



**Productivity Commission Public Inquiry
into
Barriers to Effective Climate Change
Adaptation**

Comments on Draft Report

**Local Government Association of Queensland
Ltd**

8 June 2012

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association setup solely to serve councils and their individuals needs. LGAQ has been advising, supporting and representing local councils since 1896, allowing them to improve their operations and strengthen relationships with their communities. LGAQ does this by connecting councils to people and places that count; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and delivering them the means to achieve community, professional and political excellence.

Productivity Commission Draft Recommendations

Thank you for the opportunity to make a submission Productivity Commission Draft Report: Barriers to Effective Climate Change Adaptation, April 2012.

Draft Recommendation 4.1 - Assessing reforms and setting priorities

Reforms to address barriers to effective risk management in the current climate should be implemented without delay, where they are likely to deliver net benefits.

In relation to barriers to adaptation to uncertain future climate trends, the case is less clear.

- Where a reform has low up-front costs and potentially large benefits, albeit with long time periods between the costs being incurred and the benefits being received, there could be a case for preparatory action. The case is likely to be stronger if the reform will deliver benefits under a range of climate change scenarios.*
- Where measures have high up-front costs, the community is likely to benefit by deferring high-cost options until better information becomes available.*

The LGAQ supports the recommendation to remove barriers to effective risk management to current climate hazards.

The LGAQ is supportive of the recommendation to favour 'low cost/low risk' reforms until acceptable levels of uncertainty are reached.

Draft Recommendation 5.1 – Building Adaptive Capacity

Australian governments should implement policies that help the community deal with the current climate by improving the flexibility of the economy. This would also build adaptive capacity for dealing with future climate change. This includes reforms to:

- taxes that influence the way resources are used, such as land tax exemptions and conveyancing duty, which could inhibit the mobility of labour, capital, or both*
- government transfers that reduce incentives to adjust to changing circumstances, such as the reforms recommended in the Commission's 2009 inquiry into drought support*
- regulations that impose unnecessary costs or inhibit competition or flexibility and could impede climate change adaptation by reducing the ability of firms, households or other organisations to respond to changing circumstances, such as restrictions to water trading.*

The LGAQ generally supports this recommendation, with the suggested inclusion of land valuation reform and a closer analysis of the positive and negative potential of industry specific support programs.

Draft Recommendation 6.1 – Information Provision

The Australian Government initiative to improve the coordination and dissemination of flood-risk information should be expanded over time to encompass other natural hazards. Guidelines to improve the quality and consistency of risk information should be regularly updated and take climate change into account where feasible.

The Australian Government has a significant role in both the generation of appropriate information and its dissemination to end users and the broader community.

The LGAQ supports the preparation of nationally consistent standards and guidelines for the collection and analysis of natural hazard data.

There is a need for Australian and State Governments to develop appropriately scaled

information and establish a central point for the maintenance and distribution of that data. Without further detail, it is unclear however, how local government and the community will benefit from the recommendation for improved coordination and dissemination of hazard information at a national level. Local government has an urgent requirement for natural hazard data however, the smallest practical scale required is regional and preferably local. Feedback from south east Queensland councils was that the Australian Government's sea level rise maps for high priority regions were inaccurate at a local scale and of little value for practical risk management and planning purposes. Additionally, each council was in possession of data of a higher quality when the mapping was released. The LGAQ would not like to see a repeat of this kind of work in the future.

The LGAQ would welcome a recommendation to address the continuing disjunct between research institutions' offerings and end users' needs through the reform of current research programs.

Draft Recommendation 7.1 – Local Government

There is uncertainty about the roles and responsibilities for adaptation by local governments, including in the areas of land-use planning, coastal management, and emergency management. As a first step to clarifying these roles and responsibilities, state and Northern Territory governments should publish a comprehensive list of laws which delegate regulatory roles to local governments. This would assist state, territory and local governments to assess whether local governments have the capacity to effectively discharge their roles.

The LGAQ supports the development of greater clarity about the roles and responsibilities for local government in relation to adaptation. There is a similar need for the Australian and State governments to more clearly delineate their own roles. What is missing in this discussion is the need for local government to have a formal say in these discussions.

The recommendation may assist in understanding the current regulatory skills housed by councils which may provide transferable skills in future regulatory requirements. It is unclear however, whether the exercise will assist in clarifying what are appropriate roles for local government in the dynamic space of climate change adaptation.

The LGAQ are currently working with councils to identify all existing legislative obligations. This has arisen from a need for council risk managers to be better able to manage their compliance risks. The LGAQ is seeking assistance from the State Government in this project.

Draft Recommendation 7.2 – Local Government

Uncertainty about the legal liability of local governments is emerging as a barrier to effective climate change adaptation. State and Northern Territory governments should clarify the legal liability of local governments regarding climate change adaptation matters and the processes required to manage that liability.

The LGAQ strongly supports this recommendation and seeks a more forceful position on this matter by the Commission.

Draft Recommendation 8.1 – Planning and Building Regulation

As a priority, land-use planning systems should be revised to ensure that they are sufficiently flexible to enable a risk management approach to incorporating climate change risks into planning decisions. In doing this, consideration should be given to:

- *transparent and rigorous community consultation processes that enable an understanding of the community's acceptable levels of risk for different types of land use*
- *the timeframe of risks and the expected life time of proposed land use*

- *the costs and benefits of different types of land use.*

The LGAQ believes the recommendation is generally sound practice. There should be an additional requirement for the consideration of the confluence of hazards and the combined risks presented by such events for example, inland flooding and storm surge, drought and bushfire.

The impacts of natural hazards can have state and national implications to productivity therefore the LGAQ suggests the Commission consider the value of a nationally consistent framework for addressing natural hazards in state planning systems.

Draft Recommendation 8.2 – Planning and Building Regulation

As a priority, the Building Ministers' Forum should ensure that the National Construction Code and associated standards (including those developed by Standards Australia) take climate change impacts into account. As soon as practicable:

- *the Building Ministers' Forum should provide a formal response to the Australian Building Codes Board's 2010 review of the Building Code of Australia under climate change*
- *the Australian Building Codes Board should develop a formal work program that outlines its approach to incorporating climate change in the National Construction Code over time. This work program should reflect any formal government response to the 2010 review of the Building Code of Australia.*

The Australian Government should give consideration to the public funding requirements for the Australian Building Codes Board and Standards Australia to undertake this work.

The LGAQ supports this recommendation.

Draft Recommendation 8.3 – Planning and Building Regulation

The Council of Australian Governments' Select Council on Climate Change should consider, as part of its adaptation work plan, appropriate responses to managing the risks of climate change to existing settlements in high-hazard risk areas.

The LGAQ supports this recommendation, but holds some reservations about the ability of COAG to deliver in a timely and effective manner.

Additionally, consideration should also be given to appropriate responses in areas with significant state and national economic benefit. While some activities are not in high-hazard areas, their sensitivity to climate change impacts and the scale of the economic impact may justify their inclusion.

Draft Recommendation 10.1 – Emergency Management

The Australian Government should commission an independent public review of the Natural Disaster Relief and Recovery Arrangements. This review should commence as soon as possible and desirably produce a preliminary report by the end of October 2012. The review should consider whether the arrangements lead to inadequate infrastructure investments or insurance decisions, or reduce the incentives of state and territory governments to appropriately manage their risks. It should also examine alternative arrangements or funding models.

The LGAQ strongly supports this recommendation with the addition of specific statements regarding analysis of how a revised model can ensure recovery activities result in adapted and resilient hard and soft infrastructure. The LGAQ would also like to see the review extended to the state-based arrangements for reimbursing councils.

Draft Recommendation 12.1 – The Role of Insurance

State and territory taxes and levies on general insurance constitute a barrier to effective adaptation to climate change. State and territory governments should phase out these taxes and replace them with less distortionary taxes.

The LGAQ in general, supports this recommendation.

Draft Recommendation 12.2 – The Role of Insurance

The Australian Government should only proceed with reforms that require all household insurers to offer flood cover if it can be demonstrated that the benefits to the wider community would exceed the costs. These benefits and costs should be assessed, and any reforms implemented, after barriers to effective climate change adaptation in other policy areas are addressed.

The LGAQ supports this recommendation.

Draft Recommendation 12.3 – The Role of Insurance

Governments should not subsidise premiums for household or business property insurance, whether directly or by underwriting risks. This would impose a barrier to effective adaptation to climate change.

The LGAQ supports this recommendation.

Draft Recommendation 13.1 – Reform Priorities

The Australian Government should focus on national policy responses in areas such as emergency management, research and information provision. Existing agencies will have a role in managing policy responses in these areas.

The Council of Australian Governments' Select Council on Climate Change, and any successor, should coordinate policy responses in areas where cooperation between levels of government is required.

The LGAQ supports this recommendation.