

25 September 2014

Actuaries Institute welcomes Productivity Commission call for mitigation focus in natural disaster funding

The Actuaries Institute President, Daniel Smith, today welcomed the Productivity Commission's draft report on natural disaster funding, particularly its call for effective planning and a greater focus by governments on mitigation measures.

Mr Smith said: "The Institute agrees with the Productivity Commission that there should be a renewed focus on providing incentives to better manage natural disaster risks."

"While the Productivity Commission acknowledges that there is now more quality information available about hazards and risk exposure, the Institute believes there remains a pressing need to ensure that this information reaches people who face the greatest potential impact and in a form that is readily understandable. Ultimately those at risk should have a better understanding of natural disaster risk and a greater incentive to manage the risk effectively," he said.

"The Institute is concerned that even though the building regulations have generally been effective, as the Productivity Commission notes, land use planning is not always incorporating natural disaster risk information. Our submission to the Commission states that no future developments should be allowed in areas of unacceptable risk and that building standards should be updated to reflect best practice," Mr Smith said.

"There is no doubt that money spent now on the right mitigation projects will save many more dollars down the track in rebuilding key public infrastructure and private assets," he said.

Mr Smith said the Institute supports the Productivity Commission's recommendation that annual mitigation expenditure provided to the states and territories be gradually increased to \$200 million, noting that this was still a small fraction of the estimated annual cost of damage resulting from natural disaster events (of the order of \$6 billion per annum). "This increase will help reduce the long term burden on the Australian budget and the Institute remains hopeful that a long term view will be taken when considering this recommendation" he said.

In its submission, the Institute recommended that the Commonwealth Government develops a risk management framework to identify the most urgent mitigation projects and that no further developments be allowed in areas of unacceptable risk.

Mr Smith said the Institute will continue to engage with the Productivity Commission ahead of the final report due in December this year.

Media Contacts

David Lording P&L Corporate Communications
m 0419 683 411

Ian Pemberton P&L Corporate Communications
m 0402 256 576

Institute of Actuaries of Australia

ABN 69 000 423 656

Level 2, 50 Carrington Street, Sydney NSW 2000, Australia
t +61 (0) 2 9233 3466 f +61 (0) 2 9233 3446

actuaries@actuaries.asn.au | www.actuaries.asn.au