

## **Submission to the 2009 Victorian Bushfires Royal Commission from the Australian Risk Policy Institute**

### **Introduction**

The Australian Risk Policy Institute (ARPI) is a non-political and non-profit organisation formed to promote and encourage greater focus on risk policy in leadership, decision-making and management across all sectors in Australia.

ARPI aims to contribute to the development of risk policy covering whole-of-business-sector and whole-of-government approaches in Australia to ensure challenges, problems and opportunities facing the country are effectively addressed. This is being achieved through making comment on a range of issues, including policy and legislation, from risk-based perspectives.

With respect to the 2009 Victorian Bushfires Royal Commission, ARPI intends to specifically comment on the following terms of reference of the Commission:

### **Term of Reference 2**

The preparation and planning by governments, emergency services, other entities, and community and households for bushfires in Victoria, including current laws, policies, practices, resources and strategies for the prevention, identification, evaluation, management and communication of bushfire threats and risks.

### **Term of Reference 4**

The measures taken to prevent or minimise disruption to the supply of essential services such as power and water during the 2009 Bushfires.

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### **The Context for Risk Management**

Risk Management is defined in many ways by numerous organisations and publications, however the Australian/New Zealand Risk Management Standard 4360:2004 defines risk management as:

“the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects”

ARPI will argue through this submission that the key elements of risk policy and risk management remain outside, or at best receive only token acknowledgement in, the governance frameworks at all levels of government. This failure to adequately manage risk stems from a poor understanding of why, how and what to risk manage, with subsequent consequences for community resilience and well-being.

## Culture

Organisational culture can be defined as the shared values, norms and expectations that govern the way people approach their work and interact with each other. The crucial elements of a risk management culture are:

- Leadership in risk policy and risk management at the top – that is embedded in boards, executive committees and demonstrable to the whole organisation
- Risk appetite and tolerance are aligned, known and acceptable
- Frank and fearless advice is given and accepted without retribution
- Transparency in decision making which is informed by risk
- Compliance with policy, procedure and process (controls)

## Processes

The pre-determined steps and actions that are required to deliver an output or outcome. Risk management processes are well recognised, being defined in the Australian/New Zealand Risk Management Standard 4360:2004.

Of critical importance to the application of risk management processes is the establishment of an objective to which risks are identified and managed. Without this, risks and controls are ill defined, lack substance and can take on any number of meanings depending on the perspective of the user.

- Establish the context – strategic and organisational
- Identify risks – including outsourced and “joined-up” arrangements
- Analyse risks – from cause to consequence and in relation to stakeholders
- Evaluate risks – understanding the upside and downside of risk and deciding priority
- Treat risks – managing the exposures and opportunities presented
- Monitor and review – time and circumstances change the context of risk
- Communicate and consult – risk management is a daily process

## Structures

The frameworks and relationships established to achieve effective business control including:

- Governance framework – linking the Board and Executive Committees to the frontline
- Accountability and responsibility – the “buck” stays and stops with the risk owner
- Rules and regulations (internal policy) – evidence of a demonstrable culture of risk and compliance

In order for risk management to provide maximise effectiveness and benefits, the structures within an entity must be clearly defined, published and known by all. It is within this structure that objectives, risks and controls operate and the relationship between them can be effectively utilised resulting in Enterprise Wide Risk Management.

## Risk Policy

### Were preparation and planning adequate?

The preparation and planning by governments, emergency services, other entities, and community and households for bushfires in Victoria, including current laws, policies, practices, resources and strategies for the prevention, identification, evaluation, management and communication of bushfire threats and risks.

Based solely on the catastrophic loss of life and public and private property it is reasonable to conclude that planning for such an emergency was 'prima facia', inadequate. This in no way implies that the efforts of those responding to the emergency were inadequate, rather that the planning failed to:

- Consider that such an event could occur (a firestorm is a different event to a bushfire)
- Develop contingencies for such an event at an individual as well as the local, State and National levels
- Maximise the availability of resources to respond to such an event
- Articulate who were the risk owners and risk managers responsible

The primary focus of many plans and risk assessments is to establish preventive controls, particularly where catastrophes are possible. This focus on prevention is often unconscious as the inherent nature of planning is to achieve an objective, which is enabled through preventing risk rather than mitigating risk.

With the bushfire disaster the emergency response effort was to fight the fire to prevent damage to life and property. This response effort was indeed well planned and coordinated, with those involved putting in an enormous contribution through dedication and sheer hard work. In the main, this effort was directed at preventing further risk.

The table below illustrates the focus on prevention rather than mitigation and also suggests possible gaps in coordination across the different levels of government in maintaining safe and resilient communities.

To maintain a safe and resilient community				
Risk	Preventive Controls		Mitigative Controls	
Bushfire threat	National	Emergency Communication Network (proposed)	National	Australian Government Disaster Recovery Payment
				National response capability
	State	Coordinated rural bushfire units	State	Various State Government support arrangements
		Building codes		
	Local	Bushfire unit	Local	
		Fire hazard reduction burning		

### Recommendation 1

That the Federal, State and Territory Governments establish a Nation-wide Community Resilience Framework (example at Attachment A) and support its implementation and maintenance at the national, state and local levels of the community.

Such a framework would require state, territory and local governments to conduct an 'all hazards' risk assessment that identifies the greatest risks to community resilience and establishes appropriate risk response strategies to both minimise the likelihood of occurrence and mitigate the consequences of occurrence.

# Risk Policy

## Is continuity of critical infrastructure assured?

The measures taken to prevent or minimise disruption to the supply of essential services such as power and water during the 2009 Bushfires.

### Critical Infrastructure

The continuity of critical infrastructure such as power, water, sewerage, gas, communications, etc is fundamental to community resilience in normal circumstances but becomes even more crucial during times of disaster and emergency.

By definition a catastrophic disaster causes catastrophic consequences and it is unreasonable to assume that the provision of critical infrastructure can be maintained during such times. It is however, reasonable to expect those entrusted with the provision of critical infrastructure to have planned to prevent interruption and prepared contingencies in case of interruption. This is particularly important given the geographic coverage most providers of critical infrastructure have, which can result in supply being disrupted for much of the customer base from an incident affecting a single point of failure in the supply chain.

The disasters affecting gas supplies (Longford in Victoria and Varanus in Western Australia) highlight the consequences of critical infrastructure failure and the Victorian Bushfires presented another scenario where critical infrastructure apparently either failed or supply faltered.

State and Territory Governments should represent the community as the primary stakeholder in the provision of critical infrastructure services. As a stakeholder, the government should require assurance:

- Regarding the safety of such services;
- Regarding the continuing monitoring and reporting of associated risks; and
- Of continuity planning in the event of a disruption in the supply of such services.

### **The community expects government to be the risk owner.**

#### **Recommendation 2**

That State and Territory Governments mandate a risk based planning approach by providers of critical infrastructure that:

- Identifies all inclusive risks to the provision of a critical infrastructure service;
- Develops clear and achievable actions for preventing such risks and mitigating the consequences of occurrence; and
- Establishes a reporting framework.

## Risk Policy

### Housing Survival

With respect to housing, which can be considered essential, individuals take responsibility for preventing or minimising loss to their houses. This is appropriate, as governments cannot take on such a responsibility. There is however an argument for governments to step in when there is catastrophic loss of housing due to a disaster. This occurred following the Victorian Bushfires drawing on the Australian Defence Force and other State and Local Government resources to provide emergency housing. Tent cities, such as those established at Yea and Marysville cannot be maintained for more than a few weeks, as the necessary underlying infrastructure is not available.

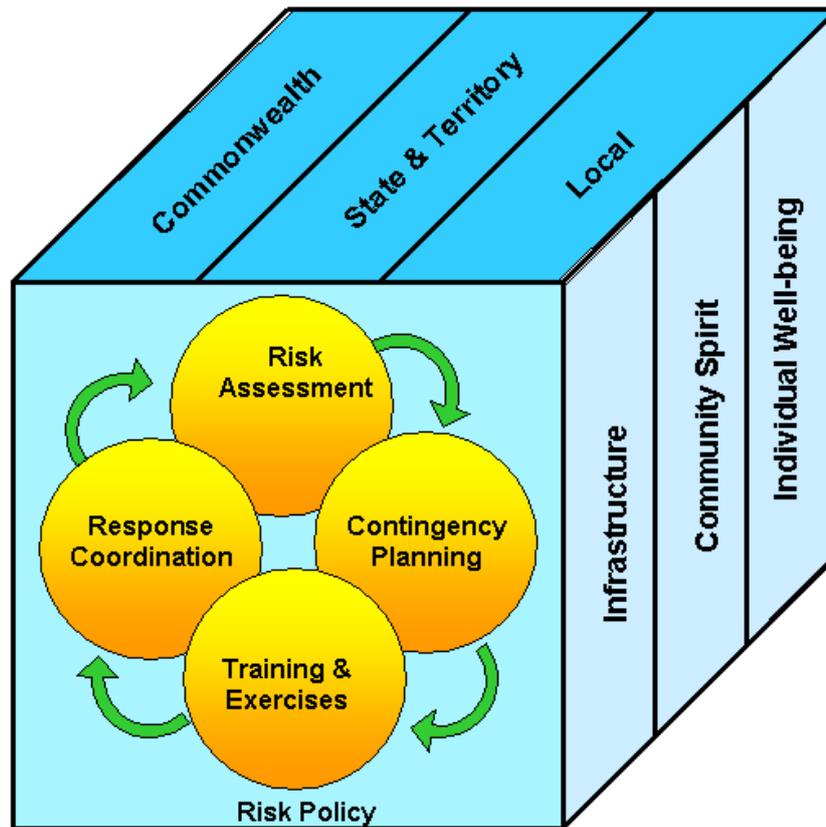
#### **Recommendation 3**

Include in a National Community Resilience Framework the requirement for contingencies that accommodate housing of dislocated communities. Such contingency could pre-provision infrastructure such as water, sewerage, electricity, food distribution and schooling in key locations sufficient to accommodate significant numbers of dislocated people for extended periods of time.

### **Clearance**

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<b>Legal Clearance:</b>	Not Required
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## ARPI Example National Community Resilience Framework



### Validation Questions

Would such a framework lay the foundation for action in respect to the following questions?

1. To what extent has training and education focussed on the transition of a bush fire into a firestorm?
2. What are the factors that contribute to the tipping point that turns a bush fire into a firestorm? How are these assessed and what is the basis for such an assessment?
3. How would the responses from Government, local communities and individuals vary once transition into a firestorm is assessed as likely? What would be the different priorities for action?
4. In both sets of circumstances, who makes the various decisions at all levels and if these need to change once a bush fire is assessed to become a firestorm how are any changes of leadership and procedures to be managed?