

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’.¹ 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.

¹ 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.