

Who's really managing risk?

It seems that business and local government are closing in on environmental and social risks lurking below the surface of their organisations from a range of angles, writes Paula Wallace.

Risk management must evolve to help their organisations track these issues and respond. In fact, some 83% of S&P 500 companies report they're integrating one of the biggest issues – climate change.

Organisations are approaching this task in a number of ways, whether in the guise of climate change adaptation, materiality assessments, risk frameworks or resilience models.

When poultry producer Inghams Enterprises decided to take a forward-looking risk approach as an extension to its significant sustainable business focus, it looked at climate resilience.

This approach recognises the need to go beyond measuring and prioritising various risks, instead focusing on building the resilience of whole systems that a company relies on to create value – on a time frame that can extend 50+ years.

Having been a long-time member of the NSW government program, Sustainability Advantage, Inghams chose to collaborate in developing its resilience plan and allowed the department to build on this work to create a stronger risk management module for program participants.

A spokesman from the NSW Office of Environment and Heritage (OEH) told *WME*: "The OEH, through the

Sustainability Advantage program, recently helped Inghams perform a strategic risk and opportunities assessment across all their operations, focusing on climate change.

"The project enabled Inghams to integrate climate change into their existing risk management methodology and assessed ways to mitigate its impact."

Ingham's whole supply chain was analysed to map existing vulnerabilities and how various business components such as assets, raw materials, people, finance and other areas would be impacted by climate change.

"The end result is a strategic risk management plan for climate change that is now being implemented by Inghams," said the spokesman.

Group manager environment and sustainability at Inghams, Julia Seddon, said: "We were really pleased to discover that many areas of risk were already well managed from a climate resilience perspective.

"The process did highlight, however, that water-related issues are a key area and we have since conducted more detailed operational risk assessments".

With the assistance of Sustainable Business Consulting, the Inghams team will meet again this month to refine its climate resilience plan.

Seddon said: "Having the process facilitated by an external expert worked really well for us and its great to know the structured workshop we developed with the consultant can be used by other Sustainability Advantage members".

The OEH is now in the process of modifying the work it did for Inghams to develop a Climate Change Adaptation workshop for other members of Sustainability Advantage to help them increase their resilience and better understand how to manage and adapt to risks from a changing climate.

Councils come together

The Regional Climate Change Adaptation Project (RCCAP) was a collaborative project initially involving the 12 councils of Tasmania's southern region and later expanded to the state's other regions.

The project was managed by council officers seconded to the project, Katrina Graham (City of Hobart), Graham Green (Southern Midlands Council) and Oliver Heyward (Brighton Council).

As a statewide effort to address climate change in local government it has revealed the different concerns and approaches within levels of council and the need for genuine buy-in from council's general manager and senior management team.

"It did not attempt to solve all of local government's climate change problems, but it was a genuine first step toward adaptation, targeting cost effective, achievable actions to manage the physical impacts; the costs; the liability exposure and a range of other possible outcomes," said Heyward.

The project has spawned a regional adaptation strategy; a corporate adaptation plan for each council addressing a wide range of risks to all areas of council; and a toolkit for review of the corporate plans and extension of the project.

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Examples of some effective responses to climate change

Some examples of easily implementable actions developed through the Southern Tasmanian Climate Change RCCAP include:

- a requirement for the consideration of greater intensity rain events in the design of stormwater infrastructure for all new subdivisions;
- increasing the height and use of concrete surfacing on foreshore tracks to mitigate damage due to increased inundation events;
- implementation of a community education program to manage negative community attitudes resulting from reduced service levels; and
- consideration for the impacts of climate change when estimating the useful life to assets.

Hobart City Council, the only financially contributing council to the RCCAP, put up 20% of the funding. The City's Katrina Graham said: "We had clearly set out objectives for the project, having received input from a steering committee with significant government and local expertise. However, the RCCAP also engaged external consultants Hyder to work with individual councils in undertaking their risk assessments.

"There is a lot of merit in a project like this having outside expertise and also their facilitation skills."

To date, the project has worked with 29 councils in Tasmania and adopted a three-tiered approach whereby there is initial engagement with senior management, followed by workshops with officers to develop risk statements and adaptation actions.

"Essentially we want to enable councils to do climate change adaptation planning themselves," said Graham.

"When it comes to local government much of what they do is about managing risk and that's usually done retrospectively, but now we're looking at future risks.

"Delivering services to communities is about minimising harm, whether it's in collecting waste or community engagement or planning," she said, adding that such an approach leads to communities becoming much more "liveable places."

An independent report conducted on the initial work done by RCCAP suggested

there was concern amongst councils about the timeframes for considering adaptation plans, the wide scope of such plans and the costs involved.

It did, however, add that the project represented very good value for money, was well-grounded in detailed scientific modelling of the climate risks and involved comprehensive collaboration across jurisdictions.

Graham said a certain amount of conservatism was echoed in the private and public sectors by senior management and that there was an "ongoing role for supporting and facilitating climate change adaptation work within councils".

The project enabled Inghams to integrate climate change into their existing risk management methodology.

"The indemnity, liability and legal issues are really of the greatest interest to senior management, that is the thing that will make or break councils and climate change adaptation," she said.

Graham said it was difficult to ask councils to act on information and advice given the political contextualisation surrounding climate change.

"It's not a council's role to generate good quality [scientific] information.

"It's the role of the Australian government to do the science, the state government's role to put that in

a regional context; and then the local government to apply it at a local level," said Graham.

She said that conservatism within councils often arose when they were asked to make decisions based on science or information that has not had the "legitimacy" of state and commonwealth support.

The RCCAP project attempted to provide this context by employing outputs from the Climate Futures Tasmania project which downscaled six global climate models to a 14km grid.

By using this research, municipal scale climate change profiles were developed.

Through engagement with technical experts across local government in Tasmania, councils were given the opportunity to look at their business and make a realistic assessment of their vulnerabilities.

Along with external legal advice the RCCAP was able to advise what councils could do to minimise future liability.

"At the end of the day we have to do it by ourselves," said Graham.

"While the state and commonwealth are making themselves smaller in this area, the greater the exposure to local government, which has less capacity to manage the impacts of climate change across communities."

The climate change adaptation toolkit for local government will soon be made available as an interactive web page through the Tasmanian Climate Change Office website.

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All local councils in Tasmania now have access to a climate change adaptation toolkit.