



The Economic Cost of the Social Impact of Natural Disasters

Report Fact Sheet
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- The social effects of natural disasters are not disputed.
- Increased mental health issues, alcohol misuse, domestic violence, chronic disease and short-term unemployment have resulted from extreme weather events such as bushfires, severe storms, cyclones, floods and earthquakes in Australia.

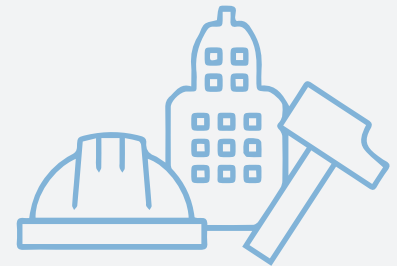


- By looking at the evidence from the 2009 Victorian Black Saturday Bushfires, the 2009-10 Queensland floods and the Newcastle Earthquake in 1989, the report highlights the range of additional social devastation that extreme weather events can cause for individuals and local communities long after the physical clean-up.



- This report finds that the true cost of natural disasters is at least **50% greater** than previous estimates when the cost of these social impacts is incorporated. When both tangible and intangible costs* are included, it is estimated that the total economic cost of natural disasters in Australia in 2015 **exceeded \$9 billion**, or 0.6% of GDP.

- This is expected to double by 2030 and to reach an **average of \$33 billion** per year by 2050.



- Recent natural disasters including the Black Saturday Bushfires in Victoria, Cyclone Yasi in Northern Queensland, widespread flooding across Queensland, Victoria, Tasmania and NSW and storm damage across the east coast (particularly NSW) have left a mark on local communities and individuals with many still suffering from the effects months and years after the event.



- The evidence shows that there is a need to invest in and build resilience to ensure that communities and individuals are better able to cope and adapt after natural disasters.


Therefore, the report recommends:

- Pre and post disaster funding should better reflect the long-term nature of social impacts.
- A collaborative approach involving government, business, the not for profit sector and community is needed to address the medium and long term economic cost of the social impact of natural disasters.
- Governments, businesses and communities need to further invest in community resilience programs that drive learning and sustained behavioural change.

- Further research must be done into ways of quantifying the medium and long term costs of the social impacts of natural disasters.

*In line with the Productivity Commission report, costs in the ABR reports are defined as:

- Direct tangible costs: those incurred as a result of the hazard event and have a market value such as damage to private properties and infrastructure
- Indirect tangible costs: the flow-on effects that are not directly caused by the natural disaster itself, but arise from the consequences of the damage and destruction such as business and network disruptions
- Intangible costs: capture direct and indirect damages that cannot be easily priced such as death and injury, impacts on health and wellbeing, and community connectedness.

Queensland Floods (2010-11)	Black Saturday Bushfires (2009)	Newcastle Earthquake (1989)
<ul style="list-style-type: none"> • More than 78% of the state declared a disaster zone and 2.5 million people affected • 36 fatalities and an estimated 100 severe and 200 minor injuries  <ul style="list-style-type: none"> • The lifetime cost of deaths and injuries are estimated to be around \$321m <p>Projected lifetime cost resulting from the floods:</p> <ul style="list-style-type: none">  Mental health issues - \$5.9bn  Risky/high risk alcohol consumption - \$24m  Chronic disease/non communicable diseases - \$432m  Family violence - \$717m <ul style="list-style-type: none"> • The estimated social costs associated with the Queensland floods were as large as, if not larger, than the financial costs (at least \$7.8 billion in social impacts and \$6.7 billion in direct financial impacts). 	<ul style="list-style-type: none"> • 173 fatalities and 414 injuries • The lifetime cost of deaths and injuries are estimated to be around \$933m • 430,000 hectares burnt <p>Projected lifetime cost resulting from the bushfires:</p> <ul style="list-style-type: none">  Mental health issues - \$1068bn  Risky/high risk alcohol consumption - \$193m  Chronic disease/non communicable diseases - \$321m  Family violence - \$985.4m  Environmental damage - \$411m <ul style="list-style-type: none"> • The estimated social costs associated with the Black Saturday Bushfires were larger, than the financial costs (at least \$3.9 billion in social impacts and \$3.1 billion in direct financial impacts). 	<ul style="list-style-type: none"> • Based on the methodology used to calculate economic costs of the social impacts for the Queensland Floods and Black Saturday Bushfires, the report also finds that the Newcastle earthquake in 1989 had an estimated \$7.1 billion in financial costs and \$7.7 billion in social costs, resulting in a total economic cost of \$18 billion (2011 dollars). 

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