Environmental and Physical Risk Guide

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What is Environmental and Physical Risk?

Environmental and Physical risk management typically starts with a review of the business's environmental footprint, its use of water and power, recycling policies, vulnerability to and reliance on scarce resources, effluent, and waste disposal, and compliance with applicable policies.

The Office bearers then need to do a high-level assessment of the Community Scheme's vulnerability to the physical and natural threats facing the business.

Effective management of environmental and physical risks will ensure that the Community Scheme makes deliberate and conscious decisions about its environmental impact and that it will become consciously aware of all the physical and likely natural threats and risks facing it.

Managing Physical and Natural Threats

Most Community Schemes rely significantly on physical assets and people for the effective running of their operations. Assets and people represent the most significant investment of most Community Schemes. Being able to optimise and maximise the use of assets and people contribute significantly to the viability and sustainability of a Community Scheme.

The safety and security of the Community Scheme's employees, residents, and assets are therefore of critical importance, and they need to be protected and managed from physical and natural risks and threats.

Pro-active action needs to be taken around managing the physical threats to the Community Scheme, its residents, and assets e.g. access control, safety measures, general surveillance and monitoring, patrols, asset register, accountability for assets, storage, and safe-keeping of assets, enhanced security measures, and the holding of appropriate insurance.

It is also important that a Community Scheme assesses its vulnerability to the potential impact of natural threats to the Community Scheme e.g. fire, floods, high winds, wildfires, cyclones, tropical storms, heat waves, storm surges, landslides, mudslides, rockfalls, sinkholes, subsidence, earthquakes, oil spills, etc. Notwithstanding the unpredictability of these events, proactive efforts to mitigate the potential worst-case effects and impacts of these should be undertaken e.g. fire breaks, improved drainage, banks, retaining walls, etc.

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Insurance

Insurance is one of the main ways of mitigating operational risk, particularly where this involves the potential loss of or damage to assets, the impact of natural disasters, business interruption losses, and the overall resultant impact on the Community Scheme and its operations. All assets of the Community Scheme need protection.

Environmental Threats

Environmental Risk can be defined as the "actual or potential threat of adverse effects on living organisms and the environment by effluents, spills, emissions, wastes, resource depletion, extreme weather events, etc., arising out of an organisation's activities or a weather event."

Environmental risk poses an ever-growing risk to the operations and sustainability of Community Schemes. These threats will mostly arise out of climate change, extreme weather events, and the availability of water resources.

Climate change is going to increasingly impact the profile of many Community Schemes and their vulnerability to changing weather patterns. Rising sea levels will in time impact coastal-based Community Schemes materially.

The impact of environmental breaches can manifest in regulatory breaches, fines, and reputational damage. These can impact adversely the operations of the Community Scheme, its financial position, and its balance sheet.

Many Community Schemes by their very nature, notably Eco-estates, Bush Lodges, etc. need to have an extensive environmental focus which will be at the core of many strategic planning and operational decisions and the accompanying risks.

All Community Schemes should nevertheless have an environmental focus around the protection of the natural environment, water resources, bird

and wildlife attraction, and the retention of indigenous bush and trees. Alien vegetation and species should be removed, and water-wise plants be planted wherever possible.

- Climate change presents many unknown consequences but what is known is that the extent of environmental risks can and are increasingly going to be significant. This is seen in unusual and more dramatic extreme weather events such as cyclones/bushfires/wildfires/flooding/freezing temperatures/blizzards, tide surges, periods of prolonged drought in increasing areas, changing rainfall patterns, rising average temperatures, rising seawater levels, and disease outbreaks.
- As challenges around climate change, clean air, water availability, landfill availability, and waste disposal become critical, Community Schemes will need to adopt a more environmental and social responsibility towards the environment. Recycling needs to form a key part of this focus.
- Water efficiency and water usage policies will need to become entrenched by Community Schemes. Water usage restrictions will become increasingly regulated. Water should be treated as a scarce commodity, and conservative use and savings measures should be continually applied and entrenched. The critical elements of water management are its security, availability/supply, quality, and affordability. The recycling of greywater and clean drinking water initiatives will become essential.

- The reliability of continuous power supply is integral to the sustainable running and operations of most Community Schemes. With greater reliance on technology, this has become even more essential. The use of alternative sustainable energy sources such as solar, battery, and wind will become essential.

- Disease and virus outbreaks will have an increasing impact on people's health due to population growth, the increased mobility of people, and disease outbreaks. These will have far-reaching impacts by impacting demand for services, affecting labour productivity, and absenteeism, and disrupting supply chains, employment levels, travel, and goods and people's movement. The result of this will be increased travel regulations and movement restrictions.