

30 November 2015

Nathan Dal Bon
General Manager
Strategic Policy Branch
Department of Industry, Innovation and Science
Nathan.DalBon@industry.gov.au

Dear Mr Dal Bon

The *Australian Business Roundtable for Disaster Resilience & Safer Communities* welcomes the opportunity to make a submission in relation to Northern Australia Infrastructure Facility – Consultation Paper (November 2015).

The *Australian Business Roundtable for Disaster Resilience & Safer Communities* was formed in December 2012 following an unprecedented number of natural disasters. This coalition of leading Australian businesses and a global humanitarian organisation aims to support the development of a more sustainable, coordinated national approach to making our communities more resilient and Australian people safer.

The *Australian Business Roundtable for Disaster Resilience & Safer Communities* members are: IAG, Australian Red Cross, Investa Office, Munich Re, Optus and Westpac Group. Their vision is to work collaboratively with the Australian Government to effect change in public policy and increase investment aimed at building safer and more resilient communities, and actively improve the capacity of people and businesses to better withstand future natural disasters.

In June 2013, the *Australian Business Roundtable for Disaster Resilience & Safer Communities* released a fact-based, comprehensive White Paper – ‘*Building our Nation’s Resilience to Natural Disasters*’ – which drew on extensive data and research to support its policy recommendations. This research found:

- The Australian Government invests \$50 million each year in mitigation measures but more than \$560 million on post-loss recovery; a ratio of more than \$10 spent on post disaster recovery for every \$1 spent on pre-disaster mitigation.
- The total economic costs of natural disasters in Australia average \$6.3 billion each year and due to material growth and urbanisation, are projected to rise to \$23 billion by 2050. Carefully targeted investment in preventative infrastructure of \$250 million per year would reduce these costs by 50%, generating economic savings of \$12.2 billion by 2050.

The *Australian Business Roundtable for Disaster Resilience & Safer Communities* released their second report in July 2014. '*Building an Open Platform for Natural Disaster Resilience*' and demonstrated that:

- Better access to data and research through the development of a national open source platform could generate a potential additional saving of up to 20% on top of the \$12.2 billion identified in the Roundtable's White Paper. This would amount to additional savings of up to \$2.4 billion and, potentially save Australia in total - up to \$14.6 billion by 2050 through regular well-planned mitigation investments.

The next research paper of the *Australian Business Roundtable for Disaster Resilience & Safer Communities* to be released in February 2016 - *Development of National Infrastructure Investment Guidelines* – will assist governments and the private sector when considering planned infrastructure investment. The paper will be developed in conjunction with Deloitte Access Economics.

The paper will highlight the economic and social benefits of building resilience into the design and build of new infrastructure, including replacement infrastructure. The paper will encourage the consideration of resilience up front in two key ways:

1. Demonstrate the economic case for building resilience into new and replacement infrastructure using cost benefit analysis; and
2. Provide practical guidelines/principles for those involved in the planning, design, build, financing and protection of infrastructure to improve the adoption of resilience measures at each step in the process.

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. The report also said that major reforms are needed to ensure future infrastructure underpins Australia's productivity and contributes to economic growth.

The significant pipeline of planned infrastructure investment particularly in Northern Australia provides an opportunity for governments and the private sector to consider the cost effectiveness of incorporating natural peril resilience from the outset. This has the potential to keep communities safer by: strengthening the resilience of infrastructure, both during and after event; and, avoiding legacy issues where costly resilience measures may need to be retrofitted at a later date.

The *Australian Business Roundtable for Disaster Resilience & Safer Communities* will provide a copy of the research paper when it is complete. Should you require further information please do not hesitate to contact David Wellfare, Senior Manager, Public Policy & Industry Affairs, IAG on (02) 9292 8593 or David.Welfare@iag.com.au

The Papers: '*Building our Nation's Resilience to Natural Disasters*' and '*Building a National Open Platform for Disaster Resilience Decisions*' can be found at <http://australianbusinessroundtable.com.au/Our-Papers>



AUSTRALIAN BUSINESS ROUNDTABLE
for Disaster Resilience
& Safer Communities

Yours sincerely

Peter Harmer

Managing Director & CEO
Insurance Australia Group

on behalf of Australian Business Roundtable Member CEOs

Michael Raper

Director of Services & International Operations
Australian Red Cross

Campbell Hanan

CEO
Investa Office

Heinrich Eder

Managing Director
Munich Re

Paul O'Sullivan

Chairman
Optus

Brian Hartzer

Managing Director & CEO
Westpac Group
