



Statement 1: Functional and reliable: what organisations want from an approach to value resilience

Cross-sector coalition seeks clear pathways for Australia to respond to climate and disaster risk

The Australian Business Roundtable for Disaster Resilience & Safer Communities established the Resilience Valuation Initiative (RVI) coalition. RVI is seeking to advance an accepted process with enabling methodologies for understanding the value of a resilience-building asset, network, feature or activity.

Summary:

- ▶ Funding or investment decisions should deliver assets, networks, businesses, organisations, individuals or communities that make systems better able to resist, withstand and recover from natural hazard events without compromising their long-term prospects. Better valuing resilience can enable these decisions to be drivers for action.
- ▶ The Resilience Valuation Initiative will test the ability of existing tools and methodologies to support key investment decisions. It will contribute to an accepted process for understanding the value of a resilience-building asset, network, feature or activity.
- ▶ Outputs and outcomes that decision-makers need vary. An agreed approach to valuing resilience must be functional and reliable to accommodate different capacities, capabilities, timeframes and sector needs.

This statement describes what RVI participants want from an approach that supports them to better value resilience, the decisions they want to focus on first and the outcomes this would drive.

RVI participants believe that better valuing resilience must involve methodologies to quantify the impacts, risks, costs, benefits and performance of resilient assets and activities. This helps to embed the economic case into investment decisions. It also builds the business case for investment along with commercial whole-of-life cost considerations.

Such insight can inform, influence or otherwise support decision-making that delivers more resilient assets, **networks**, systems and communities. It would clarify the best-value opportunities for investing in interventions that enable adaptation responses.

What Initiative participants want from an approach

RVI participants, individuals, organisations and communities make decisions every day that impact Australia's natural hazard and climate resilience. This can take two forms:

- ▶ Resilience is the driver for action i.e., improving the ability of coastal suburbs to absorb coastal inundation; or
- ▶ Resilience is an overlay i.e., the driver for change may be a road congestion problem, but how has resilience been factored into planning and design.

Each have their own processes and context for making investment decisions, seeking or allocating funding. They balance different priorities, values, resource levels, stakeholder interests and mandates.

Decision-makers want to improve their understanding of the impacts, costs and benefits of resilience and be able to measure or report against them.

RVI participants identified a need for an approach to valuing resilience that is functional and reliable. The outputs must enable different storytelling approaches that speak to both the hearts and minds of their stakeholders.

This means:

| THE APPROACH MUST | | | | | | | |
|---|--|---|--|---|---|---|---|
| Adopt a broad, systemic and whole-of-life perspective considering interdependencies and externalities | | | | | | | |
| And be | | | | | | | |
| FUNCTIONAL | | | | RELIABLE | | | |
| Practical: a simple and clear approach, with the scale of effort needed to implement proportionate to the investment decision | Scalable: actors with different levels of expertise and resources can use it | Flexible: different sectors can use to assess different timeframes and magnitudes | Inclusive: diverse stakeholders can connect with the process and outputs | Clear: a range of proponents can easily understand consistent guidance and tools | Relevant: relates to the organisation's decisions and the context, e.g., fitting into TCFD and risk management work | Consistent: will produce consistent outcomes across applications | Rigorous: including reliability of the data used in the process |

With outputs that

- ▶ Reflect tangible and intangible risks, costs, benefits, quantified where possible
- ▶ Include quadruple bottom line measures – Environment (e.g., GHG emissions or air quality), Social (e.g., community impact or impacts on place), Economic (e.g., GDP, productivity, jobs created, revenue) and Governance (e.g., risk management).²

To support organisations' understanding of

- ▶ Functionality, reliability and performance of an asset or service,
- ▶ Asset valuation, CAPEX considerations,
- ▶ Risk reduction and adaptation measures and
- ▶ How customers use, access and benefit from assets or services.

Our work to date indicates that decision-makers vary significantly on how they consider resilience and what tools and methods they use. Internal factors such as an organisation's capacity, capability or objectives, as well as external factors such as market demand, competition or regulatory requirements drive these differences.

Covering the range of needs will be a challenge in identifying a broadly acceptable approach but is a priority for the RVI.

Where we will focus first

In a coalition of public, private and not-for-profit organisations, we have the opportunity to explore a range of decisions. Those with fewer barriers or greater incentives to consider resilience are likely to be first movers. Therefore, we will test how well existing methodologies and tools support the following scenarios:

- ▶ An organisation managing a pool of funds that seeks to prioritise for or include resilience, such as a state government grant program.
- ▶ An organisation giving proponents and decision-makers practical guidance and training materials for resilience, such as Infrastructure Australia, infrastructure bodies and assurance agencies.
- ▶ A private sector strategic investment decision, such as building resilience into a new or existing asset based on risk assessments.
- ▶ A public or private project proposal seeking funding, such as a community activity or infrastructure asset.

² See, for example, Infrastructure Australia's Sustainability Principles.
https://www.infrastructureaustralia.gov.au/publications/sustainability_principles

Participating organisations

| AECOM | CSIRO | Minderoo Foundation |
|---|--|---|
| Arup | Department of Prime Minister & Cabinet | Munich Re |
| Australian Business Roundtable for Disaster Resilience & Safer Communities | Energy Networks Australia | National Recovery and Resilience Agency |
| Australian Institute for Disaster Resilience | EY | Queensland Reconstruction Authority |
| Australian Red Cross | Frasers Property Australia | Resilient Projects |
| Australian Super | Green Building Council of Australia | Woolworths |
| Bushfire & Natural Hazards CRC | IAG | WWF-Australia |
| Climate-KIC | Infrastructure Australia | |

The Resilience Valuation Initiative welcomes more organisations to participate in our testing or other parts of the work program.

FIND OUT MORE:

<http://australianbusinessroundtable.com.au/our-initiatives>

CONTACT:

RVI@climate-kic.org.au

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