

Economic Recovery Practice Framework

Toolkit

March 2022

Purpose and audience

Audience

- This toolkit is aimed at mid to senior level policy practitioners to support their design of economic recovery policy programs.

What this is and isn't

- The Economic Recovery Practice Framework (Framework) is not a manual for how to intact economic recovery supports. The type and timing of events, the communities impacted, the longer term consequences of the impacts and broader policy contexts are too varied for a prescriptive list to be useful.
- Instead, **this toolkit aims to provide principles which will help practitioners understand Victorian Government's approach to economic recovery**, and can be applied to specific events.

What is the Framework's purpose?

- The Framework articulates the Whole-of-Victorian-Government approach to supporting communities to recover from the economic impacts of disaster, economic shocks and transition.
- It aims to improves targeting and consistency of government support and actions for economic recovery, and
- Better fit with relief efforts, economic consequences and support long term resilience.

Why refer to the Framework?

- Guides the development of economic recovery initiatives, from short to the long-term, coordinated across recovery efforts in the social, built and natural recovery environments.



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Economic Recovery Governance

DJPR is the lead agency for economic recovery

DJPR works closely with Emergency Management Victoria, Government, industry and the community to help ensure Victoria has the resilience to survive, adapt and grow in the face of shocks and stresses it may experience. This includes delivering before, during and after activities for emergency management and working with critical infrastructure.

Under the State Emergency Management Plan (SEMP) **DJPR** is responsible for economic recovery. This includes coordinating and administering support for:

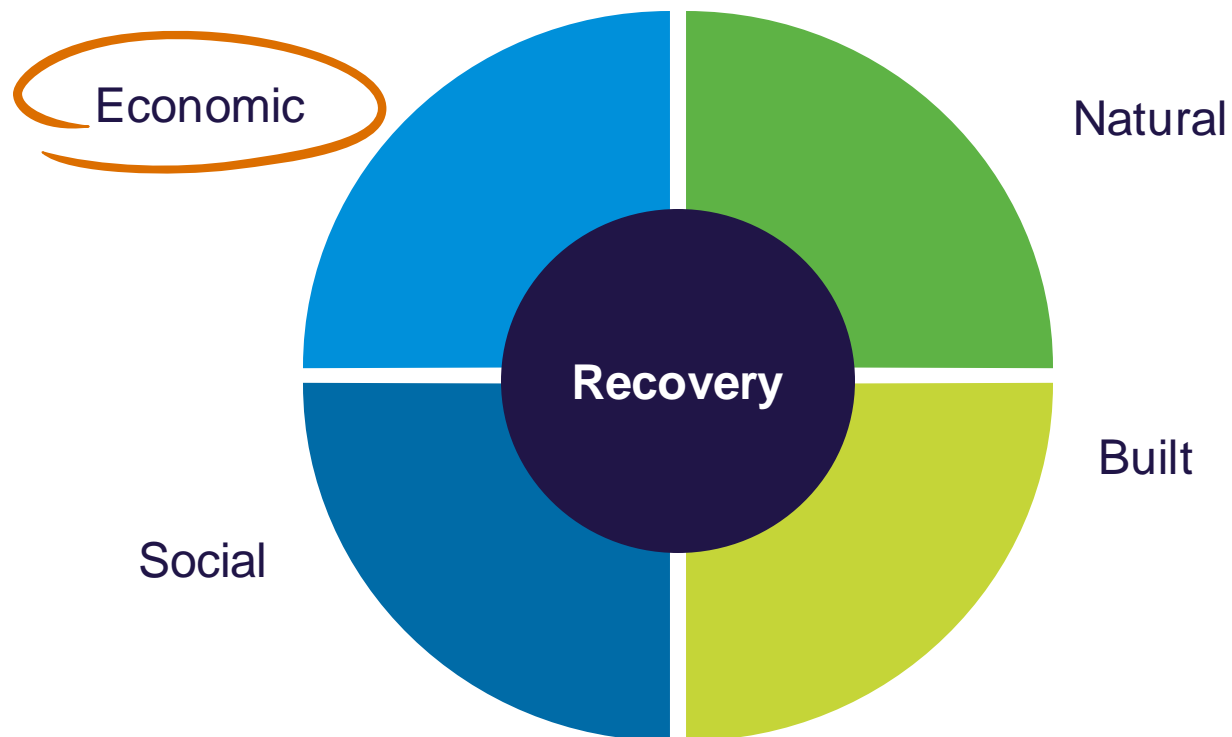
- The economy,
- Businesses, and
- Agriculture.

State Emergency Management Plan

The State Emergency Management Plan (SEMP) provides arrangements for an integrated, co-ordinated and comprehensive approach to emergency management at the state level. The *Emergency Management Act 2013 (EM Act 2013)* requires the SEMP to contain provisions for the mitigation of, response to and recovery from emergencies, and to specify the roles and responsibilities of agencies in relation to emergency management.

Economic recovery and other recovery domains

This framework is concerned with the recovery from the economic consequences of disasters and disruptions.



Economic Recovery is one of four, interlinked recovery domains

The interdependencies across recovery environments are important. Economic recovery is reliant on activities associated with recovery in the social, built and natural environments. Economic recovery outcomes are also dependent on relief and response activities. Relief, response and early recovery activities can set pathways and conditions that have a significant impact on the success of long-term recovery.

Economic recovery is critically linked to the built environment. Enabling business to re-open quickly relies on access to utilities such as power and water, as well as access to transport. Telecommunications, electronic funds transfers and access to the internet are central to business operating models. Economic consequence management often includes government working with infrastructure providers to support economic recovery.

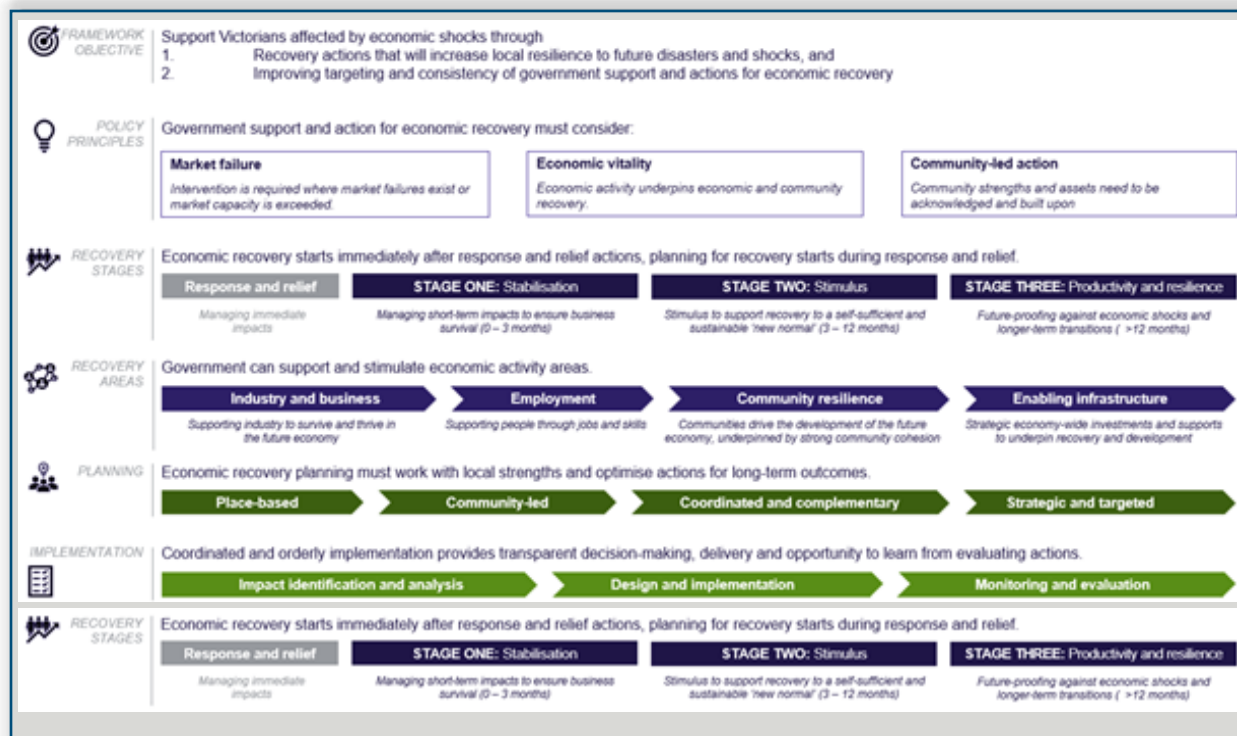
A critical impact of emergencies can be the destruction of housing. Where destruction is widespread, the consequence of population displacement in the affected region can undermine the capabilities of businesses to recover. Decisions made by government that impact on short and long-term temporary housing options, locations and rebuilding may influence the reinvestment decisions by businesses, or impact on the success of those businesses that do reinvest. While decisions associated with other recovery environments will need to be made, it is important that government consider the impacts of these decisions.

Another issue that may face communities is the focus on building infrastructure or facilities to demonstrate commitment and action, often on the assumption that economic development flows from construction. Evidence suggests that early commitment to rebuilding tends to lock-in pre-existing vulnerabilities and misses the opportunity to fundamentally redesign the future of a disaster-affected location, while failing to support long-term business recovery.

Framework Overview

The Framework explains both the core policy principals of Victoria's approach to economic recovery and what this looks like across the short, medium and long term.

The economic recovery practice framework aims to guide practitioners to develop and implement economic recovery interventions that increase local resilience to future disasters and shocks while **improving the targeting and consistency of economic recovery supports.**



Why we have the Framework

This framework provides guidance to government to meet economic recovery responsibilities and support better outcomes for local businesses and communities.

The economic recovery practice framework describes considerations to implementation by:

- describing the policy basis for the State Government's role in supporting economic recovery from emergencies, natural disasters and other economic shocks and stressors, drawing on local and international evidence to demonstrate the role of government in economic recovery and that it is a crucial element of community recovery
- highlighting interdependencies between the economic recovery environment and recovery more broadly
- presenting a set of principles that can guide and effectively target the implementation of economic recovery activities, positioned in accepted economic policy principles and consistent with best practice from previous Victorian activities and experience from other jurisdictions
- noting the strong parallels between the rationale for and nature of the economic recovery response, with those associated with the government's support for place-based structural adjustment and economic transition.

Framework policy - core principles



POLICY PRINCIPLES

Government support and action for economic recovery must consider:

Market failure

Intervention is required where market failures exist or market capacity is exceeded.

- Businesses are responsible for using market mechanisms to manage and mitigate risks arising from emergency events and economic shocks.
- Government intervention to support recovery will be considered where the economic impacts extend beyond the capacity of market mechanisms or where market failures exist
- Economic recovery responses need to address indirect, intangible and longer-term economic impacts of an emergency event or economic shock are less likely to be addressed through market mechanisms and monitored at a community or regional level
- Where trauma exists, long-term planning for economic recovery should be closely aligned with the outcomes of social recovery

Economic vitality

Economic activity underpins economic and community recovery.

- Understanding of the interdependencies between built, economic, natural and social pillars and being aware of the economic consequences of recovery actions within these domains.
- Lessons of the past should also be embedded into current practice to prevent unintended and/or negative economic consequences.
- Local business, industry and community are critical to understanding the economic impacts of an emergency event and ensuring the effective targeting of economic recovery actions
- Economic recovery responses should align with the pre-existing relevant strategic, economic development, or emergency recovery plans.

Community-led action

Community strengths and assets need to be acknowledged and built upon

- Local participation and community engagement are critical in enabling a clear understanding of the economic impacts of an emergency event and ensuring the effective targeting of the economic recovery actions.
- Economic recovery responses should be place-based and tailored to the economic and social characteristics of the affected location as well as the nature and scale of the event experienced.
- Activities should avoid masking deep-seated and ongoing impacts such as population decline and uncompetitive business performance.
- Local businesses should be utilised wherever possible in the delivery of recovery activities and recovery actions that replicate services provided by local businesses should be avoided.

Framework policy – recovery stages

Economic recovery starts immediately after response and relief actions, planning for recovery starts during response and relief.

Response and relief	STAGE ONE: Stabilisation	STAGE TWO: Stimulus	STAGE THREE: Productivity and resilience
<i>Managing immediate impacts</i>	<i>Managing short-term impacts to ensure business survival (0 – 3 months)</i>	<i>Stimulus to support recovery to a self-sufficient and sustainable 'new normal' (3 – 12 months)</i>	<i>Future-proofing against economic shocks and longer-term transitions (>12 months)</i>
	<p>This phase addresses the immediate needs of impacted areas and communities, while longer term planning is underway and activities shift away from emergency response and relief. Examples of early recovery support services during this phase include:</p> <ul style="list-style-type: none">• business advice and signposting to relevant services• short-term planning to address immediate needs• encouraging visitation, when safe to do so• financial assistance and relief where activated, such as clean up and reinstatement, or direct support for businesses and primary producers.	<p>During this phase of approximately three to 12 months, further assessment and planning is underway while medium to long-term recovery activities begin. More targeted and locally-led recovery measures may occur during this time, including:</p> <ul style="list-style-type: none">• tailored support to key business and industry sectors• support for local jobs and business• longer-term assessment and planning• consumer and business confidence considerations.	<p>Depending on the nature of the emergency event, this may occur over a year or more. It is recognised that for significant events that recovery is a long term activity and includes more complex actions including:</p> <ul style="list-style-type: none">• strategic planning• long term plans for growth and resilience• consideration of underpinning infrastructure• reskilling and industry transition• where relevant, returning to 'business as usual' for organisations and agencies.

Recovery areas

The Framework directs practitioners to focus their economic recovery planning on the following areas:



RECOVERY
AREAS

Government can support and stimulate economic activity areas.

Industry and business

Supporting industry to survive and thrive in the future economy

Businesses are supported to survive in the short-term and thrive in the longer-term, building on the economic strengths and opportunities of their region, with a focus on tourism, agriculture, forestry and small business

Employment

Supporting people through jobs and skills

Workers are supported to participate in established and new employment opportunities, including through skills and training

Community resilience

Communities drive the development of the future economy, underpinned by strong community cohesion

Communities are meaningfully engaged in shaping their future economy and increasing their resilience to future shocks, underpinned by strong community cohesion

Enabling infrastructure

Strategic economy-wide investments and supports to underpin recovery and development

Strategic economy-wide and region-wide investments support resilient and connected enabling infrastructure that will underpin economic recovery and development, aligned to a region's economic strengths, challenges and opportunities

Example recovery outcomes by stage and area

	Short term outcomes “stabilisation”	Medium term outcomes “new normal”	Long term outcomes “growth and resilience”
Industry and business	<ul style="list-style-type: none"> Industry and businesses have the capacity to continue operations beyond three months Businesses have access to critical (banking and financial) services Local businesses have information and advice they need to recover from the disaster 	<ul style="list-style-type: none"> Key industry sectors for the community are restored Consumer and business confidence levels support business operations (both within and outside of the community) Businesses know and understand the risks and threats of operating in the area 	<ul style="list-style-type: none"> Economic activity is appropriately diverse Business models are appropriately adaptive to environmental conditions, market conditions and fluctuations Businesses have business continuity plans and dynamic organisational resilience practices that address relevant risks and threats Business insurance is accessible where viable
Employment	<ul style="list-style-type: none"> Workers have the capacity to continue to work Displaced workers have access to support and employment services Employers are supported to return workers to work as soon as possible 	<ul style="list-style-type: none"> Workers have access to a diverse range of employment and training opportunities Businesses can access or attract appropriately skilled workers Individuals and households have sufficient financial security to allow them to take advantage of economic opportunities 	<ul style="list-style-type: none"> The workforce has transferable skills and access to appropriate training opportunities Workers are participating in and benefiting from a strong and prosperous economy Job opportunities are supported
Community resilience	<ul style="list-style-type: none"> Communities are involved in identifying their own economic recovery priorities Households have access to an adequate range of goods and services Not-for-profit community service organisations can continue to provide regular services 	<ul style="list-style-type: none"> Vulnerable groups are not further disadvantaged by the impact of the disaster, in terms of their ability to participate in the economic system (e.g. employment prospects, accessing credit) Communities have access to information to inform their own decision-making in how to recover and build long-term resilience 	<ul style="list-style-type: none"> Communities are socially connected Communities are actively adapting to environmental change Communities benefit from increased investment, visitors, and talent Communities benefit equitably from Victoria’s economic growth
Enabling infrastructure	<ul style="list-style-type: none"> Communities are involved in identifying priority infrastructure needs for supporting regional economic growth 	<ul style="list-style-type: none"> Strategic enabling infrastructure planning is undertaken alongside economic development planning to accommodate regional needs and priorities Enabling infrastructure is aligned to local economic development priorities and is appropriate to the community and economic context 	<ul style="list-style-type: none"> Enabling infrastructure is resilient and adaptable – is designed to withstand future disaster events Enabling infrastructure supports economic growth Affected areas are well connected, attractive and equipped to support future growth

Economic recovery planning template

	Short term outcomes “stabilisation”	Medium term outcomes “new normal”	Long term outcomes “growth and resilience”
Industry and business			
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Employment			
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Community resilience			
	Short term outcomes “stabilisation”	Medium term outcomes “new normal”	Long term outcomes “growth and resilience”
Enabling infrastructure			