



Small Business Natural Disaster Preparedness and Resilience Inquiry

March 2022

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Director

Communications and Media

The Australian Small Business and Family Enterprise Ombudsman

Ph: 02 6121 3000

Email: media@asbfeo.gov.au

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Ombudsman's Foreword

Natural disasters have a significant and devastating impact on small and family businesses, and the communities they live and work in. These horrific events can cause lasting harm to the enterprising women and men building businesses, employing local community members, and contributing to the Australian economy.

The delivery of the Small Business Natural Disaster Preparedness and Resilience Inquiry comes after small and family business owners have experienced the 'rolling disasters' of the 2019-20 bushfire season, the COVID-19 pandemic, drought conditions in parts of the country, and most recently, the February/March 2022 flooding in New South Wales and south-eastern Queensland.

In the aftermath of natural disasters, we typically see massive and heartbreaking clean-up efforts, a lengthy and hard-going recovery and questions asked about how small and family businesses, and communities will bounce back and what, if anything, could have been done to better prepare.

It is clear from our work that preparation is key to small and family businesses building resilience and coming through natural disasters in the best possible shape. It is equally clear that small and family business owners cannot do this on their own.

In conducting this inquiry, we have heard from small and family businesses impacted by natural disasters at 36 feedback sessions across five states. My office was overwhelmed and humbled by the willingness of small and family businesses from across Australia to speak candidly about their often extremely challenging experiences of natural disasters and share their learnings with us. Our online survey attracted more than 2,000 respondents, who shared their insights about how best the government can support smaller businesses to prepare for and contend with a natural disaster.

It is through the lived experience of small and family business owners that we have learnt that the cost of natural disasters and the time it takes for small and family businesses to get back on their feet can be reduced by being better prepared, taking sensible risk mitigation action and bolstering resilience.

Governments at all levels have a role to play in ensuring people have the information they need to make informed decisions about how to manage the risks they face from natural disasters and how to be in the best position possible when an unavoidable event occurs.

Our Inquiry has found that community engagement, local leadership and decision making, informed by local knowledge and community connectedness, is critical. Local government is a vital component of the community response.

Often, it's the local business owners who are the community leaders, and are experienced in natural disasters affecting their region, that can best guide and support their business peers in preparation and planning. These community leaders can also help ensure local government messaging is practical and targeted.

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A strong sense of community connectedness, including collegiate business relationships – which we have described as ‘socio-commercial capital’ – leads to more resilient and unified communities that work together to prepare for, and respond to natural disasters.

This local leadership needs further support and access to resources to best assist small and family business owners and managers who are working to get back on their feet. We have made a number of recommendations addressing this issue, including the consideration of a small business resilience package as part of the Small Business Friendly Councils initiative, in conjunction with the State Small Business Commissioners, and a ‘my business future’ focus to provide small business owners with the support they need to prepare for, and build resilience in the face of natural disaster. This approach would also support small and family business preparedness for other debilitating circumstances that can confront business leaders.

Clarity and certainty are key to preparedness. That is why we have recommended small business support be automatically elevated in disaster funding arrangements, including for indirectly affected businesses, to help build resilience.

Equally, a commitment to establish a business hub near the disaster-impacted area as a single point for local, state, federal, and NGO agencies to assist small businesses in getting access to the streamlined support they need, is vital. We have recommended that all levels of government work together to develop a ‘tell-us-once’ triage and information collation system, to save small business owners the trauma and time associated with repeating their story.

Community and business leaders told us repeatedly that critical infrastructure in many cases wasn’t fit for purpose in the event of a natural disaster. Our Inquiry recommends Australian Government infrastructure grants for critical infrastructure in high disaster-risk areas be dependent on infrastructure hardening to ensure it remains intact and functioning even in a catastrophic natural disaster event.

In being better prepared for natural disasters, economic modelling predicts significant savings in the longer term. A recent report commissioned by the Insurance Council of Australia shows a proposed five-year \$2 billion investment program to reduce cyclone, flood, bushfire, and coastal risks could reduce financial, health and social costs to the Australian Government and Australian households by at least \$19 billion by 2050.

Rather than a piecemeal approach, an agreed method for nominating high-disaster risk areas is proposed. Once agreed between federal, state, and local governments, emergency agencies, and the insurance industry, a suite of measures has been identified that could form a part of ‘place based’ strategic plan. Such an agreed plan would include, infrastructure improvement, resilience and preparedness actions, role delineation and accountabilities, and funding models to mitigate the most significant harm from disaster events and to re-establish a functioning risk mitigation and management framework in these areas.

And of course, insurance was the ‘elephant in the room’ in every conversation we had during this work. Small and family business owners report challenges accessing insurance, let alone affordable insurance, and acknowledge that in many instances they are operating uninsured, underinsured, or with excesses payable that prohibit them making a claim. Insurance is an extremely complex policy area, but more clearly needs to be done to address this market dysfunction.

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As natural disasters occur more frequently, which the United Nations considers almost certain, and with increased severity, small businesses could be greatly assisted by improved education and engagement programs to help them prepare.

The recommendations in this report are designed to provide much-needed support to the small and family business community in preparing for natural disasters and boosting their resilience. While the work on this Inquiry has been limited with a tight timeframe, this final report offers a solid foundation of recommendations that will require building upon and regular re-visiting as this complex public policy challenge evolves. In short, there is much more work to be done in this space.

Above all, my agency stands ready to work with disaster recovery agencies, stakeholders and other groups to ensure continuous improvements are made to keep pace with these 'rolling disasters' that are having such a significant impact on our small and family business community.

My sincere thanks and appreciation go to the many courageous and forward looking small and family business owners who contributed throughout this process, to the many agencies who were generous in sharing their insights, time, and experience, and to my Small Business Commissioner colleagues and small business industry associations who also provided valued insight and counsel. Without the support of my skilled, diligent, and highly motivated team, it would not have been possible to prepare this report on such a challenging and sensitive topic in the tight timeframe and produce public policy recommendations of purpose and perspicacity.

Hon. Bruce Billson

Australian Small Business and Family Enterprise Ombudsman

1. Executive Summary

1.1 Overview

- 1.1.1 Natural disasters are catastrophic and have prolonged impacts for individuals, regions and communities. Natural disasters are occurring with increased frequency and severity.
- 1.1.2 The impacts of natural disasters on small and family businesses can be devastating yet according to our survey, few have current business continuity plans. The Australian Small Business and Family Enterprise Ombudsman (the Ombudsman) regularly receives calls from small and family businesses that have been affected by natural disasters, both immediately and in the following months and years after. Many small and family businesses remain engaged in issue after issue to progress their recovery, and in some cases in protracted disputes which have a genesis either directly or indirectly in natural disasters.
- 1.1.3 The Ombudsman works across all levels of government, in partnership with small business commissioners, federal regulator and dispute resolution agencies, colleagues, private sector organisations, and representative bodies to support small and family businesses following natural disasters. As a result of this work, the Ombudsman has been advocating for greater emphasis being placed on ways to build small and family business preparedness for, and resilience in the face of, natural disasters.
- 1.1.4 On 23 December 2021 the Minister for Employment, Workforce, Skills, Small and Family Business, the Hon. Stuart Robert MP (the Minister), referred an Inquiry into Small and Family Business Natural Disaster Preparedness and Resilience to the Ombudsman under Section 42(1) of the *Australian Small Business and Family Enterprise Ombudsman Act 2015* (the Act). This Inquiry focuses on existing education and engagement practices and how these could be improved and support the implementation of the Australian Government's response to the Royal Commission into National Natural Disaster Arrangements (the Royal Commission).
- 1.1.5 The Minister requested the Inquiry commence immediately and report back by 18 March 2022.
- 1.1.6 Following receipt of the referral and pursuant to Section 3 of the Act, the Ombudsman published the required Notice of Intention to hold the Inquiry in each state and territory by publishing notices in newspapers listed at **Attachment A**.
- 1.1.7 The Ombudsman worked closely with industry associations, trusted advisers, small and family business support organisations, government disaster response and resilience organisations which provide support to small and family businesses, and those that undertake disaster response work. The Ombudsman held in person feedback sessions in Queensland, New South Wales, Victoria, South Australia, and Tasmania, as well as an online session in the Northern Territory and Western Australia, hearing directly from small and family businesses affected by natural disasters. See **Attachment B** for full list of feedback sessions.

1.2 Terms of Reference

- 1.2.1 The Terms of Reference were reviewed by the National Recovery and Resilience Agency and was provided to the Ombudsman by the Minister. See **Attachment C** for Terms of Reference.

1.3 Role of ASBFEO

- 1.3.1 Australia is a nation of small businesses and family enterprises. It is a dynamic and exciting sector that allows people with an entrepreneurial spirit to pursue their dreams. One of the fastest growing in the economy, the sector presents many opportunities to those who dedicate themselves to pursuing a small business and family enterprise venture.
- 1.3.2 The Australian Small Business and Family Enterprise Ombudsman (the Ombudsman) understands the challenges facing small business and family enterprises, and provides advice

and undertakes research to improve policies, access to dispute resolution services and mental health support should the need arise.

- 1.3.3 The mission of the Ombudsman is to help ensure Australia is the best place to start, grow and transform a small business or family enterprise. The Ombudsman celebrates the vital and deeply personal contribution made by the more than 2.3 million small businesses and family enterprises to Australia's prosperity, wellbeing and community.
- 1.3.4 The Ombudsman was established in 2016 under the *Australian Small Business and Family Enterprise Ombudsman Act 2015*. The Ombudsman is an independent advocate and assists Australian small and family business owners, with legislative powers to conduct inquiries and research, work with other arms of government, contribute to inquiries and promote good business practice.
- 1.3.5 The Ombudsman is underpinned by three key functions:
- 1.3.5.1 Assistance: through the provision of information about dispute resolution options, access to mediation, alternative dispute resolution processes under the Franchising, Horticulture, Dairy and Oil Codes of Conduct and assistance with disputes with the Australian Taxation Office (ATO).
- 1.3.5.2 Advocacy: through the provision of advice and insights to policy and decision makers, conducting research, delivering inquiries, providing commentary on legislation, providing advice to Ministers and outreach and engagement activities.
- 1.3.5.3 Media and Communications: share all of our valuable insights and understandings of the current issues facing small businesses and family enterprises, promote best practices in the small business and family enterprise sector to the broader community, remind small businesses and family enterprises that we're here to represent them and provide them with a platform to engage with other important and relevant representative bodies.

1.4 Findings

- 1.4.1 The Inquiry identified a range of key themes and findings that are strongly articulated in research, as well as through community and sectoral feedback sessions held across the country. These themes and findings can be grouped into areas of 'community preparedness', 'barriers to preparedness', 'resilience enablement' and 'clarity and certainty'.
- 1.4.2 Many of the findings are consistent with those of the Royal Commission, with several of the recommendations of this Inquiry designed to complement recommendations from the Royal Commission (**see Attachment D**).

Community Preparedness

Socio-commercial capital

- 1.4.3 Local economies that have 'wind in their sails' are better equipped to weather and recover from disasters than those that are already struggling.
- 1.4.4 A strong sense of community connectedness, business connectedness, and strong relationships of trust between businesses ('socio-commercial capital') lead to more resilient, unified communities that work together in response to disasters. Communities without these strengthened relationships and behaviours, struggle to respond to challenges.

The value of local experience

- 1.4.5 Strong local business communities can be drawn on to share experience, educating and supporting 'newcomer' business owners in preparedness and resilience in their regional

setting. There is a clear need to provide education and support to business owners new to a region or to business.

- 1.4.6 Importantly, this sense of 'local' experience transcends town borders, local government areas, and state borders and can be more reflective of economic and natural systems catchments.

Community leadership

- 1.4.7 In many of the communities with strong socio-commercial capital, local small business leaders are looked to as community leaders in times of disaster. These community leaders are key to disaster preparedness planning and in building resilience in the face of disaster.
- 1.4.8 The survey data developed through this Inquiry shows that different types of disaster will have different timelines for recovery, with, for example, drought taking significantly longer to recover from than cyclones. As such, support for community leaders needs to be tailored to the type of disaster the community has faced.
- 1.4.9 It is critical, however, that these business owners are adequately supported with resourcing and assistance to participate in preparedness planning and resilience building activities, as they may also be severely impacted at a personal level.
- 1.4.10 Further, while many businesses actively encourage a sense of volunteerism amongst their employees, this creates burdens for businesses that may have critical workers or a significant part of their workforce called out for volunteer work for an extended period of time.

Barriers to Preparedness

Better business practice

- 1.4.11 Broadly speaking, well run, planned and forward looking, and managed businesses are more likely to manage effectively through natural disaster than businesses with less internal capacity.¹
- 1.4.12 Simple steps such as ensuring record keeping is up to date, business processes and critical information are, where possible, digitised, and payments to relevant bodies such as the ATO, lenders, and insurers are up to date, were pointed to as better business practice matters that if lacking, caused significant and unnecessary issues following a disaster.
- 1.4.13 In addition to these better business practices, best practice activities were identified in particularly resilient businesses, noting that businesses with significant preparedness activities were most likely to be resilient in the face of a natural disaster.
- 1.4.14 It is noteworthy that only one in four businesses have any sort of preparedness plan, and even fewer have one that has been created in recent times. Businesses report being better prepared for floods and cyclones than other types of disaster.

Investment in preparedness

- 1.4.15 We were told of numerous examples of proposals for monitoring and mitigation investments that have not attracted support despite requests to governments for funding.
- 1.4.16 Government grant funding for engineering works, monitoring and predictive capability, and infrastructure enhancements, often require matching contributions beyond the capacity of the proponents.
- 1.4.17 This experience in many communities could be a contributing factor to analysis by the Productivity Commission² and Deloitte Access Economics³ showing that of all money spent by

¹ Regional Australia Institute. *Disaster Recovery and Resilience Policy Guide 2021*.

² Productivity Commission. *Natural Disaster Funding Arrangements*, May 2015.

³ Deloitte Access Economics. *Economic Reality Check: Adapting Australia for climate-resilient growth*. January 2022.

governments on disasters in Australia, 97% is spent after the event with only 3% spent in preparedness.

Resilience Enablement

Insurance

- 1.4.18 One of the aspects of better business practices is ensuring a business is adequately and appropriately insured. Many business owners expressed frustration about being unable to secure appropriate insurance at an affordable price. Some reported operating uninsured, or significantly underinsured, with excesses that would preclude any claim being made. All reported that they were working with insurance brokers to seek insurance, and the value of these relationships and support.
- 1.4.19 Small and family business owners consistently reported insurers being disinterested in, or dismissive of the steps taken to mitigate disaster risk at an individual business level.

Infrastructure hardening

- 1.4.20 An aspect of 'good neighbourhood' (to be discussed later) is for all levels of government to ensure critical infrastructure is fit for purpose and appropriately hardened in preparedness for a natural disaster. Feedback identified the 'fitness for purpose' of development approved land, particularly in fire-prone and on flood plain areas.
- 1.4.21 Contributing small and family businesses consistently reported embracing preparatory steps urged of them only to have critical infrastructure needed to rely on these preparedness and resilience building steps fail. Examples included shifting to cloud-based records keeping, moving data storage and business systems away from desk-top technology, only to face telecommunications and power outages; the use of card and EFT payment systems, only to have networks 'down' and ATMs out of service when cash was needed; vital transport corridors (including designated evacuation routes) not safe for use due to inadequate roadside clearing; and 'last resort' refuges inadequately equipped. A 'hardening' of critical infrastructure and systems needed to support best advice in small and family business disaster preparedness is necessary.

Timely and clear communications

- 1.4.22 Noting the effects of 'localism' being more reflective of economic and natural systems catchments than hard designated borders, stakeholders expressed a wish for communications related to cross border disasters to be strengthened. For example, where disaster warning systems are reliant on state-managed data, cross-border or near-border communities can be unaware of the rapid advance of disaster conditions and threats.
- 1.4.23 Feedback session participants highlighted changes to the way the Bureau of Meteorology collates and publishes data and weather predictions, noting that a move away from individual monitoring stations on farms supplemented by real-time on-the-ground responses, has led to shortcomings in predictive modelling or delayed reporting of the impacts of weather patterns.
- 1.4.24 While communities reported significant gratitude for the work of broadcasters in keeping them informed of disaster conditions, concerns were raised about the contemporaneous nature of information being broadcast. Noting that emergency services information may not be available to broadcasters in a constant stream, feedback received suggested the potential benefits of 'timestamping' information that was first received in excess of one hour prior, so that communities had confidence in the continuing relevance of the information.
- 1.4.25 Survey data highlighted the need for multi-channel communication around disasters, with clear preferences expressed by some business owners, and differing levels of trust and distrust in various information sources.

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Good neighbours

- 1.4.26 Some business owners reported a sense of doing 'all they could' to prepare for disasters, only to have their risk management and mitigation circumstances harmed by a lack of commensurate 'good neighbour' actions, particularly from governments of all levels, as well as some land holders and land managers. Examples were shared of businesses abutting public land where their own actions could not overcome problems caused by the absence of fuel load reduction, fire mitigation, and storm water runoff.
- 1.4.27 Dependency on vulnerable telecommunications infrastructure and critical access corridors, not supported by appropriate roadside clearing were cited as examples of preparedness planning undermined by infrastructure fragility or incapacity.

Clarity and Certainty

- 1.4.28 Throughout the Inquiry, there has been a strong sense of inequity and unpredictability in the ways supports have previously been and will be rolled out in the event of future natural disasters. This unpredictability makes it challenging for businesses to adequately prepare for future disaster events, and reduces resilience in small and family business owners craving certainty in the face of natural disasters.

Certainty of support offerings

- 1.4.29 Part of the communication and preparedness around natural disasters needs to be focused on ensuring small and family business owners are confident of the support they will receive in the event of an emergency, and that it is distributed in a way that is seen as equitable across business types and the community.
- 1.4.30 A further factor raised in consultation was the unpredictable eligibility of indirectly affected businesses. This is particularly so where businesses are not physically impacted or part of the 'damage scar'.

Moral hazard issues

- 1.4.31 The perception of unpredictability and in some instances inequity or inconsistency of support has produced a sense resentment amongst communities. Consultations revealed that amongst some businesses there was a sense that support recipients were advantaged after giving less attention, time, and effort to protect their own economic interests.
- 1.4.32 Examples were cited of business owners purchasing adequate (in some cases expensive) insurance where it is available, having disaster management plans, and preparing premises and storage areas prior to a disaster, and then seemingly denied public support as a result of these self-supporting activities. Care is required in providing responsive and adequate taxpayer support so that this support does not act as a disincentive to business owners taking reasonable self-care and self-support measures.

Increasing disaster regularity

- 1.4.33 There is the working assumption that natural disasters occur infrequently, which allows a sufficient recovery time, ensuring communities and small and family businesses can prepare and build resilience for future disasters. However, feedback received during the Inquiry is contrary to this belief. Then rather, natural disasters are increasing in frequency and intensity, with some small and family business communities describing a 'rolling disaster' operational environment.
- 1.4.34 A perception of 'rolling disasters' negatively impacts the capacity of a small and family business to build resilience, as they perceive they are simply 'holding on' from one disaster to the next. The frequency of disasters also presents a problem when recovery grants are tied to a reduction

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in turnover year on year, as small and family businesses may not be able to show the necessary reduction if they have had more than one bad year in succession.

Mental health impacts

- 1.4.35 Many business owners reported struggling with their mental health following a natural disaster. Small and family business owners pointed to lack of clarity and certainty around their future as a significant challenge to their ongoing mental wellbeing.
- 1.4.36 Contributors to the Inquiry praised the immediate mental health support available to impacted communities while pointing to accumulated health stressors arising from repeated events, and that emotional distress may take time to manifest, akin to the grieving process.

One stop shop

- 1.4.37 The need for simple information dissemination and communication channels to support ease of action by business owners was raised throughout consultations. Business owners reported being confused about where to go to find the most recent and relevant information, noting that it is often spread across state and territory websites.
- 1.4.38 Further, business owners reported additional confusion in the immediate aftermath of a disaster, noting the need to speak to multiple agencies. This confusion was pointed to as one of the key barriers to preparedness.
- 1.4.39 The town of Bega was held up as best practice in relation to their implementation of a physical one stop shop, known and identified to the small and family business community in advance, to bring government and private support together in one location.
- 1.4.40 While the 'one stop shop' activities were extremely welcome, feedback was received around the potential benefits of all governments embracing a 'tell us once' ethos in their engagement with small and family businesses, so that business owners (and members of disaster-affected communities) are not required to provide the same information to multiple government organisations.

1.5 Recommendations

- 1.5.1 **Recommendation 1:** Given the critical nature of small and family businesses to disaster prone areas, small and family business support should continue to be automatically elevated in disaster funding arrangements, to build resilience of communities and allow small and family business owners to be adequately prepared. The current review of the Disaster Recovery Funding Arrangements (DRFA) should include consideration of suitability of the arrangements for small and family business, including how indirectly affected businesses can be automatically supported in the event of a natural disaster.
- 1.5.2 **Recommendation 2:** The Australian Government should consider funding a 'small and family business resilience' package within the Small Business Friendly Councils (SBFC) initiative.⁴ The SBFC is a partnership between local councils and the State Small Business Commissioners to provide small and family business owners with the support they need to do business.
- 1.5.2.1 Most SBFC sign up to a charter with shared goals and commitments around payment times to small and family business suppliers, managing disruption caused by

⁴ <https://www.vsbv.vic.gov.au/small-business-support/small-business-friendly-councils/>;
<https://www.business.qld.gov.au/running-business/support-assistance/qsbc/friendly-councils/>;
<https://www.smallbusiness.nsw.gov.au/what-we-do/advocacy/small-business-friendly-councils-initiative/>;
<https://www.sasbc.sa.gov.au/small-business-friendly-council/>;
<https://www.smallbusiness.wa.gov.au/about/projects-and-initiatives/small-business-friendly-local-governments>

infrastructure projects, streamlining approval processes for people looking to start a business, and setting up local business networks.

- 1.5.2.2 This engagement channel is best placed to facilitate a place-based, localised engagement between the business community, disaster response agencies, and program and service providers, with the capacity to translate generic communications to take account of distinct local characteristics. This mechanism can also bring together the key elements to enhance socio-commercial capital, raise local awareness of help that is available, and deliver local capability training and support.
- 1.5.2.3 Each local council is also required to have a Disaster Management Plan (DISPLAN) or Emergency Management Plan or similar. These DISPLANS detail arrangements within the relevant council area to plan and coordinate capability in disaster management and disaster operations. They can also include aspects of preparedness for disaster, and how the council works with the community to ensure people are adequately prepared.
- 1.5.2.4 Many of these plans do not include a chapter on small and family business disaster planning.
- 1.5.2.5 Funding from the Australian Government could be delivered directly to local councils (or a selection of councils, for example Regional Organisations of Councils), or in partnership with the State Small Business Commissioner. This would fund structured engagement and outreach activity to ensure a council can report against the following elements:
1. The council DISPLAN has a small and family business and economic recovery chapter that incorporates local knowledge, likely decisions, response options, and roles so as to assist small and family business preparedness.
 2. That the economic development staff in council ensure there is a network of supports for businesses in the region.
 3. The council has a plan to increase peer support networks and engagement of small and family businesses in the council area.
 4. The council offers training programs directly or through other entities that have a 'my business future' focus. This would include business planning, disaster or emergency planning, showcase local support and providers with a local lens, and development of case studies to ensure peer learning and 'pathfinding' is optimised.
 5. The council has a clear communications plan to the small and family businesses in their area to support preparedness for a range of natural disasters. Efficacy of this communications plan would need to be reported on with key metrics achieved to receive each year's funding.
 6. Prepare and publicise a local mapping of support resources, and service providers, including where, in the event of a disaster, a one-stop-shop 'bizhub' would be located.
- 1.5.3 **Recommendation 3:** The Australian Government should consider providing small and family businesses with a subsidy when workers are called out for volunteer work for an extended period, or when a business is required to scale back operations due to a large percentage of workers being called out for volunteer activities.
- 1.5.4 **Recommendation 4:** Recognising the invaluable work of broadcasting services, and in encouragement of best practice, work with information services to ensure community service

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announcements and information broadcasts are 'time stamped' to provide the most up to date and effective information for small and family business owners during a natural disaster.

- 1.5.5 **Recommendation 5:** Small and family business support programs and services such as the Small Business Bushfire Recovery Support Line should be recognised as providing a core capability for addressing future disasters. The Australian Government should review these services and consider maintaining them with a base level capability, that could be scaled up and down in line with demand. Such a service would act as a secondary support service for business or backup for local advisers.
- 1.5.6 **Recommendation 6:** There are currently different methodologies for determining that an area in Australia are 'disaster prone'. To promote certainty of response, the Australian Government should work with state and territory, and local governments to settle on a methodology to determine 'Designated Disaster Prone Areas' that are reflective of economic and natural systems catchments. The Australian Government should then expand the analysis of the Designated Disaster Prone Areas and consider those areas in terms of needs for:
1. an agreed model for integrated 'place-based' planning, risk management and mitigation programs and models for collaborative resilience promotion, resource pre-deployment, event response and recovery actions and support
 2. incentives for preparedness planning and reserve provisions
 3. support for infrastructure hardening
 4. support around insurance options.
- 1.5.7 More than an insurance lens is required in determining these 'Designated Disaster Prone Areas' where claims made against assets insured is a deficient metric.
- 1.5.8 Once appropriately designated a high-disaster risk area, these communities could have access to all or some of the following measures under an agreed, coordinated, multi-government and agency strategy:
- participation in a government-backed reinsurance vehicle (perhaps modelled on the UK Flood Re solution)
 - priority for monitoring and mitigation expenditure
 - relaxation of matched funding requirements to access support grants
 - enhanced disaster planning arrangements to include federal and state participation given these jurisdictions' anticipated role in any disaster response
 - pre-deployment of resilience and recovery assets
 - priority-critical infrastructure hardening
 - interest-free loans for asset protection, property enhancement, and activity/property relocation schemes
 - enhanced small and family business preparedness and resilience support
 - incentives for business continuity planning and provisioning
 - measures to address acute 'moral hazard' issues
 - tailored insurance products including 'like for right' coverage
 - greater support for the use of local government rating systems to recover investments across the serviceable life of works and asset improvements.

Executive Summary | Inquiry Report

- 1.5.9 **Recommendation 7:** As part of recovery and relief funding, where a small and family business has received an Australian Government grant, an additional amount should be made available to the business between six and nine months following the initial grant for the express purpose of seeking a 'business health check' and preparing future plans and preparedness strategies with a trusted accountant, bookkeeper, or accredited business advisers.
- 1.5.10 **Recommendation 8:** To support Royal Commission recommendation 12.1, Australian Government infrastructure grants should be dependent on 'hardening' critical infrastructure that enhances disaster preparedness and resilience. Where Australian Government funding is requested to support infrastructure development or repair, there must be a commensurate responsibility to ensure critical infrastructure is fit for purpose for any intended disaster management and response function. For example, funding agreements for critical road upgrades should require that verges are cleared sufficiently to allow access or evacuation in the event of an emergency. Similarly, where telecommunications infrastructure is approved and funded (particularly where government support has been provided), arrangements to ensure durability in the face of a natural disaster should be part of funding requirements.
- 1.5.11 **Recommendation 9:** The Australian Government should implement a 'good neighbourhood' program, focused on ensuring natural disaster risks are mitigated on land owned by the Australian Government. The Australian Government should further work with state and local governments to encourage implementation of a similar program in their jurisdictions, alongside the implementation of Royal Commission recommendation 17.1.
- 1.5.12 **Recommendation 10:** The Australian Government should work with emergency response agencies, state/territory and local governments and support organisations to develop a 'one stop shop' online resource for vital information, current guidance, avenues of assistance and support agencies for disaster events. This 'single source of truth' web portal should be translated into multiple languages, co-ordinated by one agency, with Federal, state/territory and local government entities and support agencies linking to it from their individual webpages.
- 1.5.13 **Recommendation 11:** Based on the success of recent examples, local disaster planning should include the commitment to the establishment of a 'business hub' within the region or close proximity to disaster impacted areas as a single gathering place for federal, state/territory and local government entities, NGOs and private sector organisations, and support agencies seeking to assist small and family businesses as this would streamline awareness of and access to assistance. The business hub should be operational outside of standard business hours to accommodate small and family business owners seeking to continue trading.
- 1.5.14 **Recommendation 12:** To support the effectiveness of 'business hubs' and to reduce the trauma experienced by small and family business owners needing to re-tell 'their story' repeatedly to difference agencies and support providers, the Australian Government should work with state/territory and local governments and partnering agencies to develop a 'tell us once' triage and information collation system. This initiative will enable a concierge-type approach to guide businesses to the most relevant and helpful support providers, support improved and consistent case management, help to avoid 'if only I knew ...' scenarios and possibly support the implementation of a 'single case identifier'.
- 1.5.15 **Recommendation 13:** The Australian Government should consider establishing an opt-in 'My Business Record' to allow for the collation of all relevant Government-held information the business may need in the event of a disaster in an easy to access digital location, that can accompany vital information privately held by the business if desired.
- 1.5.16 **Recommendation 14:** The Australian Government should ensure that its Modernising Business Registries initiative and the creation of an Australian Business Register have, as an early deliverable, registry and business definition functionality to support the accurate identification

of business type, operational location, an ability to record multiple and diverse fields of activity within a business and data exchange capability with other agencies and reporting. This functionality will support the improved and timely targeting of vital information, 'placed-based' resources and proactive delivery of financial assistance and support with robust governance in response to disaster events.

- 1.5.17 **Recommendation 15:** The Australian Government should consider expanding programs such as the Small Business Mentoring Service, the Digital Solutions - Australian Small Business Advisory Service, or Rural Business Tasmania to work with the NRRRA to provide ongoing coaching and help to develop disaster recovery plans in disaster affected regions across Australia and digital enablement.

Funding for such programs should be for a minimum of two years, preferably three, to encourage skilled providers seeking secure work to participate in the programs.

- 1.5.18 **Recommendation 16:** The Australian Government should consider funding a proactive community information program and ongoing promotion of small and family business disaster preparedness and resilience best practice, as well as ongoing research into supporting these aims for the sector.

2. Survey Data

2.1 Overview

- 2.1.1 As part of the Inquiry, the Ombudsman sought the views of small and family business owners affected by natural disasters through submissions, in-person feedback sessions, and a survey targeted to small and family business owners in disaster-affected areas.
- 2.1.2 The survey identified the knowledge of, understanding and effectiveness of current education and engagement materials, that aim to support small and family business owners prepare for a natural disaster and provided insights into areas in which further support and education is required.
- 2.1.3 The specific research objectives were to understand what information is received and used by small and family business owners including preferred modes of communication, differences in disaster recovery between regional and urban areas, and differences in experiences and outcomes between states and territories.
- 2.1.4 The research further sought to identify whether and how small and family business owners prepare for natural disasters, problems faced by small and family business owners following a disaster, what achievable timeframes for recovery are, and how to enhance access to communication for preparedness and recovery information.
- 2.1.5 Survey responses were sought from businesses which identified as small and family businesses, had fewer than 100 employees and experienced a natural disaster within the last five years.
- 2.1.6 Fieldwork was conducted between 11-28 February 2022, with more than 2,000 responses received.
- 2.1.7 Responses were grouped by whether the business was metropolitan or regional, the state or territory of operation, number of employees (businesses with 1-5 employees including sole traders, those with 6-20 employees, and those with 21-99 employees), and industry (blue collar, white collar, or other services).

2.2 Summary of Results

- 2.2.1 The picture for the smallest businesses is not good, with these businesses reporting being the most negatively affected by a disaster event, suffering the most financial loss, and experiencing a significantly lengthier recovery.
- 2.2.2 The fact that small and family businesses are the most likely to be severely affected by disaster, may be due in some part to being the least likely to have preparedness plans or be aware of additional supports outside of Services Australia and the ATO. These smallest businesses are also the least likely to have used any entity for information and assistance.

Survey Data | Inquiry Report

Experienced significant recovery period of up to one year or more: by small business type



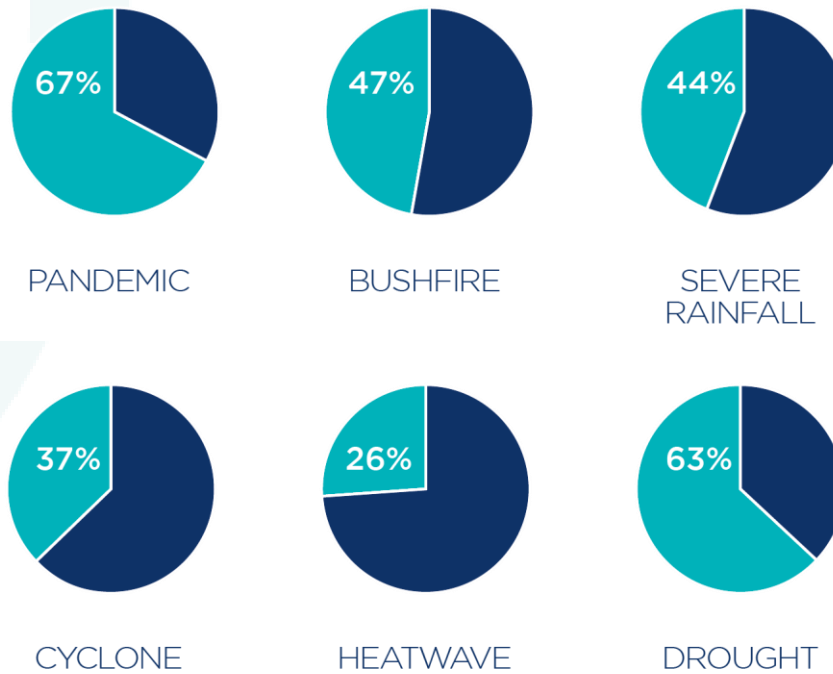
Source: *Small Business Natural Disaster Preparedness and Resilience*, page 21, prepared for the ASBFEO by fiftyfive5 (Feb 2022)

2.2.3 The full research report is at **Attachment E**.

Exposure to Disaster Impacts

2.2.4 The most common disaster impacting small and family businesses in the last five years was COVID-19 (90% of respondents), followed by severe rainfall (16%), and bushfires (12%).

Percentage of businesses suffering reduced revenue: by disaster type



Source: *Small Business Natural Disaster Preparedness and Resilience*, page 12, prepared for the ASBFEO by fiftyfive5 (Feb 2022)

2.2.5 The COVID-19 pandemic is on a different scale of disaster than others (flood, fire, drought, heatwave, damaging winds) in terms of impact. COVID-19 has disproportionately impacted metropolitan areas, unlike other disasters which generally have a greater impact on rural and regional areas.

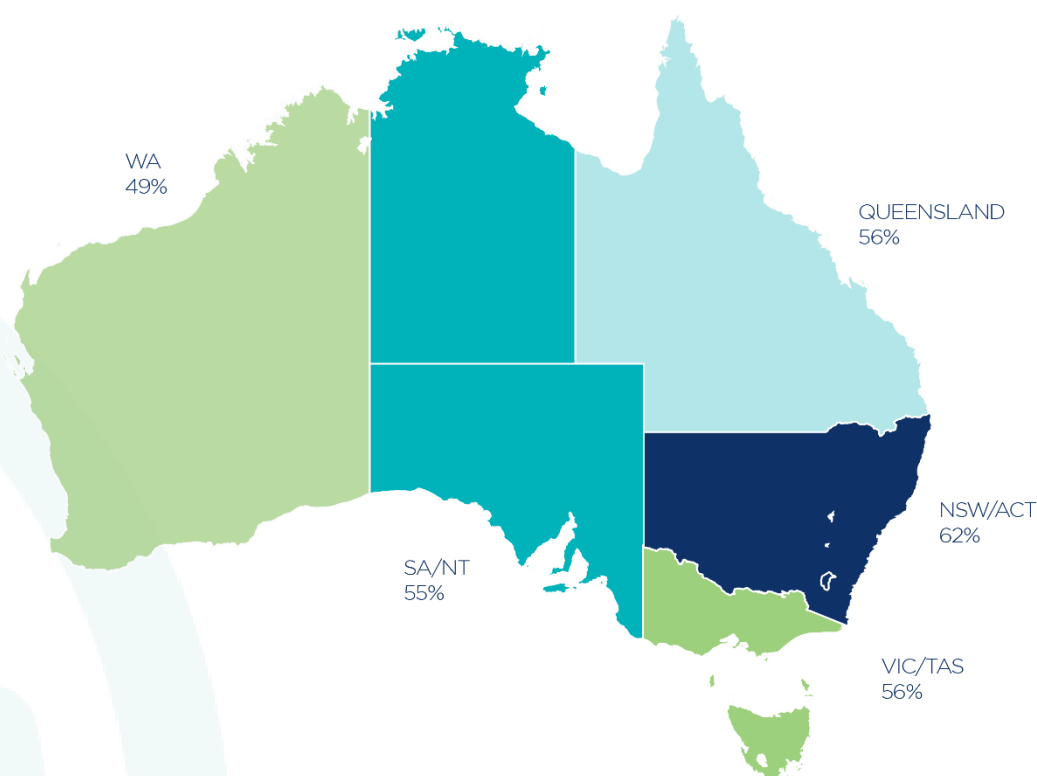
Survey Data | Inquiry Report

- 2.2.6 There are clear regional patterns in the impacts of various disasters. Broadly speaking, Queensland is more likely to be impacted by severe rainfall, flooding, and cyclones. New South Wales-based businesses are most likely to be impacted by floods, and businesses in Western Australia, South Australia, and the Northern Territory report being most likely to be affected by heatwaves and damaging winds.
- 2.2.7 The primary issue affecting all businesses across all disaster types are reduced revenue and reduced customer demand. Businesses at the smaller end of the scale were markedly more affected by having a reduced customer demand than larger businesses. The impacts of reduced revenue and reduced customer demand were significantly higher during the pandemic and drought compared to other disaster types.
- 2.2.8 Other significant issues raised by businesses are supply chain and staffing problems. These problems are experienced significantly more by larger businesses, and by businesses in blue collar industries.
- 2.2.9 Larger businesses and those operating in blue collar industries were also significantly more likely to suffer loss of stock, concerns about viability and safety of premises, and problems with internet and telephone connectivity.
- 2.2.10 Perhaps unsurprisingly, financial loss was consistently cited as the most significant barrier to recovery across disaster type. This was particularly acute in pandemic and drought situations. Other impacts vary by disaster type, with significant property damage reported in instances of severe rainfall and cyclone, and disrupted utilities highlighted as particularly problematic during bushfire and heatwaves.
- 2.2.11 Smaller businesses are more likely to report financial loss as being a significant barrier to recovery with 65% of respondents in the 1-5 employees category recording this as the most significant barrier to recovery.
- 2.2.12 Larger businesses (and those in blue collar industries) are more likely to report ongoing supply chain disruptions and staffing shortages as the most common issues.
- 2.2.13 Businesses in regional areas are significantly more likely to report significant property damage and disrupted utilities as barriers to recovery.

Small Business Outcomes

- 2.2.14 Natural disasters have impacted on most small and family businesses, regardless of location, size or industry type, with businesses located in New South Wales and the Australian Capital Territory most likely to have been impacted by natural disasters. Slightly more businesses in regional areas are affected by natural disasters than those in metropolitan areas, although this imbalance would likely be greater without the impacts of COVID-19.

Percentage of businesses suffering reduced customer demand: by state or territory



Source: *Small Business Natural Disaster Preparedness and Resilience*, page 11, prepared for the ASBFEO by fiftyfive5 (Feb 2022)

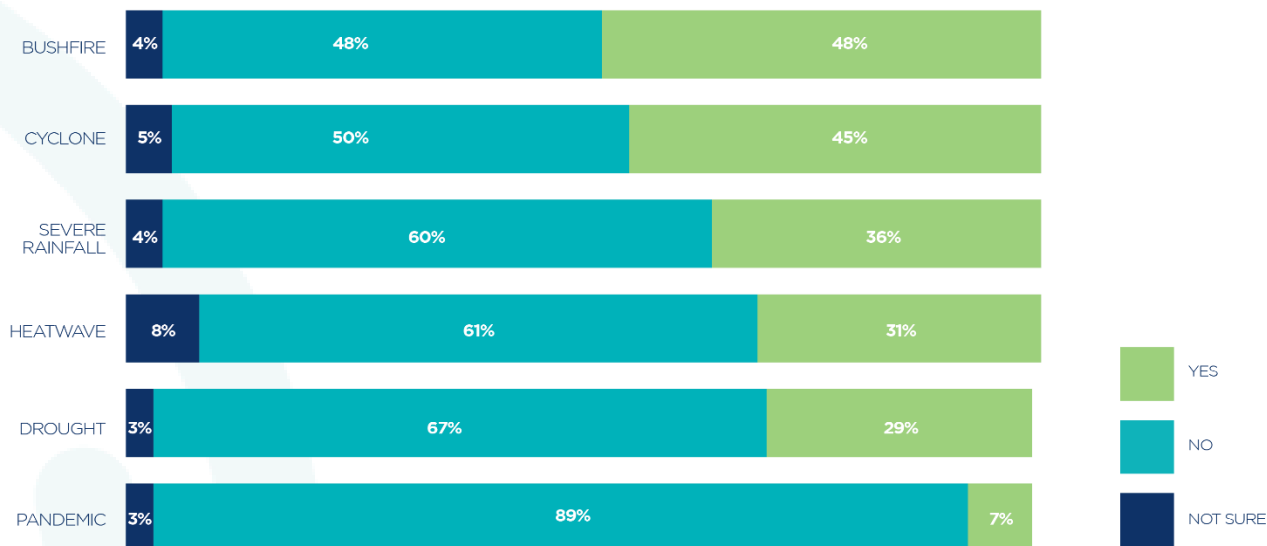
- 2.2.15 The COVID-19 pandemic is reported as driving significantly more ‘major negative impacts’ than any other disaster type with a significantly larger impact on usual trade for small and family businesses; with 92% of respondents reporting a decrease on usual trade.
- 2.2.16 Businesses at the smallest end of the scale, as well as those in New South Wales and the Australian Capital Territory are most likely to have faced large, negative financial impacts from disasters, reporting a decrease of 51% or more in turnover.
- 2.2.17 In terms of recovery timeframes, the COVID-19 pandemic and drought are reported to have the longest recovery periods of up to or more than a year (or have not yet recovered). Heatwaves and cyclones or wind are reported to have significantly shorter recovery periods with recovery being described in days and weeks. Regional businesses, the smallest businesses, and those operating in blue collar industries report the longest recovery times for disasters other than the COVID-19 pandemic.
- 2.2.18 Most businesses have not found any pivot opportunities arising from natural disasters, although one third of businesses reported the COVID-19 pandemic has opened new markets and/or product lines for the business. This is unsurprising given the length of the pandemic and impacts on businesses. In other disasters, the need to pivot to alternate opportunities has not been so critical or enhancing realistic prospects of business survival.
- 2.2.19 Across disaster types, the largest small and family businesses were the most likely to have found opportunities to pivot, with 47% reporting new opportunities as opposed to 27% of businesses in the other size categories.

Survey Data | Inquiry Report

Preparedness of Small and Family Businesses

2.2.20 Businesses that have experienced cyclones report being the most prepared for disasters with 46% of respondents reporting being fully prepared. Unsurprisingly, businesses reported being least prepared for the COVID-19 pandemic.

Disaster plan in place prior to event occurrence: by disaster type



Small Business Natural Disaster Preparedness and Resilience, page 26, prepared for the ASBFEO by fiftyfive5 (Feb 2022)

2.2.21 Small and family businesses in regional areas as well as those in blue collar industries are more likely to report feeling prepared before disasters, with metropolitan and white-collar small and family businesses reporting significantly less preparedness. This could be in large part to the frequency of natural disasters in regional areas and the recognition in those businesses that preparedness leads to greater resilience.

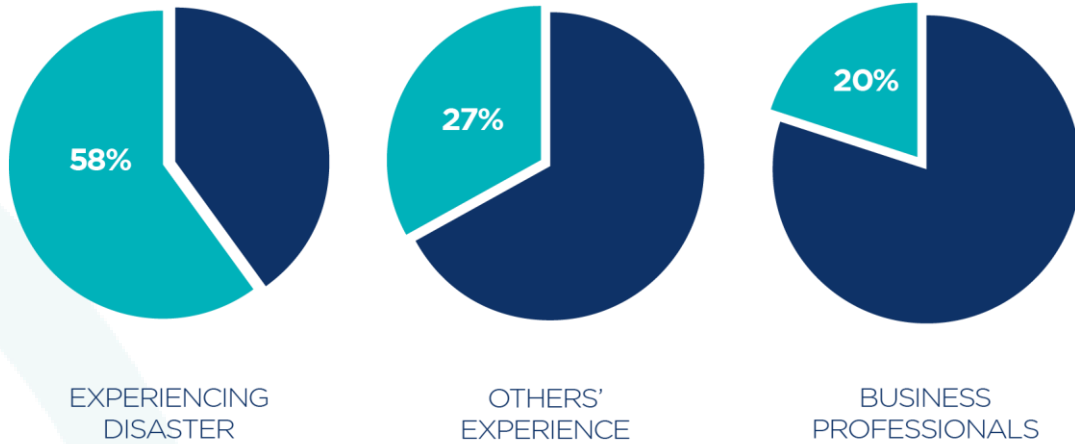
2.2.22 Concerningly, while most businesses surveyed feel somewhat prepared for future disasters, only one in four have a current response plan and approximately 50% have no response plan at all. Larger businesses are significantly more likely to be fully or very prepared for future natural disasters, with the smallest businesses being least likely to be prepared.

‘Local communities in disaster-prone areas should develop and regularly review their own disaster recovery and resilience plans. Elements of these plans should consider what may be needed to support a community following a disaster, and how local businesses can help meet those needs.’

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2.2.23 Prior experience of a natural disaster is the single greatest motivating factor in having created a response plan. In fact, one business noted that they ‘...regularly experience cyclones and heavy rains and so have good planning to deal with these events’.

Reason current disaster preparedness plans were created



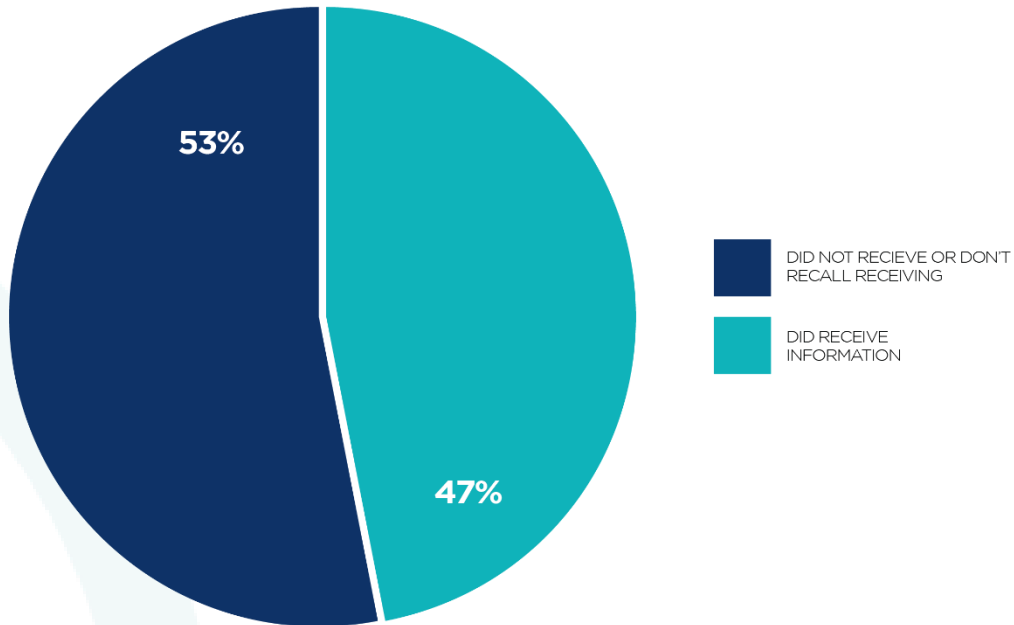
Source: *Small Business Natural Disaster Preparedness and Resilience*, page 30, prepared for the ASBFE0 by fiftyfive5 (Feb 2022)

- 2.2.24 The experience of other businesses was the second most motivating factor in preparing a response plan, underscoring the importance of local engagement and the remaining motivations included government advice or communications, and advice and communication from other business professionals such as an accountant or bookkeeper.
- 2.2.25 South Australian and Northern Territory businesses were most likely to have been prompted to create a disaster response plan by government advice or communications.

Small and Family Business Information Sources

- 2.2.26 Approximately half of small and family businesses respondents specifically recall receiving information or assistance on how to respond to or recover from a natural disaster. Small and family business owners are least likely to recall receiving information about heatwaves, both before and after the disaster, and most likely to recall receiving information about the COVID-19 pandemic.

Recalled receiving information or assistance regarding how to respond and recover (any disaster type)



Source: *Small Business Natural Disaster Preparedness and Resilience*, page 33, prepared for the ASBFEO by fiftyfive5 (Feb 2022)

2.2.27 Very small and family businesses are the least likely to have recalled receiving information on disaster response and recovery, with only 43% recalling such information. Businesses in New South Wales and the Australian Capital Territory, and larger businesses, were most likely to have received response and recovery information.

Recall ever receiving information or assistance regarding how to respond and recover (any disaster type)



Source: *Small Business Natural Disaster Preparedness and Resilience*, page 35, prepared for the ASBFEO by fiftyfive5 (Feb 2022)

2.2.28 Excluding the pandemic, there is a relatively low recollection of information being received on any particular type of disaster, with bushfires and severe rainfall (including storms, flooding, and hail) being the most likely to have been received.

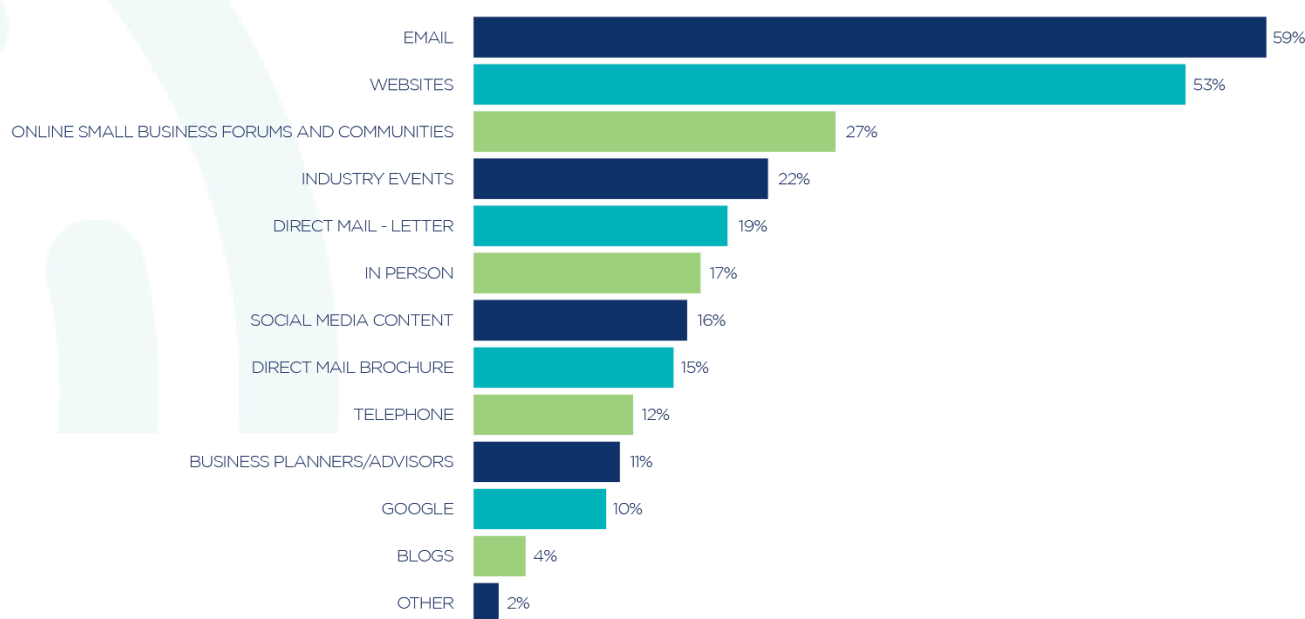
2.2.29 Businesses in Queensland are significantly more likely to have received information and assistance about severe rainfall and cyclones or winds than those in other states, likely in large part due to the significant representation of those types of disasters in the state. Businesses in

regional areas are more likely to recall receiving information about severe rainfall, bushfires, drought, and cyclone or damaging winds. Again, this is likely due to the higher incidence of such disasters in the regions.

2.2.30 State governments and emergency services are the key providers of information and assistance on natural disasters for small and family businesses, with industry bodies, local governments, and professional advisers also referenced as regular information sources.

2.2.31 Websites and email communication are the most recalled and preferred formats of sources of information received for small and family businesses, with blogs, brochures, and in-person meetings the least likely to be recalled or preferred.

Channel preference for information on preparing and managing the impact of natural disasters



Source: *Small Business Natural Disaster Preparedness and Resilience*, page 41, prepared for the ASBFEO by fiftyfive5 (Feb 2022)

2.2.32 Small and family business owners also suggested a range of ways to improve communication about disasters including:

- ensuring information is consistent, provided in real time, and not conflicting across the range of information sources
- a preference for a single source of information, for example a go to website or 'one stop shop'
- an online directory of services available and useful contacts in case of a disaster
- information on assistance programs, funding and supports available, as well as preparedness support including checklists, business planning approaches, disaster plans, and emergency preparedness items to have on hand
- improved communication and utility networks and hardening of critical infrastructure.

- 2.2.33 Broadly speaking, small and family business owners report communications for cyclone, severe rainfall events, and the COVID-19 pandemic to be effective, with less effectiveness reported for communications around bushfires, heatwaves, and drought.
- 2.2.34 Almost two thirds of small and family business owners trust a government source (state, federal, local, or a government agency) as a source for information or support on natural disasters. Business services also rate highly as trusted sources of advice with nearly half of respondents considering organisations such as industry bodies, accountants and bookkeepers, financial advisers, business planners, and lawyers as useful sources of information.
- 2.2.35 Conversely, for nearly 40% of small and family business owners, government is the least trusted source of information about natural disasters. Business services do not experience the same level of mistrust and they, along with emergency services, have relatively low levels of distrust.
- 2.2.36 Small and family business owners most commonly recognise Services Australia and the Australian Taxation Office as sources of information and assistance for natural disasters. This heightened awareness is likely due to the 'push factor' of the need to engage with these agencies in the event of a disaster.



3. Community Preparedness

3.1 Socio-commercial Capital

- 3.1.1 Economies that have 'wind in their sails' are better equipped to weather and recover from disasters than those that are already struggling. A strong sense of community connectedness, business connectedness, and strong relationships of trust between businesses ('socio-commercial capital') lead to more resilient, unified communities that work together in response to disasters. Communities without these strengthened relationships and behaviours, often split by legacy disputes, can struggle to coherently advocate for mitigation action or respond to challenges.
- 3.1.2 Community preparedness for, and resilience, in the face of natural disasters is intrinsically linked with small and family business preparedness and resilience. Communities where the business community has strong socio-commercial capital and networks are more resilient to a disaster than those where there is distrust and a lack of cohesiveness within the business community.⁵ University of South Australia research has shown that enterprise resilience is enhanced by strong socio-commercial capital, place attachment, supportive business environments and community support. Socio-commercial capital and business support are critical to enterprise resilience.⁶ There is also strong evidence that connected communities recover better from natural disasters than affluent ones.⁷
- 3.1.3 A key aspect of this socio-commercial capital is trust between the business community, local council, and other levels of government. Throughout our feedback sessions there was a strong sense that in some of the most frequently or hardest hit communities by natural disasters, there is a distrust between the business community and governments, usually arising from concerns about past responsiveness or willingness to lead and invest in mitigation activities.
- 3.1.4 Examples were provided to the Inquiry confidentially, and include complaints of overly bureaucratic processes, a failure on the part of government departments to understand the nature of small and family business (for example offering support services only during standard business hours), an inadequate embrace of local knowledge, and timeframes for delivery of support programs extending far beyond what the small and family business community deems reasonable (up to ten months in one instance).
- 3.1.5 Strong feedback and available research (largely buttressed by the Regional Australia Institute) indicated that businesses that 'care' about each other and those that do not see other local businesses as competitors, recover well. These commercial and broader communities are characterised by businesses that stay open simply to ensure other business owners and community members have a place to eat, meet, and a dry place to sit, even if 'customers' are unable to pay. Businesses in these communities are also known to take in donations and act as 'support concierges' and providers of experienced counsel and guidance.
- 3.1.6 In communities where businesses that do not have this strong sense of care for each other, or a collective interest in the health and vitality of the local economy, business owners often see colleagues as competitors, turning away from opportunities to collaborate and support each other, and to working together with local governments to ensure locally led recovery efforts. This can impede setting up the region for future preparedness and resilience. We received strong feedback from stakeholders about the importance of locally led recovery efforts,

⁵ O'Connor, A, Soosay, C, and Hallak, R. *What are the most effective ways of building resilience in regional communities?* University of South Australia, 2021.

⁶ *ibid.*

⁷ Corporate2Community, Submission to Small Business Natural Disaster Preparedness and Resilience Inquiry, February 2022.

ensuring these efforts are based on the needs, ideas, and relationships that exist in affected communities.

- 3.1.7 Importantly, this locally led response should include supporting local businesses so they are able to 'bounce back', and build future resilience, particularly when post-disaster requirements include seeking equipment, goods or services. The Inquiry was advised of many instances where local businesses holding stock were denied business due to well-meaning donations of supplies that undercut the existing local market and suppliers. Care needs to be given to ensuring recovery efforts also support reactivating trade in impacted communities.
- 3.1.8 The Inquiry received consistent feedback of the benefits of enabling available support to be drivers of demand within the impacted communities. Examples included, farming communities applying some of their grant funding to addressing outstanding local supplier accounts, and practical measures such as occurred on the south coast of New South Wales following the 2019-20 bushfires where support was provided in the form of vouchers redeemable only in local businesses.
- 3.1.9 Well meaning donations and support can result in displacing demand for local businesses keen to reactivate trade. This emphasises the importance of incorporating community responses and private sector support in the planning and delivery of post-event assistance.
- 3.1.10 The socio-commercial capital, and embedded ethos of working together to prepare for, and work through disasters while building resilience for future events, comes in hand with a strong sense of the need for disaster preparedness to be conducted at a local level. Many disaster-hit small and family business communities reflected a sense of knowing what to do in the face of disaster and being expected to help when they hit, coupled with a sense of being poorly engaged in the planning and preparation process by leading incident-response agencies.

3.2 The value of local experience

- 3.2.1 This sense of poor engagement flowed through to missed opportunities to educate 'newcomer' business owners. Many long-standing or multi-generational small and family business owners reported new-to-town businesses owners doing things such as putting gyprock around the ground floor of a building in flood-prone areas, or only realising they needed to have certain plans or preparedness measures in place when they saw more long-standing business owners activating these plans. A clear sense was communicated of the need to provide education and support to business owners that were new to a region or to business and to activate 'first to know' new arrival channels.
- 3.2.2 Professional services providers have been clear of the need for all levels of government to work with industry associations, trusted advisers, and local chambers of commerce to jointly promote the reasons for disaster preparedness (being important to business) and provide simple, clear, translatable, and actionable resources. Such work should include experienced local business owners as 'pathfinders' and champions to show newcomers how others have navigated similar experiences.

'Organisations... with strong and trusted reputations for delivery at a local level, can play a meaningful role in boosting the preparedness and resilience of regional communities – including small businesses, in the face of natural disasters.'

Rural Aid – Page 1

- 3.2.3 The importance of ensuring support is delivered by locals with an ongoing connection to the community and drawn from appropriate cultural groups has been highlighted in engagement

with a range of organisations including the NRRRA's Regional Support Officer (RSO) network, the RFCS, and Rural Aid.

- 3.2.4 There would be significant value in ensuring the ongoing local mapping of service providers and support resources relevant to the particular community area and likely disaster impacts. It was notable from our consultations that 'familiar faced' RSOs, AusIndustry representatives, and recovery personnel, built confidence and connections within the communities they serve.
- 3.2.5 There is a heightened situational awareness amongst business communities in disaster-affected areas, with a significant amount of forethought in dealing with disaster events. For many businesses in these communities, a structured plan is in place to manage issues as they arise. For others, there appears to be a practiced, instinctive response based on prior experience. While both approaches appear effective in many situations, the most recent and unprecedented floods in northern New South Wales and Queensland show that even the most comprehensive prior experience may not be sufficient for a single business to effectively prepare for a disaster in isolation with unprecedented impacts.
- 3.2.6 Importantly, this sense of 'local' experience is not restricted to town borders, local government areas, or state borders. For example, there is a clear sense on the far south coast of New South Wales that their economy and natural disaster experience is more closely linked to that of Victoria than of the rest of New South Wales, while small and family business owners in Mallacoota in Victoria pointed to a reliance on services in New South Wales. Our feedback session in Lismore, located close to the border with Queensland, also highlighted cross border issues and a lack of communication between state agencies across borders.

'Governments and the private sector should prioritise locally-led recovery efforts that are based on the needs, ideas and relationships that exist in affected communities. It's critical for all stakeholders in disaster response and recovery to support local businesses first when seeking equipment, goods or services. This includes the delivery of business advisory services to impacted business through local professional advisers.'

CPA Submission – Page 3

- 3.2.7 This sense of 'localism' needs to be better understood by natural disaster policy makers, taking into account economic and natural system 'catchments' with greater consideration given to the work of the cross-border commissioners and how they could be engaged to provide 'local region' advice when natural disasters strike.

3.3 Community leadership

- 3.3.1 In many of the communities with strong socio-commercial capital, local small and family business leaders are looked to as community leaders in times of disaster. Small and family business owners are employers, generators of economic activity, sponsors of local sporting teams and rescue services, sit on local councils, and are often seen as authority figures in moments of crisis.
- 3.3.2 Care and support could be enhanced for the known and situational community leaders to sustain their vital contribution and emotional wellbeing, mindful that these individuals are likely to be contending with their own personal and business consequences following a natural disaster.

Pre-disaster Planning

- 3.3.3 During this Inquiry we heard from a range of small and family business owners who were actively participating in rescue operations and volunteering for their community throughout disasters, while their own businesses were under threat. These community leaders are critical to disaster preparedness planning and are key figures in building resilience in the face of disaster. They should be actively involved in any planning to ensure local knowledge is best harnessed.
- 3.3.4 It is critical, however, that these business owners are adequately supported with resourcing and assistance to participate in preparedness planning, and resilience building activities. Feedback session participants reflected a sense that these locally-led activities are often 'dumped' on a community of active volunteers, with accompanying additional administrative demands, who are then often blamed when things don't go as expected. Instead, the notion of a structured and supported program of engagement that enables and resources locally led action was pointed to as being welcomed in these communities.

Preparedness for Impacts of Volunteerism

- 3.3.5 Equally, many small and family business owners spoke of the challenges of ensuring that their businesses were appropriately staffed while they or their staff were undertaking voluntary disaster relief activity. The Royal Commission highlights that there are over 200,000 volunteer emergency responders nationally.⁸
- 3.3.6 Many of these volunteers work in the small and family businesses that underpin regional communities, and while small and family business owners are supportive of their volunteer employees, and are often volunteers themselves, consideration needs to be given to the impact of high levels of extended volunteerism on the preparedness and resilience of small and family businesses.
- 3.3.7 The Royal Commission report notes that most volunteer firefighting members do not want direct payment, but that they can face financial challenges as a result of volunteering, especially during long campaigns.⁹
- 3.3.8 This is equally true of small and family businesses who may be required to release a critical or experienced team member (or members) for an extended period, or in extreme cases may need to close the business or reduce operations due to many employees being taken up in volunteer activities.
- 3.3.9 In response to the challenges faced by volunteers in the 2019-20 bushfire season, the Australian Government provide a one-off payment to volunteer firefighters and SES volunteers in New South Wales, the Australian Capital Territory, Queensland, South Australia, and Tasmania, who were self-employed or worked for small and family businesses, and were called out for more than 10 days of service over the 2019-20 bushfire season.
- 3.3.10 While many respondents to the Royal Commission supported the payment, the scheme was criticised by some, including Volunteering Australia, who argued that volunteering should remain to be clearly conceptually understood as '...time willingly given for the common good and without financial gain'.¹⁰ While the goal to avoid undermining the culture and ethos of volunteering by introducing financial considerations that could be considered a wage or salary are sound, some consideration does need to be given to the burdens a reliance on community volunteers places on communities and small and family businesses.

⁸ Report of the Royal Commission into National Natural Disaster Arrangements, October 2020, Chapter 6.

⁹ Ibid.

¹⁰ Volunteering Australia, *Position Paper: Australian Government Compensation Scheme for Emergency Service Volunteers*, February 2020.

- 3.3.11 Volunteering Australia acknowledged that the scheme was developed in extraordinary circumstances, and that ‘...the intention was not to begin to ‘pay’ volunteers but to compensate those adversely affected by prolonged volunteering...’ and suggested that in future volunteers could be reimbursed for out of pocket expenses only.¹¹
- 3.3.12 Consideration should be given to providing small and family businesses with a subsidy when employees are called out for volunteer work for an extended period, or when a business is required to scale back operations due to a large percentage of workers being called out for volunteer activities.
- 3.3.13 A well designed program could carry forward the ethos of volunteering as ‘time willingly given for the common good and without financial gain’ for limited periods of service, while also enabling the avoidance of significant financial loss for extended periods of service. In line with the recommendations from the Royal Commission, providing an Extended Disaster Volunteer Support Subsidy to the employer or directly to the self-employed volunteer in a model similar to the JobKeeper program activated after a nominated number of days of service, would lessen the financial losses that may arise from prolonged volunteering.
- 3.3.14 Providing this certainty to small and family business owners would help greatly with preparedness and planning activities, build socio-commercial capital within communities, and build resilience in the face of natural disaster.



¹¹ Ibid.

4. Barriers to Preparedness

4.1 Better Business Practices

- 4.1.1 Broadly speaking, well run and managed businesses are more likely to manage effectively through natural disaster than businesses with less internal capacity.¹² Business support organisations including the RFCS, Regional Business Tasmania, the NRRRA, and accounting bodies all pointed to the need for a greater focus on developing business capacity at an individual level, as part of developing disaster preparedness and small and family business resilience.
- 4.1.2 Simple steps such as ensuring record keeping is up to date, business processes and critical information were, where possible, digitised, and payments to relevant bodies such as the Australian Taxation Office, lenders, and insurers being up to date, were pointed to as 'better business practices issues' that if lacking caused significant and unnecessary issues following a disaster. These issues were pointed to as causes of significant stress for business owners, leading to a reduction in eligibility for financial support from various sources, and prevented recovery being undertaken in such a way as to build resilience for future disasters.
- 4.1.3 CPA Australia argues that professional advisers are key to building business capability and preparedness for natural disasters, and that governments should look to incentivise businesses in disaster-prone areas to engage their professional advisers to prepare disaster recovery and resilience plans and test their efficacy.¹³

'We recommend that funding be significantly increased for programs that assist small businesses to improve their capability and capacity to digitally transform. This includes the use of cloud technology to protect their information assets, so they are accessible in the event of a disaster.'

CPA Submission – Page 3

- 4.1.4 In addition to these 'better business practices issues', many business support bodies pointed to best practice activities by small and family businesses identified as particularly resilient or held up as being consistently prepared for natural disasters. These activities include:
- risk identification and management and mitigation measures
 - appropriate insurance
 - cash reserves and critical capacity contingencies
 - pre-planning a crisis response plan
 - scenario planning
 - taking stock of current business recovery ability
 - development of networks that could be drawn upon in a disaster
 - looking at ways to diversify income streams to ensure cash flow continuation if one income stream is affected – see **Attachment F** for example used by the RFCS.
- 4.1.5 While diversification of income is encouraged, it is important to recognise that this will only work as a preparedness strategy if the new income stream will not be affected by the same

¹² Regional Australia Institute. *Disaster Recovery and Resilience Policy Guide 2021*.

¹³ CPA Australia, Submission to Small Business Natural Disaster Preparedness and Resilience Inquiry, February 2022.

pressures as original income streams during a disaster. There is no point encouraging a small and family business to diversify in a way that amplifies their existing vulnerability.

- 4.1.6 Disincentives to income diversification were highlighted during consultations and need to be addressed. Farm businesses reported being ineligible for assistance due to the family farm business securing off-farm income.
- 4.1.7 A recent report from [Buy From The Bush](#), an organisation that started as a social media campaign to encourage spending in regional businesses during severe drought, suggests that encouraging digital enablement of small and family businesses can help to 'crisis-proof' rural communities.¹⁴ The report states that social media and websites have been the most helpful tools for rural small and medium businesses during a crisis, as these tools helped businesses stay operational. To support digital engagement, digital skills training and support programs for small, family, and farming business, including Digital Solutions - ASBAS, need to be continued and strengthened in disaster-prone areas. Given this, the need to harden infrastructure, particularly telecommunications infrastructure as discussed below, is even more critical.

'Agriculture in Australia has always been - and will always be - subject to the cycle of weather and natural disasters like drought and flood.'

Buy From The Bush – Page 12

'Digitally-enabled small businesses can crisis-proof rural communities.'

Buy From The Bush – Page 5

- 4.1.8 Support and preparedness programs have been developed by a range of organisations, and as such it is a crowded and potentially confusing market. We are constantly advised that small and family businesses were unaware of some of these resources which is unsurprising for a time-poor community. There is scope for clarifying the channels through which this information is accessible, and improving communication about its availability. Fuller value could be derived from some of these resources by deploying them into readily actionable, short guides and checklists to support their utilisation.
- 4.1.9 Many organisations and business support entities that have developed programs to support business preparedness and resilience are aware that most small and family businesses are not prepared to face a business crisis such as a natural disaster. Some non-exhaustive examples of preparedness programs available outside a suite of resources developed by disaster response and resilience agencies include:
- the CARDIO plan created by Bronwyn Reid, author of *Small Company Big Crisis: How to prepare for, respond to, and recover from a business crisis*¹⁵
 - the book, *Are U Ready: surviving small business disaster*, written by Small Business Mentoring Service collaborator Anthony Turner and Sandra Slatter¹⁶
 - CPA Australia's Disaster Recovery Toolkit¹⁷

¹⁴ Buy From The Bush, *Buy From The Bush: Harnessing the power of digital tools to create lasting change in rural Australia*, February 2022.

¹⁵ Reid, B, *Small Company Big Crisis: How to prepare for, respond to, and recover from a business crisis*, 2021

¹⁶ [Are U Ready...~https://www.sbms.org.au/are-u-ready.html](https://www.sbms.org.au/are-u-ready.html)

¹⁷ [disaster-recovery-toolkit.pdf](#)

- the Australian Taxation Office's Cash Flow Coaching Kit.¹⁸

4.1.10 In addition to these resources, many government bodies provide significant preparedness tools to small and family businesses. Again, this is a somewhat crowded space with many agencies offering tools such as:

- Resilience NSW's Get Ready Business Program¹⁹ including a 'Five-step guide to preparing for disasters'²⁰, the 'Build a Business Continuity Plan guide'²¹, a 'Guide to help recover from a disaster'²², a 'Guide to insurance claims for small business'²³, and a 'Guide for preparation for bushfires and floods for the tourism industry'²⁴
- likewise, Queensland provides a range of planning resources through Get Ready Queensland, including support for business continuity planning with a template, checklists for various types of disaster (cyclone and storm, severe storms, floods, bushfires, and drought preparation). Get Ready Queensland also provides suggestions for items to be included in a business emergency kit, and case studies from business owners who have gone through natural disasters²⁵
- Business Tasmania's Emergency Preparation Toolkit.²⁶

This Inquiry has received some feedback that nationally consistent, yet customisable versions of these tools would be beneficial and alleviate confusion amongst the small and family business fraternity. This could be available as templates suitable for localisation, tailoring, or vanilla-labelled to support co-branding and distribution by local government, industry associations, chamber groups, and trusted advisers.

4.1.11 These supports and programs are incredibly valuable to small and family business owners, however, as is so often the case, feedback is clear that the businesses that most need support to develop and maintain disaster management and preparedness plans are the least likely to engage with these resources, or the supports that are offered through local accountants and service providers.

4.1.12 An inability or indeed unwillingness to engage with trusted advisers, local government, and other businesses in a particular region to build understanding and capacity within a small and family business is consistently identified as a clear barrier to both preparedness for, and resilience in the face of a natural disaster.

4.2 Investment in preparedness

4.2.1 Finally, we were told of numerous examples of monitoring and mitigation investments that have not attracted support despite requests to governments for funding. This experience in many communities gives weight to analysis by the Productivity Commission²⁷ and Deloitte

¹⁸ [Cash Flow Coaching K...~https://www.ato.gov.au/Tax-professionals/Support-and-communication/In-detail/Cash-flow-coaching-kit/](https://www.ato.gov.au/Tax-professionals/Support-and-communication/In-detail/Cash-flow-coaching-kit/)

¹⁹ [Get Ready Business f...~https://www.smallbusiness.nsw.gov.au/resources/get-ready-business-five-step-guide](https://www.smallbusiness.nsw.gov.au/resources/get-ready-business-five-step-guide)

²⁰ <https://www.smallbusiness.nsw.gov.au/resources/get-ready-business-five-step-guide>

²¹ <https://www.smallbusiness.nsw.gov.au/BCP>

²² https://www.smallbusiness.nsw.gov.au/sites/default/files/2019-12/14986_SBC_RecoveryTOOLKIT_web%20accessible.pdf

²³ <https://www.smallbusiness.nsw.gov.au/get-help/advocacy/quick-guide-making-insurance-claims>

²⁴ <https://www.destinationnsw.com.au/wp-content/uploads/2021/09/prepare-for-bushfires-and-natural-disasters-tourism-resilience-nsw-first-program.pdf>

²⁵ [Protect your busines...~https://www.getready.qld.gov.au/get-prepared/business](https://www.getready.qld.gov.au/get-prepared/business)

²⁶ [Emergency Preparation Toolkit - Business Tasmania.pdf](#)

²⁷ Productivity Commission. *Natural Disaster Funding Arrangements*, May 2015.

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Access Economics²⁸ showing that of all money spent by governments on disasters in Australia, 97% is spent after the event with only 3% spent in preparedness.

‘Spending on disaster mitigation, an essential component of improving insurance affordability, fits neatly with the government use of infrastructure spending as an economic stimulus tool.’

Insurance Council of Australia Report – Page 11

- 4.2.2 A recent report commissioned by the Insurance Council of Australia shows that a proposed five-year \$2 billion investment program to reduce cyclone, flood, bushfire and coastal risks commencing in 2022 could be expected to reduce financial, health and social costs to the Australian Government and Australian households by at least \$19 billion by 2050.²⁹

‘The Insurance Council believes solutions can be introduced by means of the insurance industry and government working more closely together and also collaborating as appropriate with industry associations, community groups and other interested parties in the business community and the wider community.’

Insurance Council of Australia Report – Page 18

- 4.2.3 Deloitte Access Economics has estimated that by adapting now, Australia could avoid \$380 billion in worsening annual economic costs from climate change related natural disasters, of which \$120 billion relates to resilience measures to reduce the impact of extreme events on the economy.³⁰
- 4.2.4 Further, many submissions to this Inquiry pointed to the need to increase preparedness through risk mitigation and adaptation activities.³¹ It is clear from the feedback, that communities, professional advisers, representative organisations and policy makers are recognising the need to invest more in prevention and preparedness measures prior to a disaster with a goal of reducing the impacts and costs following a disaster.
- 4.2.5 For example, the Inquiry heard of cases where firefighting and disaster recovery resources had been pre-deployed; relocation initiatives including those in Grantham and low-lying industrial areas being relocated with government facilitation, and industry-led schemes focused on future business opportunities including resilience and preparedness measures in business planning in East Gippsland.
- 4.2.6 The Insurance Council of Australia proposes that a \$2 billion investment over 5 years to protect Australia from cyclone, flood, bushfire and coastal risks in the form of \$200 million invested annually by the Australian Government with matched funding from the states and territories will produce in excess of \$19 billion in returns by 2050, a return on investment exceeding 9.6%.³² As impressive as this economic analysis is, it is hard to overstate the human hardship, profound

²⁸ Deloitte Access Economics. *Economic Reality Check: Adapting Australia for climate-resilient growth*. January 2022.

²⁹ Finity Consulting, *Reaping the rewards of resilience*, February 2022.

³⁰ Deloitte Access Economics, *Economic reality check: Adapting Australia for climate-resilient growth*, January 2022.

³¹ CPA Australia, Submission to Small Business Natural Disaster Preparedness and Resilience Inquiry, February 2022; Small Business Association of Australia, Submission to Small Business Natural Disaster Inquiry, February 2022; Corporate2Community, Submission to Small Business Natural Disaster Preparedness and Resilience Inquiry, February 2022; Insurance Australia Group, *The Backbone of Regional and Rural Economies: Small Business and Community Resilience*, November 2021.

³² Finity Consulting, *Reaping the rewards of resilience*, February 2022

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economic harm inflicted on individuals, and intergenerational trauma, and associated socio-economic costs, that can be avoided (or at least significantly reduced) by well-targeted mitigation and adaptation investment.

- 4.2.7 While any benefits of any investment in preparedness and risk mitigation will accrue across the economy, given the low levels of preparedness and resilience in the smallest of businesses as shown through our survey data, the impacts of investment in preparedness are likely to provide significant benefits to this sector.



5. Resilience Enablement

5.1 Insurance

- 5.1.1 One of the aspects of 'better business practices' is of course ensuring that a business is adequately and appropriately insured. While this Inquiry was not commissioned to provide an exhaustive examination of the issues faced by small and family business in accessing appropriate and affordable insurance, it was the 'elephant in the room' at every consultation and prominent in submissions and survey responses. This topic has been canvassed extensively by this Office and others in recent years, and it is impossible to overlook the fact that insurance availability and affordability was consistently raised throughout this Inquiry.

'Insurance is vital everywhere, but especially in a country like Australia where natural disasters and extreme weather are a regular reminder of the challenges we face to protect property, lives, and livelihoods.'

Insurance Council of Australia Letter – Page 1

- 5.1.2 Many business owners across the country expressed concerns about their inability to generate interest from insurers in providing cover (even when assisted by brokers) and their engagement with insurers following a disaster. Concerns included delays in processing claims, and not being covered for things they had otherwise expected to be covered for, or coverage limitations that harmed their preparedness plans, for example exclusions of boundary fencing.
- 5.1.3 Business owners, particularly in regional areas, reported dissatisfaction with claims handling processes where it was considered by the insurer to be uneconomic for their pre-selected contractors to travel to a site to directly undertake repair work and instead insisted on 'paying out' a claim. The insured small business claimant was left uncertain about the adequacy of the payment, their ability to engage requisite trades, and capacity to manage the repair project.
- 5.1.4 Business owners also reported an aspiration (or indeed a requirement) to 'build back better' which went unfulfilled due to insurance covering a 'like for like' replacement as opposed to replacement to contemporary standards or disaster or risk-responsive building standards.
- 5.1.5 The aspiration to 'build back better' has been raised again in the context of the February/March 2022 floods in New South Wales and south-eastern Queensland with calls to incentivise this sort of rebuilding activity as a key aspect of future preparedness and resilience.³³ Following bushfires, many older premises need to be rebuilt to requirements for construction under Australian Standard AS 3959-2009 Construction of Buildings in Bushfire Prone Areas, the requirements of which are based on Bushfire Attack Levels that were implemented in 2009. These requirements are unlikely to be achievable if insurance coverage is only for 'like for like' replacement, leading to inadequate resilience and recovery delays.
- 5.1.6 A larger number of business owners expressed frustration about being unable to secure appropriate insurance at an affordable price. Some of these business owners reported operating uninsured, or with excesses that would preclude any claim being made. All reported that they were working with insurance brokers to seek insurance, and the value of these relationships and support provided.
- 5.1.7 The NRRRA echoes this concern, noting in its submission to the Inquiry, that they are aware of '...many businesses either without insurance or without adequate insurance coverage'.³⁴

³³ [We need a blueprint ...~https://www.theaustralian.com.au/inquirer/we-need-a-blueprint-for-resilience/news-story/cb1cb7b34a22ae6923e4c20b5c34501a](https://www.theaustralian.com.au/inquirer/we-need-a-blueprint-for-resilience/news-story/cb1cb7b34a22ae6923e4c20b5c34501a)

³⁴ National Recovery and Resilience Agency submission to the Inquiry, P 9.

Insurance Australia Group have likewise expressed concern about insurance coverage, highlighting in its *Small Business and Community Resilience* report that small businesses are often uninsured or under-insured, and are often unaware of their full risk exposure due to business interruption in addition to direct damages.³⁵

'A concerning number of businesses are reporting that there is a general lack of insurance options. Because of this, some businesses reported paying an extremely high price, or not obtaining insurance at all.'

AIG Survey Sept 2020 in ICA Report – Page 40

- 5.1.8 The Regional Australia Institute has also acknowledged this issue, stating in their *Disaster Recovery and Resilience Policy Guide 2021* that '...the increasing scale and frequency of natural disasters in Australia means that premiums are rising, leading many businesses to either risk having no insurance at all, or at least underestimating the scale of potential loss and hence under-insuring'.³⁶
- 5.1.9 The Insurance Council of Australia argues that the tax system currently hinders insurance coverage, noting that depending on the state or territory, government charges can add 20 to 40 percent on top of the cost of an insurance premium, leading to underinsurance or non-insurance.³⁷ This view is supported by the NSW Review of Federal Financial Relations.³⁸

'Being underinsured is common but often unintentional.'

CPA Submission – Page 3

- 5.1.10 Insurers have argued that small and family businesses can take steps to reduce risks and thereby lower their premiums.³⁹ On this issue, small and family business owners during our feedback sessions consistently reported insurers being disinterested in, or dismissive of the steps taken to mitigate disaster risks at the individual business level. Many business owners indicated they would continue to undertake mitigation activities and ensure disaster management plans were in place, however they saw this activity as being beneficial to their own peace of mind, rather than an assistance in accessing insurance or a step incentivised by premium savings.
- 5.1.11 Indeed, the Royal Commission highlighted the need for insurers to communicate to consumers (including small and family businesses) clear guidance on individual-level natural hazard risk mitigation actions insurers will actually recognise in setting insurance premiums.⁴⁰
- 5.1.12 An inability to access affordable insurance and the plight of small and family businesses operating in disaster-prone areas, where insurance is simply not offered on any terms

³⁵ Insurance Australia Group, *The Backbone of Regional and Rural Economies: Small Business and Community Resilience*, November 2021.

³⁶ Regional Australia Institute, *Disaster Recovery and Resilience Policy Guide 2021*, 2021, P 16.

³⁷ Insurance Council of Australia, *Building a more resilient Australia: Policy proposals for the next Australian Government*, February 2022.

³⁸ NSW Government, *NSW Review of Federal Financial Relations*, August 2020.

³⁹ Insurance Australia Group, *The Backbone of Regional and Rural Economies: Small Business and Community Resilience*, November 2021.

⁴⁰ Report of the Royal Commission into National Natural Disaster Arrangements, October 2020, Recommendation 19.2

represents an existential threat to small and family businesses (and indeed community-wide) disaster preparedness and resilience. While recognising the identification of potential solutions to insurance market failure or significant dysfunction in disaster-prone or heightened risk areas was not the objective of this Inquiry, parties providing submissions and participants in consultation sessions offered numerous remedies and suggested courses of action.

- 5.1.13 A number of contributors asserted that the insurance market will not remedy the current insurance dilemmas alone. Increasing frequency and severity of events, increasing claims costs and reinsurance expenses, and premium price rises, will contribute to the extent of under insurance and un-insurance. Locational risk assessments that override any individual risk reduction measures add to the dysfunction.
- 5.1.14 The evident hardship and recovery impediments accompanied by increasing taxpayer exposure and community expectations of government responses were all offered as justification for governments to 'lean in' and lead bold solutions. It has been made clear that in the absence of a functioning, reliable, and affordable private sector insurance market, as a foundation element of small and family business preparedness in disaster-prone areas, a more comprehensive approach that addresses risk and encourages the insurance market to return to these regions is required.

An Integrated Approach to Disaster Risk Management

- 5.1.15 The standing up of the NRRR, identification of high disaster-risk pilot areas, the Northern Australian Reinsurance Pool, and the objective of rebalancing government expenditure more towards mitigation and resilience with attractive accompanying ROIs, were highlighted as encouraging trends. Consultation participants also emphasised that pre-event investment can reduce the profound hardship and suffering of individual experiences and redress the primacy of 'after the event' response and recovery expenditure.
- 5.1.16 Indeed, the formal designation 'Designated Disaster Prone Areas' by federal and state governments may herald the deployment of an enhanced policy and program package to support these communities that could 'join up' a range of complimentary and co-dependent measures and prompt a re-thinking of the DRFA arrangements.
- 5.1.17 More than an insurance lens is required in determining 'Designated Disaster Prone Areas' where claims made against assets insured is a deficient metric. A significant proportion of communities such as Lismore have not been able to access insurance cover, in many cases for decades, and as a result would be underrepresented by any metric that applies an insurance lens alone.
- 5.1.18 Once appropriately designated a disaster prone area, these communities could have access to all or some of the following measures:
- participation in a government-backed reinsurance vehicle, perhaps modelled on the UK's Flood Re
 - priority for monitoring and mitigation expenditure
 - relaxation of matched funding requirements to access support grants
 - enhanced disaster planning arrangements to include Federal and state participation given these jurisdictions' anticipated role in any disaster response
 - pre-deployment of resilience and recovery assets
 - priority-critical infrastructure hardening
 - interest-free loans for asset protection, property enhancement, and activity/property relocation schemes

- enhanced small and family business preparedness and resilience support
- incentives for business continuity planning and provisioning
- measures to address acute 'moral hazard' issues
- tailored insurance products including 'like for right' coverage
- greater support for the use of local government rating systems to recover investments across the serviceable life of works and asset improvements.

5.1.19 The Terms of Reference and available Inquiry period have not enabled a full evaluation of these options and an assessment of their relevant merit and efficacy. Early examination of these and other proposals as part of a package of bold measures to address the existential threat facing small and family businesses in these regions is critical.

5.2 Infrastructure Hardening

5.2.1 An aspect of necessary 'good neighbourhood' is for all levels of government to ensure critical infrastructure is fit for purpose and appropriately hardened in preparedness for a natural disaster. The Royal Commission report points to the fact that disruptions to essential services, which are relied on by each individual, household, and business to meet everyday needs, were a common occurrence during the 2019-20 bushfire season.⁴¹

5.2.2 The Royal Commission noted the scope for more to be done in improving the identification, and mitigation of natural disaster risks to electricity and telecommunication critical infrastructure assets.⁴² This position was reflected in feedback sessions with communities, with business owners particularly reflecting concerns about the backup generators required for telecommunications towers requiring diesel fuel, which is often unavailable due to electricity being unavailable to service stations.

5.2.3 The Insurance Council of Australia has recently released a policy platform calling on the Australian Government to work with state and territory governments to invest in a range of mitigation initiatives that support the 'good neighbour' and infrastructure hardening ethos.⁴³ While many of the recommended measures have a focus on homes, a key part of ensuring small and family businesses are resilient following a disaster is ensuring they have stable and safe accommodation, including where businesses are run from home.

5.2.4 The report recommends that governments:

- better protect against floods by raising utilities and services above the expected flood line, and invest in an improved national flood early warning system that is estimated to increase the lead time for flood warnings from 3-5 days to 10-15 days
- implement a program of selective reduction of fuel in forests
- review land use planning arrangements and establish a national natural peril data centre to enable better planning by governments and developers
- amend national building codes to include a resilience and future risk standard.

⁴¹ Report of the Royal Commission into National Natural Disaster Arrangements, October 2020, Chapter 9.

⁴² Ibid.

⁴³ Insurance Council of Australia, *Building a more resilient Australia: Policy proposals for the next Australian Government*, February 2022.

'Better knowledge sharing, data sharing and capturing of lessons learned will help governments build resilient infrastructure and communities.'

CPA Submission – Page 4

- 5.2.5 Small and family business owners have also reflected frustration about inability to operate even when their stock is not destroyed, due to supply chain issues or the inability to use EFTPOS services, or telecommunications networks being down. This causes challenges for businesses that may have diversified their operations and 'gone digital', as online consumers often expect immediate responses and service, and may not be aware of telecommunications challenges faced by small and family businesses following a natural disaster. Consultations reiterated a particular concern about telecommunications and power supply vulnerabilities impacting on individual business' continuity and preparedness plans.
- 5.2.6 The Australian Banking Association noted that one challenge the banking sector has faced when responding to a natural disaster is the process at the local government level to expeditiously put in place support hubs and emergency ATMs. The standard council approval processes generally apply, and unfortunately, there is no 'fast track' path for these disaster situations, which can delay getting this critical support to the local communities.
- 5.2.7 As all local governments have their own disaster teams, the responses and processes understandably can be fragmented, differing from council to council, which again can cause challenges in getting support services to communities and businesses.
- 5.2.8 Throughout the Inquiry, feedback has been provided about infrastructure that is or was not fit for purpose in the event of a disaster. There were examples shared of community hubs with plastic water tanks in fire-prone areas, or the absence of generators and key supplies such as bottled water and clearance around the hub.
- 5.2.9 Across the south coast and southern highlands of New South Wales, verges of arterial roads are densely wooded with scrub having grown back in abundance following the 2019-20 bushfires. These critical transport corridors were severely affected after the 2019-20 bushfires with the New South Wales Government reporting needing to repair 880kms of State roads.⁴⁴
- 5.2.10 Local communities report that much of the grown back scrub is made up of black wattle, a species that is particularly flammable. Where councils are reluctant to clear verges of critical access roads, some communities report undertaking clandestine clearing activities.

'While most property owners can clear bushland if they wish, some cannot because of council regulations that limit clearing or the bushland is not on their property and the owner (which may be the State government or local council or neighbour) does not allow it.'

Insurance Council of Australia Report – Page 25

- 5.2.11 Other aspects of infrastructure preparedness activities include ensuring that critical goods and services providers have the utilities necessary to continue trading. For example, following the 2019-20 bushfires on the south coast of New South Wales, service station businesses reported delays of up to 36 hours in connecting generators while waiting for necessary approvals and connection equipment. This was despite having a diesel generator located at their facility and

⁴⁴ Report of the Royal Commission into National Natural Disaster Arrangements, October 2020, Chapter 9.

having undertaken and secured all approvals for necessary wiring improvements several years earlier.⁴⁵

- 5.2.12 Finally, concerns around electrical grids were highlighted in every consultation. Feedback received was that the introduction of microgrids may be an appropriate preparedness measure.
- 5.2.13 Microgrids are a reliable infrastructure measure which are in place across Australia, particularly in regional and remote communities as they move away from diesel generators.⁴⁶ They are cost effective, reliable and low-cost energy sources which also create employment opportunities in regional areas. Microgrids are especially important for bushfire affected areas and improve resilience of energy supply and extreme weather events
- 5.2.14 Some communities indicated during consultations that they are already developing plans for microgrids, and further consideration could be given to supporting these endeavours.
- 5.2.15 Feedback was also received throughout the Inquiry about the 'fitness for purpose' of land approved for development by councils and/or land use planning tribunals, particularly in fire-prone areas and on flood plains. The sensitive nature of this topic has been recently highlighted by the commentary by the Coordinator General of the NRRRA in relation to the February and March 2022 natural disasters.⁴⁷
- 5.2.16 There is precedent for effectively moving towns, or parts of particularly disaster-prone towns in Australia.⁴⁸ While such an action is likely to be considered at the extreme end of natural disaster preparedness, a failure to invest in infrastructure hardening and other preparedness and resilience measures may result in consideration of such measures increasing into the future.
- 5.2.17 Broader concerns were raised about delays in obtaining necessary permits to support business reopening and recovery works, particularly in LGAs with existing pressures arising from development activity and skills shortages. Examples were cited of 'sister' council arrangements where land use planning, building, engineering, and environmental health staff are 'loaned' to impacted LGAs. The timing of this capacity availability is key to success.

5.3 Good Neighbours

- 5.3.1 Business owners reported a sense of 'doing all they could' to prepare for disasters, only to have their circumstances harmed by a lack of 'good neighbour' ethos, particularly from all levels of government. Examples were shared of businesses abutting public land where their own actions could not overcome problems caused by the absence of fuel load reduction, fire mitigation, and storm water runoff management.
- 5.3.2 Adjacent property land management is a contestable aspect of public policy, but is an unavoidable factor that impacts on the effectiveness of private landholder disaster preparedness.

⁴⁵ Council of Small Business Organisations Australia.

⁴⁶ [Microgrids | Positiv...~https://www.positiveenergy.gov.au/microgrids](https://www.positiveenergy.gov.au/microgrids)

⁴⁷ The Sydney Morning Herald, 'Face reality': Don't build in flood prone areas, resilience boss says, 4 March 2022.

⁴⁸ Moore, T, The Brisbane Times, *Grantham reborn: Meet the little Queensland town that moved*, 14 March, 2020.

6. Clarity and Certainty

6.1 Overview

- 6.1.1 Both the Royal Commission into National Natural Disaster Arrangements⁴⁹ (the Royal Commission) and the Productivity Commission Inquiry into Natural Disaster Funding Arrangements⁵⁰ (the Productivity Commission) have pointed to the need for communities and business owners to have clear information about risk (which includes support in the event of a disaster) to make decisions about their own economic interests.
- 6.1.2 Provision of clear information allows people to understand risks to their business, and then to choose to mitigate those risks, accept them, or insure against them (including self-insurance where insurance is not available).
- 6.1.3 While the clarity of supports available to small and family business is improving, throughout consultations there has been a strong sense of inconsistency, inequity and unpredictability, particularly for sole-traders, in the support available following a natural disaster. Inquiry contributors pointed to numerous cases of past practices to support their concern. This concern has already been raised again in relation to the February/March 2022 flooding in New South Wales and southern Queensland, and is likely to be a source of considerable disquiet into the future.
- 6.1.4 This unpredictability makes it challenging for businesses to adequately prepare for future disaster events, and also reduces mental and economic resilience in small and family business owners craving some certainty in the face of natural disasters.
- 6.1.5 Small and family business survival is critical to community resilience and survival. 'Research from US firm Civic Economics found that 48% of each purchase at local independent stores was reinvested into the local economy as opposed to only 14% of purchase at larger chain stores'.⁵¹ The recent Buy From The Bush report states that 96 percent of rural small and medium business respondents believe small and medium businesses are critical for regional communities. They provide jobs and employment, improve the quality of life for residents, help to create a vibrant community, provide economic opportunities, attract investment to the region, and in some instances help to encourage migration to the bush.⁵²
- 6.1.6 This criticality of the small and family business community is recognised in the current Disaster Recovery Funding Arrangement, which points to the need for support for small and family businesses where there is a risk that the community will lose essential businesses,⁵³ although there is little acknowledgement of this in other disaster prevention activities with stakeholders pointing to the 2018 National Risk Reduction Framework as largely overlooking small businesses.⁵⁴
- 6.1.7 The nature of the DRFA and event classification and variations in elements of the response and recovery packages (often understandably caused by different event circumstances) makes it difficult for small and family businesses, and particularly sole traders, to know what support 'can be counted on' and factored into their preparedness and resilience plans. Nominated

⁴⁹ Report of the Royal Commission into National Natural Disaster Arrangements, October 2020, Chapter 20.

⁵⁰ Productivity Commission, *Natural Disaster Funding Arrangements*, December 2014, Chapter 5, Volume 2.

⁵¹ Insurance Australia Group, *The Backbone of Regional and Rural Economies: Small Business and Community Resilience*, November 2021, P 16.

⁵² Buy From The Bush, *Buy From The Bush: Harnessing the power of digital tools to create lasting change in rural Australia*, February 2022.

⁵³ Department of Home Affairs, *Disaster Recovery Funding Arrangements 2018*, P 21 para 4.4.2.

⁵⁴ Commonwealth of Australia, *National Disaster Risk Reduction Framework*, 2018 as referred to in the Corporate2Community Submission to Small Business Natural Disaster Preparedness and Resilience Inquiry, February 2022.

'baseline' support elements for impacted small and family businesses under different categories would be helpful.

- 6.1.8 Participants in the consultation sessions highlighted the difficulty of activating DRFA arrangements for more limited areas of natural disaster impacts. These more localised but substantial impacts in only a section of a municipality appeared difficult to recognise in an LGA-wide declaration process where a municipality-wide recognition might not be justified. Impacted property owners compared their plight with their likely eligibility had disaster impacts been more widespread across their council area.
- 6.1.9 Calls for greater clarity and certainty by participants in the consultation process also focused on the plight of self-employed businesspeople, and small and family enterprises that had not, and weren't required to register for GST under current tax laws. Accounts of being included in some and excluded in other support packages were shared.
- 6.1.10 As recognised by the Royal Commission,⁵⁵ ensuring certainty of support measures including relief funding, will allow small and family businesses and family enterprises, including sole-traders, an opportunity to better plan, be prepared, and be more resilient in the event of a natural disaster.

'The purpose of a recovery plan should be to provide immediate relief to stay afloat, retain staff, and recover the business that could take several years.'

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- 6.1.11 In any community, people need jobs, and communities need goods and services. As such, the small and family business community is crucial to the livelihood of towns. Unless a decision is made to designate some towns in Australia as areas of insurmountable risk, and therefore grandfather support measures to existing properties or focus support on relocations, the small and family businesses affected by natural disaster must be supported to build preparedness and resilience so that they can continue serving their communities.
- 6.1.12 Both the Royal Commission and Productivity Commission have emphasised the need for government funding following a disaster to be consistent and based on general policy positions.
- 6.1.13 The DRFA⁵⁶ goes some way to addressing these concerns, however there are still aspects of the DRFA that require review to build resilience in small and family businesses in the face of natural disaster. A review of the DRFA was announced in June 2020.⁵⁷

6.2 Certainty of Supports

Financial Supports

- 6.2.1 Part of the communication and preparedness around natural disasters needs to be focused on ensuring that small and family business owners are confident of the support they will receive in the event of an emergency.

⁵⁵ Report of the Royal Commission into National Natural Disaster Arrangements, October 2020, Recommendation 22.4.

⁵⁶ Department of Home Affairs, *Disaster Recovery Funding Arrangements 2018*.

⁵⁷ [Emergency management...~https://minister.homeaffairs.gov.au/davidlittleproud/Pages/Emergency-management-ministers-agree-to-review-the-National-disaster-recovery-funding-arrangements.aspx](https://minister.homeaffairs.gov.au/davidlittleproud/Pages/Emergency-management-ministers-agree-to-review-the-National-disaster-recovery-funding-arrangements.aspx)

- 6.2.2 Feedback to this Inquiry was clear that for many years, 'town' businesses in regional areas are less likely to be a primary consideration in disaster recovery support. In the eyes of the small and family business community impacted by a natural disaster, many reflected a view that support was provided to individuals, and the farming community, with town businesses expected to largely fend for themselves. Self-employed people, micro-businesses, and businesses not registered for GST reported feeling completely overlooked at times, in their consultation feedback. Increasing attention to supports that addressed the broad spectrum of small and family business in more recent disaster support packages was welcomed, with particular mention made of the prominence of small and family business support during the COVID-19 pandemic.
- 6.2.3 While town businesses have increased in their prominence in disaster recovery, feedback received strongly suggests the need to formalise greater support for small and family businesses as part of preparedness for future disasters. For example, in response to the February/March 2022 floods in northern New South Wales and south-eastern Queensland, farmers will receive grants of \$75,000 while small and family business owners will receive grants of \$50,000.⁵⁸ Consultation participants drew comparisons between the support available for farming businesses and other small and family businesses, highlighting the availability of farm household allowances as income support during farm business recovery, and what was available to small and family businesses during their recovery.
- 6.2.4 We also received significant feedback about 'designation hurdles' of DRFA Category C and D support.
- 6.2.5 For example, under DRFA Category B funding, small and family businesses may receive concessional interest rate loans or interest rate subsidies where their assets have been significantly damaged as a *direct result* of an eligible disaster. Feedback from small and family businesses and financial counselling organisations is that many small and family businesses are reluctant to take on loans following a natural disaster, particularly where the disasters occur frequently or on a seasonal basis.
- 6.2.6 Given the reluctance to take on debt, many small and family businesses, and their representative organisations express concern about the perceived 'high bar' of securing DRFA Category C funding following a natural disaster. DRFA Category C measures are '...a community recovery package that is intended to support a holistic approach to the recovery of regions, communities or sectors severely affected by an eligible disaster...'.⁵⁹
- 6.2.7 DRFA Category C measures include recovery grants for small and family businesses where the business sector is severely affected and the community risks losing essential businesses and must be approved by the Prime Minister.⁶⁰ Recovery grants under DRFA Category C are required to not exceed \$10,000 except in exceptional circumstances, in which case grants of up to \$25,000 may be granted.⁶¹
- 6.2.8 DRFA Category D measures are to be used only in extreme circumstances, such as the February/March 2022 floods in New South Wales and southern Queensland and are '...an act of relief or recovery carried out to alleviate distress or damage in circumstances which are, in the opinion of the Commonwealth, exceptional'.⁶²

⁵⁸ Media Release from Senator the Hon. Bridget McKenzie, The Hon. Scott Morrison MP, The Hon. Dominic Perrottet MP, the Hon. Paul Toole MP, and the Hon Steph Cooke MP, *New Joint Funding Program to Support Flood Victims with Accommodation and Grants*, 10 March 2022.

⁵⁹ Department of Home Affairs, *Disaster Recovery Funding Arrangements 2018*, P 21 para 4.4.2.

⁶⁰ Department of Home Affairs, *Disaster Recovery Funding Arrangements 2018*, P 22 para 4.4.4.

⁶¹ Department of Home Affairs, *Disaster Recovery Funding Arrangements 2018*, P 22 para 4.4.7.

⁶² Department of Home Affairs, *Disaster Recovery Funding Arrangements 2018*, P 22 para 4.5.2.

- 6.2.9 All DRFA funding measures must be requested by the relevant State or Territory Premier or Chief Minister, and DRFA Category C and D measures must be agreed to by the Prime Minister. This requirement for the support to be requested by the relevant Premier or Chief Minister can cause uncertainty amongst small and family business owners, many of whom are unlikely to spend much time following a natural disaster considering the level of government that will provide relief and support. It can also lead to different approaches being taken by different states, creating perceived or real differences in support, confusion and potentially placing some businesses at a competitive disadvantage based on location.⁶³
- 6.2.10 A further complication is the concept of 'localism' of disasters as discussed above. The February/March 2022 flooding in New South Wales and southern Queensland provide an example of this, with the disaster effects spreading across state borders. While both states ultimately requested and were granted DRFA Category D funding, small and family business representative organisations expressed concern about potential inconsistencies and timing differences prior to the requests being made.
- 6.2.11 As such, further consideration of localised communities rather than strict state borders would be beneficial to the preparedness and resilience activities of small and family businesses.
- 6.2.12 Further, a more robust understanding of the different categories of available support under, and application and operation of the DRFA by small and family businesses and representative organisations would be beneficial. Consideration could be given to including such information in disaster preparedness information provided by local councils.

Other Supports

- 6.2.13 As mentioned, the NRRRA has highlighted the complex network of support and service offerings, noting the range of offerings may be confusing to small and family businesses.
- 6.2.14 Supports targeted to disaster and/or COVID-19 recovery include:
- the Rural Financial Counselling Service
 - the Regional Small Business Support Program
 - the Strengthening Business Program
 - the Small Business Bushfire Counselling Support Line (now known as the Small Business Debt Helpline)
 - resources available through MoneySmart via the Australian Securities and Investments Commission
 - Rural Aid's Disaster Assistance, and Stronger Futures programs.
- 6.2.15 There are also a range of programs targeted to general resilience or readiness. In addition to the ones listed in Section 3.1 above, small and family businesses have access to:
- the Digital Readiness Assessment Tool provided through DISER to help businesses identify their digital readiness.
 - the Organisational Resilience HealthCheck provided through the Department of Home Affairs
 - NewAccess for Small Business Owners, a mental health coaching program developed by Beyond Blue

⁶³ CPA Australia, Submission to Small Business Natural Disaster Preparedness and Resilience Inquiry, February 2022; National Recovery and Resilience Agency submission to the Inquiry, February 2022.

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- Counting on U, which builds the mental health literacy of trusted advisers by expanding a free accredited professional development program that integrates mental health first aid training with a relationship-centred business mentoring approach.
- 6.2.16 There are also numerous services available in specific states and territories or local government areas that provide additional supports to small and family businesses. Organisations such as the Council of Small Business Organisations Australia (COSBOA) point to the need to centralise information about disasters, noting that during disasters there is ‘...much confusion about responsibilities due to poor communications and uncertainty in the coordination between state and federal governments’.⁶⁴
- 6.2.17 Further, it is important to recognise the high numbers of Culturally and Linguistically Diverse (CALD) business owners across the small and family business cohort, and ensure that supports targeted to natural disaster preparedness and resilience are localised, and available in accessible language.
- 6.2.18 It is little surprise that small and family business owners and stakeholders⁶⁵ report feeling overwhelmed and unsure where to turn in the event of a disaster, although some local councils are doing excellent work in bringing together relevant information for small and family businesses and community members in the wake of a disaster (see **Attachment G** for Moreton Bay Regional Council as an example). A ‘one stop shop’ of available supports would be beneficial for small and family businesses seeking to build preparedness plans and recover from natural disasters that will support future resilience.

6.3 Indirectly Affected Businesses

- 6.3.1 The confusion about available support is particularly of concern for businesses indirectly affected by natural disasters, where immediate announcements of support for affected communities and businesses may not include these businesses due to DRFA funding requirements as discussed above.
- 6.3.2 Under the DRFA, the Local Government Area (LGA) is the level of region that can be ‘activated’ for disaster, which triggers the relevant supports from government. Supports for businesses outside of ‘activated’ LGAs, and those without direct evidence of damage from natural disasters, are identified by the NRRRA as a gap in support offerings.⁶⁶
- 6.3.3 Examples of these businesses include grape producers who lost a year’s worth of produce due to smoke taint following the 2019-20 bushfires (and were eventually provided with grants for the first time under the DRFA⁶⁷), and those in severely affected communities who were outside of the ‘fire scar’ but lost produce due to emergency responders needing to acquire water supplies from their properties (and was not eligible for a recovery grant).
- 6.3.4 A further example was in the wake of the 2019-20 bushfires when small and family businesses unable to operate were ineligible for cash flow support unless their business premises were fire damaged. This did not consider the likelihood that business owners or their employees had homes damaged and were unable to open the business for a period of time, even if there had been customers in the area.

⁶⁴ Council of Small Business Organisations Australia, submission to the Inquiry, February 2022.

⁶⁵ Ibid.

⁶⁶ National Recovery and Resilience Agency submission to the Inquiry, February 2022.

⁶⁷ Ibid.

'Small businesses are highly vulnerable to direct and indirect consequences from natural and other disasters.'

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- 6.3.5 Many businesses are also indirectly affected by natural disasters due to road closures keeping customers away, or due to well-meaning donations of goods that they would otherwise sell to customers making their offerings surplus to requirements. Examples were also provided of the naming practices for fire areas often referencing nearby towns, creating the perception of business districts being closed or inaccessible, when customers were still able to safely enter and access goods and services from these towns but stayed away, impeding recovery.
- 6.3.6 While there is no substitute for customers for small and family businesses, certainty around support for indirectly impacted businesses was cited as a key issue with preparedness planning.

6.4 Moral Hazard Issues

- 6.4.1 Both the Royal Commission and Productivity Commission have been clear about the need for recovery funding not to focus on uninsured or underinsured businesses, citing concerns that providing greater levels of support to uninsured or underinsured businesses provides an incentive for business owners to not insure, or underinsure, particularly when insurance premiums are increasing. The NRRRA has echoed these views, noting that the intricacies of insurance need to be considered in any support following a disaster, so that any supports do not inadvertently disincentivise appropriate insurance.⁶⁸
- 6.4.2 Support programs, grants and assistance that act as an incentive to increase exposure to risk from natural disaster, or a disincentive to guarding against risk when one is shielded from the consequences of not taking risk protection action (e.g. insurance) is described by economists as 'moral hazard'.
- 6.4.3 The perception of unpredictability, and in some instances, inequity of support has added to a sense of moral hazard around businesses who take less time and effort to protect their own economic interests than others. For example, businesses choosing to not purchase adequate insurance where it is available, not having disaster management plans or taking mitigation action, and not preparing premises and storage areas prior to a disaster, yet still expecting and receiving public support following a natural disaster exemplify this moral hazard.
- 6.4.4 The issue of moral hazard is further complicated in states and territories where an Emergency Services Levy makes up a considerable part of a business insurance premium. In those instances, there is a sense that business owners who engage in preparedness activities by insuring their businesses are not only at risk of being afforded less support following a disaster but are required to actively contribute to the support of those business owners who choose (for whatever and often legitimate reason) not to secure adequate insurance but do expect emergency service support.
- 6.4.5 Small and family business communities across the country pointed to a need to incentivise preparedness actions where possible to ensure that every business owner, property owner, and member of the community is ensuring the best possible preparedness for themselves and their communities.

⁶⁸ National Recovery and Resilience Agency submission to the Inquiry, P6.

6.5 Increasing Disaster Regularity

- 6.5.1 While there is an apparent working assumption that natural disasters occur infrequently and allows a sufficient recovery time to ensure communities and small and family businesses can prepare and build resilience for future disasters, feedback received during the Inquiry differs to this opinion, in that natural disasters are increasing in frequency and intensity. Some small and family business communities describing a 'rolling disaster' operational environment.
- 6.5.2 The UN Intergovernmental Panel on Climate Change has recently reaffirmed its view that anthropogenic impacts on our atmosphere will add to the frequency and severity of natural disasters.⁶⁹ This adds to the perception of several small and family business owners that they have had to contend with consecutive disaster events.

'... building a new culture of everyday disaster preparedness for small businesses will educate and empower small business owners to prepare their business for future success.'

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- 6.5.3 A perception of 'rolling disasters' negatively impact a small and family businesses capacity to build preparedness and resilience, as they perceive they are simply 'holding on' between one disaster and the next. The frequency of disasters presents a problem when recovery grants are tied to a reduction in turnover year on year as small and family businesses may not be able to show the necessary reduction if they have had more than one 'bad' year or disaster impacts in succession.
- 6.5.4 Part of the feedback around increasing disaster regularity and a perception of challenges building resilience is a strong feeling amongst some businesses that they have no option but to keep trading. This is despite them being unlikely to return to profitability and are in some instances getting further into debt. Part of the 'better business practices' referred to earlier is ensuring businesses have a relationship with their trusted advisers that allows them to do a 'business health check' and decide to restructure, diversify, or in some instances, choosing to discontinue the business with dignity.
- 6.5.5 For business owners struggling following a natural disaster, either financially or mentally, there is little perceived incentive to engage in such a health check with their accountant. In fact, there is significant benefit in ensuring business owners know their numbers and are sufficiently informed to make sensible and measured decisions about the future of their business, including proceeding to a dignified closure if that is the best option.
- 6.5.6 One accountant in a disaster-prone region of Australia pointed directly to the benefits to a business owner of being able to make the decision to wind up the business before they are put into liquidation by creditors: '...for mental health the quicker we can end the process and get the business owner to move on to the next stage of their life the more chance of...not hav[ing] big mental health issues'.⁷⁰
- 6.5.7 Small and family business owners provided feedback that some months following a natural disaster, an additional grant from government could be considered with the express purpose of allowing them to seek advice from their accountant or trusted adviser to conduct a health check on their business. This would need to happen several months following the disaster, to allow business owners sufficient time to process the experience of the natural disaster and be

⁶⁹ IPCC Working Group II Report, *Climate Change 2022: Impacts, Adaptation and Vulnerability*, 27 February 2022.

⁷⁰ Email submission to the Inquiry.

able to make rational decisions. This would provide a solid basis for making decisions and planning for the future of the business.

6.6 Mental Health Impacts

- 6.6.1 Unsurprisingly, many business owners reported struggling with their mental health following a natural disaster. Small and family business owners pointed to lack of clarity and certainty around their future as a significant challenge to their ongoing mental wellbeing. Feedback was clear that small and family business owners are challenged by the movement of the locus of control away from themselves during and immediately following a disaster, and that this sense of disconnectedness can last for several months.
- 6.6.2 Business owners affected by successive natural disasters are particularly at risk. Following the February/March 2022 flooding in New South Wales and south-eastern Queensland, AusIndustry Business Insights reported concerns about mental health, linked with business viability, quoting on the ground support officers as saying, ‘...for many businesses, this may be the last blow and they are not in a financial position to recover’.⁷¹

6.7 Tell Government Once

- 6.7.1 Finally, we received consistent feedback from small and family business owners affected by disaster that governments at all levels need to work together to develop a ‘tell us once’ system so that business owners (and members of disaster-affected communities), are not required to provide the same information to multiple government organisations.
- 6.7.2 This feedback is echoed by the NRRRA, which notes ‘...in the immediate recovery stage, businesses are balancing concerns about cashflow and immediate financial viability, with concerns about clean-up, safety and the trauma of the event. In these times, multiple grant or loan applications from multiple sources that require detailed paperwork can be stressful and may require an applicant to provide the same data to multiple entities.’⁷² Additional mental health services support in the immediate aftermath of a disaster is valued and welcomed by the small business community.
- 6.7.3 The consultations highlighted a number of examples where emotional wellbeing stressors culminated many months after the event as a true picture of their business and personal circumstances materialised. While the recent decision to extend the New Access for Small Business Owners mental health coaching program can address delayed mental health concerns to a degree, longer term clinical support was called for to address delayed mental health impacts.
- 6.7.4 Participants in the consultation sessions pointed to a need to provide some specific information to support requests for assistance that was already in the hands of government and could perhaps be more conveniently brought forward by inter-agency collaboration and collation than seeking this material multiple times from a distressed business owner. My Health Record was identified by contributors as a model that could be emulated or enhanced for this purpose.
- 6.7.5 Examples of best practice service delivery were highlighted in Bega, where following the 2019-20 bushfires, the local council established a ‘business support hub’ which included a representative of each of the agencies that small and family business owners would need to engage with for support and assistance.
- 6.7.6 While this initiative was welcomed by small and family business owners, it was suggested that improvements could be made by ensuring small and family business owners only needed to

⁷¹ AusIndustry, *Industry Insights: Flood Impacts* report, 3 March 2022.

⁷² National Recovery and Resilience Agency submission to the Inquiry. P 6.

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provide their details and other information once, rather than speaking of their experience's multiple times.

- 6.7.7 A 'triage' process to competently capture, 'case manage', and guide the business owners through the available support and assistance, would help to ensure that no opportunity is missed to engage with available recovery resources.
- 6.7.8 Currently, the NRRRA's RSOs support the roll out of grants and loans. They help people affected by disaster navigate the range of services provided by the Australian, state and territory, and local governments, as well as private and not-for-profit organisations, based on local knowledge of services available and eligibility requirements.⁷³ This is a complicated process requiring specialist in-depth knowledge, and could be simplified.
- 6.7.9 Contributors to the Inquiry referred to how important it was for initial support and financial assistance to be made available in the early aftermath of a disaster event.
- 6.7.10 The BCA-led BizRebuild initiative and initial grant process was commended for its timeliness, simplicity, and 'self-assessment' ethos, and was held out as a model welcomed by benefiting self-employed small and family businesses. It was acknowledged that a more rigorous process accompanied more substantial assistance accessed through the BizRebuild program.
- 6.7.11 Policy makers, and in particular Small Business Commissioners contributing to the design of support programs, highlighted the inherent tensions between the speed at which financial support could be delivered with the precision of its targeting and governance around the program assurance and recipient eligibility. Data exchanges have been a vital ingredient in enabling the delivery of timely support but as media reports have highlighted, not every taxpayer dollar has landed where it was intended and deserving businesses have missed out on receiving timely support in some case due to shortcomings in the available data sets.
- 6.7.12 The thoughtful use of ATO data and Single Touch Payroll information provided a dependable picture of business activity, business scale, workforce composition and employment dependencies when utilised to support pandemic-related business support in accordance with program designs. Innovative approaches have also been evident in the way state-based services and revenue agencies have deployed available support. These innovations have in some cases have been impeded by limitations in the currency, scope and usefulness of business-related information, often held across a number of agencies and collected in support of other policy objectives.
- 6.7.13 There is enormous scope to enhance data quality, further develop data use and sharing and build upon current initiatives to produce a more real-time, richer, relevant and useable business identification and insights suite to support small and family business disaster preparedness and response programs.
- 6.7.14 As part of the Australian Government's Modernising Business Registers (MBR) program, new Australian Business Registry Services are being established to streamline how businesses register, view and maintain business information with government. The MBR Program will unify the Australian Business Register (ABR) and 31 business registries administered by the Australian Securities and Investment Commission (ASIC) onto a single platform.
- 6.7.15 Small and family business stakeholders are keen to see the transition to the new single platform support a more useful picture of business where enterprises doing more than what can be captured by a single business industry code (BIC) derived from the Australian and New Zealand Standard Industrial Classification (ANZSIC) Code. Various business components and

⁷³ Ibid.

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operational locations can be recognised, and the dynamic nature of business can be accommodated, to give a much truer picture.

- 6.7.16 Applied alongside Business Activity Statements, Single Touch Payroll information, Income Tax reporting, state-based licencing information and even potentially contemporary accounting software and payments information, this modernised approach to business registration can vastly improve the targeting and timely delivery of financial assistance and support services to impacted businesses after a disaster. Financial impact methodologies to identify business most harmed directly and indirectly by a disaster event will also benefit from this kind of 'enhanced data' approach.
- 6.7.17 Harnessing the available government data, statutory reporting returns, and potentially privately held data can vastly improve the targeting, governance, accountabilities and public confidence in grants program design, efficiency and effectiveness.



7. Australian Government Preparedness Initiatives

7.1 Overview

7.1.1 Several Australian Government agencies are involved in supporting small and family businesses following a natural disaster, and many of these agencies also deliver programs that contribute to preparedness and building resilience. Given the remit of this Inquiry, the significant supports offered following a natural disaster will not be extensively canvassed in this report.

7.2 National Recovery and Resilience Agency (NRRRA)

7.2.1 The NRRRA was established on 5 May 2021 following the Royal Commission into National Natural Disaster Arrangements. The NRRRA is a leading reform and national leadership and strategic coordination in disaster recovery, resilience and risk reduction informed by a locally led approach that assists individuals, businesses and communities to recover from disasters and be better prepared in the future.⁷⁴

7.2.2 The NRRRA is responsible for several policies and programs including the Preparing Australia Program, Disaster Recovery Funding Arrangements, The Rural Financial Counselling Service (RFCS), the National Disaster Risk Reduction Framework, recovery from the 2019-20 Black Summer Bushfires and the 2019 North Queensland Monsoon Trough, and delivery of a range of recommendations from the Royal Commission.⁷⁵

7.2.3 The NRRRA works with policy delivery departments, including the Treasury for small and family business policy and the Department of Industry, Science, Energy and Resources (DISER) for industry policy and program delivery, to ensure disaster recovery and resilience is considered when delivering small and family business initiatives.

7.2.4 The NRRRA notes recommendation 10.1 from the Royal Commission, which stated that state and territory governments should continue to deliver, evaluate and improve education and engagement programs aimed at promoting disaster resilience for individuals and communities, advising that they have limited visibility of state and territory investment in small and family business recovery and resilience beyond the activities co-funded under the DRFA.⁷⁶

7.2.5 The NRRRA has a network of Recovery Support Officers (RSOs) to help drive recovery and resilience in communities affected by disaster or drought. RSOs work with all levels of government, industry, charities and other organisations to help individuals and small and family businesses connect with the right support, provide information, referrals and engage to gather front-line information, and represent the NRRRA at community forums and events, either individually or as part of a small team.

7.2.6 Consultation sessions revealed that the presence of RSOs assigned to nominated regions was valued. Indeed, in some of the more challenging consultations, the attendance of the RSOs was a reassuring presence for attendees. The fact that RSOs are engaged on an ongoing basis provided significant comfort to attendees.

7.2.7 In addition to recovery grants, the NRRRA oversees a range of programs aimed at building preparedness and resilience in businesses, including two financial counselling programs: the RFCS and the Regional Small Business Support Program (RSBSP). These programs ensure wrap-around services are embedded in communities across the country to provide support for eligible businesses to make changes to, and build resilience within, their financial situation.⁷⁷

⁷⁴ National Recovery and Resilience Agency submission to the Inquiry.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

‘Small business support needs to focus on working with business owners ahead of a disaster; driving investment in risk reduction and preparedness, particularly in the face of more frequent and intense natural disasters.’

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Rural Financial Counselling Service (RFCS)

- 7.2.8 The RFCS provides free financial counselling to a range of farmers, fishers, foresters, and small related enterprises experiencing, or at risk of, financial hardship.⁷⁸ The RFCS has a contingency reserve built in to provide surge support in the event of a disaster.
- 7.2.9 The RFCS network is embedded in rural communities and complements supports offered by the Farm Household Allowance. Rural Financial Counsellors are promoted through the RSO network.
- 7.2.10 The RFCS is currently funded to 30 June 2024, provides more than 100 financial counsellors and supported more than 15,000 clients between April 2016 and December 2021. In some cases, state governments have chosen to collaborate with the RFCS to provide a more enhanced rural industry business coaching and development service, for example Rural Business Tasmania.

Regional Small Business Support Program (RSBSP)

- 7.2.11 The RSBSP provides free financial counselling services to small regional businesses impacted by drought, the 2019-20 bushfires, or COVID-19.⁷⁹
- 7.2.12 The program is run through existing RFCS providers and due to cease 31 December 2022. There was considerable support for extending this program and revising its focus to be more forward looking and proactive rather than primarily focused on post-disaster support.

7.3 Department of Industry, Science, Energy and Resources (DISER)

- 7.3.1 The DISER offers a range of programs directed at strengthening and supporting small and family businesses. The Entrepreneurs Programme provides expert advice and financial support through grants to help businesses progress their goals and offers the ‘Strengthening Business’ service which connects businesses in local government areas affected by the 2019-20 bushfires with experts to help make the businesses stronger, more resilient, and better prepared for the future.⁸⁰
- 7.3.2 AusIndustry also have a network of regional managers who are active in promoting the array of ongoing departmental programs from across the Commonwealth including the Digital Solutions – ASBAS program and other supports for digitisation, cyber security, business planning, and skills/workforce development. They also work with local councils to ensure local knowledge and experiences are reported back to the Australian Government.

7.4 Australian Securities and Investments Commission (ASIC)

- 7.4.1 The ASIC, Australia’s corporate, markets and financial services regulator, offers a range of services to help small and family business preparedness for, and resilience to, challenges facing businesses including natural disasters. They provide information and guidance on starting, running, and closing a business, many of which can set in place ‘better business practices’ and build resilient businesses.
- 7.4.2 ASIC runs the MoneySmart website, a one-stop-shop to help consumers and business owners better consider financial decisions. MoneySmart has a range of information that could be useful

⁷⁸ [Rural Financial Coun...~https://recovery.gov.au/programs/rural-financial-counselling/RFCS](https://recovery.gov.au/programs/rural-financial-counselling/RFCS)

⁷⁹ [Regional Small Business Support Program | National Recovery and Resilience Agency](#)

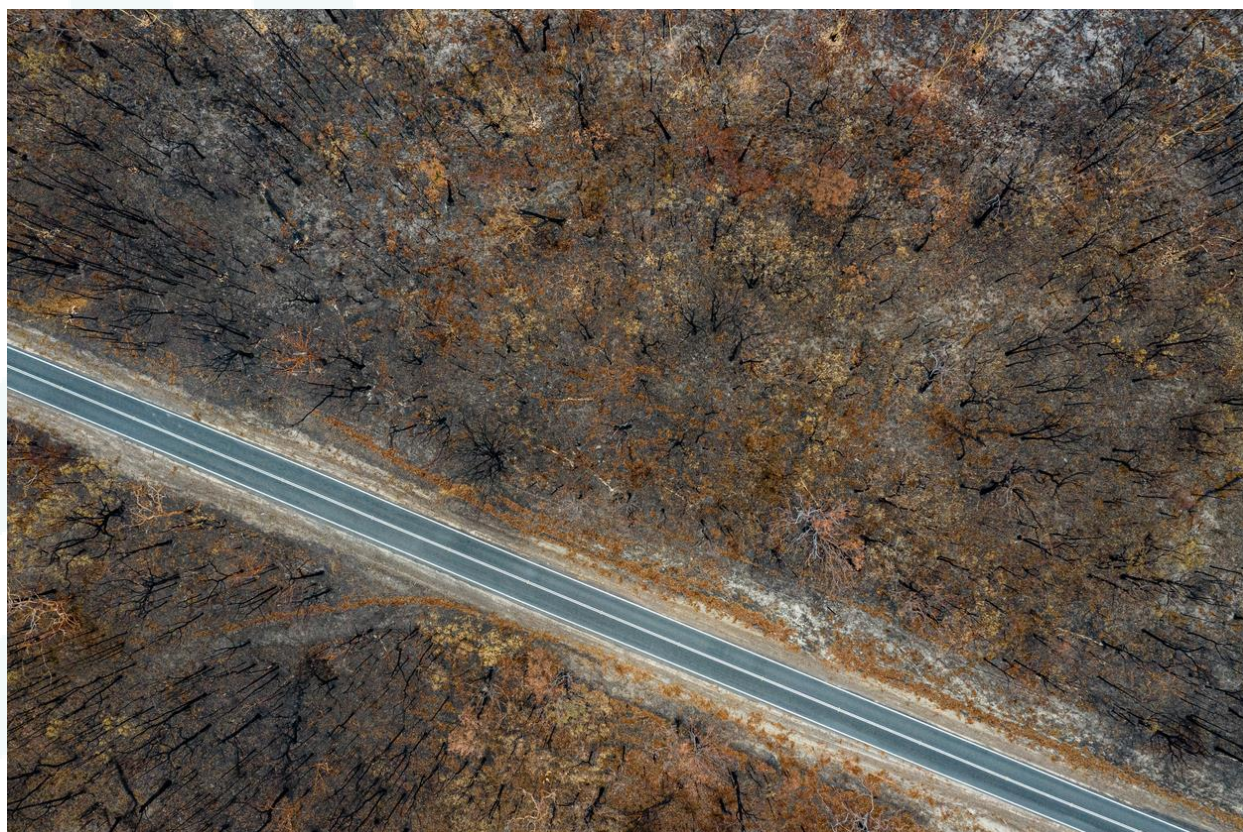
⁸⁰ [Strengthening Busine...~https://business.gov.au/grants-and-programs/strengthening-business](https://business.gov.au/grants-and-programs/strengthening-business)

to small and family business owners in preparation for natural disasters, including details about insurance, what to do following a natural disaster, and links to free financial, legal and personal support.

- 7.4.3 MoneySmart partners with well-known financial literacy promoters such as Scott Pape, the Barefoot Investor, and Fiona Guthrie, CEO Financial Counselling Australia.
- 7.4.4 ASIC also works with the NRRRA on community outreach and their Small Business Engagement and Compliance team attends a variety of in-person events across the country, providing opportunities for ASIC to understand and better address the challenges, concerns, and ambitions of small and family businesses.

7.5 The Australian Taxation Office (ATO)

- 7.5.1 The ATO allocates significant resources to help small and family businesses operators develop core capabilities and 'better business practices'. The ATO offers a range of education, assistance, support services and webinars to help small and family business owners develop or improve these capabilities.⁸¹
- 7.5.2 These resources reinforce the importance of attributes the ATO observes in resilient businesses, including good record keeping practices, effective use of technology, and ongoing engagement with a tax professional. The ATO has also developed the Cash Flow Coaching Kit, designed to help small and family businesses build their cash flow capability.



⁸¹ [Small business webinar...~https://www.ato.gov.au/Business/Starting-your-own-business/Small-business-webinars-and-workshops/Small-business-webinars/](https://www.ato.gov.au/Business/Starting-your-own-business/Small-business-webinars-and-workshops/Small-business-webinars/)

8. International Best Practice

8.1 Overview

- 8.1.1 Given the fractured nature of disaster response in many countries (due to various federated systems and different responsibilities amongst national and sub-national governments), it is difficult to capture the entirety of the international literature on small and family business disaster resilience.
- 8.1.2 The following international jurisdictions have been selected due to similarities with either Australia's disaster history (i.e., bushfires, major storm cells and floods rather than blizzards) or Australia's governance structures (i.e., likely to share characteristics with the capabilities and capacity of the Australian Government).

8.2 International Organisations

- 8.2.1 The United Nation's (UN) *Sendai Framework for Disaster Risk Reduction 2015 – 2030* (Sendai Framework) represents an international consensus on the work of nation states and their domestic stakeholders on a global shift from disaster management to disaster risk management. While its relevance to small and family business is limited, there are several points worthy of consideration.
- 8.2.2 The Sendai Framework proposes that national institutions, such as large corporations, professional associations, financial institutions, regulators and philanthropic foundations have a critical role in integrating disaster risk management and preparedness, including business continuity support for micro, small and medium sized enterprises.⁸²
- 8.2.3 Supporting business planning and continuity should be done by:
- engaging in awareness raising and training
 - engaging in and supporting research and innovation, and technological development for disaster risk management
 - sharing and disseminating knowledge, practices and non-sensitive data
 - actively participating, as appropriate and under the guidance of the public sector, in the development of normative frameworks and technical standards that incorporate disaster risk management.⁸³
- 8.2.4 The Sendai Framework has already influenced Australia's own domestic policy, with the National Disaster Risk Reduction Framework's '...vision, goals and priorities broadly aligned to the Sendai Framework.'⁸⁴
- 8.2.5 One of the operational frameworks of the Sendai Framework at the local level is the United Nations Office of Disaster Risk Reduction's *Ten Essentials for Making Cities Resilient*.⁸⁵ These 10 essentials encourage place-based recognition of important system interdependencies in building resilience.
- 8.2.6 The areas the framework highlights as essential are organisation; scenario planning; financial capacity; urban development and design; enhancing ecosystems; institutional capacity; societal capacity; infrastructure; disaster response and recovery.⁸⁶

⁸² United Nations. 2015. *Sendai Framework for Disaster Risk Reduction 2015-2030*. Page 22.

⁸³ Ibid.

⁸⁴ Department of Home Affairs. 2018. National Disaster Risk Reduction Framework. Page 6.

⁸⁵ <https://mcr2030.undrr.org/ten-essentials-making-cities-resilient> (accessed 16 February 2022).

⁸⁶ Property Council of Australia. 2020. Submission to the Royal Commission into National Natural Disaster Arrangements. Page 6.

- 8.2.7 These can be used as a guide for local areas to lead their own resilience building in cooperation with larger, more well-resourced stakeholders, such as the Australian Government.
- 8.2.8 Further, the UN argues that traditional media should take an active and inclusive role at the local and national levels in contributing to raising public awareness and understanding and dissemination of accurate and non-sensitive disaster information, in a simple, transparent, easy-to-understand and accessible manner, and in cooperation with national authorities.
- 8.2.9 The UN suggests that media organisations should adopt specific disaster risk reduction communications policies; support (as appropriate) early warning systems and life-saving protective measures; and stimulate a culture of prevention and strong community involvement in sustained public education campaigns and public consultations at all levels of society, in accordance with national practices.⁸⁷
- 8.2.10 The Australian media, in particular the Australian Broadcasting Corporation already contributes to a national culture of disaster preparedness, albeit primarily aimed at individuals and households rather than small and family businesses.⁸⁸ There may be scope for the Australian Government to work with other Australian media organisations, particularly those with large small and family business operator readerships, to increase amplify messaging around increasing disaster resilience.
- 8.2.11 The Organisation for Economic Co-operation and Development's (OECD) 2020, *Common Ground Between the Paris Agreement and the Sendai Framework: Climate Change Adaptation and Disaster Risk Reduction*, called for policy makers to aid disaster risk reduction and climate change adaptation by:
- ensuring policy and governance leadership stems from a recognised coordinating entity
 - closing the gap in data and information on assessing climate and disaster hazards to better understand associated risks, and matching this by efforts to strengthen the capacity of stakeholders (including the private sector) to use that data effectively in decision-making processes
 - clearly allocating roles and responsibilities between institutional bodies with a mandate to co-ordinate and those with a mandate to implement and fund disaster risk reduction and climate change adaptation
 - piloting different financing instruments to respond to the impacts of climate-related disasters. These pilots should each contain clear exit and replication or scale-up plans to allow relevant stakeholders to build on examples of good practice.⁸⁹
- 8.2.12 While these positions were informed by the experiences of Ghana, Peru and the Philippines and not specifically related to building the disaster resilience of small and family businesses, they can inform Australia's small and family business resilience policy and offer good lessons for policy makers.
- 8.2.13 Separately, the OECD has suggested that fiscal incentives to resilient small and family business enterprises could '...help spread good practices and standards.'⁹⁰ The OECD has also published

⁸⁷ United Nations. 2015. *Sendai Framework for Disaster Risk Reduction 2015-2030*. Page 23.

⁸⁸ <https://www.abc.net.au/emergency/> (accessed 3 Feb 2022).

⁸⁹ Organisation for Economic Co-operation and Development. 2020. *Common Ground Between the Paris Agreement and the Sendai Framework: Climate Change Adaptation and Disaster Risk Reduction*. Pages 11-12.

⁹⁰ Organisation for Economic Co-operation and Development. 2021. *Lessons on engaging with the private sector to strengthen climate resilience in the Philippines*. Page 33.

research on international practices in using economic instruments to support managing and mitigating the impacts of climate change.⁹¹

- 8.2.14 Both the UN and OECD have published works on the leveraging of sub-national governments, particularly city administrations and local government, to build resilience in their communities using scorecard systems,⁹² although how these scorecards would assist small and family businesses in the absence of creating further regulation is not clear.
- 8.2.15 The OECD suggests 'budget tagging' as a method of incentivising policy makers across multiple levels of government to incorporate resilience considerations into their decisions, and to also find 'areas of synergies and gaps to fill' in small business resilience spending.⁹³
- 8.2.16 The recently released UN conference on trade and development paper examining the impact of COVID on micro, small, and medium sized enterprises (MSMEs), highlights how disasters can trigger changes in market composition and produce competition-related challenges, especially impacting on smaller enterprises.⁹⁴ The paper highlights how the eventual recovery of economies requires the restoration of market access and competition policy influences to ensure MSMEs can again retain or gain access to markets and consumers.

8.3 New Zealand

- 8.3.1 The National Emergency Management Agency (NEMA) is the New Zealand Government lead for emergency management. They work to build a safe and resilient country by empowering communities before, during and after emergencies.⁹⁵
- 8.3.2 NEMA was established as part of a governmental response to a Ministerial review into better responses to natural disasters and other emergencies, commissioned after the November 2016 earthquake and tsunami and the 2017 Port Hills fire.
- 8.3.3 NEMA runs a 'Get Ready' website which houses resources and recommendations for people living and working in New Zealand for how to prepare for a natural disaster.⁹⁶ The website contains specific resources aimed at getting a household ready, getting a workplace ready, and getting a school ready for the various types of natural disasters that may affect the New Zealand community including earthquakes, floods, landslides, storms, tsunami, and volcanic activity.
- 8.3.4 The 'Get Your Work Ready' section of the website provides business owners with a range of supports to help develop an emergency plan for the business, including highlighting how to look after employees with additional needs, different types of emergency plans that may be necessary, and the importance of being able to contact employees, suppliers, clients, and insurance providers.

⁹¹ OECD, *Responding to Rising Seas OECD Country Approaches to Tackling Coastal Risks*, OECD Publishing, Paris, 2019.

⁹² UN Office for Disaster Risk Reduction. 2017. *Disaster Resilience Scorecard for Cities*; and Organisation Economic Co-operation and Development. 2021. *Lessons on engaging with the private sector to strengthen climate resilience in the Philippines*. Page 34.

⁹³ Organisation for Economic Co-operation and Development. 2021. *Strengthening Climate Resilience: Guidance for Governments and Developing Co-operation*. Table 3.17; and Organisation for Economic Co-operation and Development. 2021. *Lessons on engaging with the private sector to strengthen climate resilience in the Philippines*. Page 40.

⁹⁴ Schaper, M and Burgess, R, *The COVID-19 Pandemic Impact on micro, small, and medium sized enterprises: market access challenges and competition policy*, United Nations, 2022.

⁹⁵ [Home » National Emergency Management Agency \(civildefence.govt.nz\)](https://civildefence.govt.nz/)

⁹⁶ [Home — Get Ready — E...~https://getready.govt.nz/](https://getready.govt.nz/)

- 8.3.5 The importance of a duty to care for employees at all times, and particularly in the event of an emergency, is heavily canvassed, with specific resource guides about how to create resilience through employees provided by Resilient Organisations.⁹⁷
- 8.3.6 Business.govt.nz is a 'one stop shop' website designed to make it easier for small businesses in New Zealand to understand and comply with government requirements by packaging content and advice from across government into tools and resources designed specifically for small businesses.⁹⁸
- 8.3.7 Business.govt.nz hosts a section on emergency planning, noting the importance of being adequately prepared for an emergency or disaster as part of a business owner's health and safety obligations. While the website acknowledges that no business owner can plan for every type of emergency, it provides tips on the most commonly experienced emergencies in New Zealand, as well as suggestions for how they might be ameliorated.
- 8.3.8 Importantly, Business.govt.nz also provides case studies of business owners working with their employees to develop and implement emergency management plans, providing 'pathfinders' for small businesses looking for assistance.
- 8.3.9 Business.govt.nz provides a range of links to useful resources hosted by other specialist organisations, such as advice on creating an escape plan from Fire and Emergency New Zealand, links to local civil defence groups through Civil Defence, and a range of resources from Resilient Organisations.
- 8.3.10 The information on the website is peppered with quick facts, and easy to implement tips, as seen below:



A business continuity plan (BCP) is your post-emergency blueprint.

It covers how to keep your business running after an emergency.

[Continuity and contingency planning](#)



To make plans that work, get staff input and hold regular drills.

- 8.3.11 Many of the resources available are delivered by Resilient Organisations⁹⁹, which provides pithy and accessible guides such as the *Shut Happens: Resilience for small business* downloadable preparedness guide. The guide is short (nine pages in total) and includes a quick checklist with background information, then a detailed action checklist for business owners that want to develop a preparedness plan. It also provides a range of additional information resources around crisis management and business continuity planning, backing up data, and leadership.¹⁰⁰

⁹⁷ [GUIDE: Staffed or st...~https://www.resorgs.org.nz/publications/staffed-or-stuffed-creating-resilience-through-your-people/](https://www.resorgs.org.nz/publications/staffed-or-stuffed-creating-resilience-through-your-people/)

⁹⁸ [About us — business...~https://www.business.govt.nz/about-us/](https://www.business.govt.nz/about-us/)

⁹⁹ [About us : Resilient...~https://www.resorgs.org.nz/about-resorgs/](https://www.resorgs.org.nz/about-resorgs/)

¹⁰⁰ [Shut Happens \(resorgs.org.nz\)](https://www.resorgs.org.nz/shut-happens/)

8.4 United States of America

United States Federal Government

- 8.4.1 Created in 1953, the U.S. Small Business Administration (SBA) helps small and family business owners and entrepreneurs pursue the 'American dream'. SBA is the only cabinet-level federal agency fully dedicated to small and family businesses and provides counselling, capital, and contracting expertise as the nation's only go-to resource and voice for small businesses.¹⁰¹
- 8.4.2 Resources provided by the SBA include a *Prepare For Emergencies* page which curates several disaster event specific checklists and safety tips for small and family business operators to design a disaster response plan.¹⁰²
- 8.4.3 The SBA also offers financial assistance for small and family businesses affected by disaster. Where a small and family business or its owner suffers economic or physical damage from a disaster, there are several low-interest, long-term loans that can be applied for at the SBA.¹⁰³ These are:
- Home and Personal Property Loan
 - Business Physical Disaster Loans
 - Mitigation Assistance¹⁰⁴
 - Economic Injury Disaster Loans
 - Military Reservists Economic Injury Loans.
- 8.4.4 The SBA also partners with individual states and local organisations, such as community colleges or university to across the United States to fund Small Business Development Centres (SBDC). Each SBDC is relevant to its local area, with many providing disaster resilience support. For example, the Louisiana Small Business Development Centre network (SBDC Louisiana) is hosted by Louisiana Delta Community College and funded in part through a cooperative agreement with the U.S. Small Business Administration, Louisiana Economic Development and participating universities and community colleges.¹⁰⁵
- 8.4.5 SBDC Louisiana's website links to a *Gameplan* for businesses in disaster situations which is hosted by the Louisiana Governor's Office of Homeland Security and Emergency Preparedness and seemingly based on documents from *Ready Business* (see below). The SBDC also provides online and in-person business workshops on disaster preparedness, tips, and resources.¹⁰⁶
- 8.4.6 In addition to the SBA, the Department of Homeland Security (USA) hosts the website [ready.gov](https://www.ready.gov). Under the tab *Ready Business*, the site contains a multitude of *Ready Business Toolkits*.¹⁰⁷ The toolkits are hazard-specific, step-by-step guides for business leaders to build resilience within their organisation.
- 8.4.7 These toolkits are well developed and presented documents that when filled out, help a business operator consider what assets need to be protected in the event of a specific disaster event and practical steps to help protect those assets. The website also links to Spanish language versions of each toolkit.

¹⁰¹ <https://www.sba.gov/about-sba> (accessed 31 Jan 2022).

¹⁰² <https://www.sba.gov/business-guide/manage-your-business/prepare-emergencies> (accessed 31 Jan 2022).

¹⁰³ <https://disasterloanassistance.sba.gov/ela/s/>; and <https://www.sba.gov/funding-programs/disaster-assistance/mitigation-assistance> (accessed 31 Jan 2022).

¹⁰⁴ <https://www.sba.gov/funding-programs/disaster-assistance/mitigation-assistance> (accessed 31 Jan 2022).

¹⁰⁵ <https://www.louisianasbdc.org/resources/disaster-preparedness> (accessed 1 Feb 2022).

¹⁰⁶ Ibid.

¹⁰⁷ <https://www.ready.gov/business> (accessed 28 Jan 2022).

- 8.4.8 *Ready Business* also provides a page ([ready.gov](https://www.ready.gov)) of scalable and practical actions for leaders in the business community to build disaster resilience in their businesses and communities and links to external tools to assist.¹⁰⁸ This page and the *Ready Business Toolkits* are completed by the *Program Administration and Implementation* page which provides short suggestions for creating frameworks around which to build a business-specific disaster response plan.¹⁰⁹ Topics covered include budget, administration procedures, record management, business continuity plans, training and emergency response plans and is supported with further resources.
- 8.4.9 Many of the [ready.gov](https://www.ready.gov) pages contain links to external resources that can further help small and family business owners, including the *Risk Mitigation* page which has links to standards, guidance and fact sheets maintained by other reputable sources, including the National Institute of Standards and Technology, U.S. Centres for Disease Control and Prevention, Federal Emergency Management Agency (FEMA) and the National Fire Protection Association.¹¹⁰
- 8.4.10 A learning for Australian policy makers is that the simple presence of these resources is no guarantee that they will be embraced and applied by small and family businesses. Specific states and counties have complemented national resources with more localised implementation support.

California

- 8.4.11 The California Office of the Small Business Advocate's (CalOSBA) website hosts several resources for Californian small and family businesses in relation to disaster preparedness and resilience.¹¹¹
- 8.4.12 Included in these resources is the *Disaster Relief Resource Guide* page which provides relevant updates from the State Governor's Office, including declarations of states of emergency and the securing of federal financial assistance. The rest of the page is devoted to the collation of available assistance from both state and federal sources, including hyperlinks to take small and family businesses to the correct webpage.¹¹²
- 8.4.13 The information contained on the *Disaster Relief Resource Guide* page goes beyond capital assistance and tax and fee relief. It links to other useful pages, for example, the state's Department of Consumer Affairs – Contractors State License Board, to file a complaint against a contractor, the CA Employment Development Department to assist with job seeking and provide employer support services.
- 8.4.14 CalOSBA also provides small and family business owners access to its network of Local Technical Assistance Centres, which provides businesses with access to free one-on-one consulting and no, or low-cost training to strengthen operations and build resiliency among others.¹¹³
- 8.4.15 The *Disaster Relief Resource Guide* page also contains links to relevant US Federal Government agencies under the heading *Cybersecurity for Business*.
- 8.4.16 In preparing small and family businesses for disaster, CalOSBA' links to *Outsmart Disaster*. *Outsmart Disaster* '...seeks to equip California businesses and non-profits with the resources they need to prepare and recover from all types of disaster.'¹¹⁴ *Outsmart Disaster* collates, and hosts documents for small and family businesses to download and fill out to assess and

¹⁰⁸ <https://www.ready.gov/business-leaders> (accessed 31 Jan 2022).

¹⁰⁹ <https://www.ready.gov/program-administration>; and <https://www.ready.gov/implementation> (accessed 31 Jan 2022).

¹¹⁰ <https://www.ready.gov/risk-mitigation> (accessed 31 Jan 2022).

¹¹¹ <https://calosba.ca.gov/business-learning-center/manage/disaster-preparedness-and-resiliency/> (accessed 28 Jan 2022).

¹¹² <https://calosba.ca.gov/business-learning-center/manage/disaster-preparedness-and-resiliency/disaster-relief-resource-guide/> (accessed 28 Jan 2022).

¹¹³ <https://centers.calosba.ca.gov/> (accessed 28 Jan 2022).

¹¹⁴ <https://outsmartdisaster.com/> (accessed 28 Jan 2022).

manage their own disaster readiness. These documents include an *Insurance Coverage Discussion Form* and *Emergency Response Plan*, both prepared by FEMA, as well as a *Stay Open for Business* continuity plan by the Insurance Institute for Business & Home Safety, among others.¹¹⁵

- 8.4.17 *Outsmart Disaster* also hosts a Resilient Business Challenge (the Challenge). ‘The Resilient Business Challenge is a virtual, self-guided process composed of five steps. Each step covers a different topic and includes assessments, materials, training, and processes to help your business become more resilient.’¹¹⁶
- 8.4.18 The first step provides a series of form templates that a small and family business operator can fill out to help them better consider their risks and help mitigate them, including a *Disaster Risk Assessment*, *Inventory List* and *Business Continuity Plan*.
- 8.4.19 The Challenge’s second step provides resources for small and family business operators to support key stakeholders. The focus is protecting the small and family businesses access to the required supply chain and to train and care for employees in case of a disaster.¹¹⁷
- 8.4.20 The third step in the Challenge is helping small and family business operators to ‘secure and protect’ their facilities and data. This includes physical property as well as cybersecurity.
- 8.4.21 Step four in the Challenge is titled ‘Adapt and Recover’, providing small and family businesses operators with resources to help them assess their insurance coverage and understand their finances.
- 8.4.22 The final step in the Challenge reminds small and family business owners to establish a process ‘...to continually re-assess risk at regular, predetermined intervals and trigger points’.
- 8.4.23 The *Outsmart Disaster* website also hosts a webpage of ‘Resiliency Resources’ for businesses that are looking to be proactive about disaster resilience but do not have the time to commit to the Challenge.¹¹⁸ These resources are downloadable templates and self-assessment forms published by trusted organisations including the American Red Cross, FEMA, the Insurance Institute for Business & Home Safety and the California Governor’s Office of Emergency Services.
- 8.4.24 Beyond these tools, the CalOSBA website collates specific preparedness resources from the Small Business Administration (USA) and United States Department of Homeland Security on wildfires, earthquakes, floods and cyber-attacks, including malware, hacking and phishing.¹¹⁹
- 8.4.25 The policy lesson seems to be that proactive engagement with small and family businesses supported by actionable information can see business owners prioritise disaster preparedness and resilience programs and thinking.

Louisiana

- 8.4.26 In the wake of Hurricane Katrina, New Orleans became the first city in the world to produce and release a comprehensive city resilience strategy, employing a Chief Resilience Officer who is empowered to make the city disaster resilient.
- 8.4.27 In 2015, the then Chief Resilience Officer and City of New Orleans put out the *Resilient New Orleans: Strategic actions to shape our future city* (Resilient New Orleans). Resilient New Orleans

¹¹⁵ <https://outsmartdisaster.com/for-businesses/resiliency-toolkit/> (accessed 28 Jan 2022).

¹¹⁶ <https://outsmartdisaster.com/for-businesses/resilient-business-challenge/> (accessed 28 Jan 2022).

¹¹⁷ https://outsmartdisaster.com/for-businesses/resilient-business-challenge/the-challenge/#gf_19 (accessed 31 Jan 2022).

¹¹⁸ <https://outsmartdisaster.com/for-businesses/resiliency-toolkit/> (accessed 2 Feb 2022).

¹¹⁹ <https://calosba.ca.gov/business-learning-center/manage/disaster-preparedness-and-resiliency/> (accessed 28 Jan 2022).

committed the city and its partners to bring technical assistance to small and family businesses and help them develop disaster preparedness strategies.¹²⁰

8.4.28 From this, the City of New Orleans' Office of Resilience & Sustainability seems to have turned its focus away from providing resilience-specific aid on an individual business level, to creating more resilient districts for businesses and communities to operate in. This is evidenced by the lack of disaster resources for individual businesses.¹²¹

8.4.29 Following the release of Resilient New Orleans, a United Nations sponsored survey of New Orleans small businesses found that overall, disaster preparedness remained low, and it is difficult to assess the more recent success of the City of New Orleans and SBDC Louisiana in addressing this issue.¹²² The report, in which those survey results were delivered made several recommendations that either businesses or the City could make to improve resilience.

8.4.30 Actions for individual businesses included:

- developing a better understanding of the disaster risk and vulnerabilities for their specific location
- ensuring the businesses have written emergency and evacuation plans
- backing-up electronic data
- connecting with a support network.

8.4.31 Actions for the City included:

- developing and distributing emergency resource materials, including an emergency plan template
- establishing and publicising training and awareness building programs
- providing resilience information to all new businesses
- establishing a program in which prepared businesses could train businesses that are less prepared on basic disaster preparedness steps to take
- establishing a no or low-interest loan or grant program that businesses can use to improve their resilience.

8.4.32 The New Orleans experience and the insights gained by the UN survey reinforce the point that ongoing engagement with the small and family business community, development and distribution of useable information, and support for businesses to apply these resources and implement resilience measures, is necessary.

8.5 Canada

8.5.1 The Government of Canada delivers several disaster programs with relevance to small and family business preparedness and resilience. The following policies reflect Canada's devolved government structure which is like Australia's own Commonwealth, state and territories framework and relationships.

8.5.2 Like Australia's *Australian Government-State Disaster Recovery Funding Arrangement 2018*, the Government of Canada provides '...financial assistance to provincial and territorial governments through the Disaster Financial Assistance Arrangements (DFAA).¹²³ Under the

¹²⁰ City of New Orleans. 2015. *Resilient New Orleans: Strategic actions to shape our future city*. Page 80.

¹²¹ <https://nola.gov/resilience-sustainability/> (accessed 1 Feb 2022).

¹²² AECOM (for the United Nations). 2016. *Disaster Resilience of Small to Mid-Size Businesses on New Orleans Historic Corridors*. Page 27.

¹²³ <https://www.disasterassist.gov.au/disaster-arrangements/disaster-recovery-funding-arrangements>; and <https://www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/rcvr-dsstrs/dsstr-fnncl-ssstnc-rrngmnts/index-en.aspx> (accessed 1 Feb 2022).

DFAA, in the wake of a large-scale natural disaster the Government of Canada provides financial assistance to provincial and territorial governments. When response and recovery costs exceed what individual provinces or territories could reasonably be expected to bear on their own, the DFAA provide the Government of Canada with a fair and equitable means of assisting provincial and territorial governments.

- 8.5.3 Under the DFAA, the provincial or territorial governments design, develop and deliver disaster financial assistance, deciding the amounts and types of assistance that will be provided to those that have experienced losses. The DFAA set out what costs will be eligible for cost-sharing with the federal government. Importantly, eligible expenditure includes restoring public infrastructure to pre-disaster condition and replacing or repairing basic, essential property of small and family business and farmsteads.¹²⁴
- 8.5.4 Since the inception of the program in 1970, the Government of Canada has paid out more than \$5 billion in post-disaster assistance to help provinces and territories with the costs of response and of returning infrastructure and personal property to pre-disaster condition.
- 8.5.5 Analysis of the DFAA program has suggested that the thresholds for federal assistance to the provinces and territories was held constant for a significant period up until 2015, adding to the risk of moral hazard for the provinces by increasing focus on disaster response over resilience promotion. 'The financial incentive for the provinces to mitigate or adapt was relatively weak and constantly getting weaker. This effect was transmitted to municipal governments as well since they were assisted with their disaster costs by the provinces.'¹²⁵
- 8.5.6 This analysis is supported by the UN. The UN's Sendai Framework lists as one of its guiding principles addressing underlying disaster risk factors is more cost-effective than primary reliance on post-disaster response and recovery.¹²⁶
- 8.5.7 Further to the DFAA, the Government of Canada has established the National Disaster Mitigation Program (NDMP), for which provincial and territorial governments are the eligible recipients through a competitive, merit-based process using objective and measurable criteria. Under the program, provincial and territorial authorities can '...collaborate with, and redistribute funding to eligible entities, such as municipal or other local governments, public sector bodies, private sector bodies, band councils, international non-government organizations or any combination of these entities.'¹²⁷
- 8.5.8 The NDMP has 4 funding streams:
1. **Risk Assessment:** This stream provides funding for the completion of risk assessments to inform flood risks. These risk assessments will identify flood hazards, potential impacts, and community and infrastructure vulnerabilities, as well as the overall flood risk profile for the area.
 2. **Flood Mapping:** This stream provides funding for the development and/or modernization of flood maps. A flood map identifies the boundaries of a potential flood event based on type and likelihood and can be used to help identify the specific impacts of a flood event on structures, people and assets.
 3. **Mitigation Planning:** This stream provides funding for the development and/or modernization of mitigation plans to address flood risks. A comprehensive mitigation plan allows applicants to develop realistic and sustainable mitigation solutions by clearly

¹²⁴ <https://www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/rcvr-dsstrs/dsstr-fnncl-ssstnc-rrngmnts/index-en.aspx> (accessed 1 Feb 2022).

¹²⁵ J Davies. 2020. 2020-3 Reforming Canada's Disaster Assistance Programs. *Department of Economics Research Reports, 2020-3*. London, ON: Department of Economics, University of Western Ontario. Page 5.

¹²⁶ United Nations. 2015. *Sendai Framework for Disaster Risk Reduction 2015-2030*. Page 13.

¹²⁷ <https://www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/dsstr-prvntn-mtgn/ndmp/index-en.aspx> (accessed 1 Feb 2022).

outlining the plan's objectives, key activities, expected outputs, timelines, and roles and responsibilities.

4. **Investment in Non-Structural and Small-Scale Structural Mitigation Projects:**

This stream provides funding for other non-structural and small-scale structural disaster mitigation projects. Eligible projects would include actions such as the replacement of storm culverts, or projects that improve flood resilience by proactively preventing or mitigating damages and losses.

- 8.5.9 An evaluation of the NDMP was undertaken by the Government of Canada's Department of Public Safety and Emergency Preparedness (Public Safety) in 2019. Several findings were made including a lack of whole-of-government coordination and inability of some provincial and territorial governments and first nations communities to fully participate.¹²⁸
- 8.5.10 The evaluation made four recommendations, that the Government of Canada:
1. consider better aligning any future disaster mitigation program timelines and processes with the provincial and territorial governments and streamline administrative and reporting requirements to facilitate participation by all eligible recipients
 2. examine existing requirements for structural mitigation projects (Stream 4) including exploring potential options relating to the time limit, to reflect the realities of planning and completing structural mitigation projects
 3. further promote the use of the national risk and resilience tools and repository among relevant audiences
 4. support *all* hazard mitigation efforts, rather than focusing specifically on floods, to reduce disaster risks and related recovery costs across Canada.
- 8.5.11 Upon writing this report, the NDMP remains flood specific.
- 8.5.12 Public Safety also administers the Disaster Mitigation and Adaption Fund (DMAF) on behalf of the Government of Canada. Launched in 2018, DMAF has commitments of CAD\$3.375 billion (AUD\$3.729 billion) to invest large-scale in structural and natural infrastructure projects to increase the resilience of communities that are impacted by natural disaster triggered by climate change. Unlike the DFAA and NDMP, for-profit organisations can be eligible recipients of DMAF (working in partnership with a province or territory, or public sector body with a stream that is allocatable to projects with eligible costs between CAD\$1 million and CAD\$20 million).¹²⁹
- 8.5.13 Despite this stream allowing for projects that could within the reach of small and family business working with government, small and family businesses are not singled out for encouragement to apply, and it does not appear that any approved projects have small and family business applicants.
- 8.5.14 Further, the *Mid-Term Review of the Medium-Term Strategy of the Adaption Fund*, published in October 2021 stated that for some grants under the Adaption fund, there was confusion about eligible activities.
- 8.5.15 This is an important lesson for Australian policy makers. Parameters must be clear from the outset to ensure strong uptake of any policy to fund disaster mitigation. An assumption that non-specific non-targeted programs will naturally engage small and family business is mistaken.

¹²⁸ Public Safety Canada. 2019. *Evaluation of the National Disaster Mitigation Program*.

¹²⁹ <https://www.infrastructure.gc.ca/dmaf-faac/index-eng.html> (accessed 2 Feb 2022).

- 8.5.16 In addition to these programs, the Government of Canada, led by Public Safety, released *Emergency Management Strategy for Canada: Towards a Resilient 2030* (Resilient 2030) in 2019. Resilient 2030 was a partnership with each of Canada's provincial and territorial governments and other relevant organisations.¹³⁰
- 8.5.17 Unfortunately, in Resilient 2030 and other key Government of Canada documents on disaster resilience, such as *Measuring Progress on Adaptation and Climate Resilience: Recommendations to the Government of Canada* small business is not recognised as a key partner or vulnerable population in Canada's national disaster conversation.¹³¹
- 8.5.18 The Canadian Government also provides a 'Get Prepared' website which provides information and advice to consumers and small businesses about emergencies experienced in Canada (avalanches, earthquakes, floods, hurricanes, landslides, severe storms, storm surges, tornadoes, tsunamis and wildfires).¹³²
- 8.5.19 Approximately 8,000 wildfires occur in Canada each year with an average area burned of 2.5 million hectares. Provinces most commonly affected are British Columbia, the Boreal forest zones of Ontario, Quebec, the Prairie provinces, and the Yukon and Northwest Territories. Each province and territory is responsible for managing their wildfires in cooperation with local authorities, and may ask the federal government to assist in some instances.
- 8.5.20 In order to avoid a fragmented approach, the Canadian Interagency Forest Fire Centre (CIFFC) is a not-for-profit corporation owned and operated by the federal, provincial, and territorial fire management agencies to coordinate resource sharing, mutual aid, and information sharing across the groups. They also coordinate national and international long-range fire management planning, program delivery and human resource strategies.¹³³
- 8.5.21 The CIFFC operates 24 hours a day, 7 days per week during fire season to provide a 'one stop shop' of up to date reports on the fire situation across Canada. Information includes an interactive map which includes details on active fires, fire graphs, new fires today, and 'year to date' information providing a summary of annual fire activity. They also provide a 'current situation report' giving a national report on fire status, as well as links to location-specific member agencies.
- 8.5.22 Moving to more small and family business specific programs, the Business Development Bank of Canada (BDBC), which is wholly owned by the Government of Canada, provides resources for emergency and disaster planning.¹³⁴ These resources include general tips including eight steps for developing a 'sound business continuity plan', a pathfinder story and a matching template for self-use.¹³⁵
- 8.5.23 Under of each of the resource headings are detailed ideas and useful questions for business operators to ask themselves when completing the corresponding template, as well as links to useful government websites.¹³⁶

¹³⁰ Public Safety Canada. 2019. *Emergency Management Strategy for Canada: Towards a Resilient 2030*.

¹³¹ Expert Panel on Climate Change Adaptation and Resilience Results. 2018. *Measuring Progress on Adaptation and Climate Resilience: Recommendations to the Government of Canada*.

¹³² [Wildfires...~https://www.getprepared.gc.ca/cnt/hzd/wldfrs-en.aspx](https://www.getprepared.gc.ca/cnt/hzd/wldfrs-en.aspx)

¹³³ [Homepage | CIFFC...~https://www.ciffc.ca/index.php](https://www.ciffc.ca/index.php)

¹³⁴ <https://www.bdc.ca/en/about/who-we-are>; and <https://www.bdc.ca/en/articles-tools/business-strategy-planning/manage-business/business-continuity-8-steps-building-plan> (accessed 15 February 2022).

¹³⁵ <https://www.bdc.ca/en/articles-tools/business-strategy-planning/manage-business/business-continuity-8-steps-building-plan>; and <https://www.bdc.ca/en/articles-tools/business-strategy-planning/manage-business/business-continuity-plans-disaster-recovery> (accessed 15 February 2022).

¹³⁶ <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/business-continuity-guide-templates-entrepreneurs> (accessed 15 February 2022).

- 8.5.24 BDBC also hosts a webpage that provides three steps to manage stress and build resilience.¹³⁷ While not specifically aimed at building a small business operator's resilience in preparation for a disaster, this serves as an acknowledgement that mental health is a critical factor in business resilience.
- 8.5.25 Industry Canada provides the Canada Small Business Financing Program (Financing Program), which is a '...loan guarantee program to secure small business loans against inadvertent non-compliance with payment terms for a range of reasons, including disasters.'¹³⁸ While the Government of Canada secures these loans, '...financial institutions deliver the program and are solely responsible for approving the loans.'¹³⁹
- 8.5.26 The Financing Program's homepage states it is designed to make it easier for small business to get loans from financial institutions by sharing the risk with lenders, with several approved uses including the improvement of commercial land or buildings. While this may include improvements that would contribute to disaster preparedness and resilience, there is no further reference to disaster or any reference to resilience.
- 8.5.27 A 2019 evaluation report of the Financial Program also does not discuss small business resilience as a desired outcome of the program.¹⁴⁰ The evaluation report notes several evolving needs of small businesses that the Financing Program does not meet, including lines of credit, expansion of loan classes and reduction in administrative burden, and does not specifically reference resilience.
- 8.5.28 The lack of government involvement in delivering of the program may lend itself to funds being spent away from resilience-building exercises because banks may see less benefit in such spending.
- 8.5.29 Alberta farmers also have access AgriStability, AgriInvest and AgriRecovery, all provided by the Agriculture Financial Services Corporation, a provincially owned crown corporation, in partnership with the Government of Canada.¹⁴¹ These two programs are income stabilisers, allowing farming businesses to manage income declines and mitigate risk.
- 8.5.30 AgriInvest is of particular interest due to its similarity to the Farm Management Deposit Scheme. Under the program, a farming business can open an AgriInvest account and make annual deposits, '...which are based on a percentage of a producer's Allowable Net Sales, and receive matching contributions from federal, provincial and territorial governments.'¹⁴² Other provincial and territorial governments in Canada deliver the same schemes through their own mechanisms. There is no equivalent for non-farm small and family businesses.
- 8.5.31 In addition to these financial programs, the Government of Canada administers its Work Sharing Program (Work Share). Work Share is a long running program with similarities to Australia's JobKeeper program. While there are requirements of both businesses and employees involved in the program, Work Share helps employers and employees avoid layoffs due to a temporary decrease in business activity beyond an employer's control.¹⁴³

¹³⁷ <https://www.bdc.ca/en/about/entrepreneurs-well-being/steps-to-manage-stress-and-build-resilience> (accessed 15 February 2022).

¹³⁸ <https://www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/rcvr-dsstrs/dsstr-ssstnc-prgrms/dsstr-ssstnc-prgrms-dnc-en.aspx#bsnss> (accessed 15 February 2022).

¹³⁹ https://www.ic.gc.ca/eic/site/csbfp-pfpec.nsf/eng/h_la02855.html (accessed 15 February 2022).

¹⁴⁰ Innovation, Science and Economic Development Canada (Audit and Evaluation Branch). 2019. *Canada Small Business Financial Program Evaluation Report*.

¹⁴¹ <https://afsc.ca/income-stabilization/> (accessed 15 February 2022).

¹⁴² <https://afsc.ca/income-stabilization/agriinvest/> (accessed 15 February 2022).

¹⁴³ C Cunningham, S Parchello & K Weller (for Bennett Jones). 2020. *An Alternative to Layoffs-Federal Work Sharing Program Provides Potential Respite from COVID-19 Wage Crunch*.

- 8.5.32 Work Share provides employment insurance benefits to eligible employees who agree to reduce their normal working hours and share the available work while their employer recovers. This helps businesses to retain qualified and experienced staff, while helping employees retain their jobs and maintain their skills.¹⁴⁴ Work Share includes special criteria to allow easier access for businesses affected by major disasters and was altered in 2020 to allow access to COVID-affected businesses.¹⁴⁵
- 8.5.33 Previous appraisals of Work Share found that while there were some shortcomings with the program, including that approximately 50% of employees on the program were laid off within 6 months of the program ending (over an 11-year period of 1991-2002). The benefits of the program were judged to outweigh these issues.¹⁴⁶
- 8.5.34 In summary, Canada has wide ranging disaster mitigation resources and programs for small and family businesses. While some federal programs are not designed specifically for disaster, it is likely that small and family businesses in disaster prone areas, see flow-on effects from their delivery. Other programs are tailored for small and family businesses and present an interesting policy suggestion for the Australian Government to consider.

8.6 United Kingdom

- 8.6.1 Flood Re is a reinsurance scheme set up in 2013 as a private UK Company limited by guarantee and operating as a joint government and insurance industry collaborative initiative since 2016. Flood RE is designed to improve accessibility and affordability of flood insurance to property owners in high risk areas by enabling insurance companies to offer flood policies to insure against losses arising from flood events.¹⁴⁷
- 8.6.2 The scheme is funded by an industry-wide levy on all domestic property insurance policies in the UK. It is estimated that insurers will pass on to Flood Re the flood risk element of insurance policies (home and contents) for around 350,000 households. The scheme will run for 25 years, after which point it is expected that insurers should be able to offer policies based on actual risk to property.
- 8.6.3 The Flood Re scheme was developed after flood insurance became prohibitively expensive for consumers, and in some cases not available at all. The scheme is funded by an industry-wide levy on all domestic property insurance policies in the UK. It is run and financed by insurers, and is voluntary in nature. The scheme aims to prevent a market failure for domestic property insurance in certain areas by allowing insurers to transfer the highest risk elements to the pool at a set premium.
- 8.6.4 'Major floods in the UK since 2007 have led to insurance claims in excess of 4 billion pounds sterling and have left many residential properties either uninsurable or too expensive to insure. In response, the government worked with the insurance industry to set up Flood Re, a scheme that enables insurers to offer competitive premiums and lower excesses to high flood risk homes across the UK.'¹⁴⁸
- 8.6.5 The OECD describes Flood Re as one of very few examples where countries have revised financial protection mechanisms as part of their adaptation planning. 'The scheme works by providing insurance companies with the possibility of reinsuring policies at a highly discounted price. A levy for the subsidised reinsurance is collected from insurers, who can pass on the levy

¹⁴⁴ <https://www.canada.ca/en/employment-social-development/services/work-sharing/notice-covid-19.html> (accessed 15 February 2022).

¹⁴⁵ <https://www.publicsafety.gc.ca/cnt/mrgnc-mngmnt/rcvr-dsstrs/dsstr-ssstnc-prgrms/dsstr-ssstnc-prgrms-dnc-en.aspx#bsnss>; and <https://www.canada.ca/en/employment-social-development/services/work-sharing/notice-covid-19.html> (accessed 15 February 2022).

¹⁴⁶ D Koeltz (for the International Labour Office). 2009. *Work Sharing: An alternative to lay offs*. Page 2.

¹⁴⁷ [Flood Re - A flood re-insurance scheme](#)

¹⁴⁸ [SS35_Re_Flood_UK.pdf \(coastadapt.com.au\)](#)

to policyholders. As insurers can pass on their risk for a reduced price, they can charge lower premiums to high-risk policyholders.¹⁴⁹

- 8.6.6 Flood Re is a time-limited program and allows only for established properties at the time of its inception to participate, and aims to re-establish the private market with risk-reflective pricing as providers and property owners return to insuring flood risk properties as risk management and mitigation are improved. The OECD observes that there are concerns about the approach not sufficiently considering rising flood risks due to climate change nor does it sufficiently incentivise flood risk reduction, the improvement of the flood resilience of properties or for high-risk households to put measures in place to avoid or reduce flood damage.

8.7 Philippines

- 8.7.1 In recent publications, the OECD highlights several tools the Philippines has employed to build small and family businesses resilience. While the Philippines economy and public administration systems are significantly different to Australia, including a larger proportion of small and family businesses operating in the informal economy, there are key lessons to be learnt.
- 8.7.2 With regard to small and family business resilience, as outlined in the country's *Micro, Small and Medium Enterprise Development Plan 2017-2022*, the Philippines' main strategic goal, is improving the accessibility of resilient practices.¹⁵⁰ The outcome of this work is that '...efficient and effective business continuity programs should be made available to any enterprise... MSME (micro, small and medium enterprises) should develop and strengthen their resilience by incorporating business continuity and emergency preparedness and response.'¹⁵¹
- 8.7.3 Academia and research institutions are making significant contributions to building resilience in the Philippines.¹⁵² For small and family businesses, these efforts have been focused on 'promoting business continuity plans' for small and family businesses, which is a useful entry point to respond to disasters.¹⁵³ These are supported by the Sendai Framework, which states that academia and scientific research entities need to increase research for local application.¹⁵⁴
- 8.7.4 While Australian universities host several disaster resilience research groups and institutes – including the University of New South Wales's *Disaster Resilience & Urbanisation Initiative* and Flinders University's *Torrens Resilience Initiative* – little of their focus has been on small and family business resilience. There may be an opportunity for Australia to follow international experience and strengthen cooperation on disaster resilience between the academic and small and family business communities.
- 8.7.5 Further to academic knowledge, the Philippines operates Regional Disaster Risk and Management Councils and Local Disaster Risk Reduction and Management Councils that promote business continuity planning. These are important channels which national level initiatives translate into local-level action to strengthen small and family business disaster resilience.¹⁵⁵

¹⁴⁹ OECD (2019), *Responding to Rising Seas OECD Country Approaches to Tackling Coastal Risks*, OECD Publishing, Paris

¹⁵⁰ Department of Trade and Industry. 2018. *Micro, Small and Medium Enterprise Development Plan 2017-2022*. Page 33.

¹⁵¹ Ibid. Page 20.

¹⁵² Organisation for Economic Co-operation and Development. 2021. *Lessons on engaging with the private sector to strengthen climate resilience in the Philippines*. Pages 24-25.

¹⁵³ Ibid. Page 33.

¹⁵⁴ United Nations. 2015. *Sendai Framework for Disaster Risk Reduction 2015-2030*. Page 23.

¹⁵⁵ Organisation for Economic Co-operation and Development. *Lessons on engaging with the private sector to strengthen climate resilience in the Philippines*, 2021, Page 23.

- 8.7.6 A lesson for Australian policy makers is that proactively raising awareness of the resources and supporting their uptake and implementation is vital to ensure full value is gained from the resources.
- 8.7.7 The OECD suggests that ‘...business permitting may provide another opportunity for government bodies... to explore possible integration of climate resilience consideration into business permits’. Some Philippine local governments already require business continuity plans for approval of business permits.¹⁵⁶
- 8.7.8 Further to international literature on the Philippines, the nation’s public-private partnership to increase small and family business disaster resilience has also produced the *MSME Guide to Disaster Resilience: A guidebook for micro, small, and medium enterprises* (MSME Guide).¹⁵⁷ The MSME Guide, like Californian resources, provides a series of check lists and probing questions for small and family businesses to consider in planning their businesses for a disaster. Included are matrices to assist in determining what resources would be required to return key business functions to service. Further to this work, the MSME Guide contains small business owner insights, an overview of the Philippines disaster risk reduction policy and useful resources for after a disaster strikes.
- 8.7.9 The OECD recognises the importance of what happens after a disaster strikes in its literature on the Philippines, noting that the country’s most disaster-vulnerable small and family businesses are the most underrepresented among those accessing appropriate insurance.
- 8.7.10 The OECD states that insurance is important as part of a comprehensive package of financial solutions for different phases of resilience building, which also includes debt instruments for preparation and grants for risk assessment.¹⁵⁸ Despite this, the OECD argues that the ‘...insurance industry is yet to be systematically included in the landscape of networks of those working towards MSME resilience.’¹⁵⁹
- 8.7.11 While distressed small and family businesses have for some time been pointing to the increasingly inaccessible and unaffordable nature of insurance as an impediment to proper disaster preparedness, the insurance sector has resisted public policy intervention on the basis that this is the ‘market working’ and premium availability is linked to risk assessment. More recent policy and advocacy from the insurance sector highlights how successive natural disasters and consequential market dynamics are producing a fundamental threat to the viability of the business model as it applies to disaster prone areas, and new public policy initiatives are warranted.
- 8.7.12 It seems an opportune time to address the inability of many small and family businesses to access affordable insurance to support their ongoing business operations. It would be beneficial for the insurance sector to consider a more nuanced approach to risk assessment, and a renewed focus on mitigation and specific circumstances of individual businesses, in conjunction with the public policy initiatives proposed by the sector.

¹⁵⁶ Organisation for Economic Co-operation and Development. *Lessons on engaging with the private sector to strengthen climate resilience in the Philippines*, 2021, Page 33.

¹⁵⁷ T Sigurado, N Matatag and K Nagpapatuloy. 2020. *MSME Guide to Disaster Resilience: A guidebook for micro, small, and medium enterprises*. Department of Trade and Industry (Philippines).

¹⁵⁸ Organisation for Economic Co-operation and Development. *Lessons on engaging with the private sector to strengthen climate resilience in the Philippines*, 2021, Page 41.

¹⁵⁹ Organisation for Economic Co-operation and Development, *Lessons on engaging with the private sector to strengthen climate resilience in the Philippines*, 2021, Page 41-42.

Attachment A | Public Notice | Inquiry Report

National

Publication	Date Published	Locations
Weekend Australian	Saturday, 29 January 2022	National.

New South Wales

Publication	Date Published	Locations
Dubbo Daily Liberal	Saturday, 29 January 2022	Dubbo, Albert, Bourke, Brewarrina, Byrock, Canbelego, Carinda, Cobar, Collie, Combara, Coolabah, Coonamble, Dunedoo, Gilgandra, Gulargambone, Hermidale, Lightning Ridge, Mendooran, Mullengudgery, Narromine, Nevertire, Nymagee, Nyngan, Peak Hill, Pine Clump, Quambone, Tomingley, Tottenham, Trangie, Walgett, Warren, Wellington, Wellinton, Yeoval.
Monaro Post	Wednesday, 2 February 2022	Canberra, Queanbeyan, Yass, Bega Valley Shire, Snowy Monaro Region.
Narooma News	Wednesday, 2 February 2022	Narooma, Bermagui, Bodalla, Central Tilba, Cobargo, Cuttagee, Dalmeny, Potato Point, Quaama, Tuross Head, Yowrie.
Port Macquarie News	Friday, 28 January 2022	Port Macquarie, Beechwood, Black Creek, Bonny Hills, Camden Haven, Camden Head, Herons Creek, Hibbard, Kew, Lake Cathie, Pembroke, Telegraph Point, The Hatch, Wauchope.
Eurobodalla Shire Independent	Thursday, 3 February 2022	Batemans Bay, Mogo, Moruya, Bodalla, Narooma, Central Tilba, Bermagui.
The Border Mail	Saturday, 29 January 2022	Albury, Bandiana Milpo, Beechworth, Benalla, Bidgeemia, Bright, Cobram, Conargo, Corowa, Corroyong, Culcairn, Dederang, Deniliquin, Eskdale, Euroa, Finley, Four Corners, Griffith, Henty, Holbrook, Howlong, Jerilderie, Kiewa, Lavington, Leeton, Lockhart, Mansfield, Mitta Mitta, Mt Beauty, Myrtleford, Narrandera, Rutherglen, Shepparton, Tallangatta, Tarcutta, Tocomwal, Tumbarumba, Urana, Wagga Wagga, Wangaratta, Wodonga, Yackandandah, Yarrawonga.

Attachment A | Public Notice | Inquiry Report

Goulburn Post	Wednesday, 2 February 2022	Goulburn, Brayton, Breadlebane, Bundanoon, Collector, Crookwell, Cullerin, Grabben Gullen, Gunning, Kingsdale, Lake Bathurst, Marulan, Penrose, Roslyn, Tallong, Tarago, Taralga, Wingello.
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Victoria

Publication	Date Published	Locations
Ovens and Murray Advertiser	Friday, 28 January 2022	Beechworth, Chiltern, Rutherglen, Yackandandah.
Gippsland Times	Friday, 28 January 2022	Wellington Shire District - Sale, Maffra, Heyfield, Stratford, Rosedale, Coongulla, Newry, Tinamba, Yarram.
The Ballarat Courier	Saturday, 29 January 2022	Ballarat, Ararat, Avoca, Bacchus Marsh, Ballan, Beaufort, Bungaree, Buninyong, Burrumbeet, Clunes, Creswick, Daylesford, Derrinallum, Lake Bolac, Linton, Lismore, Maryborough, Meredith, Mt Helen, Sebastopol, Skipton, Streatham, Trentham, Waubra, Wendouree.

Queensland

Publication	Date Published	Locations
CQ Today	Thursday, 3 February 2022	North Rockhampton, South Rockhampton, Gracemere, Yeppoon, Emu Park, The Caves, Mt Morgan.
Sunshine Valley Gazette	Wednesday, 9 February 2022	Nambour, Palmwoods, Woombye, Yandina, Maleny, Montville, Mapleton, Mooloolah, Eudlo, Forest Glen, Bli Bli.
Gold Coast Bulletin	Saturday, 29 January 2022	Lismore, Ballina, Lennox Heads, Byron Bay, Brunswick Heads, Mullumbimby, Pottsville, Murwillumbah, Kingscliff, Coolangatta, Palm Beach, Burleigh Heads, Robina, Beechmont, Mudgeeraba, Canungra, Surfers Paradise, Nerang, Southport, Tamborine Mountain, Coomera, Sanctuary Cove, Beenleigh.
Townsville Bulletin	Saturday, 29 January 2022	Rollingstone, Townsville, Ayr, Home Hill, Bown, Airlie Beach, Charters Towers, Collinsville.

South Australia

Publication	Date Published	Locations
The Islander	Thursday, 3 February 2022	Kangaroo Island - Kingscote, American River, Cygnet River, Emu Bay, Karatta, Middle River, Parndana, Penneshaw, Stokes Bay, Vivonne.
Adelaide Hills Herald	Thursday, 3 February 2022	Mount Barker, Adelaide Hills.

Western Australia

Publication	Date Published	Locations
Augusta Margaret River Times	Friday, 28 January 2022	Augusta, Busselton, Collie, Cowaramup, Forest Grove, Gracetown, Hamelin Bay, Karridale, Margaret River, Molloy Island, Prevelly, Rosa Brook, Rosa Glen, Warner Glen, Witchcliffe.
Broome Advertiser	Thursday, 3 February 2022	Broome, Derby, Fitzroy Crossing, Karratha, Kununurra.
Mid West Times	Wednesday, 2 February 2022	Geraldton, Walkaway, Greenough, Port Denison, Eneabba, Dongara, Northampton, Mullewa, Useless Loop, Yalgoo, Kalbarri, Tenindewa, Shark Bay, Tardun, Coral Bay, Perenjori, Coorow, Morowa, Mount Magnet, Meekatharra, Carnamah, Cue, Three Springs, Moonyoonooka, Chapman Valley, Mingenew, Jurien, Leeman.
Pilbara News	Wednesday, 2 February 2022	Karratha, Roebourne, Dampier, Tom Price, Onslow, Paraburdoo, Pannawonica, Point Samson, Wickham.

Tasmania

Publication	Date Published	Locations
Hobart Mercury	Saturday, 29 January 2022	Tasmania.
The Burnie Advocate	Saturday, 29 January 2022	Burnie, Badger Head, Bell Bay, Bellerive, Blackwood Creek, Chigwell, Cluan, Cradle Mountain, Deloraine, Devonport, Flintstone, Friendly Beach, Glenorchy, Goshen, Hobart, Latrobe, Launceston, Moonah, Mowbray, North

Lilydale, Penguin, Port Sorell, Punchbowl, Queenstown, Railton, Rosebery, Sandy Bay, Shearwater, Sheffield, Smithton, Somerset, Stanley, Strahan, Ulverstone, Waratah, Wickham, Wynyard, Zeehan.

Northern Territory

Publication	Date Published	Locations
Northern Territory News	Saturday, 29 January 2022	Northern Territory.

Attachment B | Feedback Sessions | Inquiry Report

Queensland

Date	Location	Address	Time
Monday, 14 February	Townsville	Northreach Baptist Church Hall, 38 Canterbury Road, Kirwan	7.30am to 8.30am
Monday, 14 February	Mackay	The Dispensary, 84 Wood Street, Mackay	2.00pm to 3.00pm
Monday, 14 February	Rockhampton	SmartHub at Customs House, 208 Quay St Rockhampton	7.00pm to 8.00pm

New South Wales

Date	Location	Address	Time
Tuesday, 15 February	Murwillumbah	Murwillumbah RSL Club, 10 Wollumbin St, Murwillumbah	11.30am to 12.30am
Tuesday, 15 February	Lismore	Lismore Workers Club, 231 Keen St Lismore	2.00pm to 3.00pm
Thursday, 17 February	Batemans Bay	Batemans Bay Soldiers Club, Beach Road, Batemans Bay	10.00am to 11.00am
Thursday, 17 February	Mogo	Grumpy and Sweethearts Café, 34 Sydney Street, Batemans Bay	11.30am to 12.30am
Thursday, 17 February	Central Tilba	Dromedary Hotel, 14 Bate Street, Central Tilba	2.30pm to 2.30pm
Thursday, 17 February	Cobargo	Cobargo Hotel, 41 Princes Highway, Cobargo	3.30pm to 4.30pm
Friday, 18 February	Bega	Club Bega, 82 Gipps Street, Bega	8.00am to 9.00am
Friday, 18 February	Merimbula	Merimbula RSL, 52-54 Main Street, Merimbula	10.00am to 11.00am
Friday, 18 February	Bombala	Cosmo Café, 133 Maybe Street, Bombala	1.00pm to 2.00pm
Friday, 18 February	Jindabyne	Jindabyne Bowling and Sports Club, 2 Bay St, Jindabyne	4.30pm to 5.30pm

Attachment B | Feedback Sessions | Inquiry Report

Monday, 28 February	Newcastle	Overtime Café & Bar, 70 Beaumont Street, Hamilton	9.00am to 10.00am
Monday, 28 February	Maitland	Lavenders Café, 1/418 High Street, Maitland	11.00am to 12noon
Monday, 28 February	Cessnock	Cessnock League Club, 1 Darwin Street, Cessnock	12.30pm to 1.30pm
Monday, 28 February	Singleton	Royal Hotel, Private Room, 84 George Street, Singleton	2.15pm to 3.00pm

South Australia

Date	Location	Address	Time
Sunday, 20 February	Kangaroo Island	Parndana Sports Club, Playford Highway, Parndana	6.00pm to 7.00pm
Monday, 21 February	Kangaroo Island	Ozone Restaurant, 67 Chapman Terrace, Kingscote (Inside Aurora Ozone Hotel)	7.30am to 8.30am
Monday, 21 February	Murray Bridge	Murray Bridge Hotel, 20 Sixth Street, Murray Bridge	12.30pm to 1.30pm
Monday, 21 February	Birdwood	Lovells Bakery, 4 Shannon Street, Birdwood	2.30pm to 3.30pm

Victoria

Date	Location	Address	Time
Tuesday, 22 February	Bright	River Deck Café, 16 Howitt Lane, Bright	9.30am to 10.30am
Tuesday, 22 February	Omeo	Fresh Air Café, 199 Day Ave, Omeo	1.00pm to 2.00pm
Tuesday, 22 February	Mallacoota	Mallacoota Bistro Hotel, 51/55 Maurice Ave, Mallacoota	6.30pm to 7.30pm
Wednesday, 23 February	Bairnsdale	Paperchase Café, 168 Main Street, Bairnsdale	9.30am to 10.30am
Wednesday, 23 February	Morwell	Morwell Hotel, 311-327 Princes Drive, Morwell	12.30pm to 1.30pm

Attachment B | Feedback Sessions | Inquiry Report

Wednesday, 23 February	Healesville	The Memo Hall (Nan Francis Room), 256 Maroondah Highway, Healesville	3.30pm to 4.30pm
Wednesday, 23 February	Lancefield	The Lancefield Lodge, 46-50 Main Road, Lancefield	6.30pm to 7.30pm

Tasmania

Date	Location	Address	Time
Thursday, 24 February	Hobart	Hobart Function and Conference Centre, 1 Elizabeth Street Pier, Hobart	10.30am to 11.30am
Thursday, 24 February	Swansea	Saltshaker Restaurant, 11A Franklin Street, Swansea	2.00pm to 3.00pm
Thursday, 24 February	St Helens	Bayside Hotel, 2 Cecilia Street, St Helens	5.00pm to 6.00pm
Thursday, 24 February	Scottsdale	Kendalls Hotel & Bistro, 18/24 George St, Scottsdale	7.30pm to 8.30pm
Friday, 25 February	Launceston	Bread and Butter, 89 Cimitiere St, Launceston	7.30am to 8.30am
Friday, 25 February	Sheffield	Blacksmith Gallery Café, 63 Main Street, Sheffield	10.00am to 11.00am
Friday, 25 February	Burnie	Mallee Grill, 26 North Terrace, Burnie	12.30pm to 1.30pm
Friday, 25 February	Ulverstone	Thirty Three Cups, 26 King Edward Street, Ulverstone	2.15pm to 3.00pm

Terms of Reference: Small Business Natural Disaster Preparedness and Resilience

Background

Natural disasters can be catastrophic and have prolonged impacts for individuals, regions and communities. This was highlighted during and beyond the 2019-20 bushfire season, where some communities faced multiple disaster events e.g. bushfires, storms and then floods.

The impacts of natural disasters on small businesses can be devastating. These impacts can include damaged and destroyed assets and reduced production and revenue streams. Recovering from this can take a heavy toll on small business owners, their employees and the broader community.

Small businesses outside of directly affected disaster areas can also be adversely impacted, such as through the effects of smoke taint, supply-chain disruptions, or reduced tourism. As these impacts are difficult to predict, they may be overlooked in preparing disaster plans and in decisions around recovery assistance and support.

The challenges and complexities associated with small business recovery after natural disasters is demonstrated by the fact that the recovery in regional and rural areas from the 2019-20 bushfire season is still ongoing despite the mobilisation of enormous resources from the business community, individuals, and local, state, and federal governments.

While not a panacea, the cost of natural disasters and lengthy recovery time for small businesses and regional networks could be partially mitigated by enhanced preparedness and resilience.

Learning from the Royal Commission into National Natural Disaster Arrangements

The 2020 Royal Commission into National Natural Disaster Arrangements found that governments have ‘...a vital role in educating communities and providing people with the information they need to make sound and informed decisions about how to manage the risks they face from natural disasters’.¹⁶⁰ Recommendation 10.1 of the Royal Commission’s final report was that ‘state and territory governments should continue to deliver, evaluate and improve education and engagement programs aimed at promoting disaster resilience for individuals and communities’.

Recognising the importance of small business to communities, the Australian Small Business and Family Enterprise Ombudsman will undertake an inquiry into existing education and engagement practices with respect to promoting small business disaster resilience and make recommendations to Government on how these could be improved.

¹⁶⁰ [Overview of the Royal Commission into National Natural Disaster Arrangements report](#)

Scope of Inquiry

In undertaking the inquiry, the Ombudsman will:

1. Examine how key preparedness and planning information developed by the public and private sectors has been communicated to and adopted by small business, including the various toolkits, guides and other resources produced since the 2019-20 natural disasters.
2. Identify and evaluate education and engagement options to help support small business preparedness for, and resilience to, natural disasters, including secondary effects. This includes:
 - i. Identifying which options are preferred by small businesses and whether preferences differ across regional and rural areas.
 - ii. Determining how communication to the small business community has been managed by government agencies.
 - iii. Highlighting effective preparedness and resilience mechanisms.
3. Make recommendations on how the federal government could contribute to improved collaboration and coordination to ensure enhanced preparedness, resilience and recovery of small businesses affected by natural disasters.
4. Make recommendations on the types of supports that could be targeted to small business, and other recommendations as to how to achieve the best outcomes from such supports.
5. Make recommendations for the development of targeted resources that could be used by small business and government agencies (local, state and federal) to better support small business preparedness and resilience.
6. Make recommendations for immediate response actions that small business and government agencies (local, state and federal) could take when presented with a natural disaster to better support small business preparedness and resilience.
7. Any other relevant matters.

In undertaking the inquiry, the Ombudsman should also take into consideration the existing work of government agencies in implementing the Government response to the Royal Commission into National Natural Disaster Arrangements, which includes the establishment of the National Recovery and Resilience Agency.

As part of the inquiry, the Ombudsman will engage with relevant stakeholders, including small businesses, as well as their advisers and representatives, and with government and other relevant organisations.

Timeframe

The Ombudsman will commence the inquiry immediately and will report to the Minister no later than 18 March 2022.

Royal Commission Recommendations Relevant for Small Business

Recommendation 3.4 Integrating disaster management of the Australian Government	Australian Government agencies should work together across all phases of disaster management.
Recommendation 3.5 Establishing a standing resilience and recovery entity	The Australian Government should establish a standing entity that will enhance national natural disaster resilience and recovery, focused on long-term disaster risk reduction.
Recommendation 3.6 Enhanced national preparedness and response entity	The Australian Government should enhance national preparedness for, and response to, natural disasters, building on the responsibilities of Emergency Management Australia, to include facilitating resource sharing decisions of governments and stress testing national disaster plans.
Recommendation 4.3 Implementation of the National Disaster Risk Information Services Capability	Australian, state and territory governments should support the implementation of the National Disaster Risk Information Services Capability and aligned climate adaptation initiatives.
Recommendation 4.4 Features of the National Disaster Risk Information Services Capability	The National Disaster Risk Information Services Capability should include tools and systems to support operational and strategic decision making, including integrated climate and disaster risk scenarios tailored to various needs of relevant industry sectors and end users.
Recommendation 6.6 Employment protections for fire and emergency services volunteers	The Australian Government should consider whether employment protections under the Fair Work Act 2009 (Cth) are sufficient to ensure that fire and emergency services volunteers will not be discriminated against, disadvantaged or dismissed for reasons associated with their volunteer service during natural disasters.
Recommendation 9.1 Supply chains – government review	Australian, state and territory governments, in consultation with local governments and the private sector, should review supply chain risks, and consider options to ensure supply of essential goods in times of natural disasters.
Recommendation 9.3 Provision of information	State and territory governments should provide information to the public on the closure and opening of roads. Information should be provided in real-time, or in advance based on predictions, where possible.
Recommendation 9.4 Collective awareness and	The Australian Government, working with state and territory governments and critical infrastructure operators, should lead a process to:

mitigation of risks to critical infrastructure	<ol style="list-style-type: none"> 1. identify critical infrastructure 2. assess key risks to identified critical infrastructure from natural disasters of national scale or consequence 3. identify steps needed to mitigate these risks 4. identify steps to make the critical infrastructure more resilient, and track achievement against an agreed plan
Recommendation 9.5 Improving coordination arrangements between critical infrastructure sectors and with government	<p>The Australian Government should work with state and territory governments and critical infrastructure operators to improve information flows during and in response to natural disasters:</p> <ol style="list-style-type: none"> 1. between critical infrastructure operators, and 2. between critical infrastructure operators and government.
Recommendation 10.1 Disaster education for individuals and communities	<p>State and territory governments should continue to deliver, evaluate and improve education and engagement programs aimed at promoting disaster resilience for individuals and communities.</p>
Recommendation 11.1 Responsibility for local government disaster management capability and capacity	<p>State and territory governments should take responsibility for the capability and capacity of local governments to which they have delegated their responsibilities in preparing for, responding to, and recovering from natural disasters, to ensure local governments are able to effectively discharge the responsibilities devolved to them.</p>
Recommendation 12.1 Roadside vegetation management	<p>State and territory governments, working with local governments and fire and emergency service agencies, should ensure that there are appropriate arrangements for roadside vegetation management that take into account, among other things:</p> <ol style="list-style-type: none"> 1. priority access and egress routes 2. road priority, utility and strategic value 3. cost, and 4. 4. residual risk to national natural disasters.
Recommendation 12.2 Evacuation planning – Evacuation routes and seasonal populations	<p>State and territory governments should ensure that those responsible for evacuation planning periodically review those plans, and update them where appropriate, including in relation to:</p> <ol style="list-style-type: none"> 1. roles and responsibilities of state and territory governments, local governments and local communities 2. education and signage about evacuations and evacuation routes, including education of seasonal populations

	<ol style="list-style-type: none"> 3. the adequacy of evacuation routes; including contingencies if evacuation routes or centres are assessed as not being able to cope, and 4. the potential inability to evacuate, either by reason of circumstances or personal characteristics.
<p>Recommendation 12.3 Evacuation planning – Essential services and supplies</p>	<p>State and territory governments should ensure that those responsible for evacuation planning periodically review those plans, and update them where appropriate, including in relation to:</p> <ol style="list-style-type: none"> 1. key risks that essential service outages have on communities during a severe or catastrophic natural disaster (particularly communications and power) 2. availability of essential supplies, including food and water, and consequence management and 3. compounding events such as the loss of essential services or health impacts.
<p>Recommendation 15.3 Prioritising mental health during and after natural disasters</p>	<p>Australian, state and territory governments should refine arrangements to support localised planning and the delivery of appropriate mental health services following a natural disaster.</p>
<p>Recommendation 17.1 Public availability of fuel load management strategies</p>	<p>Public land managers should clearly convey and make available to the public their fuel load management strategies, including the rationale behind them, as well as report annually on the implementation and outcomes of those strategies.</p>
<p>Recommendation 19.1 Communication of natural hazard risk information to individuals</p>	<p>State and territory governments should:</p> <ol style="list-style-type: none"> 1. each have a process or mechanism in place to communicate natural hazard risk information to households (including prospective purchasers) in ‘hazard prone’ areas, and 2. work together, and with the Australian Government where appropriate, to explore the development of a national mechanism to do the same.
<p>Recommendation 19.2 Guidance for insurer-recognised retrofitting and mitigation</p>	<p>The insurance industry, as represented by the Insurance Council of Australia, working with state and territory governments and other relevant stakeholders, should produce and communicate to consumers clear guidance on individual-level natural hazard risk mitigation actions insurers will recognise in setting insurance premiums.</p>
<p>Recommendation 19.3 Mandatory consideration of natural disaster risk in land-use planning decisions</p>	<p>State, territory and local governments should be required to consider present and future natural disaster risk when making land-use planning decisions for new developments.</p>

Recommendation 19.4 National Construction Code	<p>The Australian Building Codes Board, working with other bodies as appropriate, should:</p> <ol style="list-style-type: none"> 1. assess the extent to which AS 3959:2018 Construction of buildings in bushfire-prone areas, and other relevant building standards, are effective in reducing risk from natural hazards to lives and property, and 2. conduct an evaluation as to whether the National Construction Code should be amended to specifically include, as an objective of the code, making buildings more resilient to natural hazards.
Recommendation 20.1 Debris clean-up arrangements	<p>Governments should create and publish standing policy guidance on whether they will or will not assist to clean-up debris, including contaminated debris, resulting from natural hazards.</p>
Recommendation 21.1 Arrangements for donated goods	<p>State and territory governments should develop and implement efficient and effective arrangements to:</p> <ol style="list-style-type: none"> 1. educate the public about the challenges associated with donated goods, for example, the storage and distribution of donated goods, and 2. manage and coordinate donated goods to ensure offers of support are matched with need.
Recommendation 22.1 Evaluation of financial assistance measures to support recovery	<p>Australian, state and territory and local governments should evaluate the effectiveness of existing financial assistance measures to inform the development of a suite of pre-effective pre-determined recovery supports.</p>
Recommendation 22.2 Appropriate sharing of personal information	<p>Australian, state and territory governments should ensure that personal information of individuals affected by a natural disaster is able to be appropriately shared between all levels of government, agencies, insurers, charities and organisations delivering recovery services, taking account of all necessary safeguards to ensure the sharing is only for recovery purposes.</p>
Recommendation 22.3 Review the thresholds and activation process for the Disaster Recovery Funding Arrangements	<p>In reviewing the Disaster Recovery Funding Arrangements, Australian, state and territory governments should examine the small disaster criterion, and financial thresholds generally.</p>
Recommendation 22.4 Nationally consistent Disaster Recovery Funding Arrangements assistance measures	<p>Australian, state and territory and local governments should develop greater consistency in the financial support provided to individuals, small businesses and primary producers under the Disaster Recovery Funding Arrangements.</p>

**Recommendation 22.5
 Develop nationally
 consistent, pre-agreed
 recovery programs**

Australian, state and territory governments should expedite the development of pre-agreed recovery programs, including those that address social needs, such as legal assistance domestic violence, and also environmental recovery.

**Recommendation 22.7
 Disaster Recovery Funding
 Arrangements recovery
 measures to facilitate
 resilience**

Australian, state and territory governments should broaden Category D of the Disaster Recovery Funding Arrangements to encompass funding for recovery measures that are focused on resilience, including in circumstances which are not 'exceptional'.

**Recommendation 22.8
 Streamline the Disaster
 Recovery Funding
 Arrangements processes**

Australian, state and territory governments should create simpler Disaster Recovery Funding Arrangements application processes.



SMALL BUSINESS NATURAL DISASTER PREPAREDNESS AND RESILIENCE

fiftyfive5

AUSTRALIAN SMALL BUSINESS AND
FAMILY ENTERPRISE OMBUDSMAN › FEB 2022



ASBFEO
FIFTYFIVE5

CRAIG LATHAM
COREY FISHER

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- 01 Background and methodology
- 02 Exposure to disaster impacts
- 03 Outcomes for small businesses
- 04 Preparedness of small businesses
- 05 Information sources
- 06 The last 5 minutes

BACKGROUND AND METHODOLOGY

It is estimated that natural disasters cost the Australian economy \$38 billion each year. Given the impact of climate change, population growth and increases in property value, it is estimated that the cost of natural disasters to Australian economy will increase over time, with the current forecast at \$38 billion each year predicted to reach \$73 billion per year by 2060¹. While the economic and social costs have been estimated at a national level, the impact on small businesses has been discussed less often.

The Hon Stuart Robert MP, Minister for Employment, Workforce, Skills, Small and Family Business, has requested under section 42(1) of the *Australian Small Business and Family Enterprise Ombudsman Act 2015* to conduct an inquiry into small business natural disaster preparedness and resilience, with a focus on existing education and engagement practices and how these could be improved.

Recognising the importance of small business to communities, the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is undertaking an inquiry into existing education and engagement practices with respect to promoting small business disaster resilience and will make recommendations to Government on how these could be improved. This research will directly feed into this inquiry.

RESEARCH BACKGROUND AND RESEARCH OBJECTIVES



RESEARCH OBJECTIVES

Research was required to identify the knowledge, understanding and effectiveness of current education and engagement materials that aim to support small businesses prepare for disasters. This information will support ASBFEO as it reports back to government and identifies where support and further education is required.

Specific research objectives include:



EXPLORE

- what information is received and used by small businesses (including preferred modes of communication)
- differences in disaster recovery between regional vs urban areas
- differences between states and territories

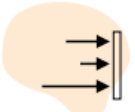





IDENTIFY

- whether and how small businesses prepare for disasters
- problems small businesses face following a disaster
- achievable timeframes for recovery
- how to enhance access to communication for preparedness and recovery information

Attachment E | Research Findings | Inquiry Report

PROJECT ROADMAP

	 ALIGN	 EXPLORE	 MEASURE	 SHARE
WHAT	<p>A critical stage to the project where the project teams worked through the overall vision for the project and how the project would deliver to the key outcomes.</p> <p>This was also an opportunity for the ASBFEO to share relevant research and information that informed the finalisation of the approach and questionnaire design</p>	<p>This stage ensured the project team approached all subsequent stages from an informed position and built on work already undertaken.</p>	<p>Programming, testing and distribution of an online survey of a robust, representative sample of Australian small and family businesses.</p>	<p>Development of research reports and presentations to inform ASBFEO's report back to government.</p>
HOW	<ul style="list-style-type: none"> Project inception workshop Development of project plan Refinement of methodology 	<ul style="list-style-type: none"> Review of existing reports, strategies and resources Questionnaire design 	<ul style="list-style-type: none"> Rigorous programming and testing n=2,017 completed online surveys completed through Fiftyfive5 and partners 10 minute survey length 	<ul style="list-style-type: none"> Data management, weighting and analysis Interim and full reports
OUTCOME	<p>PROJECT PLAN AND ROADMAP TO ENSURE SUCCESS</p>	<p>DEEP UNDERSTANDING OF THE ASBFEO'S RESEARCH OBJECTIVES & AN INFORMED KNOWLEDGE BASE FROM WHICH TO BUILD</p>	<p>ROBUST DATA FOR ANALYSIS</p>	<p>INSIGHT INTO IMPACT OF DISASTERS ON SMALL BUSINESS, EXISTING EDUCATION & ENGAGEMENT RESOURCES AND HOW THESE COULD BE IMPROVED</p>

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SAMPLE PROFILE

TARGET AUDIENCE

The target audience for this research was businesses which:

- Identify as a small business
- Have fewer than 100 employees (including sole traders), and/or

In order to provide informed responses to the survey, the target sample was also required to:

- Have experienced a natural disaster within the last 5 years. Disaster types are broadly defined as fire, flood, pandemic, mice plague, etc.
- Be a business owner, decision maker or other relevant person within the business who would be knowledgeable about disaster planning
- It was not a requirement that the business has received information relating to disaster planning

Fieldwork was conducted between 11 - 28 February, 2022.

The table to the right outlines the achieved final sample numbers and the population figures that this sample was post-weighted to.

When analysis is shown against sub-groups of small businesses appropriate statistical significance testing has been run.

- At 95% confidence interval
- And compared to all other groups as presented

Criteria	State/Territory	Population figures	Sample achieved	
STATE/ TERRITORY	NSW	34%	31%	n=617
	VIC	27%	27%	n=550
	QLD	19%	19%	n=382
	SA	6%	8%	n=165
	WA	10%	10%	n=198
	TAS	2%	2%	n=45
	NT	1%	1%	n=19
	ACT	1%	2%	n=41
	LOCATION	Metro	69%	76%
Regional/Rural		31%	24%	n=492
TURNOVER	Zero to less than \$50k	29%	17%	n=258
	\$50k to less than \$200k	33%	30%	n=445
	\$200k to less than \$2m	34%	39%	n=589
	\$2m to less than \$5m	4%	14%	n=216
EMPLOYEE SIZE	Sole traders and 1 to 5	69%	56%	n=1,133
	6 to 20	24%	23%	n=461
	21-99	6%	21%	n=423

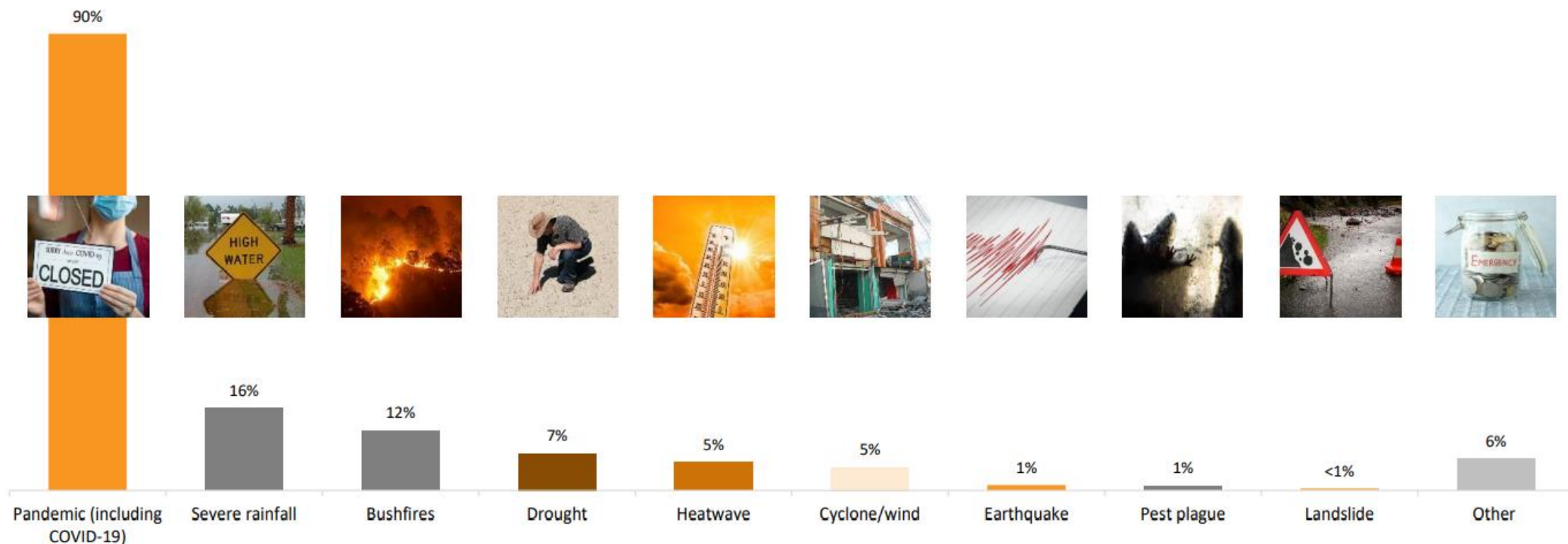
Criteria	Industry	Population figures	Sample achieved	
BLUE COLLAR INDUSTRIES	Agriculture, Forestry and Fishing	7%	3%	n=69
	Mining	<1%	1%	n=15
	Manufacturing	4%	5%	n=103
	Electricity, Gas, Water and Waste Services	0%	1%	n=19
	Construction	16%	7%	n=140
	Wholesale Trade	3%	4%	n=90
	Retail Trade	6%	7%	n=151
	Accommodation and Food Services	4%	3%	n=60
	Transport, Postal and Warehousing	8%	3%	n=53
WHITE COLLAR INDUSTRIES	Information Media and Telecommunications	1%	4%	n=71
	Financial and Insurance Services	9%	6%	n=116
	Rental, Hiring and Real Estate Services	11%	4%	n=74
	Professional, Scientific and Technical Services	12%	18%	n=357
	Administrative and Support Services	4%	4%	n=87
	Public Administration and Safety	<1%	1%	n=20
	Education and Training	1%	6%	n=117
	Health Care and Social Assistance	6%	9%	n=178
	Arts and Recreation Services	1%	5%	n=107
SELF-DEFINED	Other Services	4%	9%	n=190



EXPOSURE TO DISASTER IMPACTS

UNSURPRISINGLY COVID-19 IS THE MOST COMMON DISASTER IMPACTING SMALL BUSINESSES IN THE LAST 5 YEARS, FOLLOWED BY SEVERE RAINFALL AND BUSHFIRES














DISASTER EXPOSURE IN LAST 5 YEARS



56. Which of the following have impacted or threatened to impact your business and its operations over the last 5 years? The impact (or potential impact) could be at any level including premises, financial, staff, operations or other areas.
Base: All respondents (n=2,017)

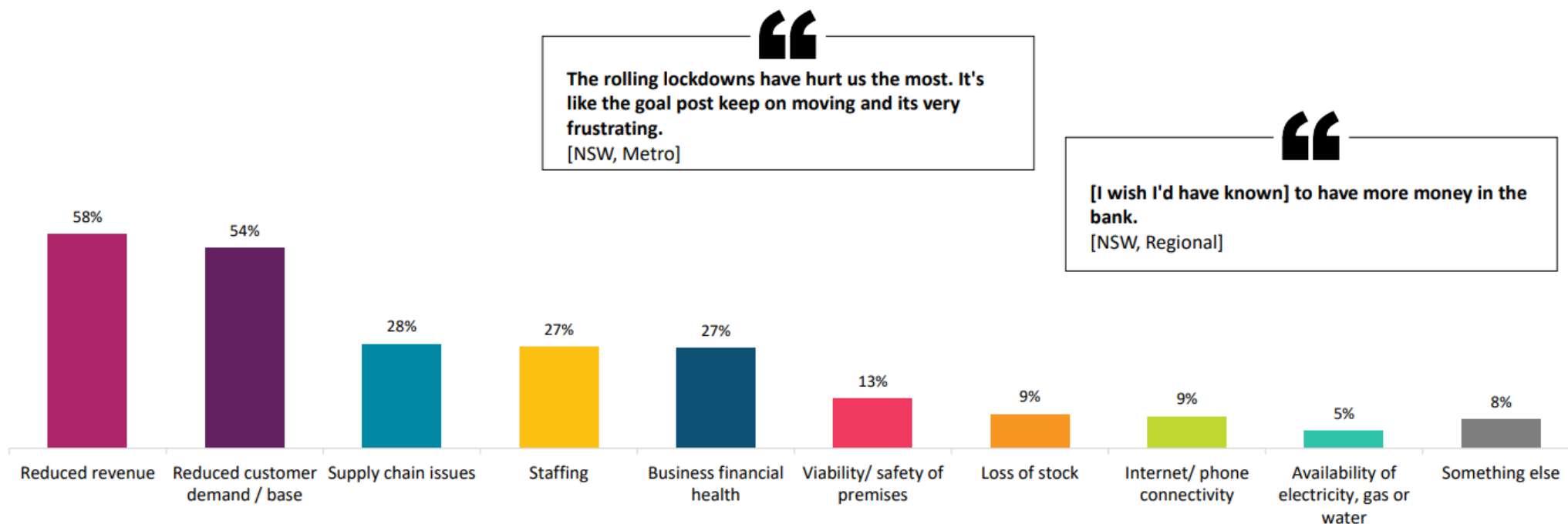
THE PANDEMIC HAS IMPACTED SIGNIFICANTLY MORE METROPOLITAN BUSINESSES. WHEREAS REGIONAL BUSINESS MORE COMMONLY FACE SEVERE WEATHER EVENTS

DISASTER EXPOSURE IN LAST 5 YEARS: BY SMALL BUSINESS TYPE

	 Metro	 Regional	 NSW / ACT	 VIC / TAS	 QLD	 WA	 SA / NT	 1-5 employees (inc. sole trader)	 6-20 employees	 21-99 employees	 Blue collar	 White collar	 Other services
Base	1,525	492	658	595	382	198	184	1,133	461	423	700	1127	190
Pandemic (including COVID-19)	92% ▲	83% ▼	91%	90%	88%	89%	86%	89%	92%	91%	87% ▼	92% ▲	90%
Severe rainfall (inc. storms, flooding, hail)	11% ▼	27% ▲	15%	13%	21% ▲	14%	23%	15%	17%	22% ▲	21% ▲	11% ▼	17%
Bushfires	7% ▼	22% ▲	16% ▲	11%	4%	11%	17%	11%	14%	14%	15% ▲	9% ▼	9%
Drought	3% ▼	17% ▲	7%	8%	6%	5%	9%	7%	7%	8%	11% ▲	3% ▼	7%
Heatwave	5%	6%	5%	4%	3%	11% ▲	12% ▲	5%	6%	9%	7%	4%	4%
Cyclone/wind	2% ▼	9% ▲	1% ▼	3% ▲	10% ▲	7%	7%	4%	6%	5%	7% ▲	3% ▼	3%
Earthquake	1%	1%	0% ▼	3%	1%	1%	0%	1%	1%	2%	1%	1%	1%
Pest plague (please specify)	0% ▼	2% ▲	1%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%
Landslide	0%	0%	0%	1%	1%	0%	0%	0%	0%	2% ▲	0%	0%	0%
Other	6%	7%	6%	7%	7%	6%	6%	7%	4%	2% ▼	7%	6%	7%

BUSINESSES ARE PREDOMINANTLY EXPERIENCING REDUCED REVENUES OR A REDUCED CUSTOMER BASE; ALTHOUGH MORE THAN ONE QUARTER HAD THEIR OVERALL FINANCIAL HEALTH IMPACTED

ASPECTS OF BUSINESS NEGATIVELY IMPACTED (ANY DISASTER TYPE)



fiftyfive5














A2. Which aspects of your business were negatively impacted as a result of each disaster?
Base: All respondents (n=2,017)

010

Attachment E | Research Findings | Inquiry Report

UTILITY LOSS, STOCK LOSS, SAFETY OF PREMISES ARE ALL MORE COMMON IMPACTS AFFECTING REGIONAL SMALL BUSINESSES

ASPECTS OF BUSINESS NEGATIVELY IMPACTED (ANY DISASTER TYPE): BY SMALL BUSINESS TYPE

	 Metro	 Regional	 NSW / ACT	 VIC / TAS	 QLD	 WA	 SA / NT	 1-5 employees (inc. sole trader)	 6-20 employees	 21-99 employees	 Blue collar	 White collar	 Other services
Base	1,525	492	658	595	382	198	184	1,133	461	423	700	1,127	190
Reduced revenue	57%	59%	62%▲	56%	56%	49%	55%	59%	56%	53%	58%	57%	63%
Reduced customer demand / base	53%	57%	59%▲	53%	53%	45%	44%▼	58%▲	46%▼	41%▼	53%	54%	65%▲
Supply chain issues	28%	29%	28%	27%	27%	35%	29%	25%▼	35%▲	40%▲	42%▲	14%▼	18%▼
Staffing	28%	27%	29%	26%	26%	30%	24%	18%▼	49%▲	60%▲	30%▲	25%	19%▼
Business financial health	27%	27%	28%	27%	26%	24%	27%	28%	25%	22%	27%	27%	26%
Viability / safety of premises	11%▼	18%▲	12%	13%	16%	14%	11%	12%▼	17%	21%▲	16%▲	11%	12%
Loss of stock	7%▼	14%▲	10%	8%	10%	9%	9%	8%▼	12%	18%▲	15%▲	3%▼	4%
Internet phone connectivity	7%▼	13%▲	8%	9%	8%	11%	6%	8%	7%	13%▲	8%	9%	8%
Something else	7%	10%	8%	6%	10%	9%	8%	9%▲	6%	4%▼	6%	9%	15%▲
Availability of electricity, gas or water	3%▼	9%▲	3%	5%	6%	6%	4%	4%	6%	8%	5%	4%	5%



A2. Which aspects of your business were negatively impacted as a result of each disaster?
Base: Total (Base sizes range from n=184 to n=2,017)

▲▼ Significantly higher/lower result to total at 95% confidence interval

REDUCED REVENUE IS THE MOST COMMON IMPACT FELT BY BUSINESSES, PARTICULARLY FOR THOSE AFFECTED BY THE PANDEMIC AND DROUGHT

ASPECTS OF BUSINESS NEGATIVELY IMPACTED: BY DISASTER TYPE



	PANDEMIC	BUSHFIRE	SEVERE RAINFALL	CYCLONE	HEATWAVE	DROUGHT
<i>Base</i>	<i>n=1,541</i>	<i>n=174</i>	<i>n=254</i>	<i>n=72</i>	<i>n=97</i>	<i>n=105</i>
Reduced revenue	67% ▲	47%	44%	37%	26%	63% ▲
Reduced customer demand / base	64% ▲	39%	29% ▼	30%	28%	38%
Supply chain issues	33% ▲	25%	23%	26%	14%	16%
Staffing	32% ▲	24%	16%	16%	28%	11%
Business financial health	31% ▲	18%	17%	13%	11%	19%
Viability/ safety of premises	8% ▼	22%	37% ▲	38% ▲	14%	3% ▼
Loss of stock	5% ▼	11%	19%	15%	21%	33% ▲
Internet/ phone connectivity	3% ▼	25%	24%	35% ▲	13%	3% ▼
Availability of electricity, gas or water	0% ▼	14%	14%	29% ▲	12%	6%
Something else	6% ▼	8%	10%	12%	12%	6% ▼

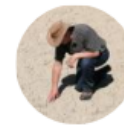







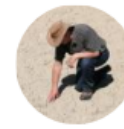
A2. Which aspects of your business were negatively impacted as a result of each disaster?
Base: Negatively impacted or experienced this type of event (Base sizes range from n=72 to n=1,541)

▲ ▼ Significantly higher/lower result to other disasters at 95% confidence interval

FINANCIAL LOSS IS THE MOST SIGNIFICANT BARRIER TO RECOVERY ACROSS DISASTER TYPE, OTHER IMPACTS VARY BY DISASTER TYPE














BARRIERS FACED IN RECOVERY: BY DISASTER TYPE



	 PANDEMIC Base <i>n=1,429</i>	 BUSHFIRE Base <i>n=160</i>	 SEVERE RAINFALL Base <i>n=237</i>	 CYCLONE Base <i>n=66</i>	 HEATWAVE Base <i>n=85</i>	 DROUGHT Base <i>n=98</i>
Financial loss	69% ▲	48%	46% ▼	45% ▼	43%	78% ▲
Supply chain disruptions	33% ▲	28%	21%	27%	17%	14%
Staffing shortages	28% ▲	16%	12%	9%	22%	11%
Inadequate support	13%	10%	9%	12%	8%	13%
Access to business services	8%	10%	12%	12%	5%	3%
Disrupted utilities	2% ▼	18% ▲	19%	26%	22% ▲	2% ▼
Insufficient insurance	1% ▼	3%	4%	3%	1% ▼	4%
Significant property damage	0% ▼	11%	34% ▲	38% ▲	6%	10%

LOWER HEADCOUNT BUSINESSES ARE MORE LIKELY TO FACE FINANCIAL LOSS AS A BARRIER TO RECOVERY, WHILE LARGER BUSINESSES ARE MORE COMMONLY IMPACTED BY SUPPLY CHAIN DISRUPTIONS AND STAFFING SHORTAGES

BARRIERS FACED IN RECOVERY: BY SMALL BUSINESS TYPE

	 Metro	 Regional	 NSW / ACT	 VIC / TAS	 QLD	 WA	 SA / NT	 1-5 employees (inc. sole trader)	 6-20 employees	 21-99 employees	 Blue collar	 White collar	 Other services
<i>Base</i>	1,525	492	658	595	382	198	184	1,133	461	423	700	1,127	190
Financial loss	59%	65%	65%	57%	63%	55%	60%	65%▲	53%▼	49%▼	62%	60%	66%
Supply chain disruptions	28%	33%	29%	26%	32%	35%	26%	25%▼	37%▲	43%▲	46%▲	13%▼	18%▼
Staffing shortages	24%	25%	27%	22%	23%	26%	17%	15%▼	43%▲	55%▲	28%▲	21%▼	17%
Inadequate support	14%	12%	12%	14%	14%	14%	12%	13%	14%	12%	13%	14%	13%
Access to business services	8%	9%	7%	9%	9%	10%	8%	9%	7%	10%	7%	10%	9%
Disrupted utilities	5%▼	9%▲	5%	8%	6%	11%	6%	7%	6%	9%	8%	6%	6%
Insufficient insurance	2%	3%	1%	3%	2%	3%	1%	2%	2%	4%	3%	2%	1%
Significant property damage	4%▼	14%▲	7%	5%	10%	6%	5%	6%	9%	12%▲	9%▲	5%▼	3%



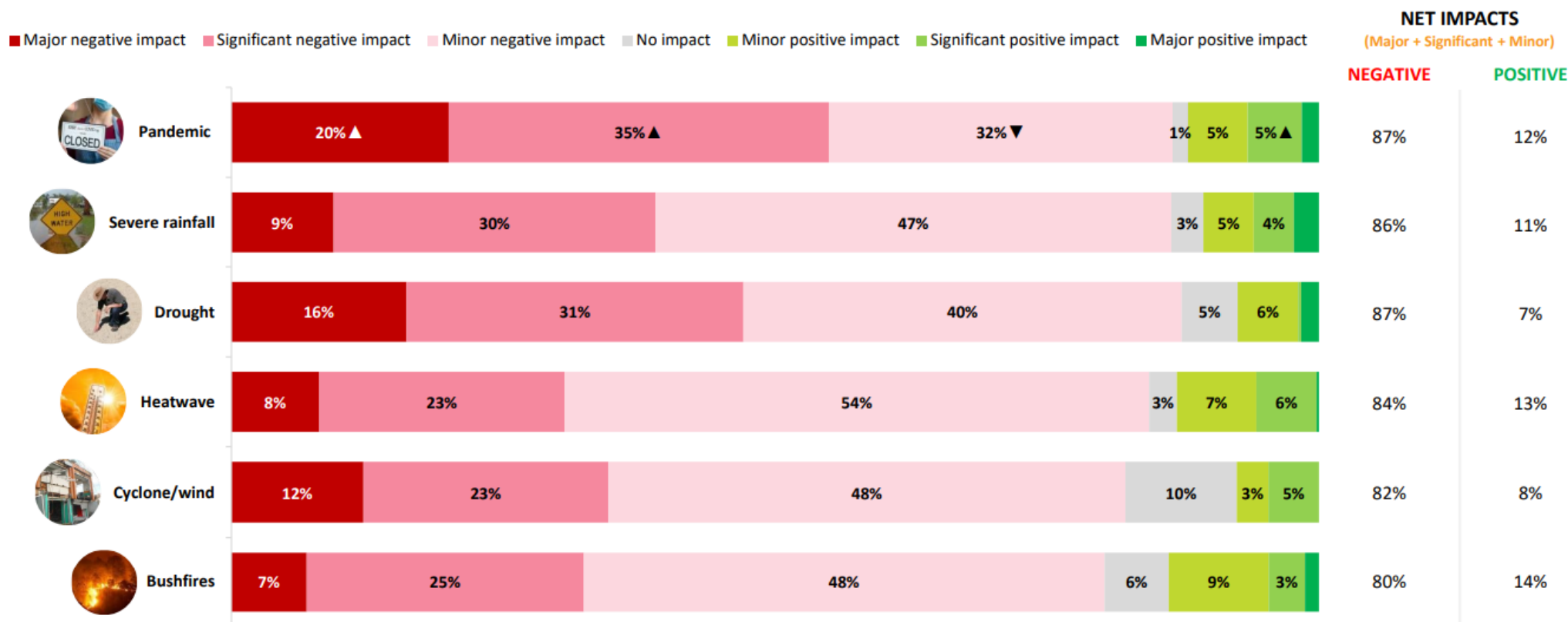
A4. What were the most significant challenges, or barriers you faced as your business recovered from the disaster?
Base: All respondents (n=2,017)

▲▼ Significantly higher/lower result to total at 95% confidence interval

OUTCOMES FOR SMALL BUSINESSES

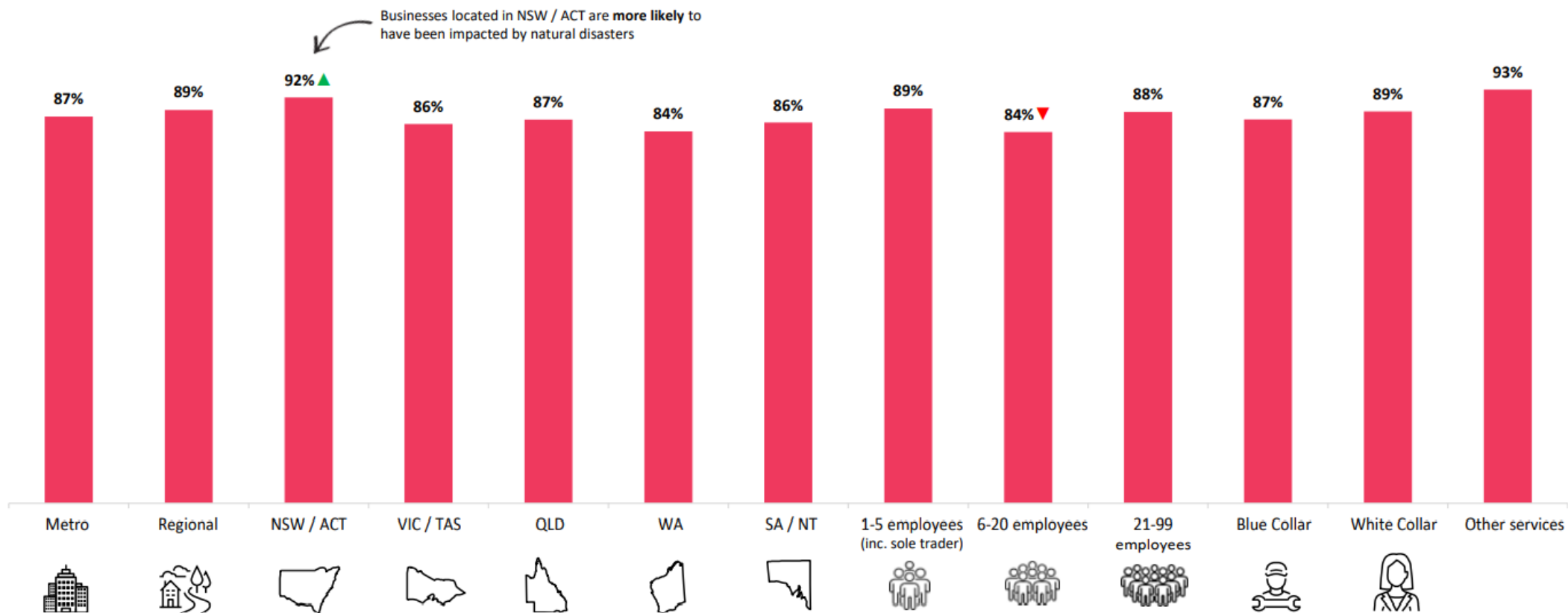
SMALL BUSINESSES ARE SIGNIFICANTLY MORE LIKELY TO EXPERIENCE MAJOR NEGATIVE IMPACTS OF THE PANDEMIC THAN OTHER DISASTER TYPES

LEVEL OF IMPACT: BY DISASTER TYPE



NATURAL DISASTERS HAVE IMPACTED THE VAST MAJORITY OF SMALL BUSINESSES, REGARDLESS OF LOCATION, SIZE OR INDUSTRY TYPE

NEGATIVELY IMPACTED BY ANY NATURAL DISASTER: BY SMALL BUSINESS TYPE



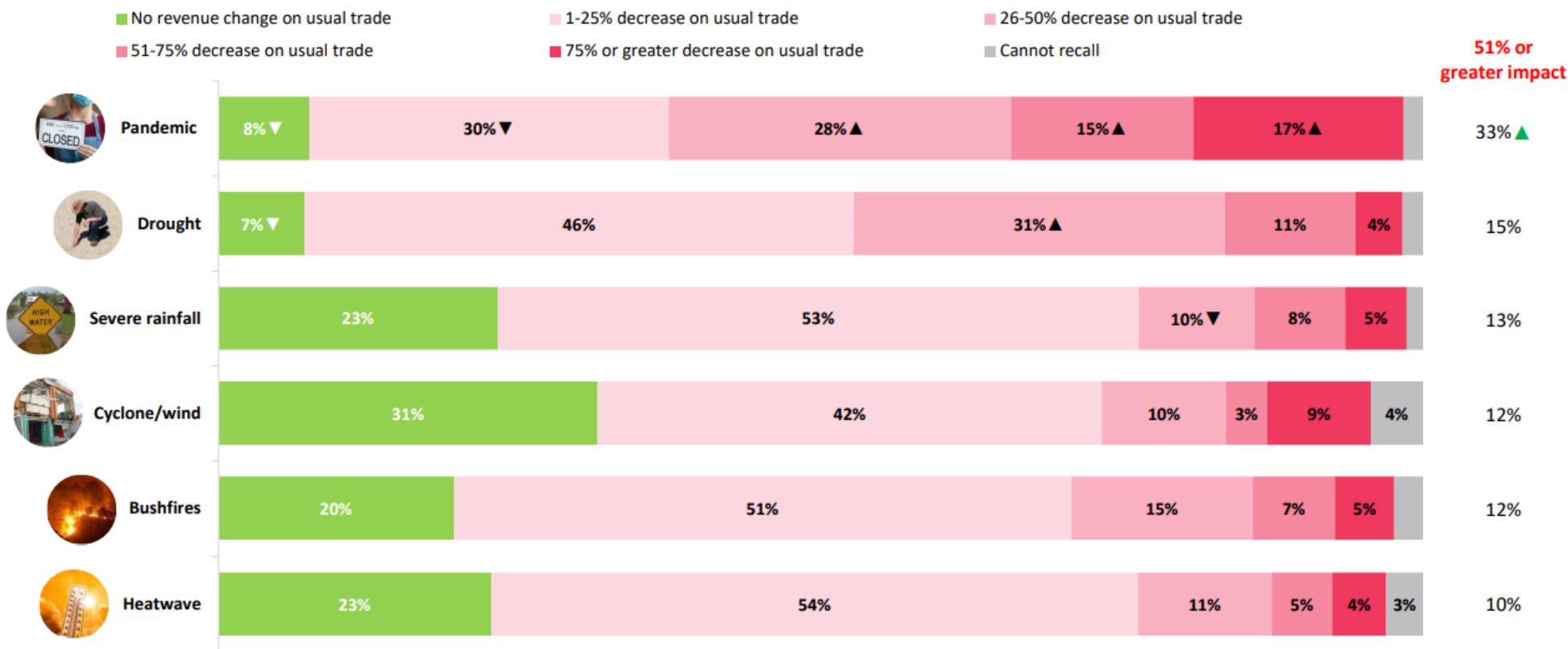
A1. You mentioned that your business has experienced the following natural disasters over the last 5 years. To what extent did they impact on your business overall?
Base: All respondents (n=2,017)

▲ ▼ Significantly higher/lower result to total at 95% confidence interval

017

COMPARED TO OTHER DISASTERS, THE COVID-19 PANDEMIC HAS HAD A SIGNIFICANTLY LARGER IMPACT ON USUAL TRADE FOR SMALL BUSINESSES

LEVEL OF NEGATIVE FINANCIAL IMPACT: BY DISASTER TYPE

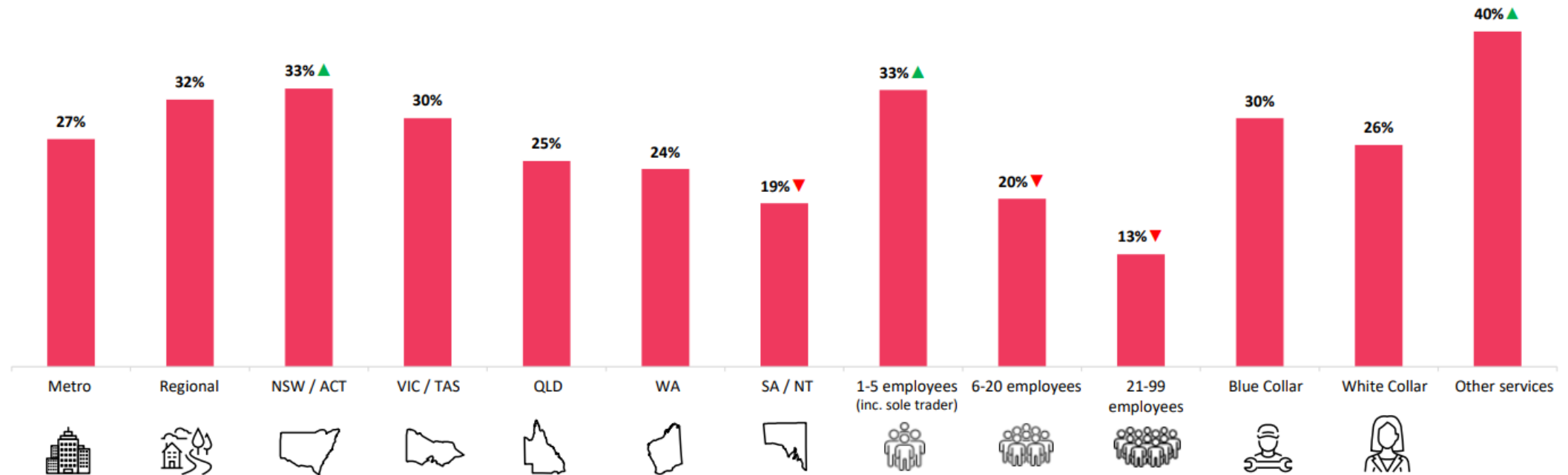


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VERY SMALL BUSINESSES, AS WELL AS THOSE IN NSW / ACT ARE SIGNIFICANTLY MORE LIKELY TO HAVE FACED LARGE, NEGATIVE FINANCIAL IMPACT FROM DISASTERS

LARGE NEGATIVE FINANCIAL IMPACT (51%+ DECREASE): BY SMALL BUSINESS TYPE

■ Experienced large financial decrease (51%+)



fiftyfive5

A1a. To what extent was your revenue impacted by each of the following disasters? Please choose the response that best fits your situation.
Base: All respondents (n=2,017)

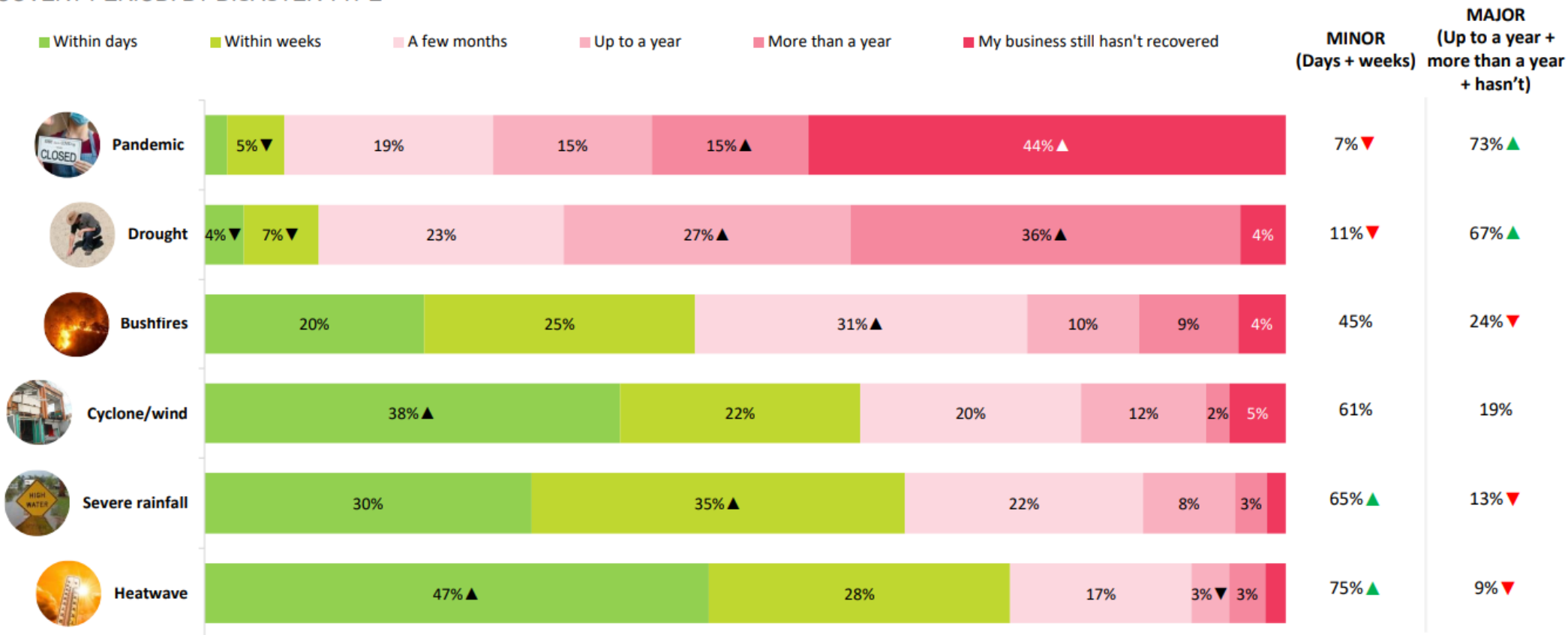
▲ ▼ Significantly higher/lower result to total at 95% confidence interval

019

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THE PANDEMIC AND DROUGHT HAVE THE LONGEST RECOVERY PERIODS, WHILE HEATWAVES AND SEVERE RAINFALL HAVE SIGNIFICANTLY SHORTER RECOVERY PERIODS

RECOVERY PERIOD: BY DISASTER TYPE



A3. Following the disaster experienced, how long did it take before your business recovered and was back to running how it was before the event?
Base: Negatively impacted or experienced this type of event (Base sizes range from n=72 to n=1,541). Note: Data labels <3% not shown

▲ ▼ Significantly higher/lower result to other disasters at 95% confidence interval

VERY SMALL BUSINESSES ARE MORE LIKELY TO HAVE EXPERIENCED A SIGNIFICANTLY LENGTHY RECOVERY PERIOD FROM A DISASTER EVENT

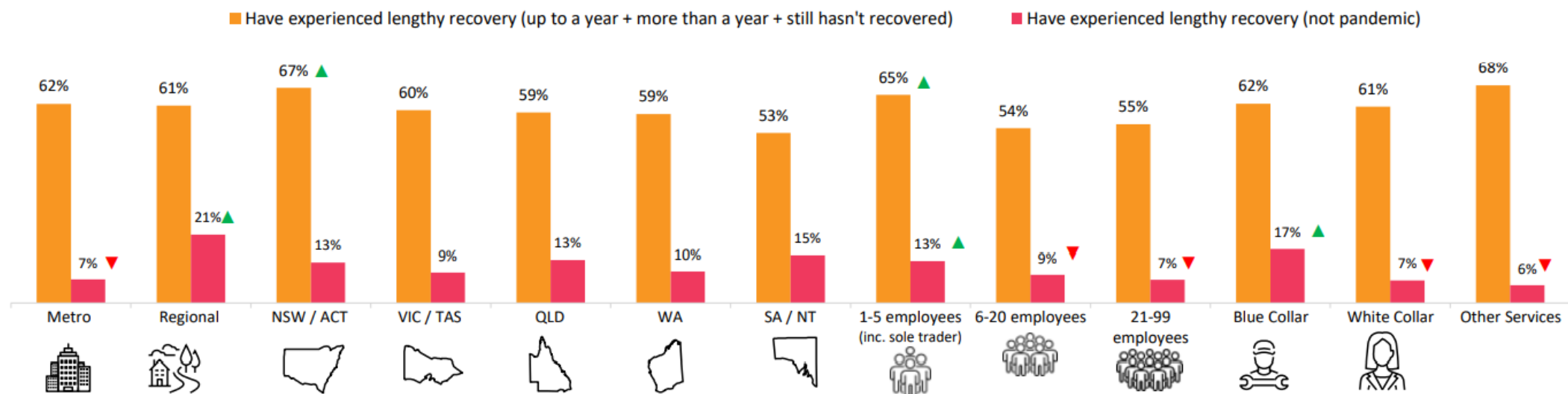
EXPERIENCED SIGNIFICANT RECOVERY PERIOD OF UP TO ONE YEAR OR MORE: BY SMALL BUSINESS TYPE



Finance available and insurance [supports that could assist]
[NSW, Regional]



We finance solar systems. In a disaster affected area solar sales or projects to be completed are lost. Business confidence needs to be re-established for future solar financing.
[SA, Metro]



A3. Following the disaster experienced, how long did it take before your business recovered and was back to running how it was before the event? NET IMPACT CODED IF EXPERIENCED
ANY LENGTHY RECOVERY TYPE
Base: Total (Base sizes range from n=189 to n=2012)

▲ ▼ Significantly higher/lower result to total at 95% confidence interval

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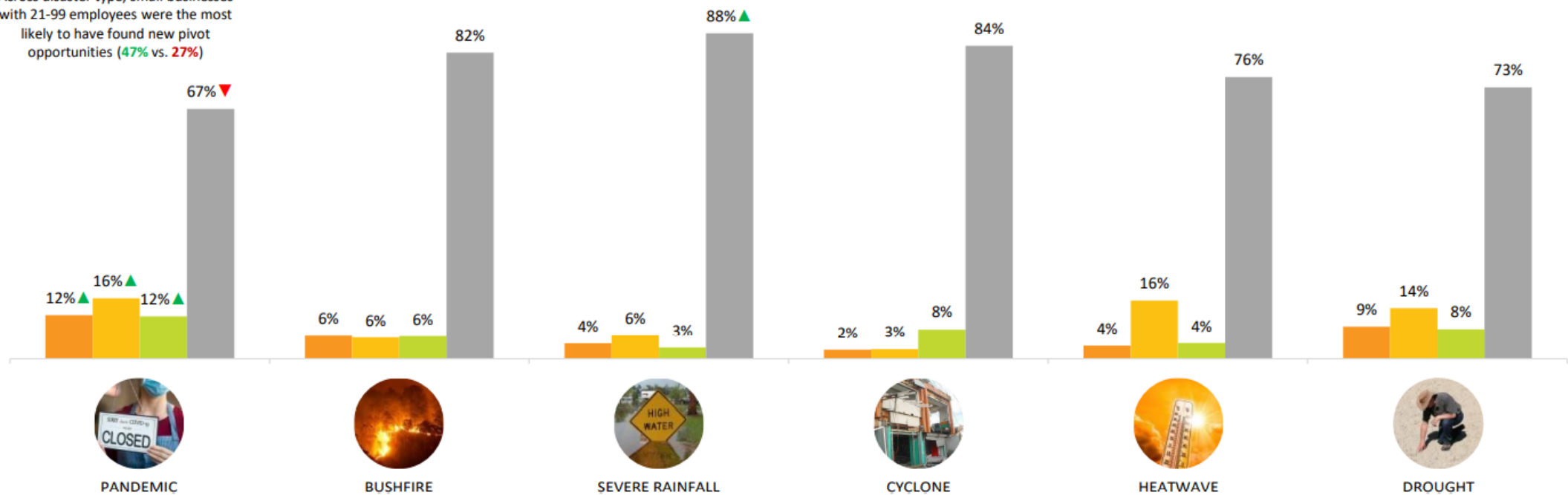
WHILE A MAJORITY OF BUSINESSES HAVE NOT FOUND ANY PIVOT OPPORTUNITIES, FOR 1 IN 3 THE PANDEMIC HAS OPENED NEW MARKETS AND / OR PRODUCT LINES

PIVOT OPPORTUNITIES: BY DISASTER TYPE

■ Found access to new / other markets
 ■ Streamlined businesses processes
 ■ Introduced new product line / service
 ■ No - there were no new opportunities



Across disaster type, small businesses with 21-99 employees were the most likely to have found new pivot opportunities (47% vs. 27%)



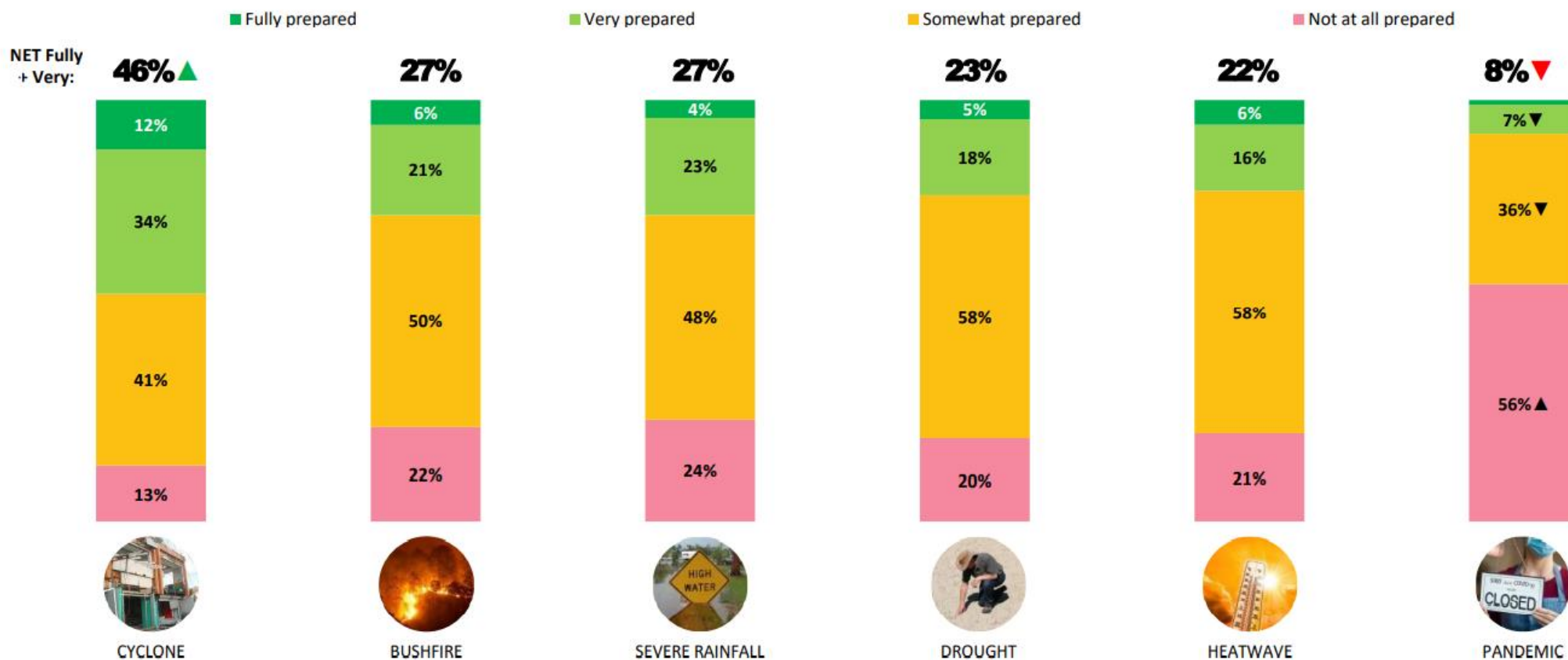
A4. As a result of the disaster and the recovery did your business find any new opportunities for revenue?
Base: Impacted or experienced this type of event (Base sizes range from n=70 to n=1,521). Note: Data labels <3% not shown

▲ ▼ Significantly higher/lower result to other disasters at 95% confidence interval

PREPAREDNESS OF SMALL BUSINESSES

PREPAREDNESS PRIOR TO DISASTERS OCCURRING IS HIGHEST FOR CYCLONES AND LOWEST FOR PANDEMICS

LEVEL OF PREPAREDNESS BEFORE DISASTER OCCURRED



fiftyfive5

A5 How prepared would you say your business was before the disaster?
Base: Negatively impacted or experienced this type of event (Base sizes range from n=72 to n=1,541). Note: Data labels <3% not shown

▲ ▼ Significantly higher/lower result to other disasters at 95% confidence interval

024

REGIONAL SMALL BUSINESSES AS WELL AS THOSE IN BLUE COLLAR INDUSTRIES ARE MORE LIKELY TO REPORT THEMSELVES AS FEELING PREPARED BEFORE DISASTERS

FELT VERY / SOMEWHAT PREPARED BEFORE ANY DISASTER OCCURRED: BY SMALL BUSINESS TYPE

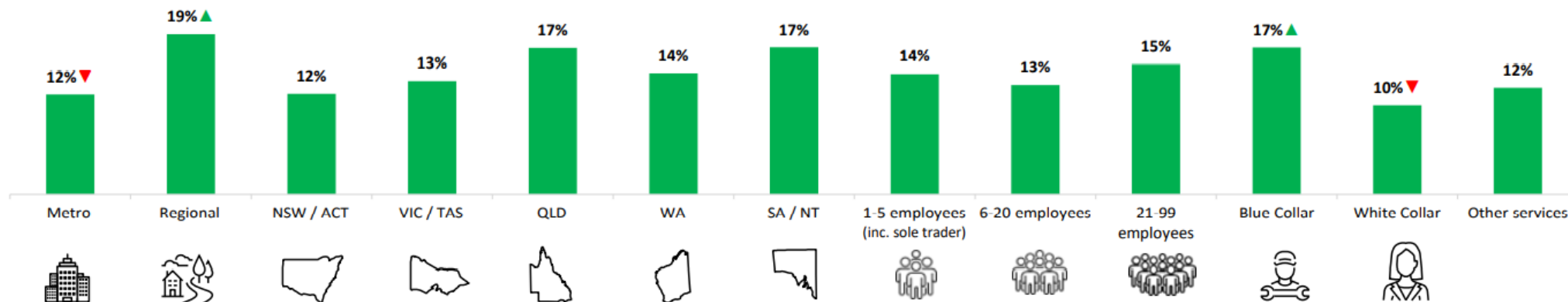
■ Felt very or somewhat prepared



There should be a requirement for businesses to have a disaster plan and advice on how to implement.
[WA, Metro]



Nothing could have prepared for COVID - learn lessons from this. [QLD, Regional]



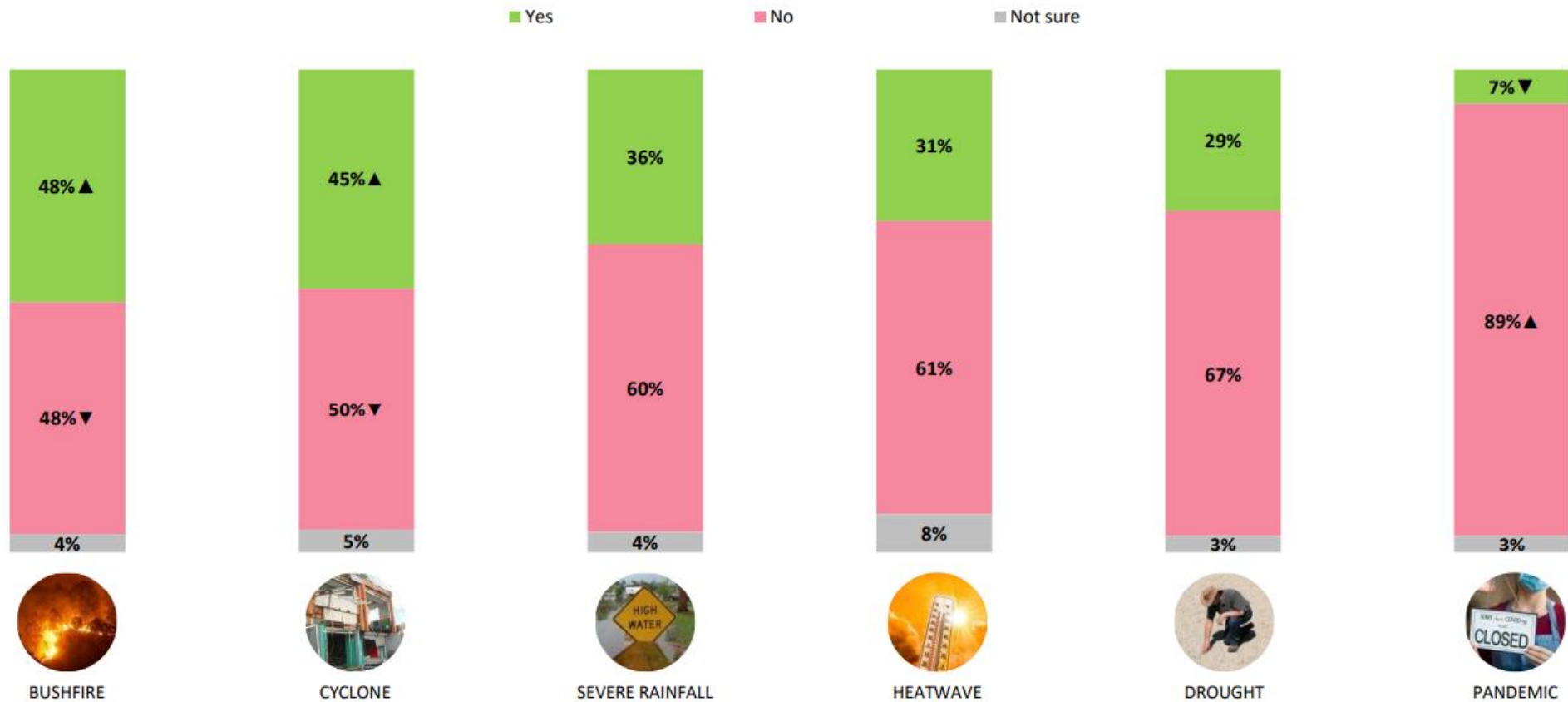
A5. How prepared would you say your business was before the disaster?
Base: All respondents (n=2,017)

▲ ▼ Significantly higher/lower result to total at 95% confidence interval

025

SMALL BUSINESSES ARE MOST LIKELY TO HAVE A DISASTER PLAN IN PLACE FOR WEATHER EVENTS SUCH AS BUSHFIRES, CYCLONES AND SEVERE RAINFALL

DISASTER PLAN IN PLACE PRIOR TO PRIOR EVENT OCCURRENCE: BY DISASTER TYPE

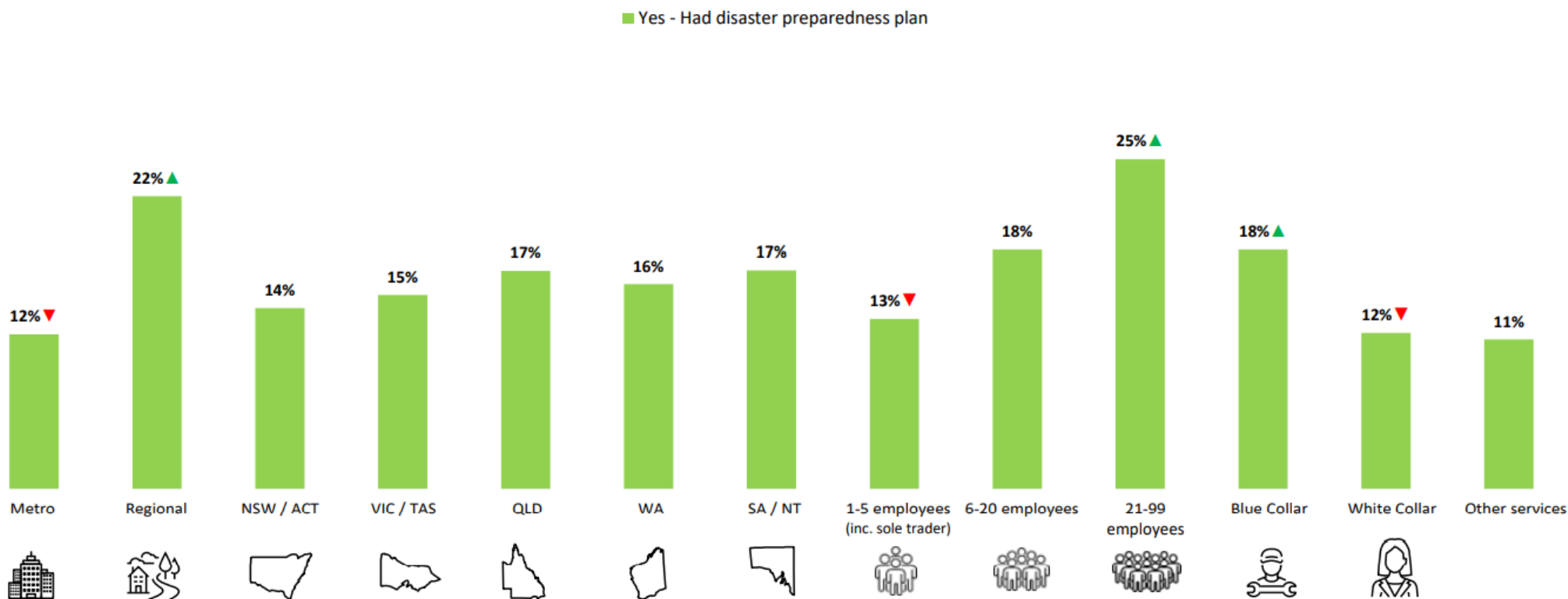


A5a. Was there a disaster preparedness plan in place for this natural disaster before it occurred?
Base: Negatively impacted or experienced this type of event (Base sizes range from n=72 to n=1,541).

▲ ▼ Significantly higher/lower result to other disasters at 95% confidence interval

REGIONAL SMALL BUSINESSES, THOSE WITH HIGHER HEADCOUNTS AND THOSE IN BLUE COLLAR INDUSTRIES ARE MORE LIKELY TO HAVE HAD A DISASTER PREPAREDNESS PLAN

DISASTER PLAN IN PLACE PRIOR TO PRIOR EVENT OCCURRENCE : BY SMALL BUSINESS TYPE



fiftyfive5

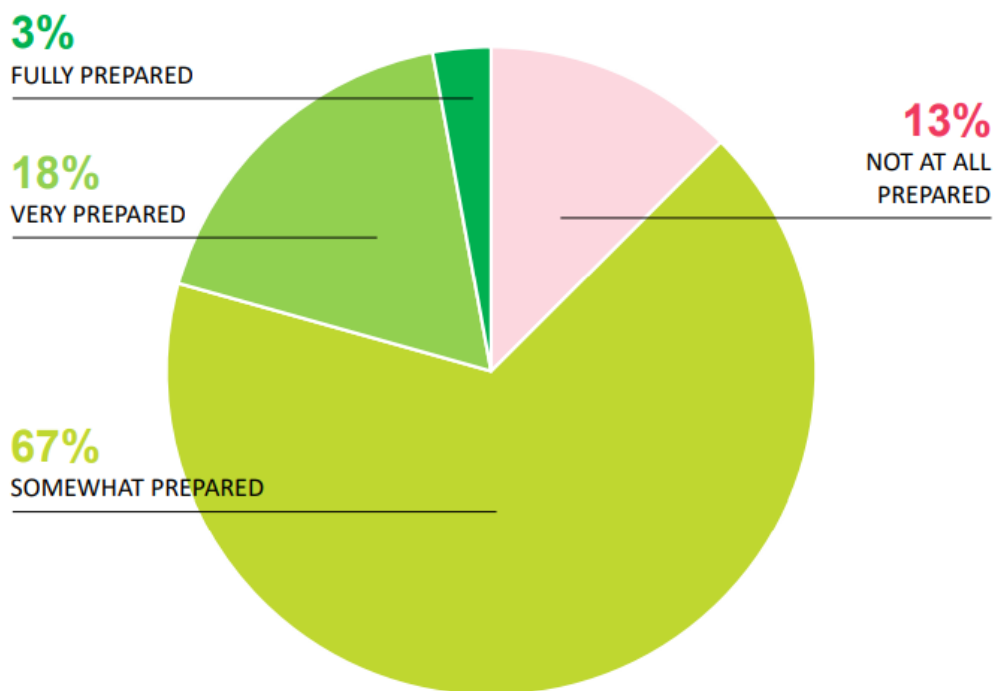
ASa. Was there a disaster preparedness plan in place for this natural disaster before it occurred?
Base: All respondents (n=2,017)

▲ ▼ Significantly higher/lower result to total at 95% confidence interval

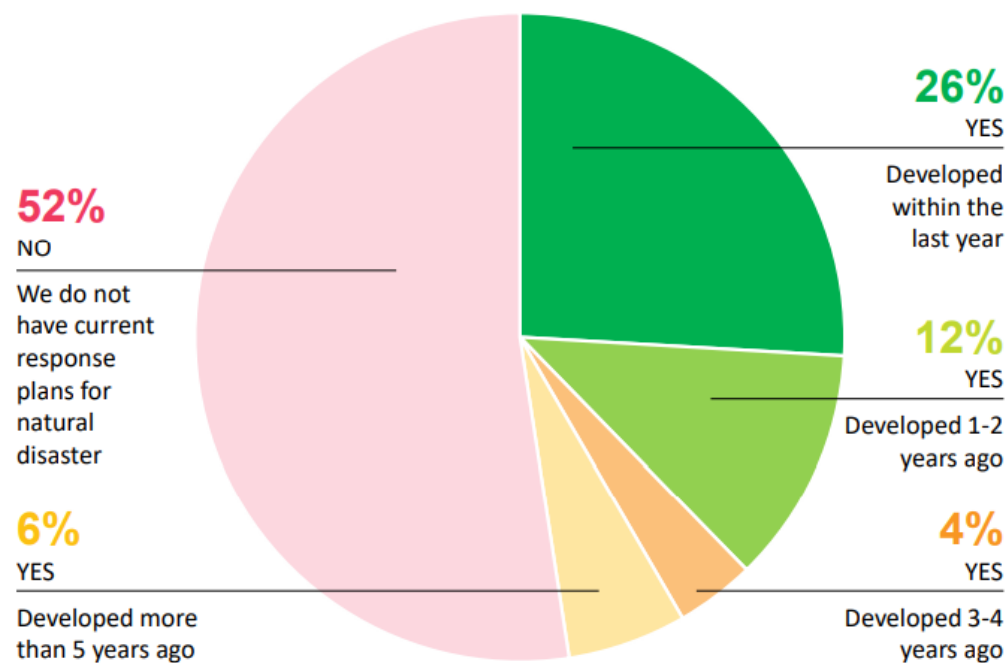
027

WHILE A MAJORITY OF BUSINESSES FEEL SOMEWHAT PREPARED FOR FUTURE DISASTERS, ONLY 1 IN 4 HAVE A CURRENT RESPONSE PLAN

CURRENT LEVEL OF PREPAREDNESS FOR FUTURE POTENTIAL DISASTERS

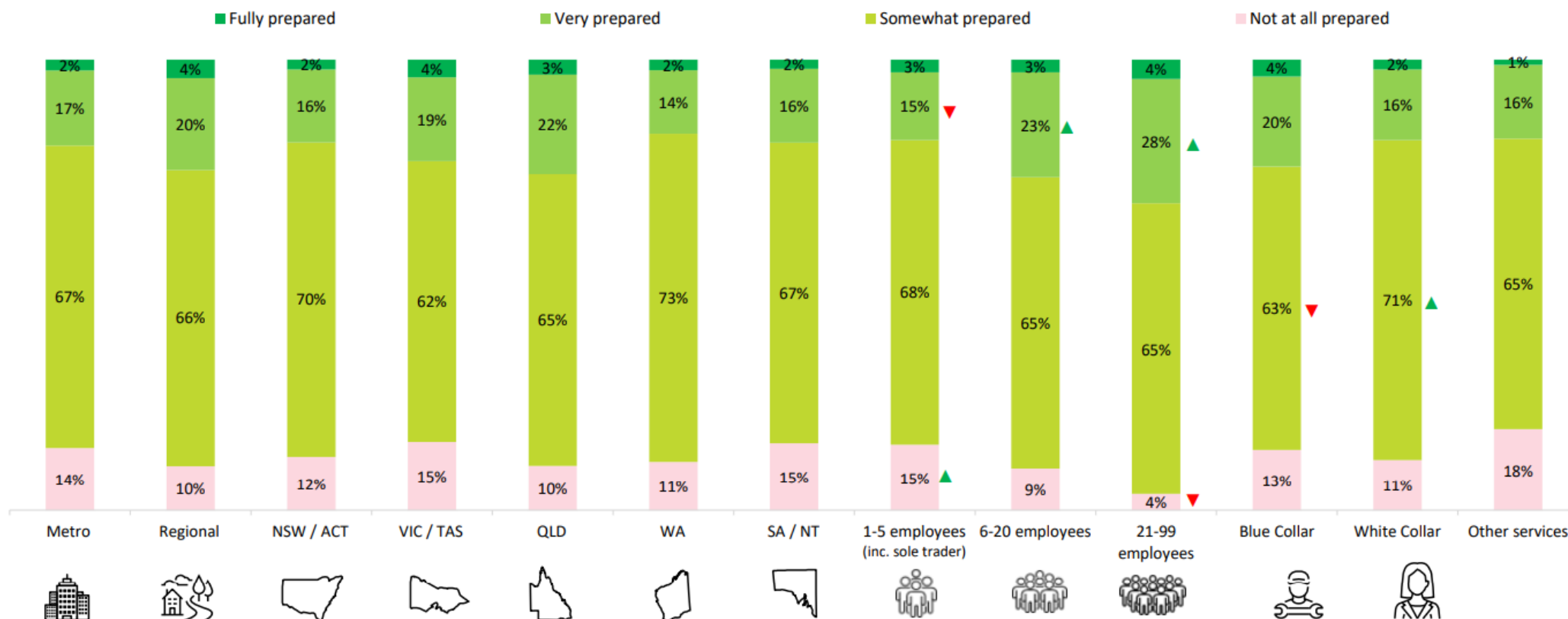


EXISTENCE OF CURRENT RESPONSE PLANS AND DATE OF ESTABLISHMENT



BLUE COLLAR INDUSTRIES AND LARGER BUSINESSES ARE SIGNIFICANTLY MORE LIKELY TO BE FULLY OR VERY PREPARED FOR FUTURE NATURAL DISASTERS

CURRENT LEVEL OF PREPAREDNESS FOR FUTURE POTENTIAL DISASTERS: BY SMALL BUSINESS TYPE

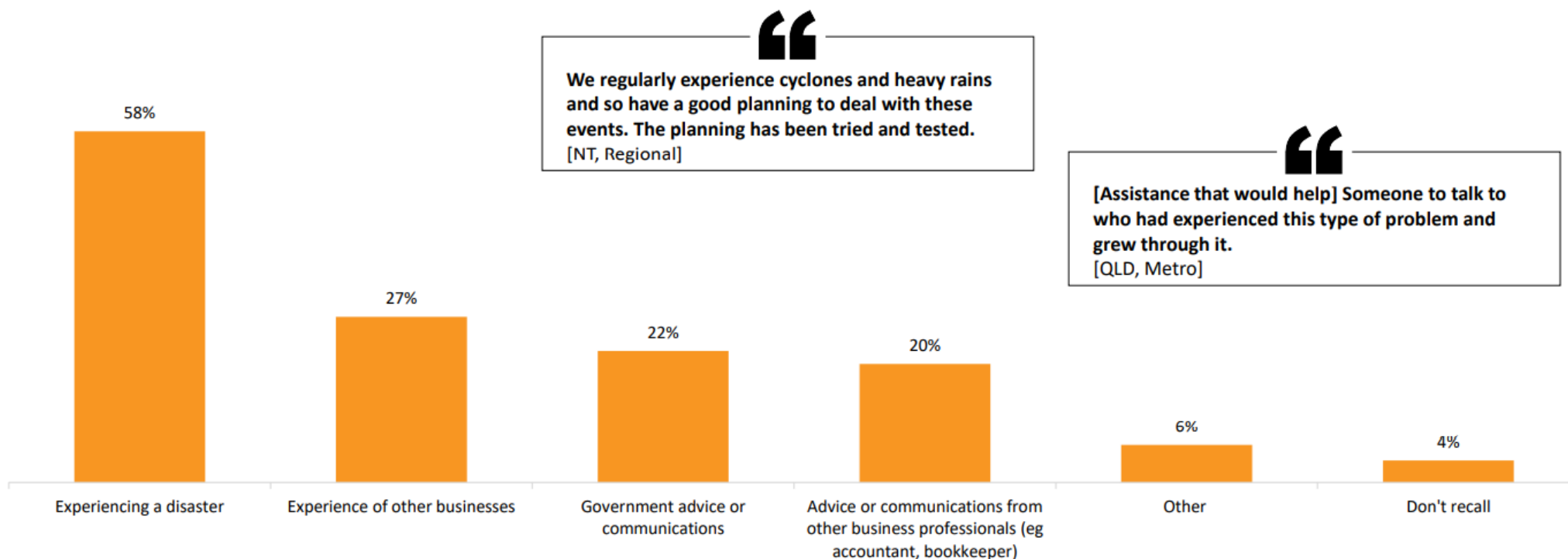


B1. How prepared would you say your business is now for potential future natural disasters?
Base: Total (Base sizes range from n=189 to n=2012)

▲ ▼ Significantly higher/lower result to total at 95% confidence interval

PRIOR DISASTER EXPERIENCES OR REFLECTING UPON ANOTHERS' EXPERIENCE ARE THE KEY MOTIVATING FACTORS TO HAVING CREATED A RESPONSE PLAN

REASON CURRENT RESPONSE PLANS WERE CREATED



fiftyfive5














B3. And what prompted you to create your current responses plans?
Base: Have response plans currently in place (n=1,054)

030

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SA, NT AND WA SMALL BUSINESSES ARE THE MOST LIKELY TO HAVE BEEN PROMPTED BY GOVERNMENT ADVICE OR COMMUNICATIONS

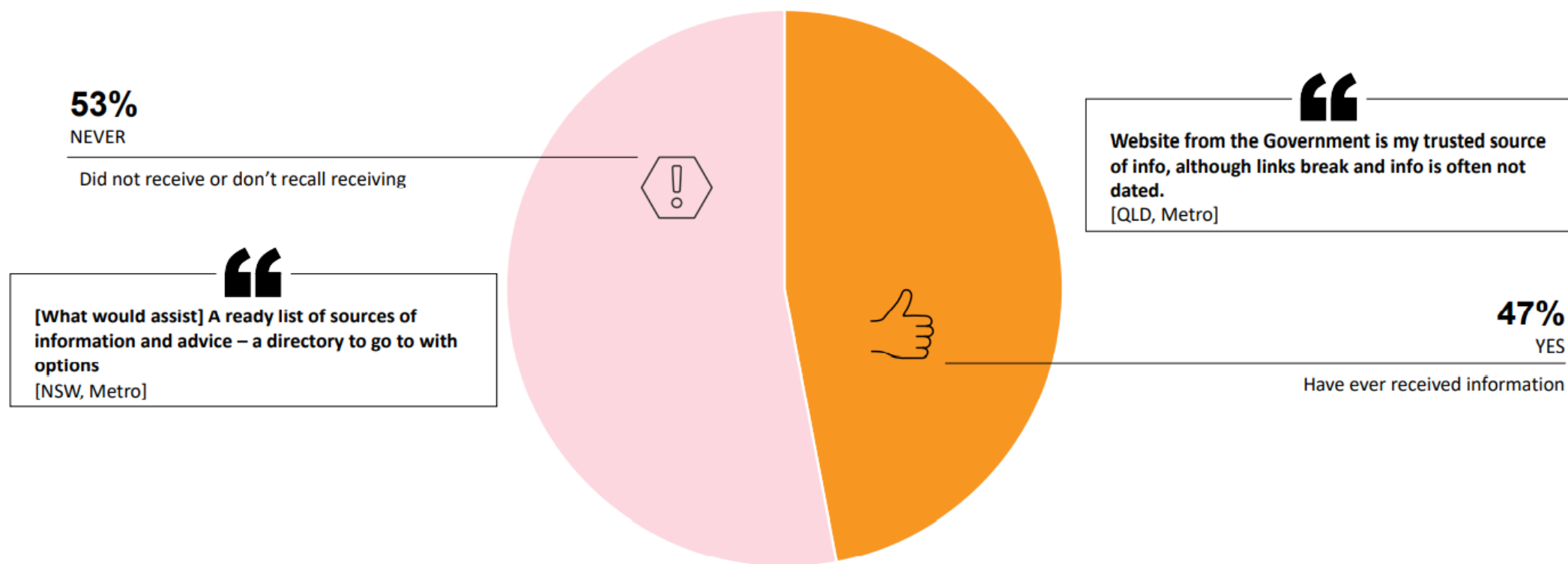
REASON CURRENT RESPONSE PLANS WERE CREATED: BY SMALL BUSINESS TYPE

	 Metro	 Regional	 NSW / ACT	 VIC / TAS	 QLD	 WA	 SA / NT	 1-5 employees (inc. sole trader)	 6-20 employees	 21-99 employees	 Blue collar	 White collar	 Other services
<i>Base</i>	782	272	336	310	206	118	84	443	287	324	380	589	85
Experiencing a disaster	54%	66%	59%	56%	64%	53%	50%	59%	58%	51%	60%	55%	66%
Experience of other businesses	29%	23%	28%	30%	26%	28%	19%	27%	29%	25%	30%	25%	22%
Government advice or communications	22%	21%	22%	18%	19%	27%	41% ▲	18%	25%	31%	20%	24%	19%
Advice of communications from other business professionals	22%	16%	20%	19%	20%	21%	13%	17%	25%	17%	17%	23%	15%

INFORMATION SOURCES

APPROXIMATELY HALF OF SMALL BUSINESSES RECALL SPECIFICALLY RECEIVING INFORMATION OR ASSISTANCE ON HOW TO RESPONSE OR RECOVER

RECEIVED INFORMATION OR ASSISTANCE REGARDING HOW TO RESPOND AND RECOVER (ANY DISASTER TYPE)

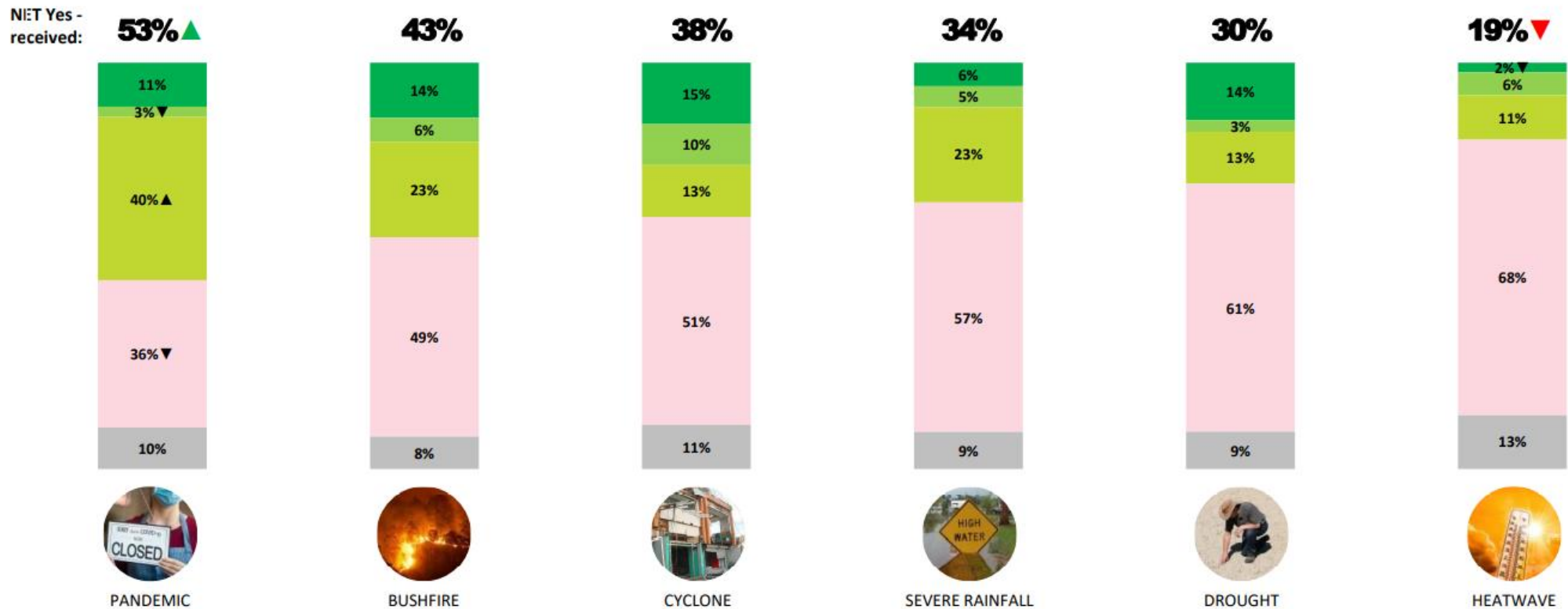


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SMALL BUSINESS ARE SIGNIFICANTLY LESS LIKELY TO RECALL RECEIVING INFORMATION ABOUT HEATWAVES, BOTH BEFORE AND AFTER THE DISASTER

RECEIVED INFORMATION OR ASSISTANCE REGARDING HOW TO RESPOND AND RECOVER

■ Yes - both before and after the disaster
 ■ Yes - before the disaster
 ■ Yes - after the disaster
 ■ Did not receive anything
 ■ Don't know / Cannot recall



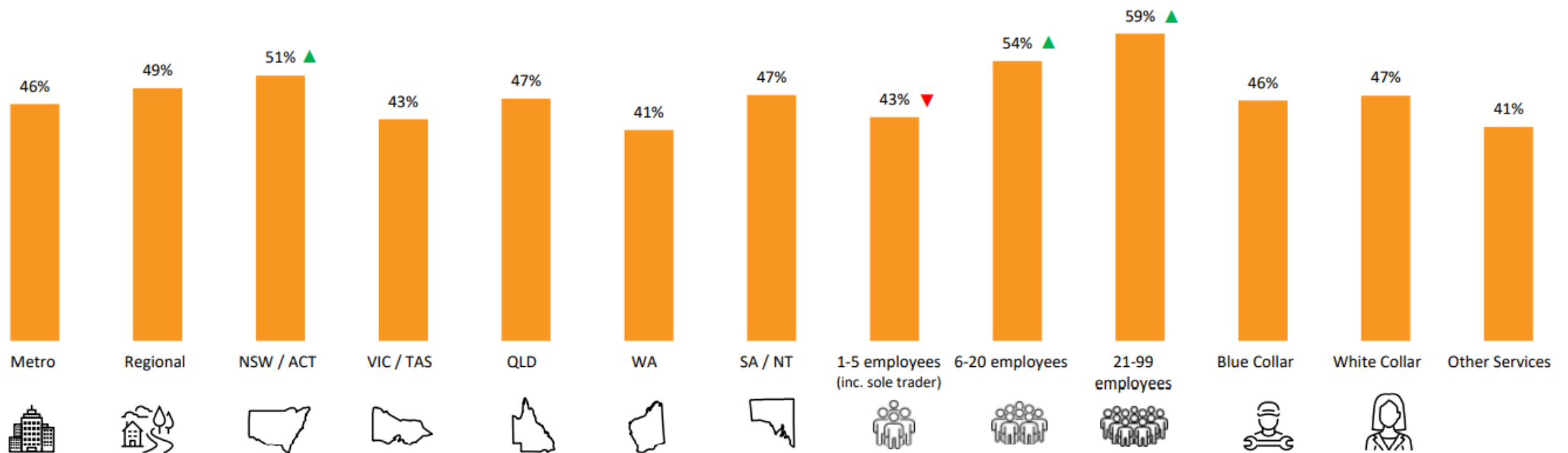
A6. At the time do you recall receiving any information or assistance regarding how to respond to and recover from the disaster?
Base: Negatively impacted or experienced this type of event (Base sizes range from n=72 to n=1,541).

▲ ▼ Significantly higher/lower result to other disasters at 95% confidence interval

VERY SMALL BUSINESSES ARE THE LEAST LIKELY TO HAVE EVER RECEIVED INFORMATION ON DISASTER RESPONSE AND RECOVERY

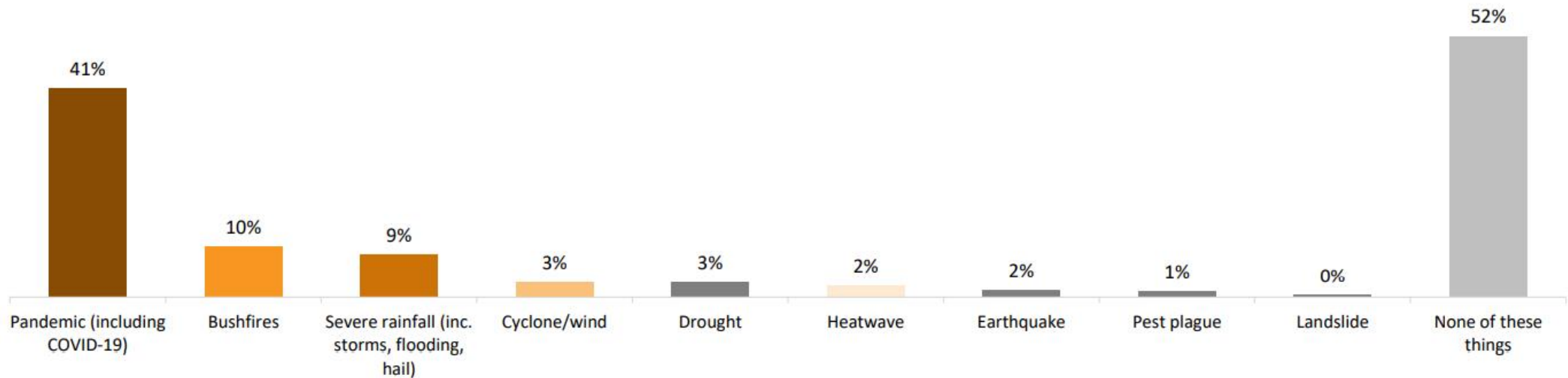
EVER RECEIVED INFORMATION OR ASSISTANCE REGARDING HOW TO RESPOND AND RECOVER (ANY DISTASTER TYPE): BY SMALL BUSINESS TYPE

Yes have ever received information
















OTHER THAN PANDEMIC INFORMATION, RECEIPT OF INFORMATION ON ANY PARTICULAR TYPE OF DISASTER IS RELATIVELY LOW AND FOCUSED ON BUSHFIRE AND SEVERE RAINFALL

TOPIC OF INFORMATION AND ASSISTANCE RECEIVED ON NATURAL DISASTERS IN PAST 5 YEARS



QLD AND REGIONAL SMALL BUSINESSES ARE SIGNIFICANTLY MORE LIKELY TO HAVE RECEIVED INFORMATION AND ASSISTANCE ON SEVERE RAINFALL AND CYCLONES / WINDS







TOPIC OF INFORMATION AND ASSISTANCE RECEIVED ON NATURAL DISASTERS IN PAST 5 YEARS: BY SMALL BUSINESS TYPE

	 Metro	 Regional	 NSW / ACT	 VIC / TAS	 QLD	 WA	 SA / NT	 1-5 employees (inc. sole trader)	 6-20 employees	 21-99 employees	 Blue collar	 White collar	 Other services
Base	1,525	492	658	595	382	198	184	1,133	461	423	700	1,127	190
Pandemic (including COVID-19)	42%	40%	44%	39%	40%	45%	32%	37% ▼	49% ▲	53% ▲	39%	43%	38%
Severe rainfall (inc. storms, flooding, hail)	6% ▼	15% ▲	7%	6%	14% ▲	8%	9%	7% ▼	11%	15% ▲	11% ▲	6% ▼	9%
Bushfires	7% ▼	16% ▲	10%	10%	6%	13%	14%	9%	11%	15% ▲	12%	8%	10%
Drought	2% ▼	5% ▲	2%	4%	4%	1%	2%	2% ▼	5% ▲	5%	4% ▲	2% ▼	3%
Heatwave	2%	3%	2%	3%	2%	4%	4%	1% ▼	4% ▲	6% ▲	3%	2%	1%
Cyclone/wind	2% ▼	6% ▲	1% ▼	1% ▼	9% ▲	6%	2%	2% ▼	5% ▲	6% ▲	4%	2%	3%
Earthquake	2%	1%	1%	3% ▲	1%	3%	0%	1% ▼	3%	4% ▲	2%	1%	1%

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THE STATE GOVERNMENT AND EMERGENCY SERVICES ARE A KEY PROVIDER OF INFORMATION AND ASSISTANCE ON NATURAL DISASTERS FOR SMALL BUSINESSES

RECEIPT OF INFORMATION AND ASSISTANCE: TOP 10 SOURCES BY DISASTER TYPE

											
	PANDEMIC	BUSHFIRE	SEVERE RAINFALL	CYCLONE	HEATWAVE	DROUGHT					
	<i>n=851</i>	<i>n=79</i>	<i>n=92</i>	<i>n=31</i>	<i>n=26*</i>	<i>n=37</i>					
Federal government	70% ▲	State government	54%	State government	50%	State government	57%	State government	50%	State government	43%
State government	68% ▲	An emergency service	40% ▲	An emergency service	32% ▲	Local government	51%	Federal government	24%	An industry body	41% ▲
Accountant / tax agent / bookkeeper	22% ▲	Local government	31%	Local government	32%	An industry body	28%	An emergency service	20%	Federal government	25%
Business network	17%	Government agency (not sure which)	14%	An industry body	21%	An emergency service	24%	Government agency (not sure which)	19%	Business network	20%
An industry body	17% ▼	Federal government	12%	Business network	14%	Business network	23%	Local government	18%	Government agency (not sure which)	14%
Local government	16% ▼	An industry body	11%	Clients / suppliers	13%	Government agency (not sure which)	20%	Medical or mental health service	14%	Local government	14%
Clients / suppliers	10%	Business network	10%	Federal government	12%	A local community organisation / charity	19%	A private organization	13%	Accountant / tax agent / bookkeeper	10%
Friends / family	9%	Friends / family	9%	Friends / family	10%	Federal government	16%	Solicitor / lawyer	11%	A local community organisation / charity	9%
Government agency (not sure which)	9% ▼	Clients / suppliers	7%	Government agency (not sure which)	10%	Dedicated Recovery Support Officer	14%	Business planner / advisor	11%	Australian Small Business & Family Enterprise Ombudsman	7%
Financial advisor / bank manager / broker	6% ▲	A local community organisation / charity	5%	A private organisation	7%	Medical or mental health service	8%	An industry body	11%	Financial counselling support service	5%









A7. Where did you receive this information and assistance regarding each disaster come from?
Base: Impacted or experienced this type of event (Base sizes range from n=26 to n=851). Note: (*) indicates low base findings are indicative.

▲ ▼ Significantly higher/lower result to other disasters at 95% confidence interval

WEBSITES AND EMAIL COMMUNICATION ARE MOST COMMONLY RECALLED FORMATS OF NATURAL DISASTER INFORMATION AND ASSISTANCE

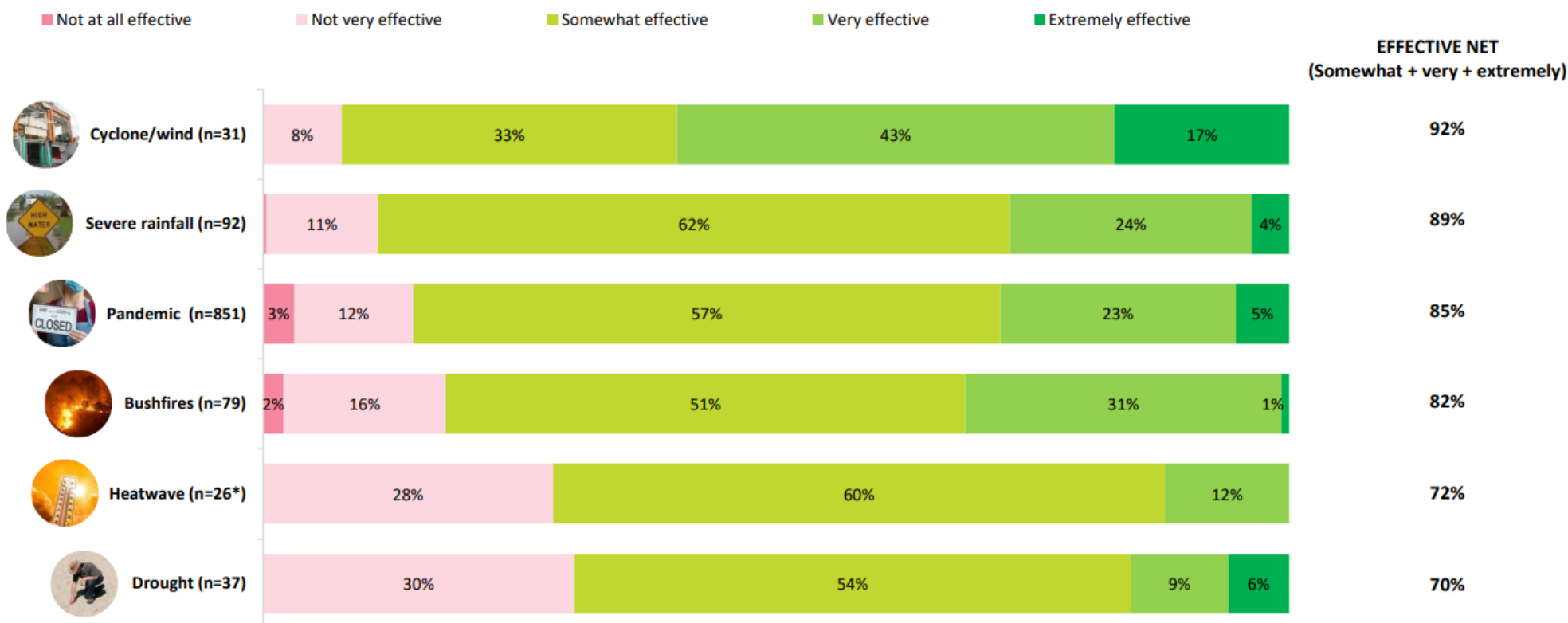
FORMAT OF INFORMATION RECEIVED: BY DISASTER TYPE



	 PANDEMIC <i>n=851</i>	 BUSHFIRE <i>n=79</i>	 SEVERE RAINFALL <i>n=92</i>	 CYCLONE <i>n=31</i>	 HEATWAVE <i>n=26*</i>	 DROUGHT <i>n=37</i>
<i>Base</i>						
Website	63% ▲	36%	39%	50%	54%	23%
Email	59% ▲	35% ▼	50%	53%	48%	54%
Social media content	26% ▼	35%	29%	43%	25%	23%
Telephone	12%	18%	23%	23%	12%	1% ▼
Letter	11%	7%	7%	17%	2%	13%
In-person meeting	11% ▼	14%	16%	21%	9%	27%
Brochure	5% ▼	7%	4%	14%	17%	14%
Blog	2%	3%	2%	1%	1%	8%
Some other way	7% ▼	8%	9%	13%	16%	13%
Can't recall	1%	6%	0%	0%	4%	5%

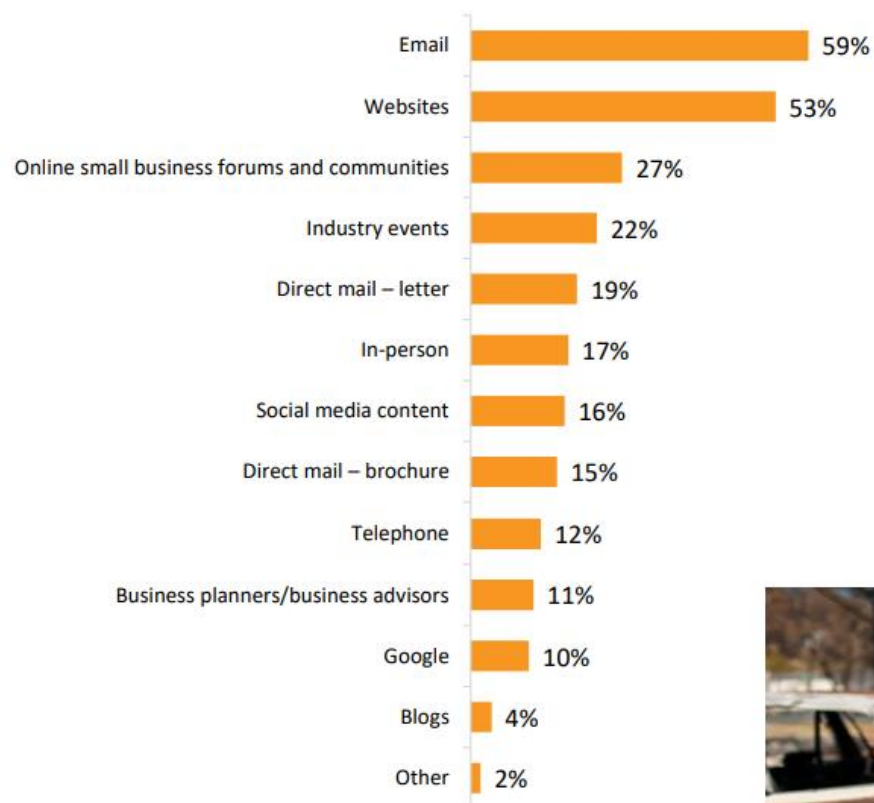
COMMUNICATIONS FOR CYCLONES, SEVERE RAINFALL AND THE PANDEMIC ARE CONSIDERED TO BE GENERALLY EFFECTIVE BY SMALL BUSINESSES

EFFECTIVENESS OF INFORMATION AND ASSISTANCE: BY DISASTER TYPE



ONLINE INFORMATION SOURCES ARE PREFERABLE FOR SMALL BUSINESSES

CHANNEL PREFERENCE FOR INFORMATION ON PREPARING AND MANAGING THE IMPACT OF NATURAL DISASTERS



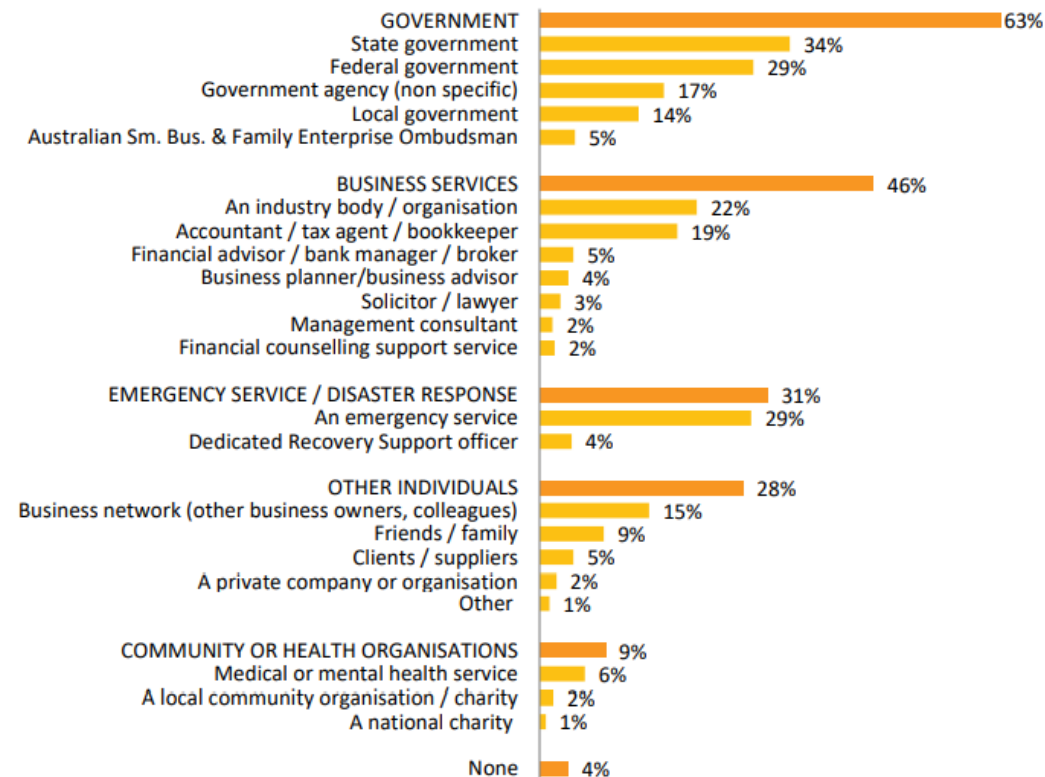
INFORMATION OR SUPPORT SERVICES THAT WOULD BE CONSIDERED MOST HELPFUL:

- Information that is **consistent** across sources and not conflicting
- **Single source** of information (e.g. a go to site, one-stop shop)
- Online **directory of services** available and helpful contacts
- Measures that can be taken for increased **preparedness** including items such as checklists, business planning approaches, disaster plan, emergency preparedness items to have on hand, importance of cashflow
- **Recovery steps** including immediate and rebuilding actions including financial and wellbeing supports
- Information on **assistance programs / funding / supports available**
- Information that can be made available to **staff** both before and after an event
- Improved **advanced warning systems** for small business
- Improved **real time information** on the event
- More **comprehensive insurance** coverage
- Improved **communication and utility networks**

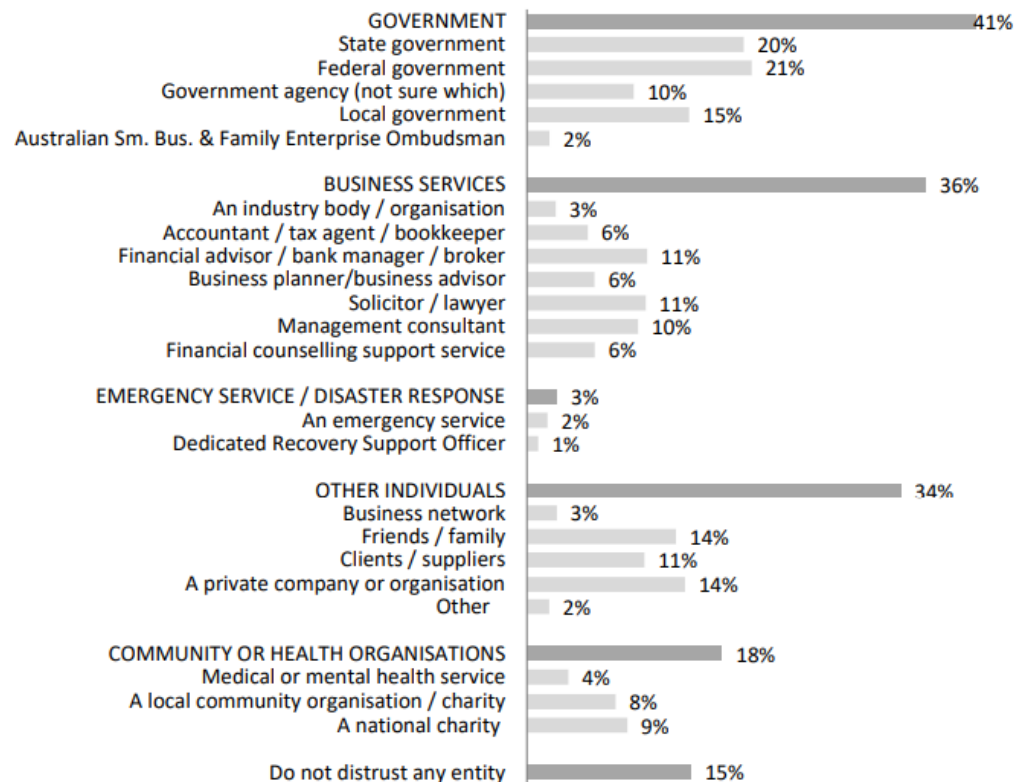


ALMOST TWO THIRDS OF SMALL BUSINESSES TRUST A GOVERNMENT SOURCE FOR INFORMATION OR SUPPORT ON NATURAL DISASTERS

INFORMATION SOURCES MOST TRUSTED
(FOR PROVISION OF INFORMATION OR SUPPORT ON NATURAL DISASTERS)



INFORMATION SOURCES LEAST TRUSTED
(FOR PROVISION OF INFORMATION OR SUPPORT ON NATURAL DISASTERS)



PRIMARILY SMALL BUSINESSES DESIRE GREATER ACCESS TO CONSISTENT INFORMATION IN ORDER TO BEST PREPARE AND RESPOND TO FUTURE DISASTERS



Clearer information from government on impact and use of assistance, e.g. cash flow boost [ACT, Metro]



First hand CORRECT information -- not conflicting as has happened between the States during the current pandemic. [SA, Regional]



Generally knowledgeable about cyclones and information quite readily available on preparations and what to do, how to prepare etc. Each event is different anyway. [NT, Metro]



I would like an online directory of disaster resources that would be a central resource index for most issues [WA, Metro]



A one stop shop that signposts to services and support that might be relevant rather than having so much information being circulated that it is overwhelming to determine what is best for my situation. [NSW, Metro]



Access to one source of truth and suggested process map from an overall view to an individual perspective. I would appreciate all levels of government to put aside their politicking and pettiness and act in the best interest of the country. [QLD, Metro]



More accurate information. Truthful information from the federal government. Assistance given to the right people [QLD, Regional]



Need more information about how to protect our business and take measures to mitigate problems due to natural disasters. [VIC, Metro]



Prior knowledge of support systems and financial assistance in one place [NSW, Regional]

BUILDING ON MORE INFORMATION, A ONE-STOP-SHOP OF DISASTER INFORMATION, GREATER AND FASTER ACCESS TO FINANCIAL ASSISTANCE WOULD BE VALUED

INFORMATION OR SUPPORT SERVICES THAT WOULD BE CONSIDERED MOST HELPFUL:

- **Consistent information** preferably centrally located and with the **ability to be tailored**
- In addition, providing this **information in various forms**
- **Advance warning** of the disaster where possible as well the **government response**
- Greater availability of **financial assistance** and **grants**
- **Speedier response times** for multiple disaster types
- **Mental health training** to understand the broader impacts of the disaster would have on their life



One stop shop for everything you need rather than having to go to all different websites and information providers. And, not as much red tape to access assistance.
 [NSW, Metro]



Online resources. A phone line to talk to someone – with a call-back option. Varied things in varied areas, so flexible responses and services that can meet the community need.
 [SA, Metro]



Central hub website and simple offline brochure with up-to-date contact numbers and places for support
 [QLD, Regional]



Ability to access government financial assistance packages
 [ACT, Metro]



Mental health training to understand the immediate emotional impact and how to recognise a. this is not normal, don't proceed as normal b. think safety first before moving into business recovery.
 [VIC, Metro]



Centralised platform that hosts all the materials and information and is simple to navigate (qualifying filters are helpful)
 [NSW, Metro]



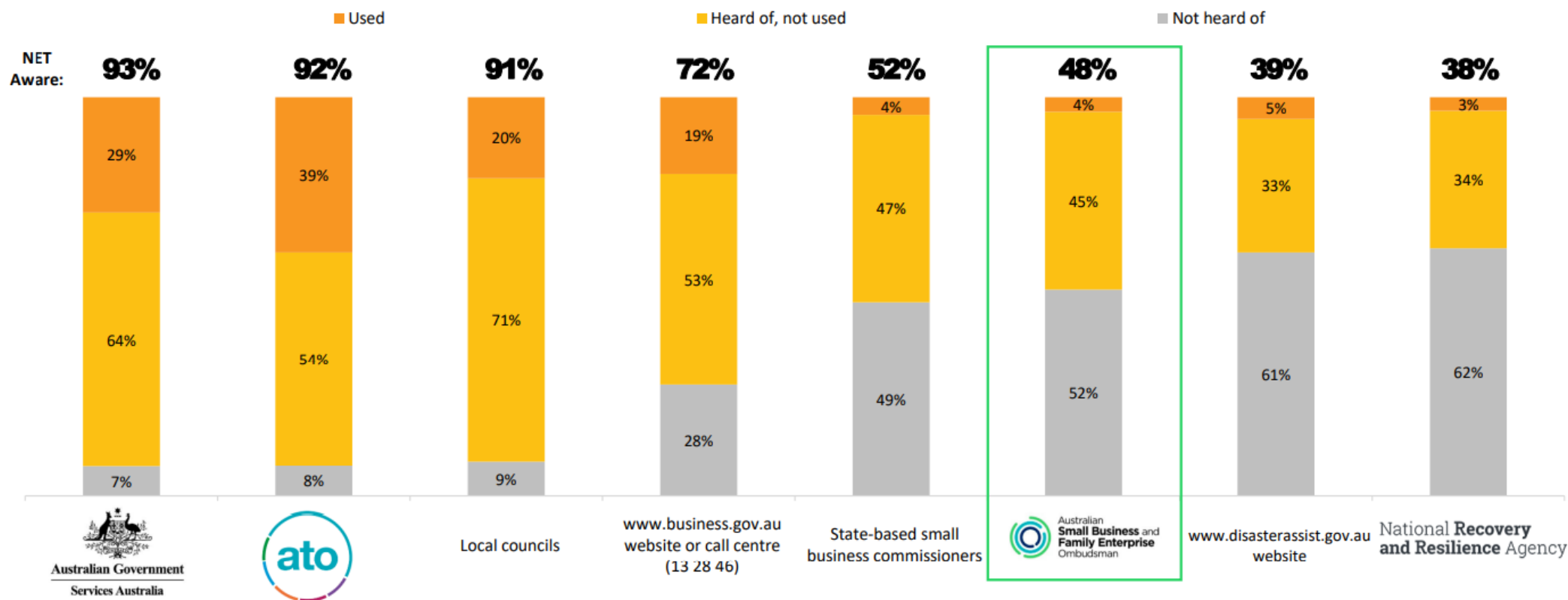
Rapid financial relief/loans instead of lengthy processes to receive money - time is of the essence
 [VIC, Regional]



It would be good to have an idea of how to cope with the loss of income, what services are available, what allowances for repayments of loans are available and how to get them
 [QLD, Metro]

SMALL BUSINESSES MOST COMMONLY RECOGNISE SERVICES AUSTRALIA AND THE ATO AS SOURCES OF INFORMATION AND ASSISTANCE FOR NATURAL DISASTERS














PROMPTED AWARENESS OF ENTITIES PROVIDING INFORMATION AND ASSISTANCE FOR NATURAL DISASTERS



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VERY SMALL BUSINESSES AND WHITE COLLAR SECTORS ARE LEAST LIKELY TO BE AWARE OF ADDITIONAL SUPPORTS INCLUDING THE OMBUDSMAN AND THE NRRRA

PROMPTED AWARENESS OF ENTITIES PROVIDING INFORMATION AND ASSISTANCE FOR NATURAL DISASTERS: BY SMALL BUSINESS TYPE

													
NET AWARE	Metro	Regional	NSW / ACT	VIC / TAS	QLD	WA	SA / NT	1-5 employees (inc. sole trader)	6-20 employees	21-99 employees	Blue collar	White collar	Other services
<i>Base</i>	1,525	492	658	595	382	198	184	1,133	461	423	700	1,127	190
Services Australia	92%	93%	94%	93%	93%	90%	86% ▼	93%	92%	93%	92%	93%	92%
ATO	93%	92%	92%	92%	93%	92%	91%	92%	92%	93%	92%	93%	91%
Local council	90% ▼	95% ▲	91%	91%	94%	91%	90%	92%	91%	91%	92%	91%	89%
www.bussiness.gov.au	74%	69%	72%	74%	70%	73%	73%	71%	76%	75%	75%	71%	65%
State based small business commissioners	53%	49%	50%	53%	48%	56%	60%	49% ▼	58% ▲	59% ▲	55%	49%	40% ▼
ASBFEO	48%	50%	47%	48%	46%	58%	52%	46% ▼	55% ▲	52%	53% ▲	43% ▼	46%
www.disasterassist.gov.au	38%	41%	37%	39%	41%	44%	35%	35% ▼	47% ▲	48% ▲	45% ▲	33% ▼	35%
National Recovery and Resilience Agency	38%	38%	38%	36%	40%	38%	43%	33% ▼	50% ▲	51% ▲	43% ▲	33% ▼	35%

VERY SMALL BUSINESSES ARE THE LEAST LIKELY TO HAVE USED ANY ENTITY FOR INFORMATION AND ASSISTANCE RELATING TO NATURAL DISASTERS

USE OF ENTITIES PROVIDING INFORMATION AND ASSISTANCE FOR NATURAL DISASTERS: BY SMALL BUSINESS TYPE

													
USED	Metro	Regional	NSW / ACT	VIC / TAS	QLD	WA	SA / NT	1-5 employees (inc. sole trader)	6-20 employees	21-99 employees	Blue collar	White collar	Other services
Base	1,525	492	658	595	382	198	184	1,133	461	423	700	1,127	190
Services Australia	28%	31%	34% ▲	29%	28%	15% ▼	23%	29%	28%	33%	29%	29%	32%
ATO	40%	36%	42%	39%	38%	33%	34%	36% ▼	45% ▲	42%	38%	41%	38%
Local council	16% ▼	30% ▲	20%	18%	26%	19%	20%	18% ▼	26% ▲	26%	22%	19%	17%
www.bussiness.gov.au	21%	16%	20%	22%	19%	13%	15%	18% ▼	23%	26% ▲	20%	20%	12%
State based small business commissioners	5%	4%	3%	6%	4%	4%	6%	3% ▼	8% ▲	9% ▲	4%	5%	4%
ASBFEO	4%	3%	4%	4%	3%	4%	3%	2% ▼	6% ▲	10% ▲	4%	4%	2%
www.disasterassist.gov.au	5%	7%	5%	5%	9% ▲	3%	4%	4% ▼	8%	11% ▲	6%	5%	5%
National Recovery and Resilience Agency	3%	5%	3%	3%	5%	4%	2%	2% ▼	5%	8% ▲	4%	2%	3%

LAST 5 MINUTES



THE LAST 5 MINUTES

ONE

The COVID-19 pandemic is likely to remain the most significant natural disaster to impact small businesses for some time. The impacts are seen to be almost universally negative across business type. It will therefore be important to continue to be conscious of COVID-19 challenges into the future and when responding to other types of disasters as the recovery time is expected to be lengthy and impacts may stack with time.

TWO

Regional businesses, as well as very small businesses, are seen to face a greater number of challenges related to disasters. When disasters occur these businesses are more likely to face multiple impacts, have less exposure to support, and as a result face more severe negative financial outcomes. Materials that are shared with both very small and regional businesses must therefore be tailored to take their unique situations. Acknowledging how their operations differ and what forms of support will be most appropriate.

THREE

While a majority of small businesses feel somewhat prepared for future disasters, only 1 in 4 have a current response plan updated in the last year. Further to this, 1 in 2 have no response plans at all. We also find that businesses that have response plans are significantly more likely to feel prepared for disasters. Encouraging business to prepare response plans and to keep them up to date is likely to have a significant impact in helping small businesses best respond to future events.

FOUR

Up to 1 in 2 small businesses recall receiving information in response to their recent natural disaster experience. In particular heatwaves and drought may be disasters where information is not commonly available or obvious. Of those that have received information or advice, most recall state or federal government communications, with the majority considering the response to have been very effective. Centralising support services and response advice into a one-stop-shop is likely to be very beneficial to businesses.

FIVE

Trust is quite divisive for small businesses when it comes to receiving information or support. While a majority consider the government (across levels, or bodies) to be their most trusted source of support, for 2 in 5 the government is least trusted. By comparison industry bodies, business networks and emergency services have relatively high levels of trust and very little distrust. Consider how to potentially partner with these organisations when providing support and advice to leverage this good will and build trust.

Attachment E | Research Findings | Inquiry Report



Singapore
The Working Capitol
1 Keong Saik Road 089109 Singapore
T: +65 8722 1373

New Zealand
Level 10, 3-13 Shortland Street,
Auckland 1010
T: +64 9 600 1115

Canberra
Level 2, 1-7 Neptune Street
Woden ACT 2606
T: +61 412 162 653

Melbourne
Level 2, 45 Wangaratta Street
Richmond VIC 3121
+61 402 272 044

Sydney
44 Bay Street
Ultimo NSW 2007
T: +61 2 9211 3595

www.fiftyfive5.com

fiftyfive5

Attachment F | Rural Financial Counselling Service Program Logic | Inquiry Report



Rural Financial Counselling Service Program Logic

CONTEXT: Fiscal environment, climatic events, industry events (disease outbreaks, trade events, global market impacts), new government programs, referring bodies.

- ISSUE** Australian primary producers operate in volatile market and environmental conditions. Many small-medium sized enterprises are more susceptible to risks, which can be compounded by lower financial capability, delayed decision-making, a lack of information and attitudinal factors. This can limit strategic business management and lead to financial difficulty.
- NEED** Free, independent financial counselling that empowers clients to engage in strategic business and financial decision-making to improve their financial situation.
- VISION** Financially capable agricultural, fishing and forestry sectors that are profitable, financially self-reliant and resilient.

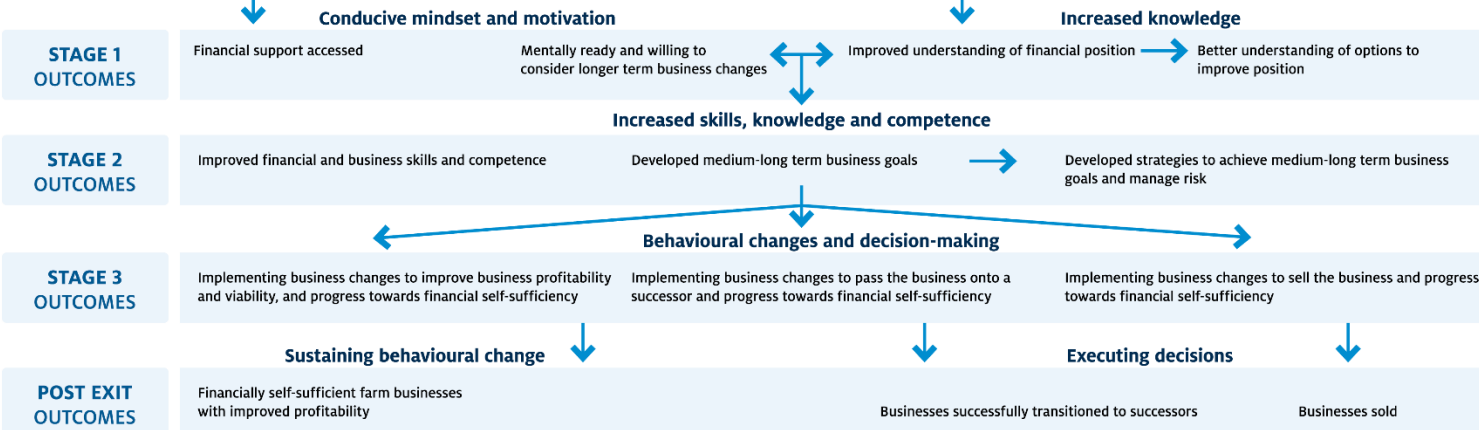
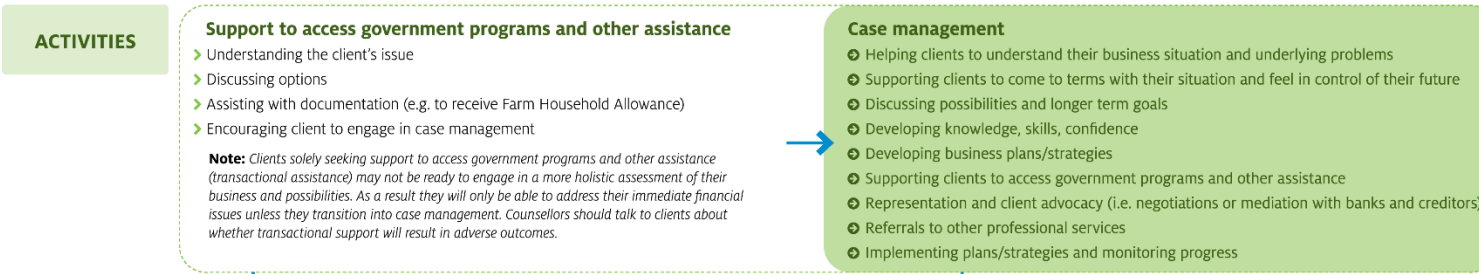
- OBJECTIVES**
 - Transition clients out of financial crisis
 - Improve profitability or facilitate a dignified exit
 - Improve financial wellbeing and resilience

CLIENTS Farmers, fishers, foresters and related small businesses* experiencing, or at risk of, financial hardship. All clients need to be able to tell their story and should be encouraged to engage with case management.

*Examples of related small businesses are shearers, fencing contractors, harvesters and others directly involved in the production of primary industry products.

Client engagement

- Promoting the service strategically
- Triaging clients based on their needs
- Dynamic service delivery to manage demand and capacity



- ASSUMPTIONS**
- Intervention is appropriate
 - Effective, efficient and high quality service
 - Robust governance
 - There is service demand and good client engagement (includes program awareness and clients who are willing to engage in a counselling process)
 - Appropriate counsellor training and development
 - Client should be serviced within 3 years, unless on Farm Household Allowance

- INPUTS**
- Funding
 - Program governance (including funding contracts and data collection systems)
 - Human resources
 - Clients

IMPACT Individuals who are financially self-reliant and businesses that are better prepared to deal with risks so they don't need to re-enter the service.

Fact sheet

MORETON BAY REGIONAL COUNCIL - UPDATE 9 MARCH 2022

FLOOD RECOVERY - BUSINESS SUPPORT AND RESOURCES

The information and resources listed below seek to provide the Moreton Bay business community with the ability to recover from the recent impacts of the severe weather events across our region in February & March 2022.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Business Financial Support</p>	<p>Moreton Bay Regional Council Support Package</p> <p>Council has announced a range of support for small businesses from extension of rate payments by 30 days to a rate rebate of \$250 for eligible owner-occupier small businesses.</p> <p>Extraordinary Disaster Assistance Recovery Grants</p> <p>Grants of up to \$50,000 including an initial 'quick release' \$15,000 are available for impacted small businesses, with \$75,000 available to primary producers and \$20,000 for non-profits. The grants can be used to hire or purchase equipment and materials, clean up, remove debris, replace or repair damaged infrastructure and stock and other costs associated with the recovery process. Businesses should take photographs of the direct damage to accompany their application. Find out details on Extraordinary Disaster Assistance Recovery Grants, including eligibility and the application process.</p> <p>Essential Working Capital Loans</p> <p>Businesses can also access loans of up to \$100,000 over up to 10 years to cover working capital expenses. These expenses could include paying salaries or wages; paying rent or rates; paying creditors; and buying good essential to running the business. These loans must be secured by a mortgage of land, or by another asset. Find out more on Essential Working Capital Loans.</p> <p>Disaster Assistance Loans</p> <p>Affected businesses can access a Disaster Assistance Loan of up to \$250,000 over up to 10 years. These loans are intended to assist businesses in re-establishing normal operations and can be used for repairing or replacing damaged equipment, repairing or replacing buildings or meeting rent and rates requirements. Loans under this scheme must be secured by a mortgage of land, or by another asset. Find out more information on the Disaster Assistance Loans here.</p> <p>Search for other Disaster and Grants assistance at Council's free funding finder.</p>
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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Personal Financial Support</p>	<p>Centrelink Disaster Recovery Allowance</p> <p>Access a short-term payment (for a maximum of 13 weeks) to help you following the South East Queensland Floods in February 2022, if this disaster has directly affected your income.</p> <p>Centrelink Disaster Recovery Payment</p> <p>A one-off, non-means tested payment of \$1000 per eligible adult and \$400 per eligible child to support people severely impacted by the South East Queensland flooding event.</p> <p>Qld Government Emergency Hardship Assistance</p> <p>Emergency Hardship Assistance Grants of up to \$180 per person, or \$900 for a family of five or more residents of Moreton Bay who have been impacted by severe flooding to cover essential items.</p> <p>Qld Government Essential Household Contents Grants</p> <p>Essential Household Contents Grants of up to \$1765 for single adults and \$5,300 for couples/families are available for those who are uninsured, or unable to claim insurance to replace/repair essential household contents.</p>	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Disaster Resources</p>	<p>Business Qld Natural Disaster Resources</p> <p>What should your business do after a natural disaster? - a guide by Business Qld covering insurance, cleaning up and considering the viability of your business after a disaster.</p> <p>Small Business Disaster Hub</p> <p>Visit the Small Business Disaster Hub to access a range of resources to help businesses respond and recover following a natural disaster.</p>	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Business Hotlines</p>	<p>Australian Government Business Hotline - 13 28 46</p> <p>Fair Work Ombudsman Hotline - 13 13 94</p> <p>Legal Aid Natural Disaster Legal Helpline - 1300 527 700</p> <p>Queensland Government Small Business Hotline - 1300 654 687</p>	<p>Australian Taxation Office Emergency Hotline - 1800 806 218</p> <p>HR Helpline by CCIQ - 1300 731 988</p> <p>Legal Aid Farm and Rural Services - 1300 651188</p> <p>Queensland Rural and Industry Development Authority - 1800 623 946</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Financial & Business Advice</p>	<p>Financial Counselling for Small Business</p> <p>Free financial counselling for small businesses in the Moreton Bay Region is available through the Small Business Financial Counselling Program.</p> <p>Qld Small Business Commissioner Resources</p> <p>This Help and Support Guide is a comprehensive list of small business resources compiled by the Office of The Queensland Small Business Commissioner.</p> <p>Lodge an online enquiry with the Office of the Qld Small Business Commissioner</p>	

<p>Agri-Business & Primary Producer Assistance</p>	<p>Disaster Recovery Funding Arrangements (DRFA)</p> <p>Financial recovery assistance of up to \$75,000 is now available through the DRFA for primary producers impacted by the South East Queensland rainfall and flooding event.</p> <p>QCWA - Public Rural Crisis Fund</p> <p>Provides financial support to families/households in Natural Disasters who can apply for financial support of up to \$1000 per family/household on the QCWA website or on 07 3236 6419.</p> <p>Rural Aid</p> <p>Access a one-off \$1000 payment to cover expenses for Primary Producers with an ABN. All approved applications will be paid within 4 weeks with funding available until exhausted.</p> <p>Services Australia Farm Household Allowance</p> <p>Farm Household Allowance is a fortnightly payment for farming families in financial hardship. To be eligible you must meet income, assets and mutual obligation requirements.</p> <p>Drought Angels</p> <p>Drought Angels provides Pre-Paid Mastercards, IGA & BP Gift Cards, food hampers, care packs and personalised support for farming families across Australia.</p>
<p>Personal Support</p>	<p>Beyond Blue 'New Access' Mental Health Support for Small Business Owners</p> <p>Free and confidential assessments and mental health coaching (up to six sessions) for small business owners, including sole traders. Find out more here.</p> <p>Mental Health and Wellbeing Resources for Businesses</p> <p>Find a mental health service here if you need help now – phone triple zero (000) or go to a hospital if you are in immediate danger.</p> <p>Qld Small Business Owner Wellbeing Guide and Checklist</p> <p>The wellbeing guide is a collection of available resources and information developed to support small business owners' wellbeing containing guides and a useful checklist.</p>

We invite businesses wishing to discuss any specific issues regarding their business to contact Council's Economic Development Department on 1300 477 161 or by emailing economic@moretonbay.qld.gov.au.

Acronyms

ASBAS	Australian Small Business Advisory Services
ASBFEO	Australian Small Business and Family Enterprise Ombudsman
ASIC	Australian Securities and Investments Commission
ATM	Automated Teller Machine
ATO	Australian Taxation Office
BCP	Business Continuity Plan
BDBC	Business Development Bank of Canada
CalOSBA	California Office of the Small Business Advocate's
CARDIO	Continuity, Adaptability, Resilience, Dexterity, Innovation, Opportunity
CIFFC	Canadian Interagency Forest Fire Centre
COSBOA	Council of Small Business Organisations Australia
CPA	Certified Practising Accountant Australia
DFAA	Disaster Financial Assistance Arrangements
DISER	Department of Industry, Science, Energy and Resources
DISPLAN	Disaster Management Plan
DMAF	Disaster Mitigation and Adaption Fund
DRFA	Disaster Recovery Funding Arrangements
EFTPOS	Electronic Funds Transfer at Point of Sale
FEMA	Federal Emergency Management Agency
LGA	Local Government Area
MBRC	Moreton Bay Regional Council
MSME	Micro, Small and Medium Enterprises
NEMA	National Emergency Management Agency
NDMP	National Disaster Mitigation Program
NRRA	National Recovery and Resilience Agency

Attachment H | Acronyms | Inquiry Report

NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
RFCS	Rural Financial Counselling Service
RSBSP	Regional Small Business Support Program
RSO	Recovery Support Officers
SBA	U.S. Small Business Administration
SBDC	Small Business Development Centre
SBDCCL	Small Business Development Centre Louisiana
SBFC	Small Business Friendly Councils
UN	United Nations
USA	United States of America