



ROUNDTABLE EMPHASISES THE NEED FOR A BETTER FUNDING MIX AFTER GOVERNMENT'S RESPONSE TO DISASTER MITIGATION FUNDING

The Australian Business Roundtable for Disaster Resilience & Safer Communities acknowledges the Australian Government response to the Productivity Commission Inquiry into Natural Disaster Funding Arrangements, as a first step to the rebuild of more resilient infrastructure post a natural disaster.

However, the Roundtable believes that more work needs to be done particularly in the area of funding for disaster resilience and mitigation and would urge the Government to reconsider its decision to delay increased funding for this critical recommendation.

The Productivity Commission Inquiry made a number of recommendations in its report released on 1 May 2015, including \$200 million per year be spent on disaster resilience and mitigation measures. In its response released late 22 December 2016, the Federal Government said it will reduce the complexity of post-disaster funding arrangements; reducing red tape and rebuilding better, more resilient infrastructure.

Natural disasters cost Australia in excess of \$9 billion in 2015 when social impacts are incorporated. That number is expected to double by 2030 and reach an average of \$33 billion annually by 2050.¹ Currently 97% of disaster funding is spent on recovery after a disaster with only 3% on mitigating a disaster before it happens.

Speaking on behalf of The Roundtable, IAG CEO and Managing Director Peter Harmer acknowledged that the Government had made some progress, but the overall result was disappointing given the strong statements made by the Productivity Commission and reinforced by successive portfolio Ministers and the Prime Minister.

"We have heard from policy makers, ministers and even the Prime Minister himself, that we have the funding mix wrong – we spend too much money after disasters hit and impact Australian lives. Even as recently as October, the Prime Minister said we have not spent enough money in Australia on disaster mitigation and we need to spend more in advance,"² said Mr Harmer.

There is overwhelming evidence that demonstrates the economic and social impact savings, which upfront mitigation funding could achieve and this is being ignored.

"The Roundtable has repeatedly called for changing the approach to natural disaster funding. We have identified that carefully targeted investment in preventative infrastructure of \$250 million per year would reduce recovery costs by 50% generating economic savings of \$12.2 billion by 2050"³.

¹ Deloitte Access Economics (2016) *The Economic Cost of the Social Impact of Natural Disasters*, commissioned by the Australian Business Roundtable for Disaster Resilience & Safer Communities

² The Guardian 3 October 2016 *Malcolm Turnbull calls for greater spending on disaster mitigation*

³ Deloitte Access Economics (2013) *Building Our Nation's Resilience to Natural Disasters*, commissioned by the Australian Business Roundtable for Disaster Resilience & Safer Communities



Every time there is a natural disaster, it highlights the need for mitigation funding to protect life, property and the Australian economy.

“Too often the community impact from a natural disaster is too great. Why don’t we dig a little deeper today to save life, property and money tomorrow and help prevent these unsustainable costs from occurring in the first place?” said Mr Harmer.

Natural disasters not only have devastating impacts on the economy, but more importantly on people’s lives.

Judy Slatyer, Australian Red Cross CEO said we need to consider the long term social impacts of natural disasters.

“More than one in every 10 people exposed to natural disasters are reported to develop psychological distress. This can lead to all sorts of social issues, adding more than 50% to the economic cost of natural disasters. Preparing people to cope with emergencies in advance significantly reduces these problems.”

The Roundtable has said that funding decisions should aim to foster strong partnerships between government agencies, the private sector and community organisations and it will continue to work with all parties to support a coordinated national approach to making communities more resilient.

About the Australian Business Roundtable for Disaster Resilience & Safer Communities

The Australian Business Roundtable for Disaster Resilience & Safer Communities was formed in 2012 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, IAG, Investa Office, Munich Re, Optus (Chairman) 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.

For more information, please go to our website: <http://australianbusinessroundtable.com.au/>

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