

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

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, ~~educat~~ 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



1.4.29 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

1.4.30 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 recipients were advantaged after giving less attention, time, and effort to protect their own economic interests.

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