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HOW CAN BUSINESS SHARE RESPONSIBILITY FOR DISASTER RESILIENCE?

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ABSTRACT

HOW CAN BUSINESS SHARE RESPONSIBILITY FOR DISASTER RESILIENCE?

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In Australia, business makes a significant contribution to disaster relief and recovery. Even so, there are unexplored opportunities to enhance the role of business in disaster resilience, particularly through partnerships with government.

This paper proposes measures to strengthen partnerships between government and the business sector to enhance national disaster resilience.

The extent that state, regional and local level disaster plans engage business in disaster relief and recovery is described and ways to formalise these relationships to enhance the role of business are suggested.

Business has a relatively less prominent involvement in disaster resilience. The capacity to strengthen disaster resilience by influencing business practices in disaster prevention, preparedness and risk mitigation is outlined and discussed.

INTRODUCTION

Business is major stakeholder in disaster resilience and it currently makes a significant contribution in Australia to disaster relief and recovery. There is unrealised potential for business to become even more involved across the whole spectrum of disaster preparedness, planning, response, recovery and mitigation. Closer cooperation and partnerships between business and government are needed to realise opportunities that will benefit business, government and the community alike.

Small to medium enterprises account for 55 % of Australian business economic output and employ 70% of the Australian workforce(Connelly et al. 2012:3) while large businesses contribute 50% of total revenues in Australia and employ more than 80% of people currently in work (Rouse 2011). The preservation and restoration of business activity after a disaster strengthens disaster resilience. When businesses directly donate their goods and services to disaster relief and recovery this helps get people back to work which creates demand and spending to stimulate local economies. What is less prominent is the donation of business time and resources to activities designed to prepare and plan for disasters and to mitigate disaster risks and impacts before they occur. This lies at the heart of disaster resilience.

Investment in disaster resilience makes good business sense for commercial enterprises and for government. In line with global trends the incidence and severity of natural disasters in Australia is predicted to increase in the future (Commonwealth Scientific and Industrial Research Organisation and Australian Bureau of Meteorology, 2016; Intergovernmental Panel on Climate Change (IPCC) 2014). Already showing signs of being unsustainable, this will further drive up the costs of post disaster recovery and reconstruction. As well as offering potential for government to contain and/or reduce expenditure on programs of disaster assistance, cost benefit analyses that factor in disaster resilience show that disaster mitigation is a cost effective investment (Deloitte Access Economic 2016a; Gissing 2017a, 2017b.)

BACKGROUND

Business has a long tradition of stepping in to support communities affected by disasters. Most business altruism occurs spontaneously (Australian Institute of Disaster Resilience (AIDR) 2018: 114) in the aftermath of a disaster and is, in many circumstances undertaken independent of government. Non-government organisations are formally included in some state and territory response and recovery plans but the role of business in disaster plans remains largely ad-hoc.

In the area of preparedness and planning, many businesses have developed business continuity plans that aim to effectively maintain and/or restore business function after a disaster or other disturbance. While this is a valuable disaster resilience activity, there is scope to increase the value of the contribution made by business by expanding its focus beyond immediate business continuity.

The shared stake that business and government have in disaster resilience underpins the need to operationalise policy to promote investment in disaster preparedness and mitigation. Public-private partnerships, both formal and informal that are facilitated by a commitment to information sharing and the development of mutual trust will increase the chance of success.

RELIEF AND RECOVERY

Business regularly supports disaster relief and recovery. For example, following the Victorian bushfires in 2009, some banks and other corporations made donations to the official Victorian government disaster appeal, and provided mortgage relief for homeowners (Commonwealth of Australia 2010). Other big companies granted free telephone calls (Telstra 2009), provided donations of food, other supplies and logistics (Wesfarmers 2010).

The benefits of business involvement in disaster relief and recovery could be enhanced by the explicit inclusion of business into all state and territory government disaster plans. These would also include a requirement that local businesses be given preference to supply relief and recovery assistance, wherever possible. The degree to which this currently occurs varies across jurisdictions and some gaps remain.

Some state plans allocate responsibility for relief and recovery provision to a number of specified non-government organisations. For example, the Australian Red Cross, Anglicare, Save the Children Australia etc. In many cases these organisations may be the most appropriate to provide these services but this may also have the unintended consequence of denying local businesses the opportunity to supply local recovery needs.

Australia can look toward some international examples where business is more fully incorporated into relief and recovery arrangements. For example, in the United States the Federal Emergency Management Agency (FEMA) has a private sector division, has formal inter-sectoral information sharing arrangements in its Emergency Operations Centre (Federal Emergency Management Agency (FEMA) 2017a; Gissing 2017a) and government officials work with a private sector representative in the National Response Coordination Center (FEMA 2017b).

DISASTER RESILIENCE INVESTMENT

To enhance disaster resilience a stronger emphasis on disaster prevention, preparedness and risk mitigation is needed (Commonwealth of Australia 2011).

Business already has a direct financial incentive to conduct business continuity planning, a form of risk mitigation that has been widely taken up by the private sector (Kay and Goldspink 2012). While business continuity planning does provide benefits to the community, business also has a stake in disaster resilience more broadly, including to reduce the overall costs of disaster loss and damage. Investment in disaster resilience can be encouraged by promoting evidence of its cost effectiveness, particularly to attract funding for the development of high cost disaster resilient public infrastructure. A group that promotes evidence of the cost-effectiveness of investment in disaster resilience is the Australian Business Roundtable for Disaster Resilience and Safer Communities (ABRDR). The ABRDR brings together senior executives from the insurance, building, telecommunications banking and humanitarian sectors to engage across business and with government to support a shift toward disaster mitigation.

Other means where business engagement can contribute to disaster resilience is through selling non-traditional insurance and financial products that cap disaster relief and recovery expenditure and direct funds toward investment in mitigation. Options for making these products more available to Australian markets requires further exploration and cooperation between government and the insurance industry.

PUBLIC-PRIVATE PARTNERSHIPS

Public-Private Partnerships can be informal or formal and are frequently used for infrastructure development when governments needs to raise additional capital to fund high cost projects with a public benefit (Chen et al 2013).

There is potential in Australia to expand the use of public-private partnerships (KPMG 2015). This applies particularly to all phases of planning and responding to large-scale natural disasters (National Research Council 2011 in Chen et al. 2013).

TRUST AND SHARING INFORMATION

Trust supports the formation of effective partnerships which underpin the development of social capital, a determinant of disaster resilience (Norris et al. 2018). Lack of trust hinders the sharing of information which is vital for disaster risk management (Gissing 2017a). Close informal cooperative relationships generate trust and need to be valued and prioritised for investment as an essential element of all partnership approaches (Hunt 2005).

Unless there are national security and/or privacy reasons for not doing so, government can build trust with inter-sectoral stakeholders, including business by supporting access to publicly funded data. A long standing partnership between government and business is the Trusted Information Sharing Network (TISN) (Commonwealth Attorney-General's Department 2003). The TISN is an IT platform to share information between government and the water, food, transport communications, energy, health, banking and finance sectors to prevent, prepare and mitigate risks to their continued provision of essential services. The high level of the TISN and its operational focus makes it unsuitable as a mechanism to incorporate economic enterprise at smaller scales. The importance of local economic activity and resources may be considered equally critical to some, particularly for the protection of livelihoods (Steele et al. 2017). This is a gap where further work would be worthwhile.

Commercial and legal barriers to sharing information have also been identified. A reluctance by the insurance industry to disclose its pricing methodology (Australian Productivity Commission 2014) can discourage consumers from investing in building mitigation works on a property they are seeking to insure. Thus, further research on how the insurance sector can be encouraged to communicate risk and encourage mitigation is warranted.

Multiple and inconsistent ownership arrangements in relation to flood maps and flood risk information and management plans was problematic for the implementation by Geoscience Australia (GA) of the National Flood Risk Information Project (Interview with M. Hazelwood 2 May 2016). Solutions being implemented by GA aim to change procurement practices for new contracts so that ownership of hazard risk information is unambiguous. GA is also working toward changing existing ownership of flood information to an open access licensing arrangement using Creative Commons Attribution 4.0 (Creative Commons 2018).

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