



Australian Government
National Emergency
Management Agency



RECOVERY EXERCISING TOOLKIT
ELECTIVE MODULE

AUSTRALIAN DISASTER RESILIENCE HANDBOOK COLLECTION

Community Inclusive Recovery Practice: Foundations of Economic Recovery

Companion to *Community Recovery* (AIDR 2018) and *Managing Exercises* (AIDR 2017)

Description

Why run this module?

Foundations of Economic Recovery is designed to give participants an overview of the context and complexity of economic recovery and how disasters affect small businesses, primary producers and local economies. It outlines concepts and what to expect over the long journey of economic recovery.

Target audience

- Emergency Management Committees/Disaster Management Groups
- Recovery Committees
- Disaster management and recovery practitioners

How to use this module

Economic recovery is central to how well communities are able to recover after disaster and is a key consideration for recovery committees.

It is important to acknowledge that participants will bring a range of disaster recovery experience, with some being introduced to economic recovery concepts for the first time, while for others the module will help to reinforce and validate previous learning and experience. It is strongly recommended that the module be conducted as a whole group activity with all exercise participants. This module will be of benefit to everyone, regardless of level of knowledge and experience.

Session duration: 60 minutes

Aim

The aim of this module is to help participants develop a common understanding of the context and principles of economic recovery, with particular focus on the underpinning complexities and small business impacts.

Objectives

Increase participants understanding of:

1. Economic recovery concepts and principles
2. The overlapping impacts of disasters on individuals, businesses and a local economy
3. The importance of the local businesses role and participation in recovery
4. How local economic recovery can be supported.

Pre-session planning for facilitators

The module overview, slide deck and video are designed to support facilitation of the session. You do not have to be an expert in economic recovery. Economic Development Officers in councils can be a good support in facilitating the module and often have relationships with peak local business groups.

In preparation for this session, consider the known and anticipated economic impacts and consequences from a disaster in your region and be aware of who the peak local business groups are. Use this information to introduce the module and set your local context.

At the end of this document are helpful resources to assist you to familiarise yourself with the content of this module. The *Community Recovery Handbook* in the Australian Disaster Resilience Handbook Collection is a good source document.

Topic Overview - facilitator presentation

Supported by facilitator guide and slide deck.

This module covers:

How disasters can affect businesses

The same disaster can affect different businesses (e.g., small business, businesses within different sectors such as agriculture or construction) in different ways. There is also the potential for compounding impacts and consequences on small business and a local economy.

Very often, business people will also be local residents and thus, can experience a 'double' impact if both their home and business have been damaged or destroyed. Farmers and primary producers may also be faced with the distressing task of dealing with dead and injured livestock.¹

As with individuals, there will be many variations of experience as well as pre-existing conditions and challenges that will impact how a business will recover from a disaster.

How disasters can affect local economies

Disasters affect local economies in many ways and can be classified in terms of direct and indirect impacts — that is, those that are tangible and can normally have a dollar value easily assigned, and those that are intangible. Impacts on the economic environment may include:²

- loss of personal income
- damage to business premises
- loss of tourism activities and/or customer downturn

¹ *Community Recovery Handbook (AIDR, 2018) p.18*

² *Community Recovery Handbook (AIDR, 2018) p.55*

- access to trades and building materials
- loss of workforce
- damage to productive land
- disruption to supply chains and value chains
- continued economic hardship due to an inability to resume income-generating activities
- continued economic hardship due to control measures, cordons and quarantines.

What is economic recovery?

A vibrant local economy is a vital part of a sustainable community in the normal/routine environment, so in an emergency, economic recovery is critical to the whole of-community recovery process.

Economic recovery programs assist affected communities to explore alternative and more viable economic opportunities that can assist in building future sustainability. The recovery process is an evolving one in which community circumstances and economic needs change over time. Planning around economic recovery should respond to these changing needs.

Understanding the economic wellbeing of the affected community before the disaster will support the planning of appropriate economic recovery interventions. For example, in strong economically sustainable communities, recovery support may be minimal; for declining communities, recovery support may mean examining various options to establish alternative economic models.³

Complexity of economic recovery

The economic recovery environment is one of the most complex aspects of recovery, with a range of direct or indirect impacts at a variety of levels. These types of impacts are also across individual businesses, different sectors, locations, employment types (casual or temporary employees), supply chains, and over time with seasonal variations.

Business owners, like everyone, will have responses to the disaster which are typically normal responses to an abnormal event. It's important to remember that reactions to grief and trauma can be confronting.

Business owners may have the compounding effects of impact on home and business premises, financial impacts from a disaster event and business impacts affecting personal and business cash flow.

There are stark differences between town-based businesses (which can't operate until they re-establish) to primary producers (who still needs to do the 'day job' whilst restoring/reconstruction property). Loss of crops or stock for primary producers can impact cash flow and cash reserves for months or years.

³ *Community Recovery Handbook (AIDR, 2018) p.109.*

Understanding economic impacts

In order to understand the economic and financial impacts of a disaster on a community, we need to be able to measure the consequences quantitatively and/or qualitatively.

The economic consequences of disasters can be classified in a variety of ways. No single framework covers and prescribes every possible impact a disaster might have. The Australian Business Round Table for Disaster Resilience and Safer Communities “*Special report 2021: Update to the economic costs of natural disasters in Australia*”, prepared by Deloitte Access Economics, provides a granular understanding of damage costs and the costs of disasters.⁴

Strategies that support economic recovery

An important consideration for recovery planning is to develop a clear understanding about the key local industries and businesses and their potential capacities and needs in relation to disaster recovery. Engagement with local peak bodies, industry associations, chambers of commerce, progress associations and local government economic development teams will be beneficial in ensuring the needs of local businesses are understood and addressed.

Economic recovery from emergencies and disaster is most effective when the National Principles for Disaster Recovery (2018) are considered in conjunction with the following guidelines:

- Economic recovery strategies are an integral part of the overall recovery management process
- Coordination of all recovery programs is needed to support and enhance the economic systems not further impact them
- It is important to recognise that affected people need to re-establish their means of making a living to enable them to manage their own recovery
- Response and recovery actions should actively support the recovery of business and industry
- The best outcomes are achieved when business and industry is returned to activity as early as possible
- Adaptive change is adopted in light of previous knowledge/plans for the sustainability of businesses and communities
- Business and/or industry representatives must participate in economic recovery decision making
- It is important to retain skilled workers in the affected area through paid employment and accommodation for casual and/or itinerant workers
- It is important that measures are taken to mitigate the impacts of future disaster through business continuity

⁴ *Special report 2021: Update to the economic costs of natural disasters in Australia*, Australian Business Round Table (Deloitte Access Economics, 2021). Available at: www2.deloitte.com/au/en/pages/economics/articles/building-australias-natural-disaster-resilience.html

Central role of local government

Councils are the closest level of government to community and local businesses and have strong local knowledge and networks. These networks are critical to support recovery and build resilience.

A local economic recovery champion may come from the local chamber of commerce, progress associations or a local business owner who is already delivering some form of local support either alone, or as the leader of a community group.

Councils engaging with peak bodies and business representatives should try to link economic recovery to future plans and supporting local and regional growth. They will still be working to support the community after other recovery services are concluded.

Supporting businesses and through recovery can be challenging and resource intensive for councils. For example, rates relief places more stress on council cash flow and therefore delivery of services.

Supporting local economies may be different to supporting all local businesses.

Councils working partnership with local agencies, state government and commonwealth officers create opportunities to support better economic recovery. Councils don't need to lead all economic recovery work but should be aware and engaged.

State led initiatives - funding and supporting a range of economic recovery support measures including financial counselling and mentoring for businesses; business hubs; and grants and loans programs for primary producers and small businesses.

Local businesses - are critical stakeholders in economic recovery; may also comprise impacted individuals and families; may be particularly vulnerable to the effects of recovery activities (e.g., restricted access to the community, donated goods, downturn in trade impacting through supply chains).

Insurance companies and banks - critical stakeholders in social and economic recovery; provision of information, assessments and processing claims of policyholders; and provision of advice on recovery and re-establishment in relation to future insurability.

Good practice tips for recovery committees

- Early considerations and planning lead to better and more refined longer term vision and strategy that reduce long term consequences.
- Economic impacts and consequences ripple through local supply and value chains. Early intervention reduces these affects.
- Look beyond the areas that are directly impacted – economic impacts and consequences will also be occurring outside of the areas directly affected.
- Recognise that significant impacts can be experienced immediately or only months after a disaster event.
- Plan collaboratively with the relevant economic stakeholders.
- Tailor and adapt plans to meet changing economic drivers.
- Identify and work through community leaders.

Take away messages

- Economic recovery can be one of the most complex aspects of recovery.
 - Businesses can be directly and indirectly affected by disaster.
 - Businesses will recover at their own pace, everyone's recovery journey is different.
 - Economic impacts and consequences ripple through local supply and value chains. Early planning and interventions can reduce these affects.
 - There can be overlapping impacts of disasters on individuals, businesses and a local economy.
 - Recovery Committees must stay connected with and be representative of the business community.
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Suggested next steps and actions

Review your emergency and recovery plans – how are local small businesses and agribusinesses included in planning and preparedness activities? Are they being referenced?

- What are the areas for improvement?
 - What existing structures/processes (such as working with the Chamber of Commerce or progress associations) can link to the recovery committee so that they can be better connected with key organisations?
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Supporting businesses in recovery

In this video, business advisors share their expertise about the challenges small businesses and primary producers face after a disaster, the best ways to support them in recovery and what they can do to be better prepared and more resilient in future disasters.

Ross Leggett is the Chief Executive Officer at the Rural and Small Business Financial Counselling Service in Southern Queensland. The Service partners with government, private enterprise and charitable institutions to deliver services, programs and events that support rural and small businesses and their communities in Queensland.

Renae Hanvin is the founder and director of Resilient Ready, a certified social enterprise driving a new ecosystem in business and community risk reduction and resilience. Her focus is to strengthen community networks and global wellbeing in this new era of disasters.

Video length - 5:26 minutes

youtu.be/bbZYkIMNLUA

Breakout group discussion activity

Reflection

Economic recovery is about much more than just finance and numbers. It's about small businesses, primary producers, the families who run them and the important role that businesses play in supporting community life. Communities depend on small business to provide access to food and materials to support everyday needs and communities depend on the primary producers who grow and supply food. Through tourism, small businesses provide the mechanisms that attract and support visitors to come and experience places of significance and recreation in the community – and the whole community benefits.

Successful recovery depends on economic impacts and consequences being considered across all the recovery environments: social, built and natural, as well as economic.

Discussion Question

In your breakout groups consider how your recovery environment can support economic recovery:

- What are the consequences of disaster impacts on small businesses and primary producers on your recovery environment?
- What are the interdependencies between your recovery environment and other environments in terms of economic impacts
- What recovery actions can support economic recovery? Who needs to be involved?

Have each group report back on their key learnings and discuss as large group plenary.

Module evaluation question

Include this question in your Recovery Exercise Participant Feedback form.

The recovery exercise has increased my understanding of how disasters affect small businesses, primary producers and local economies and what needs to be considered to support local economic recovery

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Module development

The Recovery Exercising Toolkit and accompanying Modules have been developed by the National Emergency Management Agency.

Modules are developed with the expert advice, content and support of subject matter experts. The Foundations of Economic Recovery Module was developed in partnership with Ross Leggett and Rene Hanvin.

Ross Leggett

Ross is the Chief Executive Officer at the Rural and Small Business Financial Counselling Service in Southern Queensland. The Service partners with government, private enterprise and charitable institutions to deliver services, programs and events that support rural and small businesses and their communities in Queensland.

Renaë Hanvin

Renaë is the founder and director of Resilient Ready, a certified social enterprise driving a new ecosystem in business and community risk reduction and resilience. Her focus is to strengthen community networks and global wellbeing in this new era of disasters. Host of the Doing Disasters Differently Podcast, Renaë consults to corporates, governments, councils, not-for-profits and SME/small businesses on risk reduction and social capital strategies, crisis and issues management, resilience program delivery and multi-stakeholder engagement. With over 20 years of disaster experience, Renaë led crisis responses for McDonald's during Swine Flu, actioned consequence stakeholder mapping for Emergency Management Victoria and steered Australia Post's response to the Brisbane Floods.

Readings and resources

Australian Institute for Disaster Resilience, Community Recovery (2018)

This handbook aims to provide a comprehensive guide to community recovery in Australia. It is intended for those involved in working with communities to design and deliver recovery processes, services, programs and activities. Section 4.3 focuses on Recovery of the Economic Environment.

knowledge.aidr.org.au/resources/handbook-community-recovery

The Australian Business Round Table for Disaster Resilience and Safer Communities “Special report: Update to the economic costs of natural disasters in Australia” (Deloitte Access Economics 2021)

[Building Australia’s resilience to natural disasters | Deloitte Australia | Deloitte Access Economics report](#)

Resilient Ready is the rebranded Corporate to Community and aims to build everyday resilience capabilities in organisations of any size, industry and structure.

[Home - Resilient Ready](#)

[Biz Community Toolkit - Resilient Ready](#)

Business.gov.au is a whole-of-government website for the Australian business community. It is a simple and convenient entry point for information, services and support to help businesses succeed in Australia.

[Emergency management | business.gov.au](#)

[Entrepreneurs' Programme | business.gov.au](#)

Victorian Council of Social Services, Building resilient communities (2017)

vcoss.org.au/policylibrary/2017/05/building-resilient-communities

Other Modules that link to this topic can be found on the AIDR [Recovery Exercising Toolkit page](#)



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