

21 October 2014

Productivity Commission
Locked Bag 2
Collins St East
Melbourne Vic 8003

Red Cross response to the Productivity Commission Inquiry Draft Report - Natural Disaster Funding Arrangements.

Dear Commissioners

Red Cross welcomes the Productivity Commission's draft report and congratulates it on a comprehensive review of a complex issue.

As highlighted in the original submission, Red Cross, in our own right and as an auxiliary to public authorities in the humanitarian field, contributes to a wide spectrum of emergency management planning and activity in Australia and internationally. This is done through investing significant organisational funds to support our activities, with the primary goal of the International Federation of Red Cross and Red Crescent Societies to prevent and reduce human suffering.

Within Australia the Red Cross contribution to promoting disaster resilience has expanded significantly over recent years from basic relief activities, to significant contributions to assist householders to prepare for the true impacts of disasters, supporting people in the response period and assisting individuals and communities to recover in the long term.

It is in this context that our response to the draft paper is provided.

1. Scope of the response

This response to the draft report addresses the following:

- Natural Disaster Relief and Recovery Arrangements
- Australian Government Disaster Recovery Payment
- Funding for counter disaster operations
- Nationwide capability
- Understanding the value of mitigation
- Community education and engagement
- Australia's Emergency Management governance arrangements

Red Cross is also a contributor to the Australian Business Roundtable for Disaster Resilience and Community Safety's response to the report.

2. Natural Disaster Relief and Recovery Arrangements

Red Cross supports Option 1, a reformed Natural Disaster Relief and Recovery Arrangements, that retains the broad structure of the NDRRA, although has changes to its operation, namely through the triggers and thresholds. Our view is that this new model reflects the importance of community recovery, moving the cost sharing for community recovery from Category C under the existing NDRRA, into Category A. This is in line with the recommendation in our submission, and will have benefits for disaster affected communities, as long as states and territories put in place long term, psycho-social based recovery programs.

100

years

As part of the world's largest humanitarian movement, Red Cross has been part of the fabric of Australian life for 100 years. As a past, current or next generation supporter, you can help shape this great Australian story of people helping people in crisis for the next 100 years.

To find out more about the many ways to support Red Cross, visit redcross.org.au/centenary

CRISIS | CARE | COMMITMENT

redcross.org.au follow us    

A concern that we have relates to whether raising the threshold for assistance may reduce the funding of community recovery activities, and hence support for individuals and communities. An increase in threshold for Australian Government assistance, and hence the level of financial responsibility of the states may act as a disincentive for the states to fund community recovery and psycho-social support, both activities that have traditionally not been well understood or valued by the Emergency Management sector. The potential outcome of this situation is that either these recovery programs are not funded, and have a negative impact upon the community, or responsibility will fall to the not for profit sector to find philanthropic or corporate funds to support these programs. In our view this would represent a cost shifting of responsibility. Red Cross currently seeks Government and philanthropic funds to support its recovery programs. The philanthropic funds complement government funded programs. Support for affected individuals and communities would be compromised if there was a reduction of government funding for community based recovery activities. Red Cross would recommend that the Australian Government examine ways to ensure that funding community recovery activities not be compromised by this decision.

3. Australian Government Disaster Recovery Payment

We note that our recommendation that the AGDRP be amalgamated with the payments available under the states/territories and reimbursable through the NDRRA was supported by the Commission. We also note that the recommendation of a single payment agency was supported, and that agency should be Centrelink. We are pleased that the commission recognises the purpose of post disaster assistance.

“Payments should be focused on meeting people’s immediate needs, such as short-term accommodation, and clothing and food for a few days”. P103

We note that the Commission suggests that the value of the AGDRP is too high in comparison with other crisis payments made by the Australian Government, and should be reduced.

“Currently the AGDRP, at \$1000 per adult and \$400 per child, can add up quickly for families and is significantly more generous than other government support to people who experience traumatic events”

We are not aware of any clear supporting evidence for this statement or recommendation, other than the level of other Australian Government payments, e.g. the Crisis Payment. If, as the Commission writes, the payment is to meet basic needs for a few days for people who may have lost all possessions and access to their own resources, the existing payment amount is actually small. For example, using Australian Government Travel Allowances¹ as a guide, the payment amount is between \$305-409 per day, dependent upon location, covering food and accommodation. Given that in addition, the needs of the individual may also include clothing, toiletries, and travel costs, the AGDRP payment of \$1000 per adult, and \$400 for a child equates to approximately two days worth of support. Our anecdotal experience is that in this period post disaster there is a high degree of uncertainty, stress, and trauma.

People who have lost their homes (and potentially loved ones), are highly vulnerable and require immediate assistance. Effort should be put into better targeting payments, rather than reducing the existing amount. Cash payments are best as they maintain the individual’s dignity, as well as providing a small local economic stimulus.

It is also critical to ensure that long term, targeted personal hardship payments remain in place as a safety net for people in general hardship.

¹ http://maps.finance.gov.au/employee_pages/Rates_of_Travelling_Allowance.htm retrieved 8/10/14

100 years

4. Funding for counter disaster operations

Red Cross is pleased that the Commission recognises the community wide benefit of funding counter disaster operations. Counter disaster operations also need to include the provision of basic relief needs, shelter, water, food, clothing, as well as information and psycho-social support, not only during the threat period, but also in the early aftermath, as recovery agencies seek to understand the impact and connect people with appropriate support.

We draw the Commission's attention to the challenge of inconsistent approaches to reimbursing costs incurred by not for profits, and potential financial burden borne by the sector, which largely relies upon its own sources to develop and maintain a capability to respond to disasters.

Our submission recommended that state and territory governments agree to reimburse not-for-profits for a consistent range of relief and recovery activities.

We believe that the Commission should further examine the contribution that not for profits make to sharing funding costs, noting that the focus is upon government costs and the insurance costs.

The provision of services to support people to prepare for, endure, and recover from disaster is increasingly being understood as a complex and dynamic issue that requires sensitive and skilled management. The development of capacity for emergency relief and recovery activities, most often through the not for profit and health sectors, should be treated no differently to the development of capacity for emergency response activities. Currently there is an over reliance on the goodwill of not for profit agencies and their supporters to provide relief and recovery services and activities from their own resources.

While more consistent and sustainable funding for operational costs would be a significant advance we also note that the draft report does not address ongoing capability and capacity for not for profit organisations involved in emergency management. The concept of only meeting the operational costs of not for profits wrongly assumes an ability for these organisations to mobilise resources for designated roles with little or no ongoing infrastructure, training, etc. This is an inequity in current arrangements, with many not for profit volunteer based organisations reliant on public donations to fund ongoing capacity, in contrast to some other emergency service volunteer based organisations funded direct through state/territory governments. Red Cross as a leading emergency service organisation recognised for this work internationally falls in the first category with little or no government support to establish and maintain an infrastructure and capacity the community and government expects and relies upon in the event of a disaster.

5. Nationwide capability

Red Cross recognises that emergency management is essentially a state/territory government responsibility and that proposed changes will further reflect this. However, there are a number of capabilities which are best provided and funded nationally, as their use and applicability is generally not state/territory specific (e.g. the Register.Find.Reunite. system, operated by Red Cross on behalf of all states and territories and the Australian Government, for the registration and reconnection of individuals in the immediate aftermath of both domestic and potentially international emergencies). We strongly suggest that there be capacity in any new arrangements for funding and coordination of such capability at the national level.

6. Understanding the value of mitigation

Red Cross welcomes the Commission's recommendation that mitigation activities should be funded in the order of \$200million a year. We note that the Commission was not able to form a view on the value of mitigation and has recommended that mitigation activities be supported by cost benefit analyses. Red Cross also welcomes the Commission's recognition that mitigation encompasses both *soft* community education programs and *hard* engineering programs.

7. Community education and engagement

The Productivity Commission's acknowledgement that community engagement and education are critical components of building resilience is strongly supported. To be most effective this requires longer term commitment of resources and activities than is currently available. This lends itself to multi year programs that build trust and connections within communities.

A restructure of the current program in relation to household preparedness, creating a longer term 3 to 5 year program structure for funding, would lead to better outcomes through greater certainty for funders and recipients. Programs that have broader psycho-social focus (e.g. the Red Cross REDiPlan program) should also be given priority within the funding rounds, as hazard specific programs are currently funded, in the main, from within government agency recurrent funds.

Ideally, psycho-social preparedness program development and coordination should also be funded on a recurrent basis, preferably from a central national fund, rather than relying upon grant rounds or state funding bodies. This would allow for the strategic planning of these programs and their sustainability, potentially through a range of partnerships with corporate and philanthropic supporters, while simultaneously promoting shared responsibility as identified in the National Strategy for Disaster Resilience.

8. Australia's Emergency Management Governance Arrangements

As noted in Red Cross's original submission Australia is well served by its emergency management plans and arrangements. However, in the new era of shared responsibility, governance arrangements need to be broadened to more effectively engage and include the not for profit, research, and business sectors.

Accordingly, Red Cross strongly recommends that membership of peak governance committees at all levels of government is expanded to include not for profits and the business sector. Of particular note is that this should always include Australian Red Cross as an auxiliary to the public authorities in the humanitarian field. The inclusion of Australian Red Cross in such committees as part of its auxiliary role would be consistent with the relationship between states and their National Red Cross Societies around the world. It would also fulfil pledges the Australian Government has made at International Conferences of the Red Cross and Red Crescent Movement related to International Disaster Response Law (IDRL).

In closing, Red Cross believes that by addressing the issues outlined above, the Productivity Commission can further strengthen the extensive, positive reforms proposed in the draft paper.

Yours sincerely

Andrew Coghlan
National Manager-Emergency Services