Minister and the Treasurer are also provided with a copy of the final report for state government entities. For local government entities, the Secretary of the Department of Planning and Environment, the Minister for Local Government and other responsible Ministers will also be provided with a copy of the report. In performance audits that involve multiple entities, there may be responses from more than one audited entity or from a nominated coordinating entity.

## **Who checks to see if recommendations have been implemented?**

After the report is presented to the NSW Parliament, it is usual for the entity's Audit and Risk Committee / Audit Risk and Improvement Committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of NSW Parliament's Public Accounts Committee to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report received by the NSW Parliament. These reports are available on the NSW Parliament website.

## **Who audits the auditors?**

Our performance audits are subject to internal and external quality reviews against relevant Australian standards.

The Public Accounts Committee appoints an independent reviewer to report on compliance with auditing practices and standards every 4 years. The reviewer's report is presented to the NSW Parliament and available on its website.

Periodic peer reviews by other Audit Offices test our activities against relevant standards and better practice.

Each audit is subject to internal review prior to its release.

## **Who pays for performance audits?**

No fee is charged to entities for performance audits. Our performance audit services are funded by the NSW Parliament.

## **Further information and copies of reports**

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au) or contact us on 9275 7100.

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**Audit Office of New South Wales**

Level 19, Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 2000 Australia

t +61 2 9275 7100

mail@audit.nsw.gov.au

Office hours: 8.30 am–5.00 pm

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*audit.nsw.gov.au*