Foreword

By Mike Rothery, First Assistant Secretary, National Security Resilience Policy Division, Attorney-General's Department.

Organisational resilience: Withstanding and responding to unforeseen or unexpected hazards

A number of business organisations across both the public and private sectors play a special role in our society and economy. These organisations deliver essential services that are necessary for everyday life (power, water, telecommunications, banking, health, food and transport) and are also known as critical infrastructure.

When faced with a crisis most businesses can make a decision to discontinue normal operations until the threat passes, and minimise losses by relying on insurance to cover lost assets and business interruptions. However, given the dependency of the economy, government and the community on the essential services provided by many critical infrastructure organisations, this approach to managing risk is not appropriate. In fact the effect on community may be many times more severe than on the company itself. As the community has a strong expectation of the continuity of essential services governments have a role to assist critical infrastructure organisations to manage their risks, including those from unforeseen or unexpected hazards.

The Australian Government's Critical Infrastructure Resilience (CIR) Strategy seeks to enhance the resilience of our critical infrastructure and introduces the concept of organisational resilience to better manage unexpected or unforeseen risks.

Organisational resilience is an approach that seeks to build an organic capacity in organisations to deal with rapid-onset shock. This complements the more traditional approach to business continuity which is driven by likely risk. Importantly, organisations that build resilience (for example, through distributed decision making, unified by a strong sense of purpose over the response priorities, and aided by adaptable tools and techniques) have an enhanced ability to deal with both foreseeable and unforeseen events.

The organisational resilience approach helps to address the fact that the world economy is growing in complexity. Globalisation and the proliferation of digital technologies are creating a range of challenges for businesses to completely understand and control their supply chain. These challenges create both opportunity (for example, efficiencies gained through streamlined supply chains and zero inventory systems) and risk (such as technology-driven interconnectivity which can create interdependency). Being able to confidently identify, assess and manage risks in this constantly changing environment can be problematic. Therefore, building a capability to respond or adapt to any scenario that may place the organisation under stress becomes an increasingly attractive proposition.

This concept is of relevance to disaster resilience for the community as a whole. Australia experiences a range of extreme weather events and the effects of these events are exacerbated when they disrupt our critical infrastructure.

In February 2011, the Council of Australian Governments (COAG) agreed to a whole-of-nation resilience-based approach to disaster management through the National Strategy for Disaster Resilience. The approach recognises that a national, coordinated and cooperative effort is required to enhance Australia's capacity to withstand and recover from emergencies and disasters. It also recognises that disaster resilience is a shared responsibility for individuals, households, businesses and communities, as well as for governments.

Continued access to essential services provided by some critical infrastructure organisations increases the resilience of communities to withstand and recover from disasters. This is the link between the CIR Strategy and disaster resilience.

The Attorney-General's Department is working to build a common understanding and the value proposition for business to adopt an organisational resilience approach through the introduction of a number of activities and initiatives, including a resilience training program, research and development, and real life case studies. Further information is available from www.tisn.gov.au.