

## **Climate Change & Small Business**

### **Climate Resilience & Climate Change Adaptation**

#### **1. The Case for Action**

While there will continue to be debate about human influence on climate – much of it advanced on ideological grounds rather than sound science – one thing is for certain: the climate is changing. The impact of this change will be global but different countries will face different issues depending upon their regional geography and nature of their economy.

Australia is no different and due to the size of our continent the impact will differ between states and communities. Climate change will increase the frequency and severity of certain natural disasters such as heatwaves, bushfires and extreme rainfall events. It will create a drier environment in southern Australia which in turn will cause more frequent and longer droughts as well as more extreme fire weather days. Northern Australia will face tropical storms and cyclones that are more intense but less frequent. Coastal communities will be impacted differently from inland communities, the former having to deal with storm surges and coastal erosion as a result of rising sea levels. The challenges faced by regional and rural communities will also differ from those faced by large cities.<sup>1</sup>

Outside of Australia's capital cities, the economic health of local communities is wholly dependent on small business and agricultural enterprise. In short, if small business is repeatedly decimated by an increased frequency of large-scale natural disasters, then the economic output of the local community is destroyed – and local jobs are lost – challenging the very sustainability of Australia's regional and local settlements into the future.

But the changing climate also brings opportunity. Demands for new industries that support cleaner technologies, together with changes in seasonal weather patterns that render existing food growth regions vulnerable in the south of the country but create new regions in the north, suggest that the impacts of climate change on our national community can be lessened if we understand these changes and adapt accordingly.

#### **2. We need a plan**

It goes without saying that we need a plan and the development of such a plan cannot continue to be halted by ideological (and largely futile) debate about whether human-induced climate change is real, or whether coal is “bad” or “good”. Climate change presents a significant risk of economic, social and environmental harm and we are all duty bound to take steps to minimise this harm.

---

<sup>1</sup> See the Department of Agriculture, Water and Environment, “Climate Change Impacts in Australia” for more information: <https://www.environment.gov.au/climate-change/climate-science-data/climate-science/impacts>. See also CSIRO, “What are the Impacts of Climate Change?”, <https://www.csiro.au/en/Research/OandA/Areas/Assessing-our-climate/Climate-change-QA/Impacts>.

The plan must do two things. First, it must ensure that we build the resilience of our human settlements (capital and non-capital cities) in the face of increased frequency and severity of natural disasters – be they fire, flood, drought or cyclone. We must ensure that we have disaster management systems that respond deftly to natural disasters as they are occurring and that we rebuild the social, economic and environmental fabric of local communities as quickly as possible following a disaster.

Second, the plan must futureproof Australia from the adverse economic, social and environmental impacts of an increasing frequency of natural disasters. In essence, we must adapt to a changing climate via the adoption of prudent policies and practices that take advantage of available science and wholly embrace the *Precautionary Principle* – that is, where there is a risk of harm or damage, there is an absolute obligation to act.

These actions must not come at the cost of climate change mitigation (i.e. emissions reduction). There must be additional and urgent investment and resourcing of strategies that build the resilience of Australia's communities and support the timely adaptation of the national economy to a changing climate. It must be both considered and substantial.

### **3. Building Climate Resilience**

There are many different views on how to build resilience in the face of climate change impacts, many of which are deeply technical. A useful definition of resilience is “the ability of the system to withstand either market or environmental shocks without losing the capacity to allocate resources efficiently or deliver essential services.”<sup>2</sup> For COSBOA, climate resilience is about building robust communities via the anticipation of impacts and then responding quickly to these impacts when they occur. As a result, building climate resilience is about:

- a) Building a knowledge base on potential impacts – not just in terms of the increased severity and frequency of natural disasters but also detailed knowledge of the vulnerabilities of different types of Australian communities (i.e. capital city, regional centre and rural towns) to these impacts
- b) Developing policy, process and institutional frameworks that better support affected communities in terms of disaster preparation, disaster management, and disaster recovery.

Thankfully, much of the thought leadership in this area has already been completed. In 2018 the Federal Government released the [National Disaster Risk Reduction Framework](#) (NDRRF).<sup>3</sup> This was developed as a response to the effects of climate change. In the forward to the framework the policy makers, the authors, stated that there is growing potential for some natural hazards to occur at “unimagined scales, in unprecedented combinations and in unexpected locations”.<sup>4</sup> Developed separately from the NDRRF is the Australian Disaster Preparedness Framework (ADPF) which is a guideline to develop capabilities required to manage severe to catastrophic disasters.<sup>5</sup>

---

<sup>2</sup> See Perrings 2006, “Resilience and Sustainable Development,” page 418.

<https://pdfs.semanticscholar.org/a7ed/c96e2db8f987cc4c4d998afd699552275734.pdf>.

<sup>3</sup> See here: <https://www.homeaffairs.gov.au/emergency/files/national-disaster-risk-reduction-framework.pdf>.

<sup>4</sup> “National Disaster Risk Reduction Framework,” page 3.

<sup>5</sup> See here: <https://www.homeaffairs.gov.au/emergency/files/australian-disaster-preparedness-framework.pdf>.

Sadly, very little of the NDRRF has been actioned. It is vital that this plan is updated in the face of the key learnings from the most recent fire, flood and drought disasters. Responsibility for advancing these actions must then be assigned to all Australian governments and the plan must be funded.

COSBOA sees the above frameworks as overarching documents to help develop further detailed plans of action for dealing with disasters. Given that small business represents around 50% of Australia's workforce and largely underpins small rural and regional communities, having a macro level framework is essential to the future success of the economy in the face of a changing climate.

What is required, as highlighted by recent disasters, is the capacity for this national plan to be translated at the local level to ensure that local communities affected by disaster are better supported during the disaster and during the disaster recovery process.

This is not solely a task for governments. We must develop complementary industry responses to disasters that can work with government and community services at the local level to ensure the best outcome for affected communities and businesses. This need extends to, but is not limited to, the following considerations:

- Developing better mechanisms to provide the redundancy needed to ensure continuity of provision of critical community services in respect of water, electricity, fuel, and communications
- Availability of affordable insurance products that better cover businesses for economic loss, whether they be directly or indirectly impacted
- Effective coordination of disaster response services at the local level, including the interface between emergency services and critical services (e.g. fuel and communications)
- Timely and effective provision of emergency shelter during disaster events
- Rapid temporary restoration of critical services and infrastructure immediately following a disaster
- Effective provision of mental welfare support for affected community and business owners immediately following a disaster event
- Ensuring ready access to meaningful financial support for small business (including coordination of post disaster donation mechanisms)
- Delivery of post event financial and other assistance that works with small businesses in affected communities as opposed to competing with them.

In short, a good start has been made with the NDRRF but we must embed the learnings of the country's large-scale disaster experience of the past 8 months in a revision of the framework – and then fund and implement the framework via coordinated institutional frameworks that coordinate disaster management and disaster recovery responses at the local level.

### **3. Climate Change Adaptation**

When the concept of climate change was first mooted in the late 1980's, policymakers discussed the need for coordinated global action on two fronts, namely:

- a) **Climate mitigation:** This is essentially about reducing emissions via behavioural change, energy productivity improvement and technology switching.
- b) **Climate adaptation:** This is about using detailed knowledge of forecast impacts to adapt existing policy (e.g. energy, infrastructure, economic and industry policy) to lessen the likely impacts on the economic prosperity, social well-being and environmental quality of the global community.

While there has been a considerable national and international discussion on climate mitigation, including three international climate accords, there is very little evidence of coordinated work – be it national or international – in respect of climate adaptation. It is almost as if, the world’s leaders are betting all their chips on mitigation without taking prudent steps towards reducing the risk of mitigation failure by embracing adaptation.

An analysis of past national strategy reveals that the Australian Government developed a National Climate Resilience and Adaptation Strategy in 2015 which was initiated as a result of COAG agreeing a National Climate Change Adaptation Framework in 2007 – 13 years before the recent bushfires and flood disasters that have devastated regional communities and small businesses in recent months.<sup>6</sup> Elements of the NCRAS were picked up in the 2018 NDRRF, but key elements of the climate adaptation strategy appear to have been discarded. The hostilities of the climate mitigation debate appear to have stymied action on climate adaptation. This situation cannot be allowed to continue.

Adaption is a considered and planned response to a predicted future climate that is different from the current situation. It is the process of changing to this future climate in a manner that reduces human impact and economic loss.

It means that we must examine how we build our cities and towns in the future, how we manage water and food resources, how we manage energy and infrastructure, how we deal with disease migration and how we transition our national business and enterprise architecture to an increasingly globalised market that is placing an economic premium on low carbon actions.

These are complex and important conversations that must be had if we are to protect our communities and small businesses against future climate related disasters. But these conversations can be advanced by utilising the architecture of some of the limited work that has been done to date, such as the United Nations Framework Convention on Climate Change (UNFCC) National Adaptation Plans (NAP).<sup>7</sup>

COSBOA recommends that a detailed adaptation plan – for the total economy, not just for small businesses – reflect the UNFCC NAP and realise obvious synergies with the NDRRF.

Such a plan must:

- Integrate climate risk into national, state/territory and local government planning, policies, and programs;

---

<sup>6</sup> See here: <http://www.environment.gov.au/system/files/resources/3b44e21e-2a78-4809-87c7-a1386e350c29/files/national-climate-resilience-and-adaptation-strategy.pdf>.

<sup>7</sup> Information on the UNFCC National Adaptation Plans can be found here: <https://unfccc.int/topics/adaptation-and-resilience/workstreams/national-adaptation-plans>.

- Accept that any medium and long-term adaptation planning is an iterative, ongoing process, not a one-time activity;
- Involve local business communities and industry associations and be a bottom up approach to adaptation. The relevant governments can provide broad aims and examples of where business plans and economic plans can be created. Local business communities or regions need to have their own plans as different issues may face different localities.

The small business families and their employee communities are diverse. There needs to be consideration of impact depending on the type of business and industry sectors. Industry associations and the relevant government agencies and unions need to also be involved in the assessment of new risks. Those businesses dependent on tourism are obvious but a strong tourism sector supports retail, service stations, the motor repair sector and telecommunications companies among others. The impact on government services such as health and local government also needs to be measured.

#### **4. A word on Climate Change Mitigation (Emissions Reduction)**

COSBOA has not previously commented deeply on issues around mitigation of climate change. This was due in part to the urgent need to focus on adaptation and fact that even with zero emissions we would still be impacted by change. Recent events have shown that the political paralysis that has typified efforts to develop a meaningful response to climate mitigation cannot be tolerated any longer.

It is acknowledged that climate mitigation will likely require some form of transition from, or transformation of, many of the carbon-intensive activities that Australia relies on for its macro-economic and micro-economic well-being. Such a condition means that it is even more important for our economy to have a comprehensive and considered discussion about how we achieve this change, as to do so without a good plan risks the destruction of the economic and social well-being of the communities that rely on these industries for employment and economic activity.

But what must be acknowledged is that not having a meaningful transition plan in the face of overwhelming scientific evidence of emissions-induced climate change and its associated perils represents a far greater economic and social risk for the Australian community than a sub-optimal transition.

#### **5. Learning from the false starts of the past**

An analysis of past national strategy reveals that the Australian Government developed a National Climate Resilience and Adaptation Strategy in 2015 which was initiated as a result of COAG agreeing a National Climate Change Adaptation Framework in 2007 – 13 years before the recent bushfires and flood disasters that have devastated regional communities and small businesses in recent months.<sup>8</sup> Elements of the NCRAS were picked up in the 2018 NDRRF, but key elements of the climate adaptation strategy appear to have been discarded.

This 13-year discussion about climate resilience and climate adaptation begs the following question: when are Australian governments going to get serious about actually funding and

---

<sup>8</sup> See here: <http://www.environment.gov.au/system/files/resources/3b44e21e-2a78-4809-87c7-a1386e350c29/files/national-climate-resilience-and-adaptation-strategy.pdf>.

resourcing a national climate resilience and climate adaptation strategy that is real – one that genuinely seeks to minimise the impacts of climate change disasters in the future?

We cannot tolerate further delays. It is time to put strategy into action – and the strategies of the past to be revisited, rewritten as necessary and implemented.

#### **6. Starting the conversation – a roundtable event**

COSBOA will hold a round table with key stakeholders on climate resilience and climate adaptation. The audience will be those who represent small businesses and their suppliers and customers.

The purpose of this roundtable will be to further develop the framework outlined above and then utilise this framework to work with like-minded big business, industry stakeholders, community stakeholders, employee representatives and various Australian governments to develop, fund and implement a cohesive plan to improve Australia's climate resilience and its capacity to adapt to the consequences of a changing climate.

#### **Existing government frameworks and strategies mentioned in this document:**

*National Disaster Risk Reduction Framework (2018).*

<https://www.homeaffairs.gov.au/emergency/files/national-disaster-risk-reduction-framework.pdf>.

*Disaster Preparedness Framework (2018).*

<https://www.homeaffairs.gov.au/emergency/files/australian-disaster-preparedness-framework.pdf>.

*National Climate Resilience and Adaptation Strategy (2015).*

<http://www.environment.gov.au/system/files/resources/3b44e21e-2a78-4809-87c7-a1386e350c29/files/national-climate-resilience-and-adaptation-strategy.pdf>.