

# ARA SUBMISSION

## NSW INDEPENDENT FLOODS INQUIRY

20 MAY 2022

The Australian Retailers Association (ARA) welcomes the opportunity to provide comments to the independent Inquiry into the NSW floods in early-2022. We hope our submission will help inform future preparedness, planning and land use decisions, as well as co-ordination of responses to other disasters.

### INTRODUCTION

The ARA is the oldest, largest and most diverse national retail body, representing a \$360 billion sector that employs 1.3 million Australians and is the largest private sector employer in the country. As Australia's peak retail body, representing more than 100,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community.

We represent the full spectrum of Australian retail, from our country's largest retailers to our small and medium-sized members, who make up 95% of our membership. We have more than 1,000 members in NSW in addition to our large national members who have extensive store and distribution networks across the state – some of whom were directly impacted by the flooding in early-2022.

This submission has been informed by consultation with our membership advisory committees on industry affairs, small business and supply chain, as well as individual members impacted by the floods.

The ARA's submission to the Inquiry is focussed on reporting the experiences and learnings of retailers directly impacted by the NSW floods, mainly in and around Lismore. Our submission responds to following terms of reference, relevant to our membership:

- Preparation and planning by government agencies and the community for floods
- Responses to the floods, particularly measures to protect life, property and the environment
- Transition from incident response to recovery
- Recovery, including clean up, community engagement and longer-term community rebuilding
- Current and future land use planning and management and building standards in flood prone locations across NSW
- Appropriate action to adapt to future flood risks to communities and ecosystems
- Coordination and collaboration between all levels of government.

### IMPACT OF THE FLOODS ON THE COMMUNITY

Small businesses are the heart of regional communities and towns. So, when local businesses, including petrol stations, newsagents, pharmacies, post offices, greengrocers, food and clothing outlets, and pet stores were inundated by flood waters in Lismore in early-2022 this had an immediate and devastating impact on the local community.

These impacts were compounded by the significant damage and disruption to major supermarkets and large speciality retailers who, in other recent natural disasters, played a critical role in supporting local communities through the initial response and then recovery.

These retailers - large and small - are also major employers in regional communities. The knock-on impacts of retail workers being displaced from their homes would have added to the strain that retailers were under at that time, trying to manage a chaotic situation that unfolded during the initial flooding and in the following weeks.

More importantly though, these retail workers would have been under immense personal stress, given the widespread destruction of residential properties and community infrastructure, while also being disconnected from employment, support services and essential supplies.

The recovery and operation of retail businesses within these communities is not only important from an economic perspective but it also serves an important role in communicating with confidence that life is slowly getting back to normal, hopefully providing some emotional relief for the community and surrounding areas.

## **IMPACT OF THE FLOODS ON RETAILERS**

Most retail businesses in the Lismore area were heavily impacted by the floods and were unable to trade for a period of time. This included major and essential retailers, such as supermarkets, trade and hardware stores, pharmacies, petrol stations and local services like post offices. Many retailers were also forced to close in the Northern Rivers community.

This meant that customers, including the local community, first responders and government agencies, had to be diverted to stores in nearby communities that was not affected and where businesses were able to keep trading throughout the flood and immediate aftermath.

Those retailers who remained operational across the region lost power and telecommunications for days and weeks after the floods. These outages meant that retailers were unable to accept card payments resulting in cash becoming the preferred method of payment at a time when banks for also forced to close and ATM machines were out of operation.

This meant that local residents - many of whom were unable to leave the immediate area due to road closures and a lack of transport - were only able to make limited purchases or no purchases at all for a significant period. With petrol stations also affected, transportation was also disrupted.

While the major retailers, with the support of the local council, have since been able to establish 'pop-up' stores in Lismore, stores in nearby Goonellabah are still handling higher than normal demand. In some cases, they have expanded their operations to meet this increase in customer traffic and resulting impacts, such as increased waste to be managed. It is expected that some supermarkets and department stores currently under repair in Lismore will re-open in the second half of 2022.

However, many smaller stores in flood-affected communities are yet to reopen, as they are still addressing safety issues, repairs, insurance challenges, stock and supply chain disruptions and leasing negotiations.

Hundreds of retail employees were also impacted personally by the floods, creating additional stress for retailers dealing with staff shortages that pre-dated the pandemic and exacerbated by the floods. We have heard accounts of retailers voluntarily acting as the first point of aid and financial assistance for their employees, primarily to ensure the safety and wellbeing of their staff but also to get them back to work sooner.

Local suppliers and supply chains, already under pressure due to the pandemic, were also heavily impacted. Affected suppliers included dairy farmers, egg suppliers, fruit and vegetable growers, as well as some food processing facilities in the region. With road and rail infrastructure also impacted, getting fresh supplies into the region was challenging in the days and weeks following the floods. Damage to rail and road corridors also impacted other communities, as far north as Cairns.

These disruptions were exacerbated by delays in accessing timely and accurate information about road closures and viable alternative routes in the immediate aftermath of the floods. Major retailers

have extensive capability and experience in supply chain, transport and logistics, and we believe that this expertise and knowledge should be leveraged by government in future events.

## **ARA RESPONSE TO THE TERMS OF REFERENCE**

### **Preparation and Planning**

The need to build resilience was clearly demonstrated by the impact of the floods on retail businesses and the broader community. A number of the key challenges are outlined below.

- Many businesses were unaware of the details of their insurance policy and whether they had adequate coverage for floods.
- Businesses and community members were caught unprepared with a lack of knowledge about the best methods and equipment to protect property.
- Appropriate equipment was not readily available. For example, some retail stores reported that they were able to prevent greater stock damage through the use of inflatable sandbags at the doors of their store but others were not aware of these devices. The provision of this type of equipment, as well as information about what is available, would be beneficial for future events.
- In the aftermath of the initial flooding, with continuing power outages, businesses did not know how to reopen without access to online payments processing.
- First aid and medical supplies were not readily available which made it difficult for smaller retailers to meet the needs of staff and ensure the prevention of incidents and illness, including infections.

ARA members also reported frustration that a lack of early warning prevented them from taking steps to limit property damage and stock loss.

Warnings about the first inundation and calls to evacuate came too late for some business, meaning that stores and warehouses had to be abandoned without an opportunity to move stock, contents and fittings. In one case, there was not even enough time to remove cash from the safe. Warnings about the second inundation were more timely and did allow for improved preparations.

In contrast, the Australian community is well informed about how to plan and prepare for bushfires, with understanding about early warning systems and responses, thanks to successful education campaigns. The observation made by the ARA and our members is that the community and businesses need better information about how to prepare and plan for floods and other natural disasters.

The ARA recommends that improved education and awareness should focus on the following areas:

- Insurance coverage and claims processes, particularly for uninsured and under-insured businesses.
- Flood preparation, evacuation and remediation, including training about how to address relevant occupational health and safety challenges.
- Established and emerging technology to flood-proof properties, such as inflatable sandbags.

To improve communication about warnings and road closures, the ARA recommends that a central government agency be appointed to provide information about road closures to retailers and transport providers, for future significant events.

The ARA also recommends that retailers need to be clearly identified as a key stakeholder and affected community group that requires tailored support, assistance and communication. Essential retail needs priority support to restore and maximise efficiency within their operations to help the community to access food, water and other essential items. A protocol for identifying and communicating with these essential retailers during natural disasters would also be welcomed.

With digital payments and telecommunications likely to be immediately affected following a natural disaster such as a flooding event, the ARA recommends that planning for alternative payment methods and access to cash needs to be considered, particularly around the provision of essential goods and services such as food, clothing and fuel.

## **Response to the Floods**

The most critical issue for retailers in responding to a flood event or natural disaster is to get access to stores, to repair property and replenish stocks. This is most critical for supermarkets who also need to supply charities and government agencies with essential items in the immediate aftermath of an event.

ARA members report that during the crisis, information was coming from multiple sources and was often conflicting, with no clear sense of priority of issues or leadership. Further, some retailers found it challenging to get clear and timely responses from government about important information such as road closures and safe alternative routes for delivery trucks.

However, Transport NSW should be congratulated for establishing a daily briefing for retailers and transport providers, which did enable sharing of important information around when roads would reopen as well as load limits for smaller back roads as supply chains were re-established. As per our earlier recommendation, it would be beneficial to appoint one central government agency (like Transport NSW) to act in this co-ordinating role ahead of future natural disasters.

Large national retailers were able to call upon their extensive networks and resources to offer ongoing support to community organisations, residents and businesses after the flood – including provision of free food, bedding, clothing, home and hardware supplies and computing equipment. The coordination of this effort was not centralised though, making it difficult to get well-intended support to those people most in need. It was also challenging for retailers to receive clear and coordinated information regarding what community supplies were needed, where and when.

Immediately after the floods, volunteers provided much needed support to assist businesses in clearing and cleaning their properties, which was commendable. However, government support was not visibly present in most cases for around a week after the event by which time most of the immediate response activity had concluded. This also meant that untrained retail employees and community volunteers were working in unsafe and potentially dangerous conditions. Those clearing out damaged buildings were exposed to toxic waste, polluted water, unsafe structures and exposed electrical outlets, when they lacked the necessary preparation or training for these tasks.

While the government had competing priorities on the day of the initial flooding, the ARA recommends that government mobilise sooner to support impacted communities in the immediate aftermath of natural disasters. In the case of bushfires, there appears to be a delineated approach to response, relief and recovery so that one part of government focuses on the immediate threat to life and property, while another part of government supports communities recently impacted by bushfires – sometimes concurrent to the initial incident.

## **Transition from Response to Recovery**

Beyond the initial clean-up, many larger businesses are well advanced in making the necessary repairs or plans to re-build. However, small businesses face ongoing challenges due to insurance and legal claims, leasing disputes, significant loss of stock, compounding the impact of a pre-existing supply chain crisis. In addition, tradespeople are hard to source and the costs of building supplies have increased significantly in recent months.

ARA members made the following observations:

- While the government grants are still available and still welcome, the piecemeal nature of the funding and uncertainty about eligibility mean that not all businesses that are entitled to financial support have received it. This contributes to business confidence and capacity, particularly around the decision for many retailers as to whether or when they should reopen.
- All retailers face ongoing staffing challenges, during an already acute labour shortage that predated the pandemic and floods. We have heard reports of many flood-affected workers still unable to return to work because they have been forced to re-locate outside the area.
- Negotiations around leasing arrangements are another challenge facing retailers.
- With the threat of further flooding ever present, having the confidence to reinvest in continuing to operate a retail business in an at-risk flood-zone is challenging. Clear and consistent government

support information around the rebuild and support offering is critical to these business-owners, who in many instances provide vital services and vibrance to local communities.

The ARA recommends that government provide clear and consistent messaging about the nature of financial support available, match that support to the needs of the community and businesses, provide incentives to get workers back into local accommodation and back to work, extend and expand the leasing code of conduct to incorporate provisions around natural disasters such as floods, and provide clear guidance as soon as possible about future planning decisions.

### **Current and Future Land Use Planning, Management and Building Standards**

The ARA was pleased to engage with other industry associations, including the Insurance Council of Australia (ICA) and Australian Banking Association (ABA) to discuss recovery and rebuilding in the Lismore area. However, industry needs government to engage in these conversations because - while our sector is critical to the recovery of these areas - industry needs a strong statement of intent from government around planning decisions and rebuilding.

Clear and timely guidance from government on future land use is critical to provide the certainty that industry and business needs to make investment decisions in the impacted areas. This is particularly true in the current economy where the cost of building supplies is subject to inflationary pressures.

The ARA therefore recommends that government outline a preliminary view of areas that will be unaffected by land-use rules, areas that could be affected by changes in land use, and areas that are highly unlikely to be redeveloped. A further, more detailed plan would follow in due course.

### **Approach for the Future**

Floods and bushfires have always been part of the Australian landscape and, unfortunately, are increasingly inevitable due to the impact of climate change. It is also inevitable that flood events will become more frequent and/or severe in their impact and that they will affect new areas that were not previously within flood zones.

It is therefore critical that we learn from the recent flooding events and distil these learnings to all at-risk communities. Support from government is needed so that communities and businesses are prepared to withstand these events and build resilience. Clear guidelines and plans need to be developed in advance of future events so that damage and loss of life can be avoided where possible.

The ARA recommends that the findings of this Inquiry be cascaded down through relevant government and community agencies, so they can be incorporated into crisis management plans.

Further to that, the ARA recommends that the role of Resilience NSW should be clarified, moving forward, so that industry can understand the agency's capability and capacity in either disaster relief co-ordination and/or education and community engagement.

### **Government Co-ordination and Collaboration**

Co-ordination and collaboration between all three levels of government is critical. The prompt and timely sharing of information between levels of government and agencies is fundamental to ensuring effective co-ordination on the ground as these events unfold.

As noted, Transport NSW is to be commended for the positive role it took in co-ordinating efforts to get the supply chain moving again. The National Coordination Mechanism (NCM) convened by the Commonwealth's Department of Home Affairs also played a critical role in sharing information and resolving access issues in the days following the initial flooding and the following week.

The ARA recommends that the retail community be included in these networks as a critical stakeholder for future natural disasters.

### **Clear line of Communication is recommended**

The experience of retailers during the floods has clearly demonstrated the need for a single line of communication and clear accountabilities during future flood events, so that information and priorities can be effectively and efficiently communicated. As noted above, information on the day of the initial

flooding and in the following week came from multiple sources and was often conflicting, which meant retailers wasted time on verifying information and priorities.

The ARA strongly recommends that the Inquiry considers the establishment of a single command centre with lines of communication to first responders, community leaders, as well as industry and business owners for future flood events. The retail community is a key stakeholder group that needs to be identified for communication during future events.

We know that a centralised command model has proven successful in response to bushfires and we believe it would be helpful to replicate the bushfire approach to communications for all natural disasters and emergencies. The power of both mainstream media, such as radio, and social media should be harnessed, to disseminate authoritative and reliable information to the community in a timely manner.

## **CONCLUSION**

Thank you again for the opportunity to provide a submission to the independent Inquiry. The impact of these floods and the immediate aftermath have had a devastating impact on communities and businesses right across north-eastern NSW.

We look forward to further engagement with all levels of government on recovery, re-building, land use planning, management and building standards, as well as future planning to build resilience and preparedness in the retail sector as well as the broader community.

Any queries in relation to this submission can be directed to our policy team at [policy@retail.org.au](mailto:policy@retail.org.au).

Yours sincerely,



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