



# Briefing Paper

## Independent Review of Commonwealth Disaster Funding

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## 1 Background

Disasters cost the Australian economy \$38 billion per year on average. The severity, intensity and frequency of natural disasters is expected to increase, putting further strain on Australia's relief, response and recovery capabilities. By 2060, the cost of disasters could rise to at least \$73 billion per year<sup>1</sup>.

Managing the risks of, and responding to disasters, including the provision of relief and recovery assistance to disaster affected communities, is primarily the responsibility of state and territory governments. However, large events can often result in significant and overwhelming financial and resource costs to the states and territories, local government, and non-governmental organisations, which impact on and exceed their capacity to deliver vital services and recovery operations. In these instances, the Australian Government supports and complements state and territory disaster funding arrangements.

Major recent disaster events in Australia spanning several jurisdictions such as bushfires and major flooding have required large scale response and recovery efforts from authorities at Commonwealth, state, and local levels, along with an increased focus on longer term resilience. Considering this, the Australian Government has commissioned an Independent Review of the Commonwealth Disaster Funding Arrangements ('the Review').

## 2 Context of the Review

The Review seeks to understand and define the Australian Government's (the Commonwealth) role in Australia's disaster funding environment and considers how Commonwealth investment can be optimised to support a national disaster funding system with the scale and adaptability needed to respond to the increasing frequency and severity of natural disasters.

Commonwealth financial commitments are increasing over time, in large part due to funding increases in local economic recovery, infrastructure, residential household rebuild and rural landholder grants. Activities conducted by NEMA to identify Commonwealth funding in support of disaster responses, resilience or recovery indicate that since Financial Year 2018-19, expenditure has grown each year, with a significant increase in 2021-22 to support recovery and resilience programs in response to the significant disaster events which occurred over the last three years.

The Review will assess how Commonwealth disaster funding measures can be redefined and enhanced to complement and support state and territory arrangements and programs, proactively improve resilience and promote disaster risk reduction to constrain growing recovery costs, and deliver a system that is effective, responsive, equitable, and accessible.

As well as ensuring that the system can respond to our increasing disaster risk in the future, there is a need to harness opportunities for increased investment and participation from all sectors to reduce risk, build resilience and make our communities safer.

This submission process will contribute to the body of evidence that will be considered as part of the Review.

## 3 Questions for consideration

We invite members of the public to provide comments on the following questions:

1. What experience have you had with Commonwealth disaster funding support?
2. How could Commonwealth funding support communities to reduce their disaster risk?
3. Please describe your understanding of Commonwealth disaster funding processes.
4. Are the funding roles of the Commonwealth, states and territories, and local government, during disaster events clear?
5. Is there any further information you would like to provide?

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<sup>1</sup> Deloitte released its *Special report: update to the economic costs of natural disasters in Australia*, commissioned by the Australian Business Roundtable for Disaster Resilience and Safer Communities: 6 October 2021.