

19th December 2011

Barriers to Effective Climate Change Adaptation
Productivity Commission
LB2 Collins Street
East Melbourne Vic 8003
climate-adaptation@pc.gov.au



AUSTRALIAN
INDUSTRY
GREENHOUSE
NETWORK

Dear Sir/Madam,

Barriers to Effective Climate Change Adaptation

The Australian Industry Greenhouse Network (AIGN) welcomes the opportunity to respond to the Issues Paper from the Productivity Commission entitled “Barriers to Effective Climate Change Adaptation”.

AIGN is a network of Australian industry associations and businesses that have a serious interest in climate change issues and policies. Its members account for over 90% of Australia’s mining, manufacturing and energy transformation emissions, and have a key role in forestry sequestration. AIGN member associations and corporations are listed at Attachment A.

As an industry network, AIGN’s submission deals with the issues of adaptation as they impact on business as opposed to that of the impacts on households. The submission makes comment on selected topics in the Issues Paper.

1. Effective adaptation

It is AIGN’s view that, just as the rate of climate change at a local level is not yet able to be measured, the rate of efficient adaptation for businesses is also unable to be assessed as ‘too much’ or ‘too little’ at any point in time. Further, from a business perspective the issue is one that should be forward looking, and the projections for climate change that are additional to ‘normal’ climate variability at the local level at present include very large uncertainties around many variables.

The large range of uncertainties and how they should be taken into account is a particular issue for businesses considering major infrastructure with 20+ year investment horizons. In AIGN’s view, the uncertainties and risks are better left to business to assess and assimilate into investment decisions, rather than be regulated.

2. Barriers to adaptation

The experience of AIGN members to date is that the key barrier to adaptation is confidence in the projections of climate variables at the local level.

As far as we are aware, CSIRO and BOM are the only bodies with the modelling capability. Improving the quality of the information that can be provided is clearly dependent on the resources and skills of these institutions.

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AIGN supports the work of the National Climate Change Adaptation Research Facility and its role of identifying information gaps. It may be that the role of this organisation might be strengthened to become the national repository and recognised focal point of data collection.

3. Regulatory response

AIGN's preference is for market solutions to 'market failures' where they exist and when, with intervention, it is reasonably assured that there will be substantial net benefits. A clear example related to adaptation is the potential for water supplies in particular regions to be limited by climate change. The creation of divisible property rights in water will underpin markets in water, which are more likely to result in better outcomes than regulatory responses that allocate water.

In the context of industry infrastructure, it is recognised that local planning and zoning policies will regulate access to land. However, the concern is that some local governments may be acting to regulate land access based on climate change concerns using very limited understanding of the state of the science. As recommended above, a national repository for data and modelling than means there is common information available to regulators and the community could assist in a more even approach to land access matters as they relate to climate change impacts.

Another area where regulation related to climate change adaptation may impact on industry is at the project approvals stage. AIGN is not aware of specific examples of regulations or scoping notices, which are the first step in the EIA process, that specify the need to address climate change.

However, commensurate with the commercial self-interest that accompanies large capital investment, companies are already factoring in adaptation. As an example, the Curtis Island LNG facility EIA deals with climate and climate change in Volume 5, Chapter 2 (http://www.qgc.com.au/01_cms/details.asp?ID=433). The data and modelling behind the analysis in this chapter comes from the CSIRO.

4. Government provision of public goods

AIGN has noted the way companies are assessing adaptation concerns within their EIA for new projects. Importantly, the data and modelling being used is necessarily generated by public institutions.

The efficiency/effectiveness of companies engineering projects to deal with the risks of climate change is clearly dependent on the quality of the data and modelling that is available from groups such as the CSIRO and BOM. This then is the key area where government provision of this public good can make a significant contribution to better outcomes for companies and the communities they operate in.

5. Level of government responsibility

AIGN has no specific examples of overlap between governing institutions on adaptation issues. However, as noted above, there is a concern that decisions are being taken at local government level without the benefit of good scientific advice.



AIGN would be pleased to discuss these issues with the expert review panel.

Yours sincerely

Chief Executive Officer

(Note: AIGN makes all its submissions public)

Attachment A: AIGN Membership

Industry Association Members

Australian Aluminium Council
Australian Coal Association
Australian Food and Grocery Council
Australian Forest Products Association
Australian Industry Group
Australian Institute of Petroleum
Australian Petroleum Production and Exploration Association
Cement Industry Federation
Federal Chamber of Automotive Industries
Minerals Council of Australia
National Generator's Forum
Plastics and Chemicals Industries Association

Individual Business Members

Alcoa World Alumina - Australia
Adelaide Brighton Ltd
BlueScope Steel Ltd
BP Australia Limited
Caltex Australia
Cement Australia Pty Ltd
Chevron Australia Pty Ltd
ConocoPhillips Australia
CSR Limited
ExxonMobil Australia Limited
Hydro Aluminium Kurri Kurri Pty Ltd
Incitec Pivot Ltd
Inpex Browse Ltd
International Power GDF-Suez Australia
Leightons Holdings Ltd
Origin Energy Limited
Qenos Pty Ltd
Rio Tinto Australia Limited
Santos Limited
Shell Australia Limited
Stanwell Corporation Limited
Tomago Aluminium Company Pty Ltd
Thiess Pty Ltd
Wesfarmers Limited
Woodside Petroleum Limited
Xstrata Coal Australia Pty Ltd