

Glossary of Key Terminology in Natural Disaster Risk Mitigation and Business Continuity Management

Term	Explanation
Business Continuity (BC)	The capability of a business to continue delivery of products or services at acceptable predefined levels following a disruptive incident.
Business continuity management (BCM)	A holistic management process that identifies potential threats to an organisation and the impacts to business operations those threats, if realized, might cause, and which provides a framework for building organisational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.
Business continuity plan (BCP)	Documented procedures that guide businesses to respond, recover, resume and restore to a predefined level of operation following disruption.
Business impact analysis (BIA)	The process of analysing activities and the effect that a business disruption might have upon them.
Climate risk	<p>How climate change could impact social, economic and natural environments. Climate risk is made up of two primary types of risk, physical and transitional, which also give rise to secondary risks including liability.</p> <ul style="list-style-type: none"> ➤ Physical: The physical risks associated with a change in climate conditions. For example, this could be direct impacts to the built environment from increasing intensity and frequency of extreme weather events. ➤ Transitional: These are associated with activities that may (or may not) occur in the process of transitioning to a lower-carbon emissions framework. ➤ Liability: Liability risks can arise when a person or business may be held responsible for not acting sufficiently on physical or transitional risks, causing damage to others.
Control	Refers to the strategy, policy, practice, process, action or device that is applied to mitigate the risk. A control may or may not actually mitigate the risk
Consequence	<p>This is the result of an incident, event or disaster occurring and refers to the direct or indirect impacts of the occurrence OR the certain or uncertain outcomes when planning for an occurrence.</p> <p>There are always a range and diversity of consequences for the organisation / industry that may have to be measured / planned for utilising qualitative or quantitative data</p> <p>It is critical to understand consequences may escalate or evolve over time OR due to “knock on” effects</p>
Crisis	A situation with a high level of uncertainty that disrupts the core activities and/or credibility of an organisation and requires urgent action.
Disaster	A serious disruption of the functioning of a community or a society at any scale due to hazardous events interacting with conditions of exposure, vulnerability and capacity, leading to one or more of the following: human, material, economic or environmental losses and impacts.
Disaster mitigation	The lessening or minimising of the adverse impacts of a hazardous event.

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Event	<p>Is an occurrence that adversely impacts on the organisation / industry AND any change of risk source, risk consequence or risk likelihood that alters the risk profile or risk appetite of the organisation / industry. Events can be</p> <ul style="list-style-type: none"> ➤ Market disruption – Locally through to internationally ➤ Natural event – Fire, flood, cyclone, drought, severe wind, severe heat wave, earthquake, biosecurity outbreak etc ➤ Manmade – Physical event, financial imposition or mismanagement, fraudulent activity, cyber-attack etc ➤ Political – Regulation, trade protocol etc
Frequency	<p>Refers to the potential number of events, incidences or disasters that is likely to (potentially) or historically have occurred during a defined period of time.</p>
Hazard Natural Hazard	<p>Refers to a “risk source”, situation or thing that has the potential to cause harm to an individual, property, organisation or the industry.</p> <p>A natural process or phenomenon that may cause loss of life, injury or other health impacts, property damage, social and economic disruption or environmental degradation.</p>
Identified risk	<p>Refers to risks identified by the organisation / industry regardless of the risks currency i.e. identified risks can also be “over the horizon” and “emerging” risks that have yet to directly impact on the organisation / industry</p>
Inherent risk	<p>Is the rating of the identified risk under the current / pre-existing controls and PRIOR to any risk treatments being applied to this risk</p>
Level of risk	<p>Refers to the overall aggregation of the likelihood, frequency and consequences of all identified risks within the organisation / industry</p>
Likelihood	<p>Refers to the chance or probability of an incident / disaster occurring. This can be defined, measured or determined objectively or subjectively. It can also be described qualitatively or quantitatively</p>
Maximum acceptable outage (MAO)	<p>The time it would take for adverse impacts, which might arise as a result of not providing a product/service or performing an activity, to become unacceptable. See also MTPD.</p>
Maximum tolerable period of disruption (MTPD)	<p>The time it would take for adverse impacts, which might arise as a result of not providing a product/service or performing activity, to become unacceptable. See also MAO.</p>
Minimum Business Continuity Objective (MBCO)	<p>The minimum level of services and/or products that is acceptable to the organisation to achieve its business objectives during a disruption.</p>
Policy	<p>The business continuity policy provides the intentions and direction of an organisation as formally expressed by its top management.</p>
Preparedness	<p>Refers to the “state of readiness” of the organisation / industry to identify, manage, mitigate and respond to adverse events. It can and does include;</p> <ul style="list-style-type: none"> ➤ Fully accepting that events and errors can and will occur ➤ Have a deep understanding of the known and potential risks associated with your organisation / industry from a number of perspectives <ul style="list-style-type: none"> ○ Physical impacts and consequences to the business and industry supply ○ Reputational impacts across the supply chain and politically ○ Organisational including social and cultural impacts and influences ○ Financial impacts within the organisation and to the industry, supply chain and other stakeholders

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	<ul style="list-style-type: none"> ○ Intellectual consequences across the market and supply chain ○ Technical including technology, data security, digital management and market communications ➤ Development and access to contingency plans to deal with any expected event ➤ Possessing an acute awareness of the limitations of knowledge, abilities, capabilities and capacity of the organisational resources and those of the industry as a whole ➤ Understanding and appreciating that each organisational or industry stakeholder may well and often does have their own perspectives of the potential risk and / or the impacts of a specific event ➤ Be prepared to seek out input and / or assistance from a range of sources so not to develop a narrow risk management ethos OR create a dependency upon any particular supply chain segment or external stakeholder
<p>Prioritised activities</p>	<p>The activities to which priority must be given following an incident in order to mitigate risks.</p>
<p>Process</p>	<p>A set of interrelated or interacting activities which transforms inputs into outputs.</p>
<p>Recovery point objective (RPO)</p>	<p>The point to which information used by an activity must be restored to enable the activity to operate on resumption.</p>
<p>Recovery time objective (RTO)</p>	<p>The period of time following an incident within which a product or service must be resumed, or activity must be resumed, or resources must be recovered.</p>
<p>Resilience</p>	<p>Refers to the ability of the organisation / industry to understand the risks associated with it and to resist, absorb, accommodate, adapt to, learn from, respond to and recover from the impacts of these risks when an event occurs.</p> <p>Resilience refers to the macro and micro environments ranging from the industry as a whole, regional or local segments of an industry, individual businesses within the industry and the systems within these businesses</p> <p>It also refers to the preservation and restoration of all basic functions, structures and infrastructure across the organisation / industry.</p>
<p>Response</p>	<p>Response to risk relates to how the organisation / industry responds to all aspects of risk management to achieve strategic and operational objectives AND resilience within the organisation / industry</p> <p>Preparedness response</p> <ul style="list-style-type: none"> ➤ Refers to the ability and actions of all responsible / accountable persons to undertake robust risk management analysis and activities to prepare for any known, emerging or over the horizon event. This is or should be a regular function of the organisation / industry leaders and decision makers <p>Immediate response</p> <ul style="list-style-type: none"> ➤ Refers to the immediate response to an adverse event occurring. This normally includes the establishment of a central emergency response group, immediate assessment of the affected location/s and communication with the impacted individuals. This is normally undertaken within the first three days immediately post event <p>Relief response</p> <ul style="list-style-type: none"> ➤ Refers to the relief efforts directed towards the clean-up, human assistance programs, environmental management, biosecurity management and preliminary restoration efforts. This normally takes between two weeks and three months depending on the severity and “knock on effects” of the event. <p>Early recovery response</p>

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	<ul style="list-style-type: none"> ➤ Refers to the initial stages of recovery of the organisation / industry and tends to overlap the relief response due to market and financial demands. This period usually ignores the personal assets and health of the affected individuals because they are focussing on the urgent needs to their resources and supply chain. Normally starts within a month of the event and can take up to 18 months. It is a time where human consequences emerge that have a flow on impact within the industry <p>Long term recovery response</p> <ul style="list-style-type: none"> ➤ Refers to the rebuilding of the production / operational businesses, the associated internal and public infrastructure. It also is the period where individual businesses commence the restoration of personal assets and infrastructure while the industry embarks on restoration of markets and reputational issues. There is sufficient evidence that, in the nursery, garden and lifestyle horticulture industry this period takes up to three years. It is also the period where significant human consequences embed themselves if these risks are not identified and mitigated / managed <p>Back to normal</p> <ul style="list-style-type: none"> ➤ Refers to the timing of the business, organisation or industry demonstrating full recovery across all of its functions and supply chain
Risk appetite	Is the level and type of risk the organisation / industry is willing to pursue, retain and / or tolerate as a normal part of operations
Risk context	<p>Is the ability to define the internal and external risks associated with the organisation / industry including its ability to manage risk, set risk criteria, applying the risk management policy and implementing the risk management plan.</p> <p>External risk examples include;</p> <ul style="list-style-type: none"> ➤ The organisation's / industry's relationships, perceptions and value proposition to external stakeholders (upstream, downstream and allied supply chain segments) ➤ Key drivers, influences and trends that affect the organisation's / industry's strategic and operational objectives and its overall business model ➤ The varying operational environmental segments <ul style="list-style-type: none"> ○ Competitive – Local through to international ○ Economic and financial ○ Legal and regulatory ○ Political, social, cultural and environmental ○ Technology and digital <p>Internal risk examples include;</p> <ul style="list-style-type: none"> ➤ Strategy, governance, structures, roles, responsibilities and accountabilities ➤ Policies, procedures, tactics and functions of the organisation / industry to achieves its strategic objectives ➤ Organisational designs and systems for operational effectiveness, decision making and internal communications ➤ Relationships and interaction standards
Risk identification	Is the process undertaken by the responsible / accountable people within the organisation / industry to identify current, emerging and over the horizon risks that currently or may impact on the organisation / industry
Risk matrix	Is the tool that ranks and displays the organisation's / industry's risks by defining the ranges of likelihood, consequences and post risk treatment mitigation targets
Risk owner	Is the entity, group or person whom holds the accountability for and authority to manage the risks within the organisation / industry

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Risk profile	The set of risk types that relate to the entire organisation / industry that are part of the organisation / industry due to its strategic and operational environments
Risk register	Refers to the document that registers all known, emerging or over the horizon risks, the allocated accountable person, the risk treatment and the expected outcome of the risk treatment i.e. the change in the organisation's / industry's risk profile This register is a strategic and operational tool
Residual risk	Is the level of the identified risk retained POST application of risk treatments and is closely tied to the risk profile and risk appetite of the organisation / industry
Risk source	Refers to the origin or elements (tangible or intangible) that, either alone or in combination, has the potential or gives rise to the identified risk
Risk tolerance	Is the level and type of risk the organisation / industry deems acceptable to bear after risk treatment so it can achieve its objectives
Risk treatment	The treatment of an identified risk is directly related to the risk appetite, resources and overall capability of the organisation / industry. Treatment can be put into four categories – Risk retention, risk elimination, risk prevention or risk reduction <ul style="list-style-type: none"> ➤ Retain the risk as a normal aspect of the strategy, governance and operations of the organisation / industry ➤ Avoiding the risk through strategy, governance or operational management ➤ Sharing the risk across the supply chain or financing / insuring the risk ➤ Remove the source of the risk ➤ Change the likelihood or frequency of the risk ➤ Change the consequences resulting from the risk <p>A good process to treat risks is to assess it through three lenses of Design, Engineering and Process.</p> <p>Note – Risk treatment can result in the creation of other risks</p>
Threat	A potential cause of an unwanted incident, which can result in harm to individuals, the environment or the community.
Vulnerability	The conditions determined by physical, social, economic and environmental factors or processes which increase the susceptibility of an individual, community, assets or systems to the impacts of hazards.