



AUSTRALIAN BUSINESS ROUNDTABLE
for Disaster Resilience
& Safer Communities

23 January 2017

Mr Joshua Toohey
Policy Analyst
Budget Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600
Email: prebudgetsubs@treasury.gov.au

Dear Mr Toohey

Pre-Budget Submission 2017-18: Australian Business Roundtable for Disaster Resilience and Safer Communities

The Australian Business Roundtable for Disaster Resilience and Safer Communities (the Roundtable) is pleased to make this submission as part of the Australian Government's preparation of the 2017-18 Budget.

In keeping with the Government's stated objectives for the Budget of ensuring the future of government services and providing the services the community needs and expects, the Roundtable is reinforcing its calls for increased disaster mitigation funding to build resilience and minimise devastating natural disaster impacts, as well as delivering longer term savings to the budget.

Since its formation in 2012, the Roundtable has commissioned four independent research papers providing clear evidence of the increasing costs of disasters and specific recommendations that, if implemented, would minimise the devastation and costs of natural disasters and make Australian communities more resilient.

The Roundtable's papers demonstrate that there is a compelling need to invest in and build resilience to ensure that communities and individuals are better able to respond, adapt and recover from natural disaster events. Such investment will also deliver significant reductions in future budget outlays.

The Roundtable's commissioned White Paper (2013) 'Building our Nation's Resilience to Natural Disasters' demonstrated that carefully targeted resilience investments of \$250 million per annum have the potential to generate budget savings of \$12.2 billion for all levels of government and would reduce natural disaster costs by more than 50% by 2050. This was expanded in a more recent report 'The economic cost of the social impact of natural disasters' (2015) which found that 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.



These social costs are the human stories, how disasters impact in homes, streets, and towns and suburbs. They have a widespread effect and are long lasting, and impact upon the ability of people to lead fulfilling and productive lives, contributing to the wellbeing and progress of the nation.

Upfront investment in disaster mitigation has the potential to not only lessen potential devastation and suffering experienced by individuals, but also result in a positive net impact on future budgets. Consistent with the recommendations of the Roundtable, the Productivity Commission has also recommended that mitigation funding to the States increase to \$200m per year with matched contributions. Pre-election Economic and Fiscal Outlook 2016's 'Statement of Risks' identifies the financial risk of payments to states and territories after natural disasters.

From a purely budgetary perspective, greater upfront investment in effective mitigation measures should be a priority. For communities at risk of a natural disaster event, it is essential.

The Roundtable wants to continue to work with all levels of government, as well as the private sector and communities, but strongly believes that a commitment to action by the Australian Government is the impetus needed to drive the fundamental shift required to change the way we plan and prepare for natural disasters. The Roundtable would be happy to work with Treasury and share our projections and modelling.

We cannot prevent natural disasters and extreme weather events from occurring, but we can harness the best practice, evidence and experience available to build more resilient and safer communities better able to withstand the extreme and unpredictable forces of nature. This Budget is a timely opportunity for the Australian Government to take the lead and commit to long term annual consolidated funding for pre-disaster mitigation and resilience.

In summary, the Roundtable recommends the Australian Government undertake the following as part of the 2017-2018 Federal Budget:

1. Increase the total Australian Government investment in disaster risk reduction and mitigation to \$200 million per year or takes a first and significant step toward this total; and
2. Continue the National Partnership Agreement beyond June 2017 with appropriate funding attached as a part of its overall commitment to mitigation.

The Roundtable's research is available at www.australianbusinessroundtable.com.au. In addition, further information regarding the significant risks posed by natural disasters by local government area can be found in the recent SGS Economics publication 'At What Cost?' available at <http://www.sgsep.com.au/maps/thirdspace/#map6>

For further information on the work of the Roundtable and this submission, please contact Ms Anna Kilmartin on 02 9292 9444.



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Yours sincerely

Peter Harmer

Managing Director & CEO
IAG



On behalf of the Australian Business Roundtable for Disaster Resilience & Safer Communities

Judy Slatyer

Chief Executive Officer
Australian Red Cross



Jonathan Callaghan

Managing Director
Investa Office



Ralph Ronnenberg

Managing Director
Munich Re



Paul O'Sullivan

Chairman
Optus



Brian Hartzer

Managing Director & CEO
Westpac Group



Footnote

The Roundtable was formed in December 2012 by the chief executive officers (CEOs) of Australian Red Cross, Insurance Australia Group (IAG), Investa Property Group, Munich Re, Optus and Westpac Group.

Roundtable members came together with a shared vision to ensure that communities across Australia were better able to prepare for, respond to and recover from natural disasters.

The Roundtable is a unique collaboration of companies with direct experience in dealing with the often devastating aftermath of natural disasters and extreme weather events across Australia. The Roundtable's primary objective is to make communities more resilient to, and safer from, natural disasters through enhanced mitigation and preparedness supporting rapid and effective recovery efforts.

