

# Counting the cost and facing the future



Report on the 31 March 2017 natural disaster  
for the Lismore Business Flood Recovery Taskforce

by Stephen Nelson, consultant

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## ATTACHMENTS

1. Lismore City Council survey of selected businesspeople
2. Lismore Chamber of Commerce & Industry survey
3. Funding application to NSW Government for marketing campaign
4. Overview of 'Lismore Flood Ready' partnering project
5. CBD Retail Strategy

*Cover photograph: Clayton Lloyd / Flawless Imaging*

# 1

## Lismore Business Flood Recovery Taskforce

As a consequence of the March 31 flood, a Lismore Business Flood Recovery Taskforce was formed in late May 2017 to assist with the post-flood recovery process and help secure the economic future of the city. The Taskforce has three primary roles: to take a lead role in advocacy, provide business support, and assist with business resilience. The Taskforce operates under a 'sunset' clause and will cease to exist once its work has been completed. Lismore City Council's Executive Director Sustainable Development (EDSD) will effectively be the executive officer of the Taskforce and maintain regular liaison with the Chairperson. The EDSD's staff will provide implementation and administrative support with operational tasks coordinated by a working group comprised of the Lismore Chamber of Commerce and Industry, and Council.

It should be noted that it is not the role of the Taskforce to provide solutions for issues such as flood warnings or mitigation, but to make sensible suggestions for improvements where applicable.

### Lismore Business Flood Recovery Taskforce members

- [REDACTED] NSW Small Business Commissioner (Chairperson)
- [REDACTED] Chairperson, Lismore Business Panel
- [REDACTED] President, Lismore Chamber of Commerce and Industry
- [REDACTED] State Member for Lismore
- [REDACTED] Federal Member for Page
- [REDACTED] Mayor of Lismore
- [REDACTED] CEO, Regional Development Australia Northern Rivers
- [REDACTED] Regional Manager Northern Rivers, NSW Business Chamber
- [REDACTED] Pro Vice Chancellor (Engagement), Southern Cross University

### About this report

This report focuses primarily on Lismore's CBD, although businesses in North and South Lismore as well as the city centre were severely affected by the flood. The report is based on the results of separate surveys conducted by Lismore City Council and the Lismore Chamber of Commerce and Industry, as well as meetings with other organisations and individuals engaged in aspects of the post-flood recovery and evaluation process.

In addition, research on the economic and other effects of natural disasters on regional centres in Australia and elsewhere was undertaken, to see what lessons Lismore can learn. Regional post-disaster marketing campaigns in other states and territories were also reviewed.

The Report aims to assist the Taskforce meet its three initial objectives and contains recommendations for consideration and then action.

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## Executive summary

### THE FLOOD

From 28 March 2017 onwards heavy rainfall from ex-Tropical Cyclone Debbie caused significant flooding across the main river catchments in North Coast NSW, resulting in the largest flood seen in Lismore since 1974. At 4.am on the morning of Friday 31 March the levee wall constructed in 2005 to 'one in ten year' specifications was overtopped and the CBD, North and South Lismore and other parts of the city were inundated.

According to the NSW Government's 'Whole of Government Impact Assessment Report' of 1 June 2017, at least 68% of businesses in the Lismore CBD suffered damage from the flooding and the estimated combined total damage of infrastructure and agriculture in the LGA was just under \$40 million. The impact on the business community in flood-affected areas is multi-faceted and will affect the city's economic growth in the immediate and short term future.

The effect of the flood on many individual business owners has been nothing less than catastrophic, with a combination of uninsured stock losses, damage to building interiors and equipment plus lost business costing individuals from \$40,000 to as much as \$450,000 in one instance. Financial and other assistance available for these retailers has been a case of 'too little too late' in the main.

The overarching feature of the post-flood landscape is the absence of any specific and sizeable funding to help the Lismore business community get back on its feet and for the city to commence the slow but essential process of restoring then improving the local economy. At present, Lismore is a city facing a monumental economic challenge.

## Key findings and recommendations

### 1. STATE OF THE CBD AND POST-FLOOD ISSUES

- The Lismore CBD is currently subject to the highest number of vacancies ever recorded. In addition, the existing mix of retail businesses in the CBD is not conducive to its promotion as a vibrant and contemporary commercial centre. A concerted effort is required to attract targeted retail operations to fill empty spaces and strengthen the mix.
- Significant hidden social costs such as mental stress, grief and psychological trauma for businesses owners, managers and employees are a feature of the post-flood situation in Lismore. Research shows that these social costs can be 2-5 times the financial cost of disasters and last for decades. Council has arranged for volunteers trained by the Lismore Ministers' Fraternal to provide 'walk around pastoral care' in the CBD, although the coordination needs longer term resourcing.
- Delays were experienced surrounding the application and approvals (or rejection) of Category C disaster relief funding after the flood.
- The slowness of banks to re-open in the CBD and the time it took to restore full business banking services had a negative impact on businesses and the city.
- Businesses have experienced difficulties in their dealings with insurance companies in terms of a lack of assessors plus the slow speed of approvals, payouts and resolution of disputed claims, with up to 20 businesses currently appealing their rejections. The degree of stormwater vs. floodwater assessed by insurance companies has been a major issue.

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## RECOMMENDATIONS:

- 1.1 **The Taskforce should lobby State and Federal disaster relief authorities and seek ways of speeding up post-event financial assistance, with the assistance of the NSW Small Business Commissioner and both local MPs.**
- 1.2 **Through its membership, the Lismore Business Flood Recovery Taskforce should lobby insurance companies to provide improvements to flood insurance for businesses, including faster turnaround times, the development of more streamlined application processes and clearer communications.**
- 1.3 Mental health support for business owners, managers and staff should be provided in the CBD plus North and South Lismore and resourced for as long as required, with the help of NSW Health.
- 1.4 Council's Manager Economic Development should meet with all banks in the CBD to find solutions to the challenges they face post-floods, in partnership with the Australian Banking Association and the NSW Office of Small Business.
- 1.5 Council's Manager Economic Development should form a small working group with real estate representatives and peak business bodies in order to source and attract new retail types to the CBD, aligned with the new CBD Retail Strategy.

## 2. BUSINESS ASSISTANCE

- Businesses in the CBD face challenges in addition to the physical legacy of the flood. They have been slow to embrace new technology and the growth of e-commerce as well as changes in the way Australian consumers shop. The aftermath of the flood presents positive opportunities to improve this situation.

### RECOMMENDATION:

- 2.1 **The NSW Government should be requested to explore opportunities for all businesses in the flood- affected areas of the inner-city (including North and South Lismore and the CBD) to be offered individual business assistance packages such as 'Business Connect', at no cost.**

## 3. POST-EVENT MARKETING

- Council's tourism department and city centre management have applied to the NSW Government to fund a \$340,000 post-flood marketing program which would commence in late June and end in December 2017.
- To be effective, the marketing program needs to span at least 12 months.
- In addition, the program needs to be driven by an extensive advertising campaign over the same time period. Funding for this advertising campaign does not exist at present.

### RECOMMENDATIONS:

- 3.1 **A comprehensive marketing program aimed at increasing visitation to the CBD and other inner city areas should be extended to the whole of financial year 2017/18.**
- 3.2 **This destination marketing program and associated advertising campaign should roll out in late October 2017, aligned with the opening of the new Lismore Regional Gallery.**
- 3.3 **Taskforce members should be asked to assist in securing the funding required for the marketing program.**

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## 4. FLOOD PREPAREDNESS

- The business community overall was poorly prepared for this entirely new flood event. A combination of complacency and no previous experience of flooding by new businesses resulted in major damage to their premises. But both ‘veterans’ and ‘newbies’ had no conception of the speed with which floodwaters entered the CBD after the levee wall overtopped for the first time ever, and this contributed to the massive impact on businesses.
- Only a small number of businesses managed to move stock and minimise flood damage to their premises. The majority were flooded, which resulted in major stock losses, massive financial costs, staff layoffs in some instances, plus damage to property and fittings.
- Communication between authorities and businesses proved inadequate before and during the flood.
- Council will drive a new ‘Lismore Flood Ready’ partnering project in the latter part of this year. The project will produce a Lismore flood preparation and recovery plan that assists business and the wider community. Critical to its success will be holding a charrette (workshop) that will bring together all key stakeholders to jointly agree on the way forward.
- Currently there is a plethora of post-flood evaluation, debriefs, reviews and research projects underway by multiple agencies that will likely result in uncoordinated outcomes unless the intelligence gathered is shared and synthesised at a single point. The charrette - which has a proven track record in Lismore - will perform this function.

### RECOMMENDATIONS:

- 4.1 Lismore City Council should be requested to establish a Natural Disaster Fund, which could be used promptly and appropriately after a major flood.**
- 4.2 Council should convene a ‘Lismore Flood Ready’ charrette by October 2017.**
- 4.3 Task Force member Southern Cross University should be requested to help with the production of a new flood preparedness communications strategy for the Lismore business and wider community, in partnership with relevant authorities, as an integral part of Council’s ‘Lismore Flood Ready’ partnering project.
- 4.4 The comments by businesspeople in both surveys in this report should be passed on to relevant authorities to assist improved planning for future events.
- 4.5 The SES should conduct educational flood preparedness workshops with businesses as soon as is practicable and distribute updated information to every business in the CBD plus North and South Lismore.
- 4.6 All businesses in flood-affected areas of Lismore should be encouraged to have a Flood Plan, the content of which should be checked at least annually by the SES/ other relevant authorities.
- 4.7 Relevant authorities should review and update existing flood communications systems and publicise the improved model.

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## 5. MITIGATION

- There are several post-flood reviews taking place currently, and more will occur. It is vital that the business community in flood-affected areas is able to contribute its recent hard-won knowledge to the relevant evaluation processes.
- It is essential that accurate advice is made available to all businesses as soon as possible, to ensure they become flood ready.
- Changing weather patterns due to climate change are likely to mean that the probability of more floods such as the one just experienced occurring more frequently is high.

### RECOMMENDATIONS:

- 5.1 The Lismore Floodplain Management Committee, Council and State authorities should seek input from the Lismore business community to help inform subsequent Business Flood Warning and Mitigation resources, and produce a Lismore Floodplain Action Plan for the business and wider community. This should be done as part of the 'Lismore Flood Ready' partnership project and associated charrette workshop.**
- 5.2 In partnership with the SES, Lismore City Council should assess all business premises in flood-affected areas of the city and ensure that all owners, managers and staff are familiar with mitigation plans.
- 5.3 Relevant authorities should conduct a minimum of one mock flood preparedness exercise each year in flood-affected business precincts, including preparation, response and recovery scenarios.
- 5.4 As part of Council's 'Lismore Flood Ready' partnering project, the Chamber of Commerce should be asked to help establish a pool of community volunteers willing to work under supervision in critical pre and post flood situations, in partnership with an NGO or volunteer group which assisted in the recent flood.

## 6. ECONOMIC RECOVERY - FUNDING AND RESOURCES

- In other States and Territories of Australia, the level of State and Federal funding for economic recovery initiatives for regions hit by earthquakes, bushfires or major floods can be in the millions of dollars (separate of the repair and replacement of infrastructure).
- Council has to lead the process of restoring business confidence and attracting new business and investment to the city and simply does not have the funding to do so. Council has one role dedicated to economic development. This position is primarily tasked with visiting and supporting businesses impacted by the flood. This role will also be expected to implement some of the key actions of the taskforce which will detract from business visits and support. Another position is needed to be funded to help with these tasks.
- Council urgently requires additional funding to improve the capability of its Economic Development unit to drive post-disaster growth in the local economy linked to securing more investment plus new businesses, housing and employment. The additional resources required are separate from (but would dovetail with) the marketing and advertising campaigns described prior.

### RECOMMENDATION:

- 6.1 Discussions with the NSW State Government should be held to identify and then fund economic development projects (all fully costed and supported by a comprehensive business case) at a level of up to \$750,000 over 3 years to assist the economic recovery of Lismore.**

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## Current state of the CBD

Nearly three months after the March 31 flood the effect of the natural disaster is still evident. Although some businesses owned by seasoned flood veterans recommenced trading as promptly as 2-5 days after this date, there are a sizeable number of retail premises which have not re-opened, with some unlikely to do so.

Issues arising from the March 31 flood and its aftermath are listed below.

### **Disaster relief for individual businesses**

By 13 June a total of 204 businesses in Lismore had been granted \$15,000 Category C disaster relief funding, with 80 applications still pending. As a comparison, 60 Category C payments had been approved in the Tweed Shire Council LGA. Six businesses had their applications refused, in both Lismore and Tweed LGAs.

### **Extent of disaster relief for the city and LGA**

Lismore City Council has estimated up to \$20M will be required for Roads Emergency and Restoration Works, and the window available to Council to have these funds fully expended is usually 2 years. Council's insurance claims for damage to its insured properties will be in the vicinity of \$3.5million to \$5million, with \$1 million of this likely total already advanced in good faith by Council's insurers. The amount of flood damage to NSW Public Works infrastructure has not been assessed at this stage, but it is possible to estimate that the total of disaster relief available for Lismore will not exceed \$26 million.

Restoration and repair works have to go through a tender process. This could see local companies winning contracts on merit and subsequent financial benefits to the city (and by extension the CBD) through wages and purchases. There is no 'silver bullet' for the CBD specifically in terms of a single disaster relief payment. The CBD is going to have to trade its way out of the current situation. This makes the post-flood marketing campaign a critical tool, but it can't do the job of reinvigorating the city centre on its own. The revitalisation of the CBD is of equal importance: – in other words, 'getting the product right'.

### **CBD Vacancies**

The most telling measure of the effect of the flood is the number of vacant commercial premises in the CBD. By coincidence an audit of the CBD was carried out by Council on Monday 27 March, four days before the flood. A similar audit took place on Monday 5 June, so the effect of the natural disaster in terms of empty shops can be clearly identified. An earlier audit almost exactly one year ago in June 2016 provides a comparison with the two most recent, and is a pointer to vacancy levels at that time.

- In June 2016 there were 29 empty street level premises out of a total of 438 CBD businesses – a vacancy rate of 6.21%.
- On 27 March, 2017 there were 39 empty shops at ground level out of a total of 458 CBD businesses – a vacancy rate of 8.52%.
- On 5 June, 2017 there were 76 vacant street level premises out of a total of 481 CBD businesses – this represents a post-flood figure of 15.8% before the number of businesses intending to return is factored in.

Council staff contacted the owners or managers of 22 business premises that had still not opened at the start of June to ascertain their likely re-opening dates or if in fact they were likely to return to the CBD.



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At this stage it is estimated that nearly 90% of these businesses will re-open, the effect of which will be to reduce the number of empty shops to 55 and the percentage to around 12%. If all these businesses return to the CBD the vacancy figure would be 11.2%.

Regardless, this number of empty premises in the city centre is unprecedented and is a major constraint affecting post-event marketing and the economic recovery of the CBD.

## **Insurance**

As at Monday 5 June, the Insurance Council of Australia reported that 1,800 insurance claims overall had been lodged in the Lismore LGA. 90% of these were domestic and the remaining 10% were claims by business – predominantly in the CBD.

The NSW Office of the Small Business Commissioner (OSBC) is advocating for affected businesses in flood-affected areas of Lismore and preparing a bulk submission to the NSW Financial Ombudsman Service to review denied insurance claims. The OSBC is also meeting with the NSW Government to obtain independent hydrologists' advice to assist with insurance issues.

## **Commercial tenancies**

One ongoing aspect of the recovery process is negotiation between retail or other business tenants and CBD property owners (landlords) or their representatives in the aftermath of the flood. In most instances a balance is able to be struck between tenants' reasonable requests for suspension of rent or structural repairs and landlords wishing to retain tenants of long standing and protect their investments. On occasion, agreement is unable to be reached and relations are soured, which can lead at worst to defaulting on or termination of a lease. This will contribute to the problem of an excessive number of empty commercial premises in the CBD.

## **Real estate transactions**

Many CBD buildings are owned by absent property owners and in some instances, family trusts. Owning property in the CBD is viewed as a stable investment, albeit with only modest returns. It is reported that some owners are considering selling their CBD properties, with the reasons ranging from the opportunity to earn larger returns on investment elsewhere, the costs and headaches generated by major flood events, and the pressures of multi-generational family ownership and succession issues. CBD property values have remained stagnant for a considerable time and a raft of such sales could have a negative impact on both business confidence and the viability of the city centre.

However, an offset to any such property sales trend will be the presence of new buyers who are able to take advantage of flat prices and who have their own plans for redevelopment and new commercial tenants.

## **Funding for promotion**

Although the timing is extremely unfortunate, the Lismore Business Panel has asked Lismore City Council to consider making an application to the NSW Independent Pricing and Regulatory Tribunal (IPART) for a permanent Business Special Rate Variation to maintain the existing level of funding for the Lismore Business Promotion Program.

If this special rate variation doesn't eventuate, then funding for the Program will revert to pre-2010 levels on 30 June, 2018.

This places the business community in an unenviable 'Catch 22' situation. Business rate payers plus owners and managers are being asked to pay slightly more to promote the city than at present, right after a natural disaster that has impacted severely on the CBD. Conversely, there has never been a greater need for marketing the city's business sector than at the present time.

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## Business assistance available

### DISASTER RELIEF

#### Office of the Small Business Commissioner

The OSBC advocates on behalf of small businesses and is assisting them with issues in relation to the flood recovery process. The OSBC provides a confidential and free dispute resolution service which has been set up help small businesses in Lismore which may have experienced difficulties as they try to return to normal trading conditions.

#### Small Business

A Rural Assistance Authority Natural Disaster Relief and Recovery Grant of up to \$15,000 is available for individual small businesses, with conditions applying.

#### NSW Government Northern Rivers Business Recovery Program

Grants of up to \$25,000 per project are available for promotion and advertising campaigns in the 'Back and Open for Business' regional Marketing Program. Local Government organisations, business chambers and tourism organisations located within the Lismore, Ballina, Kyogle, Richmond Valley, Byron and Tweed Local Government areas are eligible to apply.

#### Lismore Flood Appeal

Lismore City Council established the Lismore Flood Appeal to help residents and business owners worst-affected by the recent flood. At the closing date of 31 May, 2017; a total of \$441,600 had been raised by a combination of in person donations and a 'go fund me' online crowd sourcing initiative.

#### Primary Producers

Rural Assistance Authority Primary Producers disaster recovery grants of \$10,000 per farm enterprise are available to all eligible primary producers in the Lismore City LGA for clean-up and immediate restoration costs.

### BUSINESS ASSISTANCE

#### Interim Business Recovery Unit

Council's Manager Economic Development and City Centre Manager are currently operating from the former Lismore Regional Gallery building in Molesworth Street in the CBD. The two staff members are available by appointment to provide business support and assistance with insurance and disaster assistance grant applications. The Unit will continue until business enquiries cease.

#### Business Connect

Business Connect is a fee-based NSW Government program operated by the Department of Industry Small Business that provides advice and assistance to help small businesses either start up or expand their existing operations. It encompasses training and skills development, workshops and seminars, a business 'health check' and the services of a Business Connect advisor on a one-to-one basis for individual businesses. Business Connect is administered by Nortec, in Lismore.

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## **Business Propel**

This is a technology-driven program coordinated by the NSW Chamber of Commerce. Components include the digital economy, human resources, financial planning, marketing and opportunities for business development and expansion, within a program of workshops and personalised coaching.

## **ECONOMIC DEVELOPMENT**

Through the efforts of Council's economic development staff and external partners, achievements in attracting business and investment to Lismore have been made over the past five years. These include the creation of the Business Retention and Expansion program (with the highest level of local business participation in the State), attracting the Masters superstore to Lismore and the production of The Lismore Prospectus.

In addition, productive partnerships have been forged with key economic sectors in Lismore such as health, professional services and tertiary education and positive relationships are enjoyed with business organisations, developers and regional development agencies at State and Federal government level.

Council's economic development arm is now faced with its greatest challenge. However, it is manifestly under resourced. Council has to lead the process of restoring business confidence and attracting new business and investment to the city. This will require more financial and logistical support than is currently available.

# 5

## Council business survey results

### Overview

In late May 2017 interviews were held with individual members of the Lismore business community to obtain their feedback on the impact of the March 31 flood and obtain their opinions on the immediate and short term economic future of Lismore, post-event.

Interviewees were accountants, insurance brokers, commercial real estate agents, property owners, retail and business sector representatives who are intimately involved in the city's economy. Collectively, this group has a comprehensive involvement in and knowledge of the workings of commerce and investment in Lismore. Nearly all of the individuals interviewed possessed the 'history' that enabled them to compare the current post-flood situation to others which have preceded it, and point to recovery mechanisms that work.

The surveys were a combination of face-to-face meetings and telephone interviews, with follow up calls as required for clarification. Within reason, all those interviewed were asked common questions, but others were introduced to obtain other pertinent information from peak farming bodies and certain major employers, for example.

### Summary outcomes

- Respondents saw the three biggest impediments to business recovery in the CBD as a combination of financial losses incurred by individual businesses and the time required to recover from these, a loss of business confidence in the future economic prospects of Lismore and the number of vacant shops post event.
- The overall estimate of the financial impact on the CBD and business was between 15% and 20% of annual turnover in the current financial year.
- Shortages of tradespeople and the slowness of banks to re-open and resume full banking services were identified as major concerns, along with significant issues to do with insurance companies. These issues included the speed and quality of assessments and insurance companies' stance on stormwater vs. floodwater.
- In regard to post-disaster marketing, survey respondents were mostly in agreement that any advertising must take place over the long haul – up to one year. It was emphasised that false claims as to the state of the CBD should not be made. Any marketing campaign proposed should build on our established strengths, and reinforce Lismore's regional city status.
- In terms of flood preparedness, the survey respondents saw the massive impact on the CBD business community as being a combination of complacency by seasoned business operators and a lack of awareness by new or recent business owners and managers. These factors were compounded by poor communication by authorities, inadequate time to pack up and the speed of inundation, as the overtopping of the levee was unprecedented.
- A majority of the Council survey respondents were positive about future economic growth for the CBD and LGA, emphasising that Lismore is above all, resilient. They understood that it could take up to 2 years for the local economy to return to a pre-flood level of activity, but viewed future prospects in a positive light. They indicated that there was an urgent need to 're-sell' Lismore and attract more business and investment so that population growth and employment could grow.

*The complete set of survey responses is provided as Attachment 1 in this Report.*

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## Chamber business survey results

### Overview

The Lismore Chamber of Commerce and Industry compiled a post-flood business survey, in tandem with Council's. The survey was sent to the Chamber's 360 members on Friday 26 May. Council staff helped the Chamber to extend the reach of the survey with an additional 3,500 registered businesses on Council's database given the opportunity to participate in the survey on the same date.

Council assisted with the post-survey evaluation after the close of a Friday June 2 deadline. The survey base (a total of 67 respondents) is relatively small, but the information contained in responses to its 19 questions and requests for additional feedback is invaluable. It paints a graphic picture of the trials that individual businesses have undergone and the challenges they now face.

### Pertinent information from the survey

- 66% of the survey respondents were from the CBD, 16% from South Lismore, 8% from North Lismore and 3% from East Lismore. As at 2 June, 78% were back in their business premises and 15% were not. On that same date only 8% were able to access insurance, 73% of these were ineligible and 16% were in the process of applying.
- In descending order of importance the impact of the flood on each of the 67 respondents' business operations was identified as loss of income, a downturn in trade and then staff layoffs. Respondents were not asked to quantify their losses in dollar terms. 67% of the survey respondents reported that the market/s for their business had been impacted by the flood, and 27% reported no impact.
- At the start of June, 37% of the respondents indicated that they had applied for Category C Disaster Relief Funding, 29% hadn't yet applied and 34% advised they were ineligible. Of those that had applied, 22% reported that their applications were approved, and 18% not approved. 13% of approved applicants had received the funding on June 2 and 30% had yet to do so.

### Summary of responses from questions seeking individual comments

- When asked how prepared they felt for the flood a slim majority responded that they were unprepared, but this requires qualification. Many in the 'unprepared' section indicated that they had experienced previous floods and thought they knew what to expect - but were caught out. A near equivalent-size cohort said they were adequately prepared and the smallest group felt they were well prepared.
- Questioned as to what is needed in the next 6-12 months to support business and community growth and sustainability, the responses from businesses surveyed included: advertising and marketing, increased financial assistance, improved flood education, the need to repair and improve the CBD and fill vacant shops, requests for waiving rates and taxes, as well as providing business checks and personal wellbeing assistance.
- When asked what they felt would have supported them to be more prepared, the individual responses were a combination of the following: requests for earlier warnings, more accurate flood height predictions, greater notice prior to evacuation orders and improved communications from the authorities, including the SES and Council.
- Considerations for a long term plan for the Lismore business community in terms of flood-preparedness were extremely varied. They included improved flood mitigation

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planning and execution, both raising and removing the levee, abolishing the special business rate, bringing Council's administration building and staff back down to the CBD, discouraging any megastore operation in competition with the CBD, the sense in being guided by expert advice post-flood and the need for truly big ideas to transform the city centre.

- When asked what they thought should be implemented for future events of this nature, the business community responses included the need for volunteers to help pack up pre-event, the desirability of upstream community members to give prompt reports on creek and river flows in upper catchments, the need for CBD flood wardens and a buddy or mentoring system, and a proposal for a flood expert experienced in local conditions to be the authoritative voice on local radio.
- In terms of additional feedback, respondents commented on the fact that the levee instilled a false sense of security and that the Category C grant application process was overlong. Commendation was given to the Chamber and Council for their efforts during the recovery process and the performance of State agencies were both criticised and roundly applauded in turn.

*The full Chamber questionnaire and survey results are included in this Report as Attachment 2.*

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## Post-event marketing

### Post-disaster marketing across Australia

A review of post-disaster marketing efforts by regions in Australia that have been affected by earthquakes, bushfires and floods has provided some clear learnings. Advertising designed to encourage visitation via “return to normal” or “we’re open and ready for business” style messages are shown to be unlikely to appeal to consumers and are perceived as lacking credibility. It is counterproductive to maintain that a city or region is in better condition than is the case. Most significantly, sustained and consistent messages over a considerable period of time are required to generate significant visitation and expenditure.

It should be noted that state, regional and local tourism organisations were given the primary responsibility and resources after different kinds of natural disaster for what is essentially destination marketing: it was difficult to find examples where a business-only organisation took charge. Lismore has the distinct advantage of having the established Lismore Business Promotion Program as lead agency and the Chamber as a partner.

### Potential sources of funding – Lismore

There are a number of potential sources of funding to fuel the post-flood marketing required to assist the CBD. Destination NSW’s Events and Marketing departments have separate funds and the NSW Department of Premier and Cabinet also has resources available to assist business recovery in the region.

Based on experience, Lismore + Nimbin Tourism have determined that attracting new events to Lismore will provide sound economic benefits for the city. The bi-annual Master Games generates \$1.5 million and recent Senior and Junior League National Baseball tournaments provided \$1 million and \$2 million returns to the city, respectively. Council has applied to Events NSW for \$75,000 to research, identify and attract new major sporting events to Lismore.

Council’s Tourism and City Centre Management units have made an application to the NSW Office of Regional Development for \$340,000 to fund a comprehensive ‘rapid response’ marketing program to last from July to December 2017. The Lismore Business Promotion Program has offered to contribute \$75,000 to make up a combined total of \$415,000.

The marketing program submitted includes 14 components, with a ceiling of \$25,000 per component applied as a condition of the funding criteria. The marketing program is weighted toward product development and a means to produce items of marketing collateral such as sector-specific visitor guides which would normally be funded on a cooperative basis. The flood will likely have affected financial input by businesses.

*The Northern Rivers Business Recovery funding application is provided as Attachment 3 in this Report.*

### Comment: additional advertising required - and timing

The marketing campaign proposal submitted is sensible, but should be extended in timing and scale to span the entire 2017/18 financial year. The campaign proper should commence in late October 2017. This provides the CBD with an extra four-month window to improve its appearance, reduce vacancies and return to more positive trading conditions.

However, the main deficiency of the ‘Northern Rivers (Lismore) Business Recovery’ program application is the lack of funds required for a separate ‘umbrella’ advertising campaign which should extend over this same 12 month period. The arbitrary ceiling of \$25,000 per program component is completely unequal to the task.

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Advertising on this scale would require from \$150,000 to \$200,000 realistically, in the first year. This expanded umbrella advertising should showcase Lismore's existing major attractions and events, which can attract up to 20,000 people at a time. But what is most needed is regular high-impact television advertising supported by effective social media which highlights the city's undoubted strengths.

Generic television commercials (TVCs) with consistent branding and calls to action should emphasise key elements such as:

- The unique mix of retail, café culture and shopping experiences available in the CBD;
- Nationally-recognised arts and culture, as well as sporting facilities; and
- Professional services, health and education sectors.

These generic TVCs should be aired throughout the financial year. They can be linked to specific activities - the opening of the new Lismore Regional Gallery in late October 2017 is a perfect example.



# 8

## Reviewing what happened

### Post-flood reviews

There are a number of reviews of the March 31 flood already taking place concurrently, or planned for coming months. It is critical that intelligence from each of these evaluations is shared and relevant lessons learned are contained in updated flood information for businesses.

### CURRENTLY OCCURING

#### Lismore Flood Plain Management Committee (LFMC)

The LFMC has met twice since the flood, on 2 May 2017 and on June 6. This committee advises Council on flood planning, response and mitigation and is responsible for the Lismore Floodplain Risk Management Plan (2014). This Plan is required to be reviewed and updated following significant flood events. The steps the LFMC will now take include reviewing extensive modeling on the March 30 flood along with proposals for flood modification works; subsequent cost benefit analysis; and potentially, large scale flood plain mitigation works to reduce the impact of any subsequent major flood event. This entire process of review could take up to two years.

#### Lismore City Council

Council is reviewing the performance of the various departments that played a major role in the clean up and recovery phases and its Disaster Communications Strategy. Again, all findings will contribute to revised operational plans and improved outcomes.

A week-long workshop and evaluation held in the first week in June was attended by members of Helping Hands and other volunteer community groups who staffed the temporary 'Hub' in the Lismore Railway Station after the flood, with such success.

#### NSW State Government authorities

NSW State Emergency Service, Rural Fire Service and Police Service units and other agencies that assisted with aspects of the flood event are all conducting evaluations, with findings to be shared. The NSW Police Service is responsible for reviewing the Lismore Emergency Plan and operations and effectiveness of the Lismore Emergency Operations Centre.

NSW State Emergency Service has held three separate workshops in North and South Lismore, plus the CBD. The workshops were well attended and participants were subsequently sent questionnaires by email.

### PLANNED

#### Lismore Flood Ready Partnership

The Lismore Flood Ready Partnership is an emerging project in Lismore City Council's 2017-2020 Phase Two Partnering Strategy and is a direct result of the 31 March, 2017 natural disaster. The Partnership aims to find out how the response to the next major flood can be improved upon and to assemble the human resources required to assist before and after the event. The Flood Ready Partnership will contain two distinct elements: a comprehensive Post-Flood Review, followed by a charrette (workshop) held to examine the social as well as economic impacts of the 2017 flood on the city.

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## Learning from others

### What can we learn from a similar flood-prone regional city?

Bundaberg in Queensland is a regional city situated on the Burnett River and has many parallels with Lismore. The city has experienced major floods in 1974, 1989, 2005, Christmas 2010-11 and early 2013. In January of that year ex-tropical cyclone Oswald battered the Bundaberg region and the city was struck by no less than five localized tornadoes on Australia Day and the 27th January, which caused the Burnett River to burst its banks and inundate the city.

Bundaberg Regional Council (BRC) formed a flood recovery 'sunset' committee which held regular meetings for six months after the 2013 flood event. The committee included Council, business, community and environmental representatives. A community advisory group also made significant contributions to the Bundaberg flood recovery committee.

BRC made significant changes to its regulatory and planning schemes after the 2013 flooding, including prohibiting development in areas the council deemed to be unsuitable, due to the risk of flooding. Legal challenges by developers made this an expensive process but the Council succeeded in its precautionary endeavour eventually.

In the year following the 2013 flood, Bundaberg's Gross Domestic Product (GDP) experienced a temporary upswing of 7% which can be attributed to the stimulus of Federal and State disaster relief funding. This stimulus was followed by a 2-3 year decline in GDP. It wasn't until the 2015/16 year that a 2% increase was recorded. As opposed to Lismore, Bundaberg's CBD is not critically affected by floods: the city's commercial precinct runs parallel to the Burnett River, but sits higher than the river. In 2017, the Bundaberg CBD is a vibrant precinct and business is robust with a high degree of confidence in the city's economic future. There are currently no vacant premises to be seen in the main street.

In September 2016 BRC's Burnett River Floodplain Action Plan, which has enhanced flood resilience across the region, received a Highly Commended Resilient Australia Government Award at the Get Ready Queensland Resilient Australia Awards 2016.

The Burnett River Floodplain Action Plan sought community response as to what it believed would make the region safer in the event of future floods, then integrated this information with rigorous scientific, econometric and engineering analysis. Community engagement was a major part of this project with Bundaberg residents contributing 328 submissions and a further 300 people personally participating at community information sessions across six locations.

River and rain gauges were improved to provide earlier warning of flooding and Council staff were largely responsible for developing the innovative Burnett River Flood Gauge Mapping System, which has enabled citizens and disaster managers alike to access top-quality flood mapping for individual properties based on upstream flood gauge levels.

The council has an interactive mapping tool which enables all residents, ratepayers and businesses in the city to find out how potential flooding will affect their properties, and by extension their employment, families and living situations.

As a result of the Burnett River Floodplain Action Plan the community's understanding and acceptance of risks associated with flood has increased. Business people and residents are more aware of what they can do to have more control and minimise risk.

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## The flood in context

### The costs of natural disasters

Between 2002 and 2012 the losses from natural disasters in Australia borne by insurers totalled \$16.1 billion, which is an average of over \$2.1 billion per year. This figure represents payouts by insurance companies in response to eligible policy claims. The forecast annual cost in real terms of natural disasters (across government, business and communities) is expected to reach \$23 billion by 2050. Currently, government funding is focused on disaster recovery rather than disaster mitigation, and making provision for disaster resilience is non-existent. It is estimated that the future cost of natural disaster relief and recovery could be reduced by 50% by 2050 if the resilience model was adopted.

### Beyond the costs of insurance

Research conducted by the Bureau of Transport Economics in 2001 to try and establish the total economic costs experienced by Australians due to natural disasters found that these costs were between two and five times greater than the insured costs alone for most natural disasters. Broader social costs (which would not have been incurred had the natural disaster not taken place) need to be added to the insured costs to gain a truer picture. The final extra costs in the total equation are those which relate to the likely and significant financial obligations of local, state and federal government.

In regard to these social costs, research shows that the cost of mental health problems due to the stress of natural disasters outweighs the cost of rebuilding infrastructure and that the social devastation resulting from bushfires, flooding and earthquakes can last for years, if not decades. The long term hidden social costs of natural disasters undoubtedly exist in Lismore. In addition, changing weather patterns due to climate change are likely to mean that more floods such as the one just experienced will likely occur more frequently.

### Trends in post-disaster economic recovery

In macroeconomic terms, some natural disasters can be beneficial for affected cities or regions and transform local economies. However, this tends to occur only when the scale of disaster recovery funding is in the hundreds of millions. Post-disaster funding on this scale occurs routinely in the USA and Japan, and increasingly in China. The largest amounts of post-disaster spending in Australia have been for the Newcastle Earthquake, tropical cyclones in Queensland and bushfires in Victoria, South Australia and Western Australia.

At a microeconomic level, such a post-event transformation (even if short lived) is unlikely to occur in Lismore, as the amount of disaster relief funding overall is modest.



## Being better prepared

Based on past experience, a major flood like the 31 March, 2017 event will occur again in Lismore. Climate change could mean that this will happen sooner than historic patterns of extreme weather linked to flooding suggest. It is fanciful to imagine that Lismore's CBD could be relocated: the cost would be too great and elevated land suitable for a new commercial district simply doesn't exist. Lismore's very topography works against the CBD, which has been built right at the confluence of Leycester Creek and the Wilsons River.

However, businesses in the CBD and North and South Lismore can be far better prepared for the next major flood and minimise the disruption and losses experienced in March of this year. They will have learned from this most recent experience. With the added knowledge gained from multiple reviews it should be possible for businesses to pack up and move stock and equipment off site safely as a precautionary measure, based on improved communications, increased awareness and an expanded pre-and- post event labour force.

In the event of a future natural disaster it should also be possible for the post-flood recovery process to be streamlined. Elements required for this to occur include improvements in the speed of disaster relief, insurance assessment and payouts; the prompt return of banks and other critical institutions; and swifter re-opening of CBD businesses at street level.

In a nutshell: improved mitigation is the key to planning for the next major flood, better communication is the most critical factor for businesses when such an event is upon them, and strategic marketing and promotion over the long term is the most effective tool for securing a return to economic growth.

### **Lismore Flood Ready partnering project**

As part of its Community Strategic Plan 2017-2027 and Phase 2 Partnering Strategy 2017-2020, Lismore City Council will take a lead role in developing the 'Lismore Flood Ready' partnering project. It will involve all stakeholders in a comprehensive charrette and be underpinned by research being conducted by the University of Sydney and the University Centre for Rural Health. Stakeholders will include the business and wider community.

Council will drive the Lismore Flood Ready partnering project in the latter part of this year. The project will produce a Lismore flood preparation and recovery plan that assist business and the wider community and incorporates learnings from the successful Lismore Helping Hands flood recovery hub based at the Lismore Railway Station.

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