Emergency Response Fund Amendment (Disaster Ready Fund) Bill 2022

SUBMISSION BY: BUSHFIRE BUILDING COUNCIL OF AUSTRALIA LTD

1. Resilience Investment

BBCA welcomes the increase in resilience investment by the federal government to $200M per year. We would encourage government not to delay the funding until next financial year, as is currently proposed. Government can both honour the previous government's commitment to the two announced projects, and fund new projects, this financial year.

The $4.8 billion Emergency Response Fund has not been spent and has earnt $800M in interest. There is budget scope and an urgent need to initiate the new government's resilience investment commitment. The lack of historical investment has resulted in a significant resilience deficit that requires 'catch up' funding.

Resilience investment provides tangible economic and social returns for governments. "*For every dollar government invests in climate adaptation or disaster risk reduction saves between $2 and $11 in recovery costs*" (CSIRO, 2021 https://www.csiro.au/en/news/news-releases/2021/facing-the-future-of-disaster-resilience)

A recent report commissioned by the Insurance Council of Australia, found that, "*Since 2005, Commonwealth expenditure on disaster relief was $24 billion while spending on disaster resilience was just $500 million – or around 2% of all expenditure.*" (ICA, 2022 https://insurancecouncil.com.au/resource/new-research-shows-every-australian-pays-for-extreme-weather/)

We call on government to invest at least 50% of disaster funding in resilience by 2025 ($700 million/yr), increasing to 80% by 2030 ($1.1B/yr). Government should drastically increase resilience funding, because:

- It is simply a good investment, the most effective and efficient use of taxpayer funds
- Reduces social and economic shocks
- Reduces existing and future vulnerability, which reduces inequality
- It is the role of government to prepare and protect its citizens from increasing extreme weather and disasters
- Coupled with policy levers, government resilience funding provides market signals that enable private capital investment, stimulating the systems change required for measurable, national scale impact

2. Government Levers

Increased government resilience investment creates significant social and economic opportunities for Australia. To achieve resilience impact and maximise our national potential, bold, innovative programs are required at the Commonwealth level.

In previous submissions to Senate Inquiries and Royal Commissions, BBCA has proposed that the federal government apply its existing policy levers and investment funding models for renewable energy, to resilience. For example, the government could extend the mandate of the CEFC (the Government's green bank) to include resilience in its mandate, or establish a new Resilience Bank, where funding is provided for resilience programs that generate returns and are scaleable.

De-risking assets for example, creates measurable value for insurers, banks, governments, households, businesses, property markets, financial markets and investors. Resilience produces value - social and economic, it is measurable and therefore investible.

Australia cannot afford to continue with past approaches to resilience. To break the disaster cycle, the federal government must engage with the changemakers – the independent experts, industry thought leaders, impacted communities and technology providers that are doing things differently.

State-funded, locally-led, scaleable, adaptable programs that are empowered by nationally funded data, intelligence, systems and polices, provide the formula for systems change. At present, knowledge exists in fragmented silo's, there is significant duplication of effort and a lack of overarching strategy and co-ordination.

Resilience investment is essentially disaster pre-funding. Resilience investment sets up households, communities and businesses to be self-sufficient and sustainable despite increasing climate and disaster risk.

3. Social & Economic Opportunities

Our area of expertise is a resilient and sustainable built environment, which is just one aspect of adaptation and disaster risk reduction. Positive social and economic outcomes apply to all forms of resilience investment, such as social infrastructure, indigenous land management, education, health, nature-based solutions, services and supply chains, etc.

One resilience investment opportunity that we advocate for and develop solutions for, is the retrofitting of existing buildings for disaster resilience and decarbonisation, to treat both the cause and impact of climate change. A government funded stimulus program for vulnerable residents and communities could achieve the following:

- Avoided death and injury
- Protection of livelihoods & increased productivity
- A new resilience retrofit construction market worth $80 billion
- Research, development & export of Australian resilient products & services
- Skills, training and innovation
- Reduced cost of insurance, for all Australians
- Reduced cost of capital
- Reduced sovereign risk
- Attract foreign investment

National resilience funding has the potential to radically increase community resilience if grant programs are designed in collaboration with science and industry experts to ensure systems impact, community-led programs are supported, scaleable and adaptable, programs enable private capital investment and promote knowledge sharing and innovation.

Thank you for the opportunity to provide feedback, please contact us for any further information.