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# Australian national, state and territory Councils of Social Service

Joint Submission to the Productivity  
Commission Draft Report into Natural  
Disaster Funding

October 2014



## About the Australian national, state and territory Councils of Social Service

The Australian Council of Social Service (ACOSS) and the state and territory Councils of Social Service (COSS) are the peak bodies of their community services and welfare sectors, and are voices for the needs of people affected by poverty and inequality. Their visions are for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life.

The network of Councils of Social Service have significant expertise in disaster response and recovery. In a number of jurisdictions, the COSS represent the community sector on formal state and territory Emergency Management sub-committees. Our membership includes organisations that play a formal role in disaster relief, including the Australian Red Cross and the Salvation Army. Local community organisations represented by our network also play a critical role in supporting the long-term recovery of individuals and communities.

In 2012-13, ACOSS conducted world first research into Australian Community Services Sector's vulnerability and resilience to extreme weather impacts, with funding from the National Climate Change Adaptation Research Facility. In 2014, ACOSS received further funding via the National Emergency Management Program (NEMP) to develop and deliver a national Disaster Response and Benchmarking program for the Australian Community Services Sector.

### **This submission is authorised by:**

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## Executive Summary

The Victorian Council of Social Service (VCOSS), and the Australian Council of Social Service (ACOSS) have prepared this joint submission on behalf of the following national, state and territory Councils of Social Service across Australia:

- Australian Council of Social Service
- Australian Capital Territory Council of Social Service
- New South Wales Council of Social Service
- Northern Territory Council of Social Service
- Queensland Council of Social Service
- Tasmania Council of Social Service
- South Australia Council of Social Service
- Victorian Council of Social Service
- Western Australia Council of Social Service

This submission provides responses to some key themes raised in the Productivity Commission Draft Report into Natural Disaster Funding, including:

- Disadvantage and disaster
- The community sector and disaster
- Mitigation
- Emergency planning
- Insurance
- Relief payments
- Recovery
- Land use planning

Key recommendations include:

- review the role of local governments in emergency management, especially for large scale disasters to ensure that the division of responsibility between local and state government in disaster planning response and recovery better aligns with resources and capacity
- increase funding for emergency management staff within local governments to ensure improved capacity for effective planning, communication and community engagement and a consistent response across the state
- support and resource key community organisations to participate in emergency planning, networks and training
- support reforms to the insurance industry, consumer information and advice which improves access to affordable insurance products which provide adequate coverage for disaster damage
- ensure the funding of case workers and financial counselling services to provide advice and advocacy to disaster affected communities
- continue to invest in employment and apprenticeship support for affected communities

- ensure that disaster responses programs, investment and policy adequately addresses the impacts of the failure of the insurance safety net in the medium and long term
- support cost-effective measures to improve the insurability of community sector organisations and identify and access affordable and adequate insurance cover against risks
- further simplify emergency relief grant applications and ensure flexible options for assessing eligibility for other support
- ensure case worker positions are provided for following an emergency
- provide greater flexibility in contracts for service delivery to community service organisations and enable them to participate effectively in disaster response and recovery efforts. Specifically, they should include mechanisms that:
  - review funding for recovery activities to ensure that management, supervision and organisational infrastructure costs are adequately accounted for
  - ensure timely compensation for their contributions to response and recovery efforts
  - ensure they are not penalised for failing to meet contractual obligations due to their participation in disaster response and recovery

## Disadvantage and disaster

*“Disasters operate as a kind of lens, allowing society to perceive what was before its eyes all along. The best way to prevent social disadvantage from becoming deadly during disasters is to eliminate the disadvantage, rather than merely focusing on the disaster situation. The social disadvantages our society treats as ordinary and unremarkable (can) become deadly in dramatic ways during the course of a disaster.”<sup>1</sup>*

The Australian Government's Productivity Commission's recently released *Natural Disaster Funding Draft Report* argues that the evolution of natural disaster funding arrangements is characterised by a 'growing generosity' by the Australian Government during the previous decade, followed by a swing to constrain costs and increase oversight after the recent concentrated spate of costly disasters. It states that natural disaster costs have become a growing, unfunded liability for governments, especially the Australian Government. The report argues that a greater focus on mitigation would limit the impact of natural disasters.

Disasters and emergencies such as bushfires, floods and heatwaves can affect all Australians, no matter what their background or status. But they don't affect us all equally. Experience and research tells us that disasters are in fact “profoundly discriminatory”, both in where they strike, and in the way they affect people.

While they can be devastating for all affected individuals and communities and cause great physical, financial and psychological hardship, for people who are already facing disadvantage, the impacts can be overwhelming. Factors affecting a person's experience of disadvantage include living in poverty, cultural and or linguistic barriers, physical, mental or intellectual disabilities, and vulnerability due to age (both as children and as older people). As such, migrants, refugees, Aboriginal and Torres Strait Islander people/communities, children, older people, people with disabilities, people who are homeless or transient, and people living in poor quality housing, are more vulnerable at all stages of a disaster – before, during, and after it strikes.<sup>2</sup>

Recent international and Australian experiences clearly show that people and communities facing disadvantage are hit hardest by emergency events, and that inadequate preparation for their needs in emergencies or disasters can lead to tragic consequences. These people, already facing disadvantage, are described as being 'socially vulnerable' in the face of an emergency.

Poverty is one of the most pervasive causes of social disadvantage. Poverty precludes people from having an acceptable standard of living, denies them access to essential goods and activities and prevents their full participation in society. The primary indicator of vulnerability as it relates to emergencies is poverty. The poorer people are, the bigger the impact on them in a disaster or emergency and the harder they will find it to recover.

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<sup>1</sup> DA Farber, 'Disaster Law and Inequality', 25 *Journal of Law & Inequality*, 297, University of California, USA, 2007.

<sup>2</sup> VCOSS., *Disaster and disadvantage: Social vulnerability in emergency management*, Victorian Council of Social Service, Melbourne, 2014

Research shows that people who have better financial capacity are better prepared for emergencies – irrespective of the type of disaster – as they are able to meet the costs of the event and the costs of insurance cover for damage sustained.<sup>3</sup>

The financial capacity of households affects both how quickly and how effectively people recover from an emergency event. Low-income Australians, including the so-called 'working poor', have the least resources to dedicate to recovery after a loss, and can least afford the protection and security provided by preparing in the first place.<sup>4</sup>

ACOSS' 2014 report on poverty in Australia, reports that that 13.9% of people in Australia, or 2.55 million people, are living in poverty.<sup>5</sup> This is a significant proportion of the population that face increased risks before, during and after a natural disaster.

The capacity to purchase insurance, secure temporary accommodation, repair or build a new house, buy new clothes and household goods, access ongoing medical treatment and take time off work clearly contributes to the recovery of a person or a household from a disaster or emergency. Limited financial options can contribute to stress that, in turn, can adversely affect personal relationships, <sup>6</sup> with disadvantage further compounded.

Whether it is their capacity to prepare for or mitigate against a disaster, evacuate in time, or to recover in the long term from trauma and financial devastation, socially vulnerable people are hit hardest and longest by disasters and emergencies. These people often have fewer resources and less social support, mobility and housing options at their disposal, and so are less able to prepare for, respond to and recover from a disaster or emergency.

People facing disadvantage frequently have little choice in deciding where they live, and are often disproportionately concentrated in areas at high risk of negative environmental impacts. They often have fewer economic resources to assist with preparing for and managing extreme weather, including being able to take out insurance against loss. They may have chronic physical and mental health conditions that affect their mobility and resilience, or lack access to mainstream sources of information about impending danger because of language barriers, remoteness, and poverty (no mobile phones or internet access). They often require greater support in evacuation and recovery, including mobilising wheelchairs and maintaining ongoing access to care and medication in the immediate aftermath of a disaster. They may also have less of a public voice and less ability to influence decision-makers such as governments.

In addition, natural disaster can drive people at risk of poverty into poverty. Following the 2010-11 floods, the Queensland Council of Social Service (QCOSS) highlighted that the floods had a disproportionate impact on people already in poverty, particularly as a result of:

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<sup>3</sup> H Boon, 'Preparedness and Vulnerability: an issue of equity in Australian disaster situations', *Australian Journal of Emergency Management Volume 28, No 3*, Victoria, July 2013.

<sup>4</sup> Brotherhood of St Laurence, *Submission to the Natural Disaster Insurance Review: Improving access to insurance for low-income Australians*, Brotherhood of St Laurence, Melbourne, 2011.

<sup>5</sup> ACOSS, *The Poverty Report 2014*, Australian Council of Social Service, Sydney, 2014

<sup>6</sup> A Dwyer, C Zoppou, S Day, O Nielsen, S Roberts, *Quantifying Social Vulnerability: A methodology for identifying those at risk to natural hazards*, Geoscience Australia Technical Record 2004/14, GA, Canberra, 2014.

- Lack of or under-insurance and the rejection of flood insurance claims, which left people unable to live in or to repair their homes
- Loss of employment through disruptions to and closures of local businesses
- Loss of rental tenancies and inability to meet higher bond payments and rents
- Increased pressure on public housing waiting lists
- Increased living costs

The floods also had serious negative consequences for people at risk of poverty before they occurred, for many of whom the disaster was the final stressor that led to financial insecurity. QCOSS warned that with an additional 20 per cent of Queenslanders potentially pushed into poverty if the recovery effort did not provide adequate support, the potential impact on the Queensland economy would be enormous. Research shows that poverty and inequality previously cost the Queensland economy around \$11 billion per annum in lost productivity. QCOSS warned that this cost could triple if the number of people in poverty triples, and was a strong argument for resourcing an effective model of integrated support. QCOSS stated:

*The 2010/2011 floods across Queensland (the floods) were unprecedented in magnitude, scale and scope. More than anything, disaster recovery is about people and community. Previous disaster recovery efforts clearly show that a priority for recovery must be rebuilding the community to both respond to the present disaster, as well as to improve the resilience of affected communities.*

*The floods have caused major damage and affected the lives of many Queenslanders. However, the most affected are those who were already experiencing disadvantage, and those at risk of slipping into poverty. Financial impacts, as well as employment and housing, are critical issues to address in the recovery to support this group. At the same time, a new group experiencing hardship and at risk of poverty has been created. For middle or even high income earners with high debt levels and other financial commitments, the floods could be the catalyst for crisis.<sup>7</sup>*

Australian experience backs US research findings that population characteristics “are an important indicator of everything from evacuation compliance during an event to successful long-term recovery after one” with the socially vulnerable “more likely to die in a disaster event and less likely to recover after one”.<sup>8</sup>

The Australian National Strategy for Disaster Resilience was developed to support a whole-of-nation, resilience-based approach to disaster management. It recognises that factors that influence social vulnerability for individuals and across whole communities include remoteness, population density, mobility, socio-economic status, age profile, and people who speak English as a second language. It also acknowledges that other factors such as changing work-life patterns, lifestyle expectations, demographic changes, domestic migration, and community fragmentation are known to contribute to varying levels of risk.<sup>9</sup>

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<sup>7</sup> QCOSS, Submission to the Queensland Floods Commission of Inquiry April 2011, Queensland Council of Social Service, Brisbane, 2011

<sup>8</sup> B Flanagan, et al, 2011, ‘A Social Vulnerability Index for Disaster Management’, *Journal of Homeland Security and Emergency Management*, Vol. 8, Issue 1, Berkeley Electronic Press, USA, 2011.

<sup>9</sup> Council of Australian Governments, *National Strategy for Disaster Resilience: Building our nation’s resilience to disasters*, Commonwealth of Australia, ACT, 2011.

In Australia, around 5 per cent of the working age population, or 640,000 people, experience multiple and complex disadvantage. People facing multiple disadvantages are also more likely to live in the most disadvantaged localities.<sup>10</sup> Addressing disadvantage is a pre-condition to building resilient communities and a stronger, more inclusive economy. If people face acute disadvantage – through financial stress, chronic health conditions or disability, homelessness, problem drug or alcohol use, isolation, or exposure to violence, abuse or neglect –they risk living marginalised lives as adults. It also puts them at greater risk in disasters.

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<sup>10</sup> Australian Social Inclusion Board, *Social Inclusion in Australia: How Australia is faring—2nd Edition*, Commonwealth of Australia, ACT, 2012.

## The community sector and disaster

Every day, thousands of large and small community service organisations provide essential social services and support to people experiencing poverty and inequality in Australia including people with a disability, people who are unemployed or living in low-income households, frail older people, single parents, women and children at risk of violence and abuse, the homeless, people living with chronic mental and physical ill-health, Aboriginal and Torres Strait Islander people and migrants, refugees and asylum seekers amongst others.

They are embedded within the communities they support and comprise a critical component of the social infrastructure in human settlements. Their role in building community resilience and in supporting individuals and communities to respond to and recover from extreme events and natural disasters is also increasingly recognised.

The larger not-for-profit organisations are generally recognised as the providers of emergency relief and play a fundamental role in disaster planning, response, and post-disaster recovery and development.<sup>11</sup> However the community sector, whose role has largely gone unacknowledged, is becoming increasingly recognised for its role in disaster resilience planning, provision of response and relief, and importantly long term recovery.

Community sector organisations are central to the delivery of effective local emergency relief and support for individuals, families and communities in recovery. They have the ability to swiftly mobilise resources, expertise, and essential services in response to disasters<sup>12</sup>. They are also capable of fostering social capital, a crucial component to disaster resilience. In addition the sector is recognised as being pivotal to disaster resilience.<sup>13</sup> Their capacity lies in their inclusivity, innovation and ability to empower.<sup>14</sup> Due to their close ties with members of the community, they can absorb and integrate prevention and preparedness techniques to a wider audience.<sup>15</sup> They can also define and represent needs to external agencies and specialists to secure resources and help in times of emergency.<sup>16</sup>

Ensuring a broader range of large, medium and smaller community organisations are involved in emergency management planning is the key to providing safe, efficient and

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<sup>11</sup> Demiroz F and Hu Q (2014) 'The Role of Nonprofits and Civil Society in Post-disaster Recovery and Development', In *Disaster and Development*, edited by Naim Kapucu and Kuotsai Tom Liou, New York: Springer International

<sup>12</sup> Kapucu N, Yuldashev F, and Feldheim, M A (2011), Nonprofit organizations in disaster response and management: A network analysis, *European Journal of Economic and Political Studies*, 4(1), 83–112.

<sup>13</sup> Norris, F H, Stevens S P, Pfefferbaum, B., Wyche, K. F., and Pfefferbaum, R L (2008). Community resilience as a metaphor, theory, set of capacities and strategy for disaster readiness, *American Journal of Community Psychology*, 41(1–2), 127–150

<sup>14</sup> Ibid

<sup>15</sup> Demiroz, F and Hu, Q (2014) 'The Role of Nonprofits and Civil Society in Post-disaster Recovery and Development', In *Disaster and Development*, edited by Naim Kapucu and Kuotsai Tom Liou, New York: Springer International

<sup>16</sup> Norris F H, Stevens S P, Pfefferbaum B, Wyche K F, and Pfefferbaum R L (2008), Community resilience as a metaphor, theory, set of capacities and strategy for disaster readiness, *American Journal of Community Psychology*, 41(1–2), 127–150

dignified support to socially vulnerable people in an emergency. It can also reduce the burden on bigger, centralised organisations.

Emergency management planning should be undertaken in consultation with local community sector organisations that work on a day-to-day basis with the socially vulnerable people in their communities. The benefits of collaborative planning include greater coordination, shared services, expanded services, fewer service gaps, and strength in diversity.<sup>17</sup>

The community sector brings unique skills and insights, including:

- knowing who the socially vulnerable members of the community are and where they live, work or visit
- having regular contact with and up-to-date information about their clients
- being charged with acting in the best interests of their clients
- having experience in assisting clients to prepare, respond to and recover from disasters

An August 2013 Senate committee report into recent trends in and preparedness for extreme weather events made the following recommendations:

*“The committee commends CSOs (community sector organisations) for their significant contribution during and after extreme weather events. It is the committee's view that the important role of CSOs in assisting communities and individuals during times of natural disaster should be recognised and supported. The committee urges authorities to give due regard to CSOs in both planning responses to and responding to extreme weather events, in particular those organisations that provide vital services to vulnerable groups.”*

The Senate committee also stated:

*“The committee recommends relevant authorities work with community service organisations in both planning responses to and responding to extreme weather events, in particular those organisations that provide vital services to vulnerable groups.”<sup>18</sup>*

It is important to note however that the community sector itself is vulnerable in an emergency or disaster. ACOSS research funded by the National Climate Change Adaptation Research Facility (NCCARF) shows that up to 25 per cent of small and medium-sized organisations in Australia might have to close if they experienced major damage and disruptions to critical services.<sup>19</sup> The consequences of major disruptions to the provision of social services for socially vulnerable people are serious, and could be life-threatening in a disaster.

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<sup>17</sup> VCOSS, *Disaster and disadvantage: Social vulnerability in emergency management, 2014*, Victorian Council of Social Service

<sup>18</sup> The Senate, Environment and Communications References Committee, *Recent trends in and preparedness for extreme weather events*, Commonwealth of Australia, ACT, 2013.

<sup>19</sup> K Mallon, E Hamilton, M Black, B Beem, J Abs, *Adapting the Community Sector for Climate Extremes*, National Climate Change Adaptation Research Facility, Gold Coast, 2013.

The community sector has a stated desire to prepare for extreme weather impacts and if well prepared, has the inherent skills, assets and capabilities to contribute to community resilience to and in response to disasters. These include the ability to educate, contact, locate and evacuate vulnerable people with specialist needs; specialist skills such as counselling, case management and volunteer management; and specialist assets and facilities such as disability transport. However the community sector faces an overwhelming range of barriers to action. Key amongst these is a lack of financial resources and skills and the concern that adaptation is 'beyond the scope' of the sector's core business.<sup>20</sup>

The detailed consequences of major disruptions to social service provision for people experiencing poverty and inequality – for whom community sector organisations are the shock absorbers for every day adversity as well as crises – are very serious as they impact the basic needs for human survival: homelessness, deprivation, hunger, isolation and even death.

Given its size, scope and the critical role the Australian community sector plays in building client and community resilience and in assisting communities to respond to and recover from the devastating impacts of extreme weather events and natural disasters, there remain serious gaps in policy frameworks to ensure the sector's resilience and adaptive capacity.

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<sup>20</sup> K Mallon, E Hamilton, M Black, B Beem, J Abs, *Adapting the Community Sector for Climate Extremes*, National Climate Change Adaptation Research Facility, Gold Coast, 2013.

## Mitigation

The Productivity Commission states that Australia is exposed to natural disasters on a recurring basis, and that effective planning and mitigation of risks is an essential task for governments, businesses and households. However it also states that Governments generally overinvest in post-disaster reconstruction, and underinvest in mitigation.

The Productivity Commission concedes that some natural disasters are unforeseen and their impacts are unavoidable, but states that in many cases the consequences of natural disasters could be mitigated. It also states that better management of natural disaster risk by government can reduce the fiscal costs of natural disasters over time. There is a longstanding concern that governments underinvest in mitigation and spend too much on recovery, leading to higher overall costs for the community. Furthermore, government responses to natural disasters can be ad hoc and emotionally and politically charged, which can result in inequitable and unsustainable policies.

### **Response:**

Vulnerabilities, rather than hazards, are the root cause of disasters. The literature shows that vulnerabilities are not caused by nature or environmental hazards, but instead are social constructs. Disaster vulnerability can be categorised into four broad categories:

- economic (financial capacity to return to a previous path after a disaster)
- environmental (a function of factors such as land and water use, biodiversity and ecosystem stability)
- physical (related to susceptibility of damage to engineered structures such as houses, dams and roads; population growth)
- social (ability to cope with disaster at the individual level as well as capacity of institutions to cope and respond).<sup>21</sup>

Disaster risk reduction or mitigation processes must take into account each of these categories as they relate to individual communities, towns, cities, regions and states, with a strong understanding of the variations and variables between them.

Individual or household mitigation activities are rarely affordable for people living in poverty. Low income and disadvantaged groups are more likely to live in poorer quality housing, and have less capacity to adequately prepare their homes against disaster. In Australia, this is especially true for low income people living in rental properties, temporary accommodation or low cost housing options such as caravans and rooming houses.

Similarly local governments vary in their capacity to undertake mitigation activities. Variations in rate bases, exposure to hazards and internal capacity create significant differences in the ability of local governments to adequately mitigate against disaster – this can even be true of adjoining local government areas.

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<sup>21</sup> C.M. Shreve, C. Kelman I., Does mitigation save? Reviewing cost-benefit analyses of disaster risk reduction, *International Journal of Disaster Risk Reduction*, Volume 10, Part A, December 2014, Pages 213–235

Furthermore, not all state and territory governments operate from an equal footing. Disparities in economic capacity, hazard exposure and capacity cause inequity in the ability to mitigate.

The ACOSS NCCARF project also demonstrated that mitigation activities are also unaffordable for the majority of community service organisations, particularly smaller, local organisations. This is of concern given the findings cited above about levels of vulnerability to disaster risks across the sector and the critical – and increasingly recognised – role that such organisations play in supporting community recovery over the long-term. ACOSS' research has found that community organisations clearly identify resource limitations as a critical barrier to engaging in resilience-building and mitigation activities.

It is unsurprising that lack of financial resources is identified as the key barrier to climate change adaptation for community organisations - ACOSS has identified underfunding of services and funding uncertainty as one of the greatest challenges for the sector into the future.

A key factor contributing to underfunding and funding uncertainty for the community sector is government contracting processes for social service delivery. For example, a recent ACOSS national survey of community organisations about their contracting relationships with government revealed high levels of funding uncertainty and a degree of financial risk involved in contracting for services, which impact on the sector's ability to deliver services or to undertake evaluation, advocacy, community development or capital expenditure.

Lack of capacity to mitigate disaster risks amongst organisations has flow-on consequences for communities – with findings from the ACOSS NCCARF project suggesting that the majority of community organisations are willing to support and deliver disaster preparedness activities within their communities, but have inadequate resources to do so. In a national survey of 600 community organisations conducted as part of the project, over 70 per cent of community organisations reported that they could provide community education programs to teach clients about local extreme weather risks and to prepare for their potential impacts. Over 60 per cent of respondents also reported that they could warn their clients about a predicted extreme weather event. Approximately 40 per cent of respondents reported an ability to evacuate clients from high-risk areas before a predicted extreme weather event occurred.<sup>22</sup>

This willingness to support and deliver disaster preparedness activities is not well understood or utilised in the emergency management sector. Community sector organisations are in the frontline of recovery efforts, yet remain inadequately engaged in local municipal emergency planning. This creates a lack of clarity about their roles and responsibilities in response and recovery and limited their capacity to organise and provide sufficient emergency relief, counselling, accommodation options and accessible transport at times of serious need.

Top-down disaster risk reduction and mitigation programs often fail to address the specific vulnerabilities, needs and demands of at-risk communities. These vulnerabilities and needs

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<sup>22</sup> K Mallon, E Hamilton, M Black, B Beem, J Abs, *Adapting the Community Sector for Climate Extremes*, National Climate Change Adaptation Research Facility, Gold Coast, 2013.

can only be identified through direct consultation with the communities concerned, because communities understand local realities and contexts better than outsiders.<sup>23</sup>

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<sup>23</sup> B Haghebaert, *Working with vulnerable communities to assess and reduce disaster risk*, Humanitarian Exchange, Overseas Development Institute, London, UK, 2007.

## Emergency planning

Best practice emergency management planning requires strong community engagement to build trust, clarity and understanding of the various roles of different organizations in different types of emergency scenarios. Emergency management at the local level requires a range of skills including planning, stakeholder and community engagement, leadership in times of crisis and, following events, the skills to effectively work with people who have experienced trauma. With inadequate staff, resources and training, it is difficult to ensure that all these skills are available to support local communities.

Addressing disadvantage is not recognised as a vital emergency management strategy, yet it would significantly reduce our disaster toll and the disproportionate impacts on socially vulnerable people. To best protect and support socially vulnerable people, we have to first know who they are in local communities and have plans in place to help them when disaster strikes. To date this level of understanding is limited across Australia.

While there has been recent work in Australia to address the needs of some individual groups, such as children and young people, the emergency management sector overall has yet to properly adopt and implement policies to identify socially vulnerable communities and address their needs.

Local governments possess excellent insight and knowledge about the vulnerabilities of their communities, but this is not translated through emergency management policies or practice. Although local governments are in the best position to identify socially vulnerable communities, they are commonly underfunded, understaffed, and stretched thin in meeting ongoing civic responsibilities.

### **Recommendations:**

- **review the role of local governments in emergency management, especially for large scale disasters to ensure that the division of responsibility between local and state government in disaster planning response and recovery better aligns with resources and capacity**
- **increase funding for emergency management staff within local governments to ensure improved capacity for effective planning, communication and community engagement and a consistent response across the state**
- **support and resource key community organisations to participate in emergency planning, networks and training**

## Insurance

The Productivity Commission states that insurance is an important risk management option, especially for private assets, and that households and businesses should be relied upon to manage natural disaster risks to their assets. It also states that insurance markets in Australia for natural disaster risk are generally working well, and that pricing is increasingly risk reflective, even to the individual property level.

### **Response:**

Housing has much to do with quality of life. Besides having wide economic, social, cultural and personal importance, housing quality, construction techniques and location can also influence emergency prevention, preparedness and resilience. However, housing across Australia is becoming less affordable and many people on low incomes are forced to live in poor quality housing, including:

- caravan parks, rooming houses or hostels
- temporary housing
- sub-standard private rental housing
- insecure, hazardous and overcrowded housing
- 'couch-surfing' or sleeping on the streets.

The location of housing can also put people at greater risk in a disaster, particularly when it is on dangerous sites such as floodplains, steep slopes, soft or unstable ground and around uncleared vegetation at greater risk from storms/high winds, earthquakes, landslides, floods and fires.<sup>24</sup> People on low incomes are often under-insured or not insured at all, further increasing their social vulnerability.

Natural disaster can lead to homelessness. A recent Australian study found that 70 per cent of homeless people interviewed had experienced at least one trauma before they became homeless, mostly during their childhood. For some this childhood trauma was prolonged and repeated, such as child abuse, while for others it was exposure to a single event such as a natural disaster.<sup>25</sup>

Insurance markets do not work well for all individuals or all communities, particularly for Australians on low incomes. Australians are aware of the benefits of purchasing insurance; however those on low incomes are unable to access appropriate insurance products owing to a range of barriers, most significantly affordability. And despite changes to insurance following the Natural Disaster Insurance Review in 2011, insurance is still unaffordable or inadequate for many Australians, particularly those on low incomes.

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<sup>24</sup> A Paidakaki, *Addressing homelessness through disaster discourses: The role of social capital and innovation in building urban resilience and addressing homelessness*, European Journal of Homelessness, Vol. 6, No. 2, December 2012.

<sup>25</sup> M O'Donnell et al., *The Trauma and Homelessness Initiative Report*, prepared by the Australian Centre for Posttraumatic Mental Health in collaboration with Sacred Heart Mission, Mind Australia, Inner South Community Health and Vincent Care, Victoria, 2014.

Many people affected by disasters find that their insurance policy does not cover the damage caused or that the insurance payment has been far less than expected. In addition, the processing of claims is often significantly delayed, creating further stress and anxiety. These issues and ongoing uncertainty can impede both the economic and social recovery of communities.

Issues around the inadequacy and lack of clarity about flood and water damage coverage were widely raised in relation to the 2010-11 floods in both Queensland and Victoria. The forthcoming report into the recovery response following the 2013 bushfires in the NSW Blue Mountains is expected to recommend insurance companies address the problem of underinsurance. For example it has been reported that some families in the Blue Mountains found themselves up to \$200,000 underinsured when it came time to rebuilding their homes because of expensive new building regulations.

It has been noted by many community sector organisations that those people who are able to strongly advocate to insurance companies are more likely to receive compensation. This points to the critical role of case workers and financial counsellors who have the skills to provide advice and advocacy on behalf of people who because of trauma, exhaustion, education level or personal circumstances are not able to strongly advocate for themselves. Inadequate insurance coverage and the financial hardship this causes is a fundamental aspect of the context in which local and state government recovery programs and community supports operate, and to which they need to respond.

In this context the additional state and federal government investment in financial counselling services, employment and apprenticeship support has been crucial. Despite the Productivity Commission stating that insurance markets in Australia for natural disaster risk are generally working well, recent experience shows this is not the case.

In addition many community sector organisations are under-insured. As part of the ACOSS NCCARF report, community organisations were asked to report on whether their organisations were insured against different types of losses caused by extreme weather impacts, including: assets, contracts, income, business continuity, staff absence and volunteers. While approximately 65% of organisations reported being fully or partly insured against the loss of assets caused by an extreme weather event, just 40% reported full or partial business continuity insurance and fewer than 30% reported having full or partial insurance cover for contract losses. In addition, fewer than 20% were fully or partially insured against local staff absences. Respondents from very small organisations were most likely to report being uninsured against each of the variables measured, with the exception of local staff absence. Large organisations were most likely to report being uninsured against local staff absence and were equally as likely as very small organisations to report being uninsured against the loss of volunteers.<sup>26</sup>

This lack of insurance across the sector contributes to organisations' vulnerability to disaster risks and severely impacts their capacity to recover and, critically, to continue to deliver services in the short – and long-term aftermath of disasters. Supporting the sector to access cost-effective disaster mitigation strategies would increase organisations' insurability, reduce

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<sup>26</sup> K Mallon, E Hamilton, M Black, B Beem, J Abs, *Adapting the Community Sector for Climate Extremes*, National Climate Change Adaptation Research Facility, Gold Coast, 2013.

insurance premiums to affordable levels and help to build the disaster preparedness of this critical sector.

**Recommendations:**

- **support reforms to the insurance industry, consumer information and advice which improves access to affordable insurance products which provide adequate coverage for disaster damage**
- **ensure the funding of case workers and financial counselling services to provide advice and advocacy to disaster affected communities**
- **continue to invest in employment and apprenticeship support for affected communities**
- **ensure that disaster responses programs, investment and policy adequately addresses the impacts of the failure of the insurance safety net in the medium and long term.**
- **support cost-effective measures to improve the insurability of community sector organisations and identify and access affordable and adequate insurance cover against risks**

## Relief payments

The Productivity Commission states that the levels of assistance through the disaster relief payments appears excessive for short-term emergency needs (such as temporary accommodation, food and clothing) and relative to other government support for people who experience traumatic events, such as the Crisis Payment (a one-off payment equal to one week's payment of the claimant's existing income support). It argues that there is also the risk that the expectation of government assistance creates a 'moral hazard' (also known as 'charity hazard' when assistance is from community groups) by reducing incentives for individuals and businesses to take out insurance and invest in mitigation, although it concedes that the evidence for this is largely anecdotal.

While the Productivity Commission states that there is merit in providing an emergency relief payment to individuals who have been seriously affected by natural disasters, it goes on to suggest that these payments should be 'modest'. It argues that payments should be focused on meeting people's immediate needs, such as short-term accommodation, clothing and food for a few days, and that it should not be provided as 'compensation' to people who experience disaster damage, nor should it be a substitute for people using their own resources. Longer-term recovery needs can be addressed through people's own resources (savings and insurance), the existing social safety net and assistance from the community and charities.

### **Response**

There is no 'moral hazard' attached to the receipt of emergency grants. Grants are not overly generous and the implication that people rely on them as a form of mitigation is spurious. Levels of false claiming for emergency grants is very low, and the majority of people who claimed for assistance during a disaster are in genuine need of help, particularly those on low incomes.

While the range of emergency grants available provides welcome relief to many affected households, organisations working with communities have found that there are both cultural and practical barriers to people accessing these payments. Organisations report that people in crisis find the complexity and length of forms overwhelming and require assistance in completing them. Some households choose not to access grants despite being entitled to receive them, at least initially. This suggests that windows for accessing grants should be flexible and that the use of receipt of emergency grants as the basis for other assistance should be used with caution as this may exclude some people affected who chose not to access initial grants but may benefit from other supports available to them.

We welcome the Productivity Commission's recommendation to simplify the grants process.

### **Recommendations:**

- **further simplify grant applications and ensure flexible options for assessing eligibility for other support**
- **ensure case worker positions are provided for following emergencies.**

## Recovery

The Productivity Commission acknowledges that assistance to help restore social networks, community functioning and community facilities produces community-wide benefits that could not be achieved without some support from governments. It also acknowledges that assistance to non-profit organisations that alleviates the financial burden of natural disasters is also likely to provide community-wide benefits. It suggests that assistance to non-profit organisations is also best provided as a grant, as opposed to concessional loans or interest rate subsidies.

### **Response:**

The need for social support services and coordination positions - including counselling, case management, support for front line staff and recovery coordination workers - following large scale emergencies is widely recognised. Given this, emergency recovery funding processes must ensure that the providers of these services are identified early and receive adequate funding immediately following an emergency event which can then be subsequently increased to meet any additional demand that emerges.

A common issue identified by the community sector is the significant delay in confirmation and transfer of funds for support services such as counselling and case work. In some cases, confirmation that funding will be provided, even for services provided at the direct request of state or territory government departments, does not occur until over two or more months after an emergency event. To compensate for this delay, community organisations utilise existing staff and internal resources to cover costs of service provision, in some cases causing financial strain on the organisation.

The lack of adequate financial resources is exacerbated for many community service organisations by rigid service funding contracts, which fail to make allowances for the impacts of disasters on organisations' capacity to deliver services as contracted or provide for a pre-agreed proportion of resources to be used in the delivery of services to meet needs during crisis and recovery. A clear example of the serious consequences of this for organisations was provided by an organisation that participated in one of the national workshops held as part of ACOSS' NCCARF project. This organisation mobilised its entire workforce – on a voluntary basis – to participate in the response and recovery efforts to the 2009 Victorian Bushfires. It was not able to recover the costs expended in seconding its professionals to the response effort. More seriously, when the organisation resumed normal operations, it was informed by its government funding agency that it was to lose a substantial funding payment because it had missed a contractual reporting deadline while participating in the disaster response.<sup>27</sup>

Organisations that are able to increase the hours of existing staff are able to manage the increased demand, however they identify that where staff are already working at full capacity this is not an option. Where organisations are required to redeploy existing staff this

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<sup>27</sup> ACOSS, *Extreme weather, climate change and the community sector: ACOSS submission to the Senate Inquiry into recent trends in and preparedness for extreme weather events*, 2013, Australian Council for Social Service

has the effect of blowing out waiting lists for people accessing these services which in turn has created flow on social impact beyond those directly affected by the emergency.

Some organisations report that they have had to delay the recruitment of staff until funding arrangements are finalised and confirmed. This is a significant issue in regional and rural areas where recruitment of qualified staff can take longer due to skills shortages. This ultimately impacts on the support able to be provided in a timely manner to communities.

Community organisations can face additional challenges around funding. Funding arrangements under individual State and Territory plans do not adequately reflect statewide responses. For example, statewide services such as the Red Cross who provide centralised back-end operations to support their role under the emergency management arrangements are then often required to recoup the costs of their operations through local governments. This in turn puts additional strain and administrative burden on resource-poor local governments that may also be directly experiencing the impacts of the emergency event on their staff and premises.

This situation where not-for-profit community organisations need to rely on internal resources and experience unnecessary delay in being able to confirm funding for their work – even when it has been requested by local or state government – creates unnecessary financial stress for organisations and delayed recruitment of staff due to uncertainty. The result is that important recovery services are delayed - and waiting lists for non-emergency related services blow out in others – as organisations struggle to manage this financial strain while meeting the needs of their communities and obligations under local emergency response plans.

The consequences of the total cessation of community-based social service delivery in response to an extreme event at a time when demand for services is increased are serious – for their clients and for the community more broadly, particularly in smaller communities with limited social infrastructure. The failure of service delivery could place individuals at increased risk of homelessness, financial hardship, hunger, disease and ill-health, mental ill-health, suicide and violence. In the worst case scenario, people with high level personal and health care needs and people who are homeless could be at increased risk of death if social service provision were to fail.<sup>28</sup>

There is substantial anxiety in some community organisations and businesses that they will not be able to recoup expenditure in a sufficiently timely way and this inhibits involvement in the recovery effort. This is both inappropriate and inefficient. In Queensland, agencies with dedicated and pre-determined emergency management roles are able to monthly bill the state government for the cost of agreed activities. A similar system across Australia would increase the efficiency of emergency operations and remove the disincentive to participate.

#### **Recommendations:**

**Provide greater flexibility in contracts for service delivery to community service organisations and enable them to participate effectively in disaster response and recovery efforts. Specifically, they should include mechanisms that:**

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<sup>28</sup> ACOSS, *Extreme weather, climate change and the community sector: ACOSS submission to the Senate Inquiry into recent trends in and preparedness for extreme weather events*, 2013, Australian Council for Social Service

- **review funding for recovery activities to ensure that management, supervision and organisational infrastructure costs are adequately accounted for**
- **ensure timely compensation for their contributions to response and recovery efforts**
- **ensure they are not penalised for failing to meet contractual obligations due to their participation in disaster response and recovery.**

## Land use planning

Australia is a disaster prone country, regularly suffering from the impacts of drought, heatwave, flood, storm, bushfire and flood.

There is growing scientific consensus that climate change will alter the frequency and intensity of extreme weather, including the number of extremely hot and cold days and nights, droughts and floods, hail and thunderstorms, tropical cyclones, bushfires and extreme winds. Australia's large geographical area means that while some climate change impacts – such as increased average temperatures – will be experienced across the nation, others may vary widely, with some regions being more sensitive than others to particular impacts. Generally however, climate change is expected to make Australia's climate hotter with average temperatures predicted to increase by up to 1.3°C by 2020 and 6.7°C by 2080. Precipitation is expected to be more variable: rainfall events, when they do occur, will be more intense, while the number of dry days is also likely to increase. Australia will also experience more extreme weather events with a marked increase in the number of very hot days and warm nights. In addition, the bushfire risk is set to rise under climate change with a 15-70% increase in high or extreme fire days by 2050 in south-eastern Australia.<sup>29</sup>

However our land use planning does not generally take into account the risks associated with disaster.

For example Melbourne's outer suburbs are some of the fastest-growing municipalities in Australia. In terms of emergency management and land use planning, these areas are also known as peri-urban; areas close to cities and towns that relate to both the urban areas they surround as well as the regions in which they are located.

Melbourne's peri-urban areas are among the most vulnerable in the world to bushfire hazard. Without greater attention to careful land use planning, the combination of increasing human population in areas of high fire risk is certain to lead to further loss of life and property. For example poor planning of roads led to congestion, confusion and potential danger during a major grass fire in one of Melbourne's peri-urban suburbs in 2013.

Land use planning can play a central role in reducing risk to populations from bushfire through wise locational decisions for dwellings and other developments in areas of medium and high fire hazard.<sup>30</sup> However rapid development in these areas is resulting in a substantial increase in the number of lives and assets that will require assistance and protection in emergencies.

Socio-economic trends in peri-urban areas also represent a significant challenge for emergency management. Average incomes and levels of education attainment tend to be lower in peri-urban areas than inner metropolitan areas, resulting in a degree of social and

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<sup>29</sup> K Mallon, E Hamilton, M Black, B Beem, J Abs, *Adapting the Community Sector for Climate Extremes*, National Climate Change Adaptation Research Facility, Gold Coast, 2013.

<sup>30</sup> Buxton, M., et al, 2010, *Vulnerability to Bushfire Risk at Melbourne's Urban Fringe: The Failure of Regulatory Land Use Planning*, Geographical Research, RMIT University, School of Global Studies, Social Science and Planning, Melbourne

economic disadvantage. Householders with low incomes and other financial strains (such as mortgage stress), may find it difficult to allocate resources to risk reduction measures, such as modifying or retrofitting their house. They may also be less able to afford insurance, thus impeding their capacity to recover from emergencies and disasters. Underinsurance may also lead to increased expectations and dependence on government and emergency services organisations in terms of response, relief and recovery.<sup>31</sup>

Land use planning across Australia grapples with a range of local state and federal regulations, market demands, economic drivers, environmental conditions, and risks. The three main attractors of population movement are amenity, lower land and house prices and accessibility. Amenity migration, or the movement of people seeking enhanced lifestyle opportunities to areas with strong natural and cultural assets, is primarily identified with middle and higher income groups, while lower land and house prices is identified with lower income groups. Accessibility to places of work and other significant networks in adjoining metropolitan and regional centres is a factor attracting a range of income groups.

Strategic, regional, interventionist planning can only work if it is cross-sectoral. The prevention and limitation of risk from disaster has traditionally been left to a narrowly defined emergency services related sector. Planning, environmental, social and other key agencies must become involved in planning to prevent or limit future harm from natural disaster. Land use planning must be seen as an essential tool but it also has to be linked with the capacities of other agencies and with the needs of communities. Research, information, effective systems, and public participation are all important, but integration at all levels is the key to survival.

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<sup>31</sup> Foster, F. et al, *Victorian Fire Services Commissioner 2021 research program strategic issues series Peri-urban Melbourne in 2021: changes and implications for the Victorian emergency management sector*, <http://www.emv.vic.gov.au/our-work/research/2021-2/>