



**REGIONAL  
AUSTRALIA  
INSTITUTE**

# **RAI SUBMISSION**

## **INDEPENDENT REVIEW OF COMMONWEALTH DISASTER FUNDING**

**August 2023**

## ABOUT THE REGIONAL AUSTRALIA INSTITUTE

The RAI is as Australia's only independent think-tank dedicated to research and activation to inform regional policy and investment.

Established in 2011, for more than a decade the Institute has been researching topics relevant to the prosperity and success of regional Australia including migration and population; regional employment; jobs and skills; population; housing and health.

The RAI exists so that decision-makers at all levels of government, industry and community have the information they need to ensure the best outcomes for regional Australia.

'Regional' is defined by the RAI as all areas of Australia outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide, and Canberra.

Our purpose is to empower regions to thrive.

## RAI MEMBERS

The RAI has an extensive network of businesses and organisations through its membership programs – The Regional Australia Council and the Regional Activators Alliance.

These vast membership networks provide the RAI with a unique understanding of the employment issues impacting the jobs and skills market throughout regional Australia. The following organisation make up the membership organisations associated with the RAI through both the Regional Australia Council and the Regional Activators Alliance.





## INTERGOVERNMENTAL SHARED INQUIRY PROGRAM

The Commonwealth Government is a partner in the RAI's Intergovernmental Shared Inquiry Program (ISIP) - a research partnership model led by the RAI and which also includes federal, state and territory governments and a number of Australian universities.

Since its inception in 2018, an annual research agenda is agreed between the RAI and the participating governments to produce high-quality and robust research into one or more priority policy areas. Past research has focussed on [regional housing](#); [the impacts of natural disasters on regional communities](#); [building resilience](#); and regional workforce challenges.

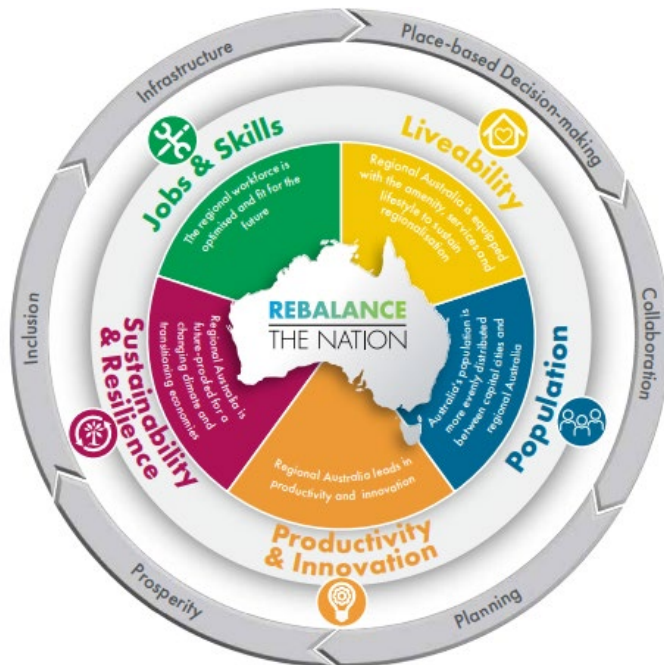
Policy workshops are held throughout the year to discuss findings and their implications for policy.

This submission references a [number of research reports](#) prepared as part of the 2020 ISIP centring on business experiences of disaster and recovery and identifying the most effective local, state and commonwealth support to reduce exposure and aid recovery. This program was led by the RAI and was built around a body of work by RMIT University, the University of South Australia, and Charles Darwin University.



## ABOUT THE REGIONALISATION AMBITION 2032

The [Regionalisation Ambition 2032 – A Framework to Rebalance the Nation](#) is a set of 20 targets grouped under five pillars designed to drive the prosperity of regional Australia over the next decade. Designed for all levels of government, industry and the community, the Ambition seeks more balanced growth across our nation's regional communities and capital cities.



**Under the Sustainability and Resilience pillar of the framework, there is a target to have 90% or more of regional Australia with a high to moderate high capacity for disaster resilience (up from 50% in 2020).**

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This submission draws on RAI research and findings from its work across Australia. It's intended to inform the Care and Support Taskforce as it pertains to regional Australia. No responsibility is accepted by RAI Limited, its Board or its funders for the accuracy of the advice provided or for the quality of advice or decisions made by others based on the information presented in this publication.

### CONTACTS AND FURTHER INFORMATION

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Dear Mr Colvin AO APM,

## **RE: INDEPENDENT REVIEW OF COMMONWEALTH DISASTER FUNDING**

We thank the National Emergency Management Agency for the opportunity to contribute to the Independent Review of Commonwealth Disaster Funding.

Ensuring Australia's regions have a high capacity of disaster resilience is key to the overall sustainability and liveability of our regional communities who are almost always more adversely affected by natural disasters than Australia's urban population.

It is why when the RAI developed the [Regionalisation Ambition 2032](#), a set of 20 targets to guide the prosperity of regional Australia over the next decade, **we included a target to have 90% or more of regional Australia with a moderate to high capacity for disaster resilience**. In 2022, this was measured at 50%. We note the Treasurer's prioritisation of increasing the Australian Disaster Resilience Index score in the recently released Wellbeing Framework.

In 2020, the Regional Australia Institute as part of the **Intergovernmental Shared Inquiry Program**, delivered [several research reports](#) focusing on businesses' experiences of natural disasters, identifying the most effective local, state and Commonwealth support to reduce exposure and aid recovery.

As a result of this research, we recommend to the Review the following considerations to help better define the Commonwealth's role in Australia's disaster funding environment and to optimise Commonwealth investment to support a national disaster funding system.

- A key finding of RAI research points to a **focus on structures and processes that enable a swift and flexible response to disasters rather than focus on the content of possible intervention** as the most effective way to support communities. The recent decision by the Federal government to fast-track \$1.8bn to the states for disaster recovery is the type of flexible policy approach that is needed.
- Australia's **multilevel governance arrangements do not clearly articulate where different kinds of authority should be exercised**. While the Constitution outlines the balance of powers between the federal and state governments, on the application ambiguity exists. Similarly, there is ambiguity at the local and community level. The Commonwealth could play a role in clearly identifying the funding roles between Commonwealth, state and territory and local government which would aid in the speed, focus and preparedness for natural disasters.
- Research also indicates a need for policy interventions that are **preparatory** rather than **reactive**, especially in relation to developing adaptive capacity in regions. Currently preparing to manage future disasters is a process that has multiple partners who bring different voices and experiences to the learning process. While preparations should always be based on local experiences, the Commonwealth could take a central role in funding and sharing resources across the regions.

The research team and I are available to discuss any of the points made in this submission.

Kind regards,

**Liz Ritchie**  
**CEO**  
**Regional Australia Institute**

## REGIONAL AUSTRALIA'S VIEW OF THE COMMONWEALTH DISASTER FUNDING PROCESSES

*Addressing terms of reference regarding RAI's understanding of the Commonwealth disaster funding processes and commenting on the clarity of funding roles of the Commonwealth, states and territories and local government during disaster events.*

RAI's research reports prepared as part of the [2020 Intergovernmental Shared Inquiry Program](#) conclude that **Australia's multilevel governance arrangements do not clearly articulate where different kinds of authority should be exercised.**

RAI's report [Regions, Work and Vulnerability – Regional Supply Chains/ Networks and Natural Disasters](#) analysed experiences from developed systems of multi-level governance such as that of the EU plus information from multiple investigations into Australian disasters and specific insights from two South Australian case studies (the Barossa Valley's handling of a COVID cluster and lockdown and Kangaroo Valley's experience with bushfires).

The subsequent report found that while the Constitution outlines the balance of powers between the federal and state governments, ambiguity exists in key areas particularly when it comes to execution of programs. Similarly, there is ambiguity at the local and community level.

Stakeholders who participated in research identified clear hindrances to effective decision-making at any level, with consequences for businesses seeking control and autonomy over their course through disaster recovery. Stakeholders reported little evidence that decisions were being taken at the appropriate level or that there was a strategy for decision-making or a principle of 'subsidiarity' in operation. Their comments largely came from decisions made about both short-term financial supports to businesses during and in the immediate aftermath of disaster, and longer-term strategies for business recovery and development.

The principle of 'subsidiarity', which emphasises place-centred decision making, is at the core of highly developed systems of multi-level governance like the EU.

Other key findings:

- Businesses and communities were often frustrated by **the lack of responsiveness of each level of government in the disaster recovery process.** Business and local communities do not expect to have autonomous decision-making powers, but they do expect relevant and timely information and a legitimate role in decision-making and government stakeholders.
- **Local government has been most helpful when it has acted as a broker** between businesses and institutions providing post-disaster support and funding.
- Stakeholders noted an apparent **duplication of responsibilities by state government** and an apparent need to be seen to be 'doing something'.
- **The role of the Federal Government was generally seen to be limited to providing prompt resources to support other levels of government and organisations in recovery and reconstruction processes.**
- Each jurisdiction has dedicated agencies responsible for electricity, water, and telecommunications whose task it is to initiate repairs and to reinstate services – these do not need local input. However, **once the immediate phase of recovery is underway, planning for future reconstruction and development brings into play quite different stakeholder perceptions of how decision-making responsibility should be balanced.**

## POLICY CONSIDERATIONS

- The Commonwealth could play a role in clearly identifying the funding roles between Commonwealth, state and territory and local government which would aid in the speed, focus and preparedness for natural disasters.

The Commonwealth could also clearly define lines of responsibilities and linkages between the three tiers of government and government agencies and relevant non-government organisations across the ecosystem.

## HOW COULD COMMONWEALTH FUNDING SUPPORT COMMUNITIES TO REDUCE THEIR DISASTER RISK?

***Addressing terms of reference including how Commonwealth funding could support communities to reduce their disaster risks.***

A key finding of RAI research points to a **focus on structures and processes that enable a swift and flexible response to disasters rather than focus on the content of possible intervention** as the most effective way to support communities.

Research also indicates a need for policy interventions that are **preparatory** rather than **reactive**, especially in relation to developing adaptive capacity in regions.

The RAI's research also emphasises the importance of local control over decision making, which has been a key tenant of ongoing discussions between the state and Commonwealth levels. For greater locally led decision making to occur, local communities need to have both the capability to meet recovery needs and the information. Businesses interviewed as part of the research said poor decisions about economic recovery often hinged on a failure of a systematic and thorough consultation with industry. In the absence of effective consultation, inappropriate rigidity in the criteria and processes to assistance occurred.

Decentralisation of government services, necessitates careful discussion on issues such as the extent of decision-making powers, the autonomy required, the design of governmental structures which can lead to a greater say or control of funding determination and the transfer of capability.

The Commonwealth government should use funding to help facilitate and support new frameworks and policies that allow local communities take clear and expedient action in both the aftermath of a disaster and in the planning for inevitable natural disasters in the future.

The following table was included in our [Disaster Recovery and Resilience Policy Guide 2021](#) to provide suggested strategies and programs which can be utilised to build business resilience. They recognise and seek to build upon the predictive factors of enterprise resilience of each phase of the 'Resilience Cycle' namely response, recovery, residual learning, and preparedness.

This table can also provide a recommendation of funding and what role it can play at each stage of the cycle.

## Policy Response Framework to Build Business Resilience

Resilience Cycle	Strategies	Programs
Preparedness	<ul style="list-style-type: none"> <li>Grants and support to build social networks and internal business resilience.</li> </ul>	<ul style="list-style-type: none"> <li>Build and facilitate social support networks.</li> <li>Build crisis response and recovery capacity.</li> </ul>
Crisis Responses	<ul style="list-style-type: none"> <li>Community relief funds filter through to contribute to business resilience.</li> <li>Funding/grants to provide resources at the local level that identify channels of aid and recovery support.</li> </ul>	<ul style="list-style-type: none"> <li>Initiate coordination and alignment of support.</li> <li>Maintain labour continuity.</li> <li>Provide flexible structures and deadlines to accommodate grief and relieve stress.</li> <li>Provide stable, predictable, and reliable information.</li> </ul>
Recovery	<ul style="list-style-type: none"> <li>Establish multi-level and multi-sector structures to identify and address industry challenges.</li> <li>Establish community connections to kick-start business.</li> <li>Fund sectoral and regional planning and coordination activities.</li> <li>Contribute recovery funds/grants/loans.</li> <li>Establish or fund local relief teams to match needs to resources.</li> <li>Resource/fund business continuity measures.</li> </ul>	<ul style="list-style-type: none"> <li>Schedule and activate multi-level and multi-sector dialogue with affected regions.</li> <li>Provide business stimulus programs.</li> <li>Spend on infrastructure.</li> <li>Provide stable, predictable and reliable information.</li> <li>Establish labour resource programs.</li> </ul>
Residual Learning	<ul style="list-style-type: none"> <li>Establish learning frameworks and models.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure programs include local government as central actors to manage crisis and build connections.</li> <li>Create reflective learning events or incorporate reflective learning activity during events.</li> <li>Acknowledge the need for review and adaptation.</li> <li>Build or adopt documented frameworks as guides.</li> <li>Focus and deepen enquiry into response and recovery efforts.</li> </ul>

Source: [Disaster Recovery and Resilience Policy Guide](#)

### FURTHER POLICY CONSIDERATIONS

- Provide a regulatory framework and or/compensation to the corporate sector eg. Banks, insurance companies, essential transport companies and commercial leasing laws to provide fair services in times of disaster and recovery.
- Creating the cap for disaster insurance premiums or developing a model that enables disaster insurance premiums to be capped.
- Work with the States to fund and support localised planning capability.