Submission to the Independent Review of Commonwealth Disaster Funding

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Submitted by: Resilient Futures Investment Roundtable

Q1. What experience have you had with Commonwealth disaster funding support?

The Resilient Futures Investment Roundtable (the Roundtable, previously the Resilience Valuation Initiative) is a group of private, public, research and not-for-profit organisations collaborating to improve the way that the costs and benefits of resilience are valued to create better public and private resilience investment decisions. The Roundtable has successfully applied for Commonwealth disaster funding support in the past, and is currently funded through the Disaster Risk Reduction Package to build capability across sectors to identify and apply approaches to resilience valuation that recognize the systemic and cascading nature of climate risk, and take into consideration the broad economic, social, environmental and governance benefits that can be achieved through resilience.

The Roundtable has a diverse membership, and includes organisations that act as funders and applicants for Commonwealth funding.

As a cross-sectoral collaboration, the Roundtable promotes a holistic approach to making decisions about when, where and how to invest in resilience. A traditional cost-benefit analysis focusses on avoided costs and losses, and does not fully integrate the wide social, governance, economic and governance benefits that can be generated by investing in resilience. The Roundtable is exploring tools and methodologies that take a holistic approach to valuing resilience, allowing for decisions to be made based on a more holistic understanding of the impact of funding. Taking a holistic approach to understanding the value of resilience investment can enable governments and other stakeholders to make informed, efficient and sustainable choices that address systemic challenges and foster collaboration to reduce disaster risk and build resilience.

Q2. How could Commonwealth funding support communities to reduce their disaster risk?

Both the impacts and costs of disasters are projected to increase as the climate changes, and more investment is needed to build resilient communities, economies and ecosystems. We know that investing early in building resilience can dramatically reduce the impacts and disruptions caused by disasters, and reduce the costs and timelines for recovery. However, funding for response and recovery after disasters tends to be prioritised over interventions that build resilience and enable communities to withstand and adapt to a changing climate. A greater emphasis on resilience, both before a disaster happens and as part of the recovery process, can create opportunities to innovate, spur economic growth, protect and strengthen the health and biodiversity of ecosystems and build stronger, more connected and healthier communities.

Recovery from a disaster can be stressful and traumatic, and people may not have the space to think about how the decisions made as they recover will help them be resilient to future disasters. Improved mechanisms are needed to build resilience thinking into long-term recovery strategies that minimize future vulnerabilities and strengthen adaptive capacity. Resilience can act as a guiding principle that shapes the recovery process.

Proactive investment in resilience can minimize the overall impacts of disasters by enabling communities and systems to absorb the initial impacts of a disaster and adapt to the changes it brings. It supports communities and systems to bounce back from disaster, quickly stabilise affected areas and ensure the communities, the economy and the environment recover quicker. Resilience thinking recognizes that disasters are not isolated events, but part of complex and interconnected systems. Funding arrangements that support collaborative efforts, partnerships, community-led processes and co-design enable stakeholders to develop and implement strategies, plans, actions and interventions that acknowledge the systemic and cascading nature of climate and disaster risk. Allowing for longer timelines to prepare submissions makes it possible to establish multi-organisation partnerships, and fully address the complex interconnections and interdependencies within systems.

Increasing the level of government funding not only helps to manage climate and disaster risk, but is also an opportunity to create better places, stronger and more connected communities and thriving businesses, supported by healthy ecosystems. However, simply increasing the level of investment in resilience is not enough. Evidence-based prioritisation of funding allocation and the effective monitoring and evaluation of outcomes that takes into consideration the broad social, economic, environmental and governance benefits of resilience are also needed to ensure that investments are achieving positive outcomes.

Q3. Please describe your understanding of Commonwealth disaster funding processes.

No response provided.

Q4. Are the funding roles of the Commonwealth, states and territories, and local government, during disaster events clear?

Any measures designed to improve the clarity of roles and responsibilities in a way that is accessible to stakeholders outside government, particularly community and businesses, would be welcomed by the Roundtable. Local communities and businesses are on the front lines of responding and building resilience to the impacts of disasters and climate change. Ensuring that the roles of different levels of government are clearly defined and communicated enables them to activity participate in local decision-making processes, and ensures that any funding decisions align with the unique needs and vulnerabilities of that community. Particularly during disaster events, there are many different organisations and entities that become active to provide support. Reducing complexity in the landscape of emergency management funding and improving the ability of local communities to navigate the different roles and funding sources can help to empower communities, foster collaboration, improve resource allocation and enhance the effectiveness of funding decisions by incorporating local perspectives.

There is also an opportunity to support community-based by approaches by funding local leaders from within a community to coordinate community engagement at all levels of project development, from design through to implementation. The Roundtable welcomes any opportunities to increase the participation of local community resilience stakeholders in the project design phase, for example to enable a community-based approach to the resilient design of infrastructure.

Q5. Is there any further information you would like to provide?

The current level of funding for adaptation and resilience is far below what is required to effectively respond to current and future climate and disaster risks. Funding is primarily from government, but there is a growing appreciation from the private sector that the people and systems impacted by disasters are also employers, suppliers and customers. The private sector can play an important role in bringing greater investment to adaptation and resilience projects, and can supplement government funding.

The role of the private sector in investing in disaster resilience needs to be more clearly articulated. Strategic engagement with the private sector is an opportunity to increase investment in resilience, and clarify how the private sector can engage with government to supplement public funding. The Australian Government can help to create a market place that has space and encourages private sector investment that is aligned with the resilience goals of the nation. Commonwealth funding can be designed to support this, for example through funding collaborative efforts between public and private sector.

There are significant challenges to private sector investment in resilience. For example, it is hard to predict where climate and disasters impacts will fall, which makes it difficult to create a strong business case for investment in a particular area or project. Nonetheless, the public sector cannot provide funding at the scale that is needed, and much of the burden falls on local governments, which tend to be even less able to fund resilience projects than federal government. To encourage private sector stakeholders to tap into the opportunities of the emerging adaptation market, government can play a role in creating an enabling environment through measures such as:

- Policy and regulatory frameworks that prioritise resilience.
- Financial incentives to private sector stakeholders to invest in resilience, including tax credits, grants, subsidies, low-interest loans, or performance-based incentives for achieving resilience goals.
- Public-private partnerships that enable collaboration between government and private sector stakeholders to jointly fund and implement resilience projects.
- Establishing risk-sharing mechanisms to encourage private sector investments in projects where the pathway to a return on investment is unclear.
- Research and development funding to incentivise private sector participation in the creation and commercialisation of new climate-resilient solutions.
- Improving data sharing and accessibility to enable private sector stakeholders to access data for decision-making, risk management and planning.
- Long term policy commitments that create a stable and predictable environment for climate resilience investment.

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