



## DEVASTATING SOCIAL COSTS OF NATURAL DISASTERS TO BE MEASURED FOR FIRST TIME

The Australian Business Roundtable for Disaster Resilience & Safer Communities will create a first ever framework to measure the long-term social impact of natural disasters on the Australian community, and will also create national infrastructure investment guidelines for building resilience into critical infrastructure.

The two new projects, due for completion early next year, build on earlier work of the Roundtable to improve Australia's resilience to natural disasters. Social devastation and the impacts to infrastructure are the longest lasting and most significant consequences of natural disasters.

The social impact framework will be the first national analysis of its type and will look to fill the gap in critical research on the long-term impacts of disasters on communities including the attribution of a cost of these impacts on our society.

The building resilient Infrastructure guidelines' and paper will investigate the economic and social benefits of building resilience into the design and build of new infrastructure, including replacement infrastructure, to improve decision making and safeguard life and property.

Both projects will be developed in conjunction with Deloitte Access Economics.

A recent Infrastructure Australia audit estimates that annual economy-wide spending on infrastructure services will increase from \$187 billion in 2011 to \$377 billion in 2031<sup>1</sup>. The report also said that major reforms are needed to ensure future infrastructure underpins Australia's productivity and contributes to economic growth.

Speaking on behalf of the Roundtable, Insurance Australia Group Managing Director and Chief Executive Officer Mr Mike Wilkins said as natural disasters increase in intensity and frequency across Australia, the long-term social and economic costs are not sustainable and must be measured and understood.

"The case for national investment in disaster resilience and preventative activities is clear – it's the most effective way to protect our communities and economy from the devastating impacts of natural disasters," Mr Wilkins said.

"This work heralds a new approach to how we invest in national infrastructure and manage natural disasters. It will provide practical and concrete guidelines for the design and build of future infrastructure and help inform the investment needed to educate our communities on what they need to do to protect their families, property and business before the disaster hits.

"It's been difficult to capture the long lasting impact of natural disasters on communities. This work will build on the immediate costs to livelihoods and property and measure other major community impacts which include health system costs, employment and productivity impacts, and other losses including family breakdown and social dislocation" he added.

Andrew Coghlan, National Manager, Emergency Services, Australian Red Cross said that investment in individual and household preparedness programs was critical to ensuring a better recovery and reducing the impact and cost of natural disasters.

"The new research will help government, business and the community, and support sectors to better understand both the economic and social impact of natural disasters in Australia. It will enable targeted and appropriate steps to be taken to mitigate risks and build resilience against these events.

<sup>1</sup> Infrastructure Australia (2015), *Australian Infrastructure Audit: Our Infrastructure Challenges*, <http://infrastructureaustralia.gov.au/policy-publications/publications/Australian-Infrastructure-Audit.aspx>



"There is a need to fill the gap in critical research on these long-term social impacts and also a need to provide a set of guidelines for policy makers, practitioners, business and individuals in the planning, design, build, financing and protection of communities that drive preparedness and behavioural change," Mr Coghlan said.

The Australian Business Roundtable has been successful in maintaining a national conversation centred on the issue of natural disaster resilience, leading to the establishment of the *Productivity Commission's Inquiry into Natural Disaster Funding Arrangements* in December 2013.

The Roundtable's first White Paper '*Building Our Nation's Resilience to Natural Disasters*' demonstrated that the economic cost of natural disasters is about \$6.3 billion every year. This is forecast to rise to \$23 billion by 2050. However, carefully targeted investment in preventative infrastructure of \$250 million per year would reduce these costs by 50 per cent.

"The Productivity Commission has examined the full scope of national expenditure on natural disasters and the effectiveness of current mitigation measures and funding arrangements," Mr Wilkins said.

This year, the Productivity Commission recommended the Australian Government increase mitigation funding to the states to \$200 million per year.

"While we look forward to the Australian Government's response to the Productivity Commission's Final Report which is expected by year's end, the Roundtable is continuing its important body of research in order to make communities more resilient and people safer," Mr Wilkins added.

Roundtable members are the Chief Executive Officers from Australian Red Cross, Insurance Australia Group, Investa Property Group, Munich Re, Optus and Westpac.

For more information: [www.australianbusinessroundtable.com.au](http://www.australianbusinessroundtable.com.au)

#### About the Australian Business Roundtable for Disaster Resilience & Safer Communities:

The Australian Business Roundtable for Disaster Resilience and Safer Communities was set up in 2012 to support a coordinated national approach to making communities more resilient. It brings together six leading CEOs to influence public policy via evidence-based reporting on the unsustainable cost of disasters on life, property and the economy.

The Roundtable members are the Chief Executive Officers of the Australian Red Cross, Insurance Australia Group, Investa Property Group, Munich Re, Optus and Westpac. Members of the Roundtable champion the need for a sustainable, coordinated national approach to make communities more resilient and people safer. They believe that national investment in disaster resilience and preventative activities is the most effective way to protect communities and reduce the impact of disasters.

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