

El Niño promises dryer, hotter weather. Are you risk ready?

The Bureau of Meteorology has declared Australia is now in an El Niño climate pattern, with increased likelihood of drier and hotter weather and increased risks for people, property and communities.

In Australia, El Niño weather patterns result in hotter than average temperatures and reduced (often significantly below average) rainfall. These periods are marked by an increased risk of heatwaves, drought and fire. Over the past three years, the weather pattern (La Nina) has been conducive to extensive landscape and forestry growth – fuelling an increased risk of bushfire for many parts of the country.

Impacts of risks associated with El Niño are well known to our country: for example, widespread property loss from fires to disruptions to community services as our electricity grids fail.

However, the “silent risk” – extreme heat – remains one of the deadliest natural forces for our country - with significant health impacts to people which threatens lives. People in disadvantaged communities and with predisposing health conditions or difficult social circumstances are particularly vulnerable to the effects of heatwaves.

This risk alert outlines steps to take to develop a stronger risk mitigation position – to be ahead of the potential impacts of El Niño, to improve governance oversight of the risks and consider the resilience of your organisation should associated weather events occur. Most importantly, your risk strategy must focus on protecting those most vulnerable in the community you serve.



TAKE ACTION NOW!

1. Review your understanding of the nature and impacts of El Niño – **know your local impact**
2. Use this Risk Alert to check against your plan of action – **know your risks**
3. Share with others and step up oversight in anticipation of challenging weather – **communicate your plan**

A RISK-BASED APPROACH TO PREPAREDNESS AND RESILIENCE



1. KNOW YOUR LOCAL IMPACT

Scenario analysis is a great way of understanding the impact on your local environment and the impact weather related disruptions may have on your organisation.

Consider scenarios that include extreme challenge to your organisation:

For example-

- Evacuating a local community for safety from bushfires to your site as you are the most fit for purpose place to accommodate an influx of distressed people.
- Managing a significant period of electricity disruption related to pressures on electricity grids with unknown return to full function impacting all forms of communication and operations.
- Extensive heatwave resulting in increased community care needs, high risks for at-home frail and vulnerable people and reduction in staff.

Use outcomes of your analysis to identify gaps in your knowledge, capabilities and business continuity plan. Share outcomes with your staff so everyone understands the importance of preparedness. Critically, ensure your Board has line of sight to the gaps and improvement actions you are taking.

USING SCENARIOS

A scenario is a rich description of the world that you could plausibly find yourself in at some definite point in the future in a particular place. Written in a realistic way, in plain, non-technical language, they can be a powerful technique for setting strategic objectives, emergency planning, working out how to adapt, and assessing whether your organisation is resilient to climate shocks and stresses.

A good scenario includes information about climate and weather events, the demographics of your customers and local area, technology and the nature of work, the built environment you live and work in, and the lifelines and infrastructures that you depend on for movement of people, goods and services.

State and Commonwealth governments have published information you can use for the basic structure of your scenario. Universities and other research organisations, such as the Climate Council, also have excellent reports. Local governments, catchment management authorities, insurers and industry bodies may also have information to share. It's worth spending some time to discover the information available and, perhaps, partners you can work with to develop richly informative scenarios that you can all use.

A RISK-BASED APPROACH TO PREPAREDNESS AND RESILIENCE (continued)



2. KNOW YOUR RISKS

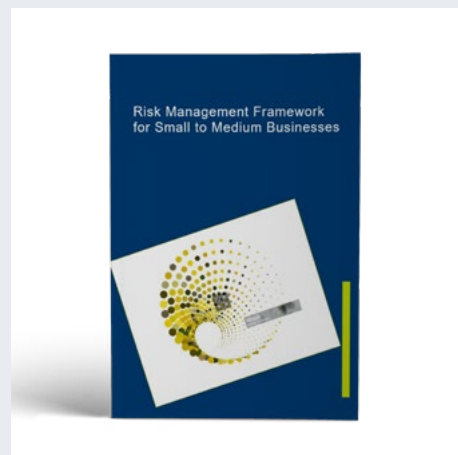
Weather related events result in a very dynamic risk environment: set and forget approaches to risk management will increase the risk!

It is critical that you re-think your risks and the adequacy of the risk controls you have in place and those that will need to be bolstered or added to your plan.

Take these actions to strengthen your understanding of your risks and strengthen your risk framework:

A. Conduct a Risk Assessment

- **Using the scenario analysis outcomes**, you will have a clearer view of the risks to your organisation associated with El Niño's emergence. Ensure you are considering all of your organisation's objectives (e.g. service delivery, finance, staff, property management, community engagement) when conducting your analysis.
- **It's important to scan widely for risk** – avoid capturing just the “known knowns”. Learnings from the pandemic guide us to the realisation that just planning for what we know, does not assist in times of significant disruption. Don't forget to include consideration of your relationships with third parties (those you rely on and those that rely on you). Select risks that involve challenging decision making. This will help with addressing uncertainty and ensure the right risk information is coming to key stakeholders for action.
- **Assess the risks** – our guidance and tools on risk frameworks and specific areas of risk are available [here](#).



El Niño has the potential to result in risks that are complex to manage and significant in their impact. Boards and Senior Managers have an obligation to ensure they are satisfied with their organisation's risk assessment and preparedness and the risk framework is adequate to deal with changing circumstances.

A RISK-BASED APPROACH TO PREPAREDNESS AND RESILIENCE (continued)



2. KNOW YOUR RISKS (continued)

B. Review your Risk Plan

- **Each key risk needs a management plan.** It's important here to review the risk controls you already have in place and assess their effectiveness and bolster them as necessary. You may need to develop new risk controls. Rate the risks in accordance with your risk framework. Ensure these risks are communicated, escalated and monitored.
- **Past success does not equals future success:** Most organisations have dealt with disruption. Carry over your learnings from previous events, however don't expect that all past efforts will be adequate for future scenarios. This is where "risk culture" plays an important part in your approach. Challenge 3 aspects:



Accountabilities
are communicated
and managed



Awareness
of the framework
is enabled and
encouraged



Attitudes
towards risk
management lead it
to being "everyone's
responsibility"

- Accountability:** Is it clear at all levels of our organisation of the responsibilities and accountabilities with risk management of the El Niño plan? Has Board taken a leadership role?
- Awareness:** How aware are staff and our community of the specific El Niño risks (including heatwaves) and does everyone know the role they play in managing them?
- Attitude:** Are we all on the same page with recognising El Niño as a risk to our organisation and a commitment to improve our risk management? Where do attitudes differ and why?

A RISK-BASED APPROACH TO PREPAREDNESS AND RESILIENCE (continued)



2. KNOW YOUR RISKS (continued)

C. Strengthen your Business Resilience Plan

- **Update your Plan** using the risk information obtained from the above steps. Make sure it includes your response to heatwaves (as well as bushfires and other disruptions)
- **Test it again** challenge the plan with a different scenario, to test the adequacy of the improvements made
- **Seek support:** Ansvar Risk Solutions can provide further support and information on your approach. Contact us at info@ansvarrisk.com.au



3. COMMUNICATE YOUR PLANS AND ADVICE

- **Raise awareness of El Niño Risk:** incorporate information in your communications to staff, clients and community on the nature this risk. Help to broaden awareness of all impacts, including the threats associated with heatwaves.
- **Take a whole of community approach:** identify how you can support actions for people who are vulnerable to El Niño effects. Preventative strategies are a great way of communicating valuable knowledge and guidance and to demonstrate your community leadership role.
- **Seek advice:** no organisation needs to feel alone in tackling these risks. Climate Council, State Governments and Local Councils all have resources available. Monitor the development of El Niño through the Australian Bureau of Meteorology's regular updates. Speak with your insurance broker to ensure your risks and your plans align with suitable coverage.



A WORD ON CLIMATE CHANGE AND RISK GOVERNANCE

Weather patterns around our globe are changing rapidly. While tackling known environmental risks and impending weather forces (such as El Niño) are very important, they are the symptoms of a larger problem.

Every organisation has a role to play with climate change. No organisation can step away from its obligation to its community to do something about it.

Governing Climate Risk is a guide to support Boards and Senior Managers to take action for positive change.

We encourage you to take some time to apply this guidance to your organisation's important role in developing a climate action plan and for governing climate change.



For more information

The Risk Solutions team are here to provide a range of consultancy services to assist clients to review and enhance their systems, processes and practices and the time to act is now.

For further advice, email us at info@ansvarrisk.com.au



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