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Increase Budget mitigation funding to protect communities from natural disasters

The Insurance Council of Australia (ICA) has urged the Federal Government to rethink its decision not to substantially lift funding to protect communities from natural disasters.

In its pre-Budget submission, the ICA has advocated increasing federal mitigation spending to \$200 million a year, as recommended by the Productivity Commission Report into Natural Disaster Funding Arrangements.

ICA CEO Rob Whelan said insurers were concerned about a striking imbalance between government funding to prevent or minimise disasters, and the amount spent on recovering from their aftermath.

“In June last year, Prime Minister Malcolm Turnbull stood on the rebuilt levee system that shielded Launceston from severe flooding, and noted the need for a greater focus on natural disaster mitigation. Yet less than six months later, the government announced it would not boost mitigation funding to the level recommended by the Productivity Commission,” Mr Whelan said.

“May’s budget presents a chance for the Turnbull Government to reconsider this decision. Lifting federal mitigation spending to \$200 million a year, matched by the states, will save significantly greater sums over time by reducing the need to repeatedly rebuild communities after disasters hit.

“It will also spare many vulnerable communities the distress of seeing homes, business and other treasured possessions destroyed, and improve their long-term viability.”

Though last May’s Budget saw federal funding for the National Partnership on Natural Disaster Resilience rise from \$13.4 million to \$52.2 million in 2016-17, Mr Whelan said more needed to be done.

“The Productivity Commission found funding for reconstruction and recovery consumed 97 per cent of disaster funding in Australia, compared with only 3 per cent that went towards mitigation and community resilience measures,” he said.

“With predictions that the annual cost of natural disasters will rise from \$9 billion today to \$33 billion by 2050, starting to reverse this funding approach will save lives, property and money.

“At a time when parts of Western Australia are under water and much of NSW is burning, it’s important to recognise that prevention is better than cure when it comes to disasters.”

The ICA’s 2017-18 pre-budget submission can be read [here](#).