

## **Senate Committee on Finance & Public Administration Emergency Response Fund Bill (2019)**

### **Introduction**

Australian Red Cross welcomes the introduction of the *Emergency Response Fund Bill (2019)* and the opportunity to comment on the direction of the legislation.

We are part of the world's largest humanitarian organisation with millions of volunteers who operate in 190 countries. Having worked in Australia for more than 105 years – which includes disaster response and risk reduction in both Australia and the Asia Pacific region - we are also deeply connected to our local communities and those experiencing vulnerability

Last year Australian Red Cross responded to over 50 emergencies including fires, floods and cyclones, and supported 65,000 Australians affected by emergencies and disasters.

Australian Red Cross has a deep understanding of the long term and complex impacts of disaster. We are a member of the Australian Business Roundtable for Disaster Resilience and Safer Communities, and we have worked closely with the Federal Government on the National Framework for Disaster Risk Reduction.

In 2014 the Productivity Commission called for a \$200 million increase in federal funding through the National Partnership for Disaster Resilience, to be matched by the states/territories<sup>1</sup>. The Commission noted that Governments over-invest in post-disaster reconstruction, and under invest in mitigation that would limit the impact of natural disasters in the first place.

Therefore we strongly believe that funding from this program should be directed to **disaster risk reduction**.

The Future Drought Fund, announced in July this year, aims to enhance drought resilience for Australian farms and communities. Given the wider impact and cost of natural disasters, we would propose that the *Emergency Response Fund Bill* should also focus on disaster resilience and risk reduction.

**Red Cross recommends that the \$150m p.a. managed by the Future Fund and being directed to the Emergency Response Fund be re-purposed to increase funding for disaster risk reduction through the National Partnership for Disaster Resilience.**

### **Disaster Risk Reduction**

There is substantial evidence on the long-term, disruptive nature of impacts and costs of disasters on Australian lives, and Australia's future prosperity. More Australians are at risk from disasters as a result of a changing climate, increasing population, changing settlement patterns and demography, and increasing value of assets at risk so the case has never been more compelling for an uplift in investment in disaster risk reduction:-

- More than 9 million Australians have been impacted by a natural disaster or extreme weather event in the past 30 years<sup>2</sup>. In Australia, over 1 in 3 will face the threat or actual disaster in their lifetime<sup>3</sup>.

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<sup>1</sup> Productivity Commission (2014). *Natural Disaster Funding Arrangements*, Inquiry Report no. 74, Canberra. JEL code: H77, H84.

<sup>2</sup> Australian Business Roundtable for Disaster Resilience (2017). *Building resilience to natural disasters in states and territories*.

<sup>3</sup> Reser, JP, Bradley, GL, A Glendon, I, Ellul, MC, Callaghan, R (2012). *Public risk perceptions, understandings, and responses to climate change and natural disasters in Australia and Great Britain* NCCARF.

- The impacts on individuals (and communities) can be long term, and complicated in terms of loss of life and injury, changes in health and wellbeing<sup>4</sup>, housing, financial and material losses<sup>5</sup>, shifts in relationships<sup>6</sup>, education<sup>7</sup> and employment prospects, changes in community dynamics<sup>8 9 10</sup> and the environment. Disasters can not only cost people their lives, but for those who survive, also cost them productive years of their lives, time that could be spent fulfilling their aspirations.
- In addition, the world in which we live is rapidly changing, increasing the likelihood of exposure of Australians to more disasters. Increases in Australia's population see shifting settlement patterns and people moving into areas previously undeveloped, but at higher risk to hazards, including also the push for infill development and increased urbanisation<sup>11</sup>. A recent IAG report on risks indicates that 25% of people live in areas subject to high or extreme flooding, and just under 10% subject to bushfire, over 58% of people live in areas subject to high or extreme earthquake risk, and over 17% at risk of cyclones<sup>12</sup>. A changing demographic profile of the community, through ageing or health or economic status, may also change people's ability to cope with the impacts of disaster<sup>13</sup>
- The total economic costs of natural disasters are growing and the social costs of disaster are equal to, if not greater than, the tangible costs of physical losses<sup>14</sup>.
- Without mitigating action, the total cost of natural disasters in each state and territory is expected to increase by more than 2.5 times between now and 2050, after adjusting for inflation<sup>15</sup>.

The evidence on the benefit of investing in disaster risk reduction is also clear:

- The first report from the Australian Business Roundtable for Disaster Resilience and Safer Communities found that an expenditure of \$250 million annually in disaster mitigation would generate budget savings of \$11 billion and federal government costs on disasters could reduce by 50%<sup>16</sup>
- These saving are likely to be much higher, as a subsequent report found that the economic costs of the social impacts (health and wellbeing, employment, education and safety issues) are equal to, if not greater than the physical costs of restoration of assets<sup>17</sup>.

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<sup>4</sup> Gibbs L, Bryant R, Harms L, Forbes D, Block K, Gallagher HC, Ireton G, Richardson J, Pattison P, MacDougall C, Lusher D, Baker E, Kellett C, Pirrone A, Molyneaux R, Kosta L, Brady K, Lok M, Van Kessel G, Waters E. Beyond Bushfires: Community Resilience and Recovery Final Report. November 2016, University of Melbourne, Victoria, Australia

<sup>5</sup> Commonwealth Bank (2011). *Viewpoint Ed 4 Economic Impact of Natural Disasters in Australia*.

<sup>6</sup> Gallagher HC, Lusher D, Gibbs L, Pattison P, Forbes D, Block K, Harms L, MacDougall C, Kellett C, Ireton G & Bryant RA. (2017). *Dyadic effects of attachment on mental health: Couples in a postdisaster context*. *J Fam Psychol*. 2017 Mar;31(2):192-202. doi: 10.1037/fam0000256. Epub 2016 Nov 21

<sup>7</sup> Kousky, C. (2016). "Impacts of Natural Disasters on Children." *Future of Children*. 26(1):73-92.8.

<sup>8</sup> Gordon, R. (2004). The social system as site of disaster impact and resource for recovery. *Australian Journal of Emergency Management* 19:23-7

<sup>9</sup> Aldrich, D (2012). *Building Resilience, Building Resilience: Social Capital in Post-Disaster Recovery*

<sup>10</sup> Gibbs L, Gallagher HC, Block K, Snowdon E, Bryant R, Harms L, Ireton G, Kellett C, Sinnott V, Richardson J, Lusher D, Forbes D, MacDougall C, Waters E (2016). Post-bushfire relocation decision-making and personal wellbeing: A case study from Victoria, Australia. In Adenrele Awotona (Ed). *Planning for Community-based Disaster Resilience Worldwide: Learning from Case Studies in Six Continents*. Ashgate Publishing Limited. 2016

<sup>11</sup> National Climate Change Adaptation Research Facility (2013). *Emergency Management and Climate Change Policy Guidance Brief 10*.

<sup>12</sup> SGE planning (2016). *At What Cost Report: Mapping where natural perils impact on economic growth and communities*.

<sup>13</sup> Meyer-Emerick, N (2016). *Using Social Marketing for Public Emergency Preparedness : Social Change for Community Resilience* **Routledge**.

<sup>14</sup> Australian Business Roundtable for Disaster Resilience (2016). *The Economic Costs of the Social Impacts of Disaster*

<sup>15</sup> Australian Business Roundtable for Disaster Resilience (2017). *Building resilience to natural disasters in states and territories*.

<sup>16</sup> Australian Business Roundtable for Disaster Resilience (2013). *Building our nations resilience to disasters*

<sup>17</sup> Australian Business Roundtable for Disaster Resilience (2016). *The Economic Costs of the Social Impacts of Disaster*.

- Using three distinct case studies - raising the Warragamba Dam wall, strengthening housing stock in Queensland, and putting powerlines underground in Victoria, cost benefit analyses suggested that for every dollar spent, savings between \$3 and \$8 dollars could be made<sup>18</sup>.
- Disaster resilience has a double dividend. The first dividend is a direct benefit (and future benefit). The savings generated are tangible, which means less pressure on tight budgets and other priorities such as schools, community centres and roads can be funded, or budget repair effected.<sup>19</sup>
- The second, or double benefit, comes from the economic or social activity that the activity creates. Building levees, clearing firebreaks, retrofitting homes or raising dam walls clearly has a positive economic benefit, putting money into local communities and creating jobs. These are all benefits that are realised in the present<sup>20</sup>.
- Risk reduction programs, such as education and awareness programs, which are far less expensive to run than the cost of infrastructure projects, have a broad positive community benefit. The benefit is also realised in the present. People feel more confident, and in control. Programs that focus on network building create community connections. A range of research shows that people who are connected into their community, and participate in their community, live happier, healthier and longer lives, and their neighbourhoods are better places to live<sup>21</sup>. It is these programs that are largely supported through the National Partnership for Disaster Resilience.

There are existing funding and cost sharing arrangements for disaster response and recovery, and using these new funds for disaster risk reduction would be a more effective use of public funds:

- The existing Disaster Recovery Funding Arrangements (2018)<sup>22</sup>, with their four categories covering emergency relief costs, response and protective works costs, community recovery costs, and reconstruction costs, are comprehensive in their scope and application. It is difficult to see what additional benefit the Emergency Response Fund brings over these arrangements.
- The proposed available (\$150million p.a) for disaster response and recovery costs are small in comparison to recovery costs
- Investment in mitigation through the national partnerships for disaster resilience will have a multiplier effect when considering state/territory government contributions, and a cost benefit ratio, as noted above, of anywhere between 1 to \$3 to \$1 to \$8<sup>23</sup>. The \$150million from the future fund, if matched by states and territories, will see \$300million invested in communities, with a benefit of anywhere between \$900million and \$2.4billion.
- Investment in mitigation will generate a resilience dividend in high risk areas that will be realised in the present, through employment and investment in skills, networks and local capacity, which have a direct health and wellbeing and reduction in crime benefit through the creation of stronger and safer communities<sup>2425</sup>

## Conclusion

In summary, Australian Red Cross calls for urgent investment in disaster risk reduction, with measurable returns in community safety; substantial cost reductions in disaster recovery; and an immediate boost to local jobs, purchasing and community building.

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<sup>18</sup> Australian Business Roundtable for Disaster Resilience (2013). *Building our nations resilience to disasters*

<sup>19</sup> Australian Business Roundtable for Disaster Resilience (2016). *The Economic Costs of the Social Impacts of Disaster*.

<sup>20</sup> *ibid*

<sup>21</sup> New Economic Foundation (2008). *Five ways to wellbeing* <http://neweconomics.org/2008/10/five-ways-to-wellbeing-the-evidence/>.

<sup>22</sup> Department of Home Affairs (2018) Disaster Recovery Funding Arrangements

<sup>23</sup> Australian Business Roundtable for Disaster Resilience (2013). *Building our nations resilience to disasters*

<sup>24</sup> [Kho, S \(2015\). \*Are we living in a safe and protected society?\* http://cubegroup.com.au/do-we-live-in-a-safe-society/](http://cubegroup.com.au/do-we-live-in-a-safe-society/).

<sup>25</sup> New Economic Foundation (2008). *Five ways to wellbeing* <http://neweconomics.org/2008/10/five-ways-to-wellbeing-the-evidence/>.

We recognise that Australians are in greater danger than ever from natural disasters. This is not simply from the direct impact of a bushfire, cyclone or flood, but from the ongoing devastation these events wreak on mental health, family life, small business, and local and state economies.

Boosting investment in disaster risk reduction will help communities get better at anticipating hazards, withstanding adversity, reducing costs and recovering more quickly. It will create jobs and make communities stronger.

Any investment must be informed by what is at risk, what the true costs are, and what can practicably be done. Our submission is grounded in over a century of supporting Australians in disasters, and evidenced by research from the Productivity Commission, the Australian Business Roundtable for Disaster Resilience and Safer Communities, and the University of Melbourne's Beyond Bushfires Research project.

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