

CEO statement

Many Australians know only too well the devastating consequences of natural disasters.

Having experienced the impact of natural disasters through our clients and customers, we came together in 2012 to form the *Australian Business Roundtable for Disaster Resilience & Safer Communities*. We wanted to understand the costs and long-term impacts of natural disasters in Australia and to make communities safer and more resilient.

This is the fourth report prepared for the Roundtable by Deloitte Access Economics and examines, for the first time, the economic cost of the social impacts following natural disasters. Our first report, *Building our Nation's Resilience to Natural Disasters*, outlined the costs of natural disasters and found that investment in resilience measures would reduce the costs of disaster relief and recovery by more than 50% by 2050.

This estimate did not, however, include the less visible and more intangible costs, such as increased mental health issues, family violence, alcohol consumption, chronic and non-communicable diseases and short-term unemployment.

This report examines, where data allows, these intangible costs and finds that:

- The social costs of natural disasters in 2015 were at least equal to the physical costs – if not greater
- The total economic cost of natural disasters in Australia exceeded \$9 billion in 2015, or about 0.6% of gross domestic product
- The total costs of disasters will rise to an average of \$33 billion per year by 2050 unless steps are taken to increase resilience.

These findings are conservative at best. We have therefore called for:

- Pre- and post-disaster policies and funding to further reflect the long-term and diverse social impact of disasters, together with a collective approach across government, business, not for profits and community groups to reduce these impacts
- Government, business and communities to further invest in prevention programs and education campaigns that drive behavior change
- More research and improved data access to ensure the costs of natural disasters, including the social impact, are better understood.



The Roundtable will keep calling for action and help to support the implementation of the recommendations in all of our reports.

The evidence in this report confirms what we expected through our work with disaster affected communities; that the magnitude of natural disasters is broad, manifests itself in a number of ways for individuals, families and communities, and is often long-lasting.

We have started a necessary conversation by commissioning this new and crucial research into the economic cost of the social impact of natural disasters. We now call on policy makers to join us in considering this evidence when planning for future natural disasters.

Together we can build a more resilient Australia.

Noel Clement
Director of Australian Services
Australian Red Cross

Peter Harmer
Managing Director and CEO
IAG

Jonathan Callaghan
CEO
Investa Property Group



Heinrich Eder
Managing Director
*Munich Holdings of
Australasia Pty Ltd*

Paul O'Sullivan
Chairman
Optus

Brian Hartzler
Managing Director and CEO
Westpac Group

