

# Paper developed from a speech presented at the AFAC/Bushfire CRC 2009 Conference

## FEDERALISM AND THE EMERGENCY SERVICES

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Over the last twelve months, I have looked very carefully at the whole area of emergency management. And it seems to me that what we are witnessing is a 'step change': a major shift in the way we need to think about and deal with catastrophes.

Catastrophes or potential catastrophes and disasters are getting bigger and more complex. Our technological capacity to deal with catastrophes is becoming ever more sophisticated. Intelligence and information – warnings and foreknowledge – is becoming more important and more possible. Public expectations about what should be done to avoid, mitigate and recover from catastrophes and disasters are more demanding.

These factors are, in a sense, incremental. But even incremental shifts at a point amount to the need for, what some would describe, as a 'paradigm shift' in policy and perspective. I think we have reached that point. Academics and many thoughtful practitioners have been, more or less, saying that.

In Australia the recent Victorian Bushfires are likely to be seen, in retrospect, as the 'hinge factor' in that shift.

My central thesis is that the three most important things we need to get right are:

1. Governance – how we organise our management and decision making around these sort of events,
2. The capacity of our people to deal with this step change – in terms of handling crises but also, more significantly, in terms of preparation and prevention and response and recovery, and
3. The policy capacity – the need to get much cleverer and much more strategic in how we think about catastrophes and disasters.

Let me begin with something I learned from the bankers. Something that is being played out in the global financial crisis. On day one at the bank my CEO said to me 'Banking is not about money. Modern banking is about risk. It is about identifying, quantifying and assigning risk'.

What the financial crisis shows is that that is exactly right. Only the modern techniques that were used did not do that very well. They resembled the game we call 'pass the parcel' with the major variation that the 'parcel' got spliced and diced and passed around.

I would want to contend that modern emergency management is not really about fighting fires and floods or cleaning up oil spills (although that needs to be done and done well). It is really about understanding and dealing with risks.

The second thing I want to observe comes from the work I have done on climate change. And, in one way or another, I have been working in that area for 15 years. Paradoxically, my conclusion is that climate change, viewed through the lens of policy, is not really about climate change. It is really a manifestation of the issue of sustainability. The thing it is chiefly about is the shift from fossil fuels to renewables.

Our great grandchildren will be bemused by the fact that energy was expensive; that it needed to be transported long distances and that we fought wars over it.

Let me start here with this idea of sustainability. It is a vague idea but a rich idea. Some people have thought of it in terms of inter-generational equity – that we are trustees of the stock of value in the world and in a society. Like trustees, we can live off the income but not depreciate the value of the capital. It is our job to make use of, but not use up, that stock of value. You can see on that analogy why renewable energy, recycling of water, and waste are so germane to the idea of sustainability. But some see the “cosmic obligation” we have as not simply preserving, but growing value. So that our obligation is not just to preserve the capital, but to invest it wisely and grow the capital stock so that future generations are actually better off than previous generations.

Now this is a big idea and it seems a long way from the business of dealing with natural catastrophes or man-made catastrophes. So, let me draw the link for you. Simply put, catastrophes are costly for society, the economy and the environment. They destroy value. They cost money and lives and produce misery and suffering. The ancients saw them as contingencies over which they had little control. They ascribed them to the agency of the gods in various civilisations and developed religious methods of trying to understand and prevent them. In modern times, we have come to see them more and more as the materialisation of risks that can be understood and quantified scientifically. In fact, we have come to see these events as events that governments and officials can sort of be blamed for and held accountable for. It is unlikely that Aztecs or the Greeks or the Carolingians of the 9<sup>th</sup> century would have held anything like a Royal Commission into bushfires. (Though there would have been political repercussions. Consider the Chinese idea of “the mandate of heaven”.)

So, the sort of “paradigm shift” that I am wanting to talk about is a shift from dealing with catastrophes as and when they arise to taking steps in advance to minimise or eliminate the chances and impact of catastrophes. That means a whole range of things need to be attended to. And I will come back to talk about some of these. But I want to start by having you think about “disaster resilience” and what that means. Because it is this idea of “resilience” I think that tries to capture this relatively new way of thinking.

If you want a “hard edged” definition of resilience, I think it is this – a community is more resilient if an insurance company would charge that community a lower insurance premium because of the preventative steps they have taken with respect to potential disasters.

In fact, when I was looking at adaptation to climate change, I discovered that insurers had a reasonable handle on the “price” (premium) of carrying out activities in different regions, and could calculate the benefits (price or premium decreases) of different policies for prevention or mitigation.

This is the sort of calculus we need, I think, to employ and refine. It is important for a number of reasons;

1. It focuses our attention on risk and two aspects of risk. First, the probability that an event will occur. Second, the sort of impact the event will have if it does occur. Anyone who knows anything about decision theory knows that decisions rationally made are functions of probability and utility – likelihood and impact.
2. This idea of “risk” focuses us on the importance of getting greater intelligence and information about both the likelihood of events and their potential impacts. That is not only a matter of getting better data. It is also a matter of modelling the impacts on communities and economies.
3. This idea of “risk” also gives us a way of looking at the costs and benefits of government policy and changes by business and communities to how they do things. How they build things or plan things. How they do business. What sorts of business they do. What sort of mitigation or prevention measures they put in place.
4. It also gives people a way of deciding for themselves what to do. It enables a whole range of businesses and individuals to make decisions for themselves based on better information about “risk”.

So what does this shift towards “resilience” mean in terms of the division of responsibilities in a federal system? The first thing to note is that it gives individuals and private businesses greater scope for making their own decisions about what to do. Instead of waiting for something to happen and for governments to respond, it is possible for individuals to decide what to do, where to live, what business to set up, what precautions to take etc.

Of course, it does not relieve governments of all their responsibilities. But, it does open up a meaningful ‘dialogue’ or ‘partnership’ between government and communities. And this is a central reason why we are reconfiguring funding to create a new Resilience Partnership program to the States and Territories to support this new relationship.

One of the most salient and obvious features of disaster management – whether with a conventional sense of responding to disasters or with the new way of building community resilience – is that it is a local matter. The issues and solutions vary considerably from place to place. So that having some sort of national approach of “one size fits all” seems hopelessly misguided. So it makes sense for States and Territories, or even local governments, to have primary responsibility for disaster management.

And that is more or less the way things have developed and continue to be in our federal system. It is a key principle in discussions about federalism that decision making should be devolved to the most local level possible; or, conversely, decision making should only be centralised where it is necessary to do so. This is known as the Principle of Subsidiarity.

But there are other features of disaster management that complicate this structure. Let me list some of these factors for you.

- a. Disasters and their effects are becoming more complex. In part, this is a function of the greater complexity and interdependence of societies and economies. The failure of a valve in a reactor in Russia can contaminate half of Europe. Or an earthquake, cyclone, explosion or a fire can bring down energy systems or communication systems across a country.
- b. It is also a function of the huge innovations in technology and the greater global and regional specialisation this has made possible. That some technology, whether logistics or communications, makes it more possible to deal with disaster – to understand the weather, to warn people directly, to bring sophisticated equipment in to respond to disasters, to customise responses to people’s specific needs and requirements. So the type of response and prevention that is both possible and expected has become more sophisticated, requires greater expertise, is more expensive, and can be deployed for different types of disaster and across State and Territory boundaries.
- c. As I have already explained, the new resilience agenda for disasters means that the conventional players have suddenly expanded. Emergency management – the crisis end of the spectrum – involves police, fire brigades, health workers, emergency workers from various organisations. But, if disaster management is increasingly about knowledge and prevention and warning, then there are a whole range of other players that need to play a part. Scientists, planners, social workers, policy makers across a range of areas, insurers, businesses, owners of critical infrastructure etc. Take, for example, the critical infrastructure that all Australians rely on - essential services like power, water, health services, communications systems and banking. The implication of the kind of complexity I am talking about is that if these physical facilities, supply chains, or communication networks are destroyed or rendered unavailable, the vital social and economic functioning of the nation may be severely disrupted. A further example is cyber threat. The inherent vulnerability of all internet-connected systems is that our modern economy and society are now fundamentally dependent on these systems. We have reached the point where the complexity of our modern society may be considered a source of vulnerability itself. And this poses a very real threat to our national interests.

If you contemplate these factors you begin to see that the whole business of catastrophe or disaster management is becoming much more complex, much more sophisticated. It requires greater access to technology. It requires better and more timely information and the means of analysing and deploying that information. It requires a more specialised set of skill sets and capacities. It requires greater policy skills and a more holistic approach to policy and planning. And it requires major tasks of coordination – both at a policy, planning, capacity building and operational level.

Some conventional boundaries need to be overcome or transcended:

- Boundaries between agencies and departments;
- Boundaries between private and public;
- International, regional, national and local boundaries;
- Some of the boundaries between professionals and traditional skill groups;
- Boundaries between professionals and volunteers.

Among other things we need to come up with a more ramified and sophisticated model of federal cooperation.

The “old model”, if I can call it that, had basically the States and Territories in charge of disaster management. The Commonwealth had a role only if invited in by the States and Territories. And that role has traditionally had to do with providing defence personnel and equipment and providing funds for relief and reconstruction.

But if you begin to contemplate this “paradigm shift”, it seems to me a number of additional roles emerge for the Commonwealth:-

1. Leadership in terms of funding and coordination of scientific research about the likelihood and impacts of disasters. The Commonwealth controls critical levers in terms of funds and institutions such as:
  - CSIRO
  - Bureau of Meteorology
  - University grants – innovation
  - Department of Climate Change
  - Environment
  - AUSAID and DFAT
  - Telecommunications
  - Defence
  - Transport and Infrastructure
2. Research and funding into technology and modes of procurement need to be led by the Commonwealth. Consider two models for that:
  - Aerial fire fighting
  - Telephone warning system

The National Aerial Firefighting Arrangements, which the Commonwealth funds, enables the sharing of specialised firefighting equipment that might otherwise be out of reach of individual jurisdictions. This equipment, that includes aircraft such as the ‘Elvis’ air cranes, is able to be positioned and redeployed to areas at risk of bushfire as required by the jurisdiction.

In the case of the telephone based national emergency warning system, the States and Territories agreed to work together to identify solutions that would meet their needs and that each jurisdiction that adopted the capability would decide when it would be deployed and under what circumstances.

For its part, the Commonwealth facilitated the national approach through providing substantial funding for the procurement of the capability, taking responsibility for the procurement and operation of a national data-base that will be utilised when warnings are to be sent, and by taking responsibility for the legislative changes that were needed.

In both cases there are clearly advantages in procurement and economics of scale in having a national approach. In both cases deployment of the technology and resources needs to be at a local or State level. But we need to think about the best way to set up Commonwealth/State mechanisms for cooperation. These are just two examples. I think there are going to have to be a whole range of other arrangements.<sup>1</sup>

3. Leadership in terms of capacity building and training is something that I think will increasingly need to engage the attention of the Commonwealth. A Red Cross Volunteer can be deployed in different disasters in different places but needs to be able to do the job, slot into a team and deliver immediately. There need to be cooperative skills and cooperative systems for that to be able to happen. We need to ensure that training and capacity building across the entire skill set is happening and that there are national competencies. Increasingly nationally and internationally we need and will need "surge" capacity between jurisdictions.
4. Then there is the very significant issue of policy development and leadership. That needs to be coordinated at a national level:
  - Across all hazards
  - Across issues of early intervention, prevention, response and recovery and resilience more generally
  - Across jurisdictional boundaries – we cannot afford to have eight or nine uncoordinated policy approaches.

5. Let me say a few things about "national disasters" or "national catastrophes". A number of commentators over a period of time have raised questions about our preparedness to deal with a large or mega-catastrophe. One which might effectively "disable" a local or State jurisdiction; or one which might simply be beyond the capacity of local units to deal with; or one that, like severe flu or a pandemic, simply transcends state boundaries.

We have recently seen the triggering of arrangements for a pandemic. And we have recently engaged in an exercise testing our preparedness for a disabling disaster.

It is fair to say that the greater complexity, specialization and inter dependence of modern economies and societies; together with trends such as climate change and the greater movement of peoples – make it more possible that we will be confronted with such events. But the main point to understand here is this: national catastrophes are not a reason to create a Commonwealth counterpart of the sorts of emergency services and capacities that exist at a State and Territory level. National catastrophes are, however, a reason for better governance and coordination of emergency management across boundaries. The Commonwealth should take a lead in that.

In the event of a national catastrophe the key will be not only vertical cooperation and coordination in the deployment of defence capabilities and other Commonwealth resources; it will, crucially involve horizontal cooperation and coordination. Emergency response, transport and logistics, health resources will need to come from other States and Territories (and even other countries). We see this already to some extent. But that is the type of coordination and cooperation that is key. And puts an even higher premium on "cooperative federalism".

Real policy outcomes are enhanced most effectively when governments work together to achieve common objectives. What we as governments and the emergency management sector will need to shift toward, is a more collaborative, integrated approach, which exploits the benefits of a system of cooperative federalism.

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<sup>1</sup> One thing on institutional change that I want to note here in passing is this: I think we will need to take a much more strategic and holistic approach to the uptake of technology. Currently our approach to the emergence of new technology is rather ad hoc and unsystematic. There is no doubt going to be increasing innovation and all sorts of new systems, machinery and equipment. Governments are going to have to be much more systematic in identifying gaps and priorities; doing proper cost-benefit analysis; looking at trade-offs between capacity building and prevention and procurement of capital equipment. I think we will need to do that in concert and make sure that Ministers are given the advice of experts. We will need to think of assessment and procurement of technology much more as the military does – in the context of overall planning, strategy and intelligence.