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SETTING A NEW COURSE FOR NATIONAL DISASTER MANAGEMENT POLICY

Can better policy settings reduce Australia's exposure to
the impacts of natural disasters?

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Setting a New Course for National Disaster Management Policy

The exposure of Australian communities, the economy and government budgets to natural disasters has increased rapidly. Human, social and economic costs are all rising.

National policy settings have embraced the concept of resilience through the National Strategy for Disaster Resilience but program arrangements under the National Disaster Relief and Recovery Arrangements (NDRRA) and Australian Government Disaster Recovery Payments remain close to those designed in the wake of Cyclone Tracey, an event now 40 years ago.

Under this approach relatively little expenditure goes towards prevention and long term recovery, despite the centrality of these issues to achieving the goal of resilience and the fact that the costs of response and recovery are rising rapidly.

The Australian Government has committed to a wide ranging Productivity Commission (PC) Inquiry into disaster management arrangements. This provides a once in a generation opportunity to build a policy for the future. This review is expected to commence in 2014.

Following our 2013 report *From Disaster to Renewal: The Centrality of Business Recovery to Community Resilience*, the Regional Australia Institute (RAI) is looking to collaborate with others and assist policy makers in examining new approaches. Given the limited availability of detailed policy analysis on many issues in this field we think this will take more than a typical submission to the PC Inquiry. To really drive change we should do more than raise well recognised issues.

The RAI sees four crucial questions for future policy that have not been adequately explored by policy makers, but need to be, to enable effective reforms to be identified:

1. *What is the relative benefit of expenditure on prevention versus recovery? Can we target prevention expenditure to meaningfully reduce national risk in areas frequently impacted by disasters?*

The need to spend a greater proportion of public moneys on prevention now receives widespread support. How we can achieve the right balance between proactive investment in prevention versus ensuring resources are available to support the on-going need for reactive response and recovery is not clear. This is because the timing and severity of natural disasters remains impossible to predict. Poorly targeted prevention may only increase the cost of disasters in the short term.

At a national and state level, the aim of prevention should be to meaningfully reduce the exposure of communities to the impacts of natural disaster. To translate this aspiration into policy, work is needed to integrate our knowledge of relative disaster risk in different

areas with an assessment of prevention options and the scale of possible impacts and associated costs of recovery. Understanding the interplay of these factors to target limited resources to the areas where they will have the biggest impact will identify what a national prevention strategy should look like. This will also enable policy makers to consider the optimal split of resources between prevention and response, depending on the funding available at different points in the budget cycle.

2. What is the relative value of long term investment in resilience versus a focus on reactive recovery expenditure?

There is a need to assess the relative benefits of investments in resilience for communities affected by disasters. Natural disaster policy is dominated by a ‘get in and get out’ mentality where the aim is to respond quickly, rebuild and move on in the space of a couple of years. The costs of infrastructure post disasters are sought to be reduced through maintaining a like-for-like approach rather than the more immediately costly betterment approach.

It is possible, perhaps even likely, that these approaches are having the opposite effect and working to exacerbate the long term costs of disasters. Recovery is now recognised to take up to 25 years in the most seriously affected communities. Small, targeted investments in longer term resilience may reduce the need for other government expenditure (such as welfare) over the long term. Targeted betterment may eliminate the need to continually repair infrastructure that is regularly affected by disasters. However, for any shift in policy to occur, work is needed to assess the relative benefits of these strategies and assess the likely impact on long term outcomes and cost from alternative approaches.

3. What have been the outcomes for communities affected by major disasters? Can a strategic review of the impact of previous disasters help us to better target relief and recovery expenditure in the future?

The RAI’s research in 2013 showed that from an economic perspective, the scale and nature of the impacts in different disasters and communities should govern the size and shape of recovery efforts. Very different responses were needed in Marysville, Cardwell, Emerald and Carisbrook. Unfortunately, the system is not well prepared to understand and respond effectively. With 40 years of disaster management under current arrangements it should now be possible to examine how many communities have recovered over the long term.

Identifying how disasters have impacted particular communities and considering what the optimal policy response is in different circumstances may allow government to respond more appropriately and effectively to disaster in the future. We should also consider whether it is possible/desirable to embed within future policy settings, arrangements that are pre-designed to respond to specific types of disaster impacts. This will help to mitigate

against poorly designed responses that are put together quickly in the aftermath of an event and lead to both wasted resources and longer recovery processes for communities.

4. How can settings at the COAG level better help governments manage disaster impacts?

Like many policy issues in Australia, significant resources are managed nationally, but responsibility for implementation falls to States and local government. As a result, natural disaster responses suffer from ineffective structures for government relations.

Under the current system NDRRA guidelines seek to strictly define how the money can be used, but responsibility for identifying need falls to State and local governments. Arguments over who should pay for what and whether different levels of government are 'ripping off' others retard the systems responsiveness. Some local governments have become heavily reliant on natural disaster funding for basic services and infrastructure. In this environment, something that fits the guidelines drives the system rather than what will be the most effective response. Work is needed to look at alternative intergovernmental arrangements that can reduce the impact of these issues on expenditure and outcomes.

Help Us Build a New Approach

Many organisations have expressed their interest in helping to progress this crucial national issue. Meaningful analysis undertaken alongside and in support of the PC inquiry is a once in 40 year opportunity to achieve change.

In response, the RAI is bringing together a group of interested organisations to discuss what we can do collectively to seed the change needed in disaster management policy.

We would like you to join us.

Setting a New Course in Natural Disaster Policy – Workshop Details

What: Small workshop (15-20 people) with key organisations from the business, research, not-for-profit and government sectors who see the need for change. The aim is to refine and expand on the ideas above so we can agree on a collaborative, policy focused research initiative to support reform.

Where: Lockyer Valley (venue TBC)

When: May 2014 (date TBC)