Pandemic planning makes sense

Businesses need detailed continuity plans in case of an avian flu outbreak, writes Robert Marks.

Health and emergency services authorities recently tested their preparations for a potential avian influenza pandemic using a virtual exercise, Operation Eriuus. Business organisations would be well advised to follow that lead with their own continuity planning.

No one knows, of course, when a pandemic will strike or how severe it will be, but in my view some form of pandemic is inevitable.

On average there are three pandemics each century, the most severe of which was the 1918 Spanish influenza that killed at least 20 million people worldwide and had a negative economic impact in that year of perhaps 2 per cent of global gross domestic product — close to 1 trillion in today’s terms.

Given the uncertainties, and the potential worst-case scenario of an avian flu outbreak, now is the time for organisations to go through a thorough exercise in continuity planning and to examine how their operations will be affected.

This should involve not only examining their own operations, and issues such as potential shortages of materials and disruption of supply chains, but also talking to suppliers and corporate customers about their own preparations.

Wide-scale business continuity planning would have two ameliorating impacts. The first would be to lessen the damage a pandemic would cause to the wider economy; the second is the level of an individual organisation’s perceived comparative advantage.

Just as some stockbroking houses have begun issuing buy recommendations on companies — such as vaccine producers — that would undoubtedly profit from an outbreak, so the market will start to factor in a premium for those organisations that have thorough continuity plans in place. Measures could include such initiatives as staggered and masks provided. For customers and partners, self-service and online options could be expanded to minimise face-to-face contact. Hand-washing should be encouraged.

Organisations would also have to get used to a different policy on sick leave. Employees should be encouraged to stay home if they are ill, and some firms will have to review their policy on sick pay, to reduce an employee’s incentive to clock in while sick.

This might also conflict with the government’s new industrial relations policy, which mandates that to justify a sick day employees need a medical certificate from a doctor or medical worker. In an avian flu pandemic, such a stipulation would be unwise.

A pandemic would have a major impact on the economy. Some businesses would lose while others would profit.

Products such as medical masks, wipes and hand-washing liquids would be in demand, as would long-life foodstuffs. Off-grid energy supplies, bottlers to destroy airborne pathogens and the biotech industry also stand to profit.

The life likely rise in telecommuting also suggests opportunities for telecoms and broadband suppliers and equipment makers.

On the economic downside, tourism, travel and hospitality would suffer, as would industries where people gather in large groups, such as retailing, casinos, theme parks, cinemas and sport.

Life and insurance companies would also be hit, property values would probably fall and the poultry industry and its suppliers would be the most affected.

These likely impacts are foreseeable and undeniable, but with thorough business continuity planning, the impacts on firms and their employees could be lessened, as long as we start planning now.

— Robert Marks is professor of economics at the Australian Graduate School of Management.

WA Labor loses its best political asset

The resignation of Geoff Gallop is one of the great shocks of West Australian politics. It is a big electoral blow to the Labor Party, as he garnered support across the spectrum. Through his five years as premier, he has constantly achieved ratings above his Labor Party. After carrying Labor to electoral victory in 2001, he was able to repair the parlour in 2005. Having secured “one vote, one value” electoral reform for the Legislative Assembly in 2005, and excellent economic readings, Labor under Gallop was looking difficult to remove in 2009.

Gallop was a Rhodes scholar who was able to make use of his intellectual skills to achieve an excellent command of policy. It was a key factor in his first electoral victory. Hailo helped him to appear well-informed and to counter criticism.

Gallop was first elected to parliament in 1986 and had a relatively long apprenticeship. There was some conjecture about how the former lecturer in social and political theory would fare as premier. He did not have strong factional support, and his leadership tended to rely on predictable performance and high standards of rectitude.

He was politically sensitive and was invariably prepared to achieve consensus and balance — for example, between development and environmental concerns. At times he was labelled “good news Geoff” because he sought to put the best construction on his government’s policy positions.

Since winning his second term, he had reduced his appearances on talkback radio. It was perhaps a sign that he was starting to feel the strain of constant criticism. Gallop’s resignation is perhaps a warning that attempting to balance all the forces in modern politics is a difficult task. As someone who could lead with a clear and strong voice, Gallop’s absence will be felt in Western Australia.