

**Property Council of Australia
Victoria Division**

Submission to the Department of Land, Water and Planning

Victoria's Climate Change Adaptation Plan Directions Paper

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ISSUES

People and community

The Property Council represents Australia's property and construction industry which comprises the developers, investors, owners and managers of property, as well as the professionals and trade services working in the industry.

The impacts of climate change as well as the implementation of adaptation measures will influence the management, operation and business model of all participants in these industries. For this reason, it is imperative that consistency is applied by Governments at all levels throughout the formulation, planning and implementation of climate change adaptation policies. This consistency must be applied when coordinating stakeholder management, curating discussions and developing policy within and across relevant jurisdictions. In order to foster confidence within the property industry, consistency must be central to the State Government's efforts to engage with stakeholders.

The Property Council believes that consistent and strategic stakeholder engagement will build transparency, leadership and accountability throughout the climate change adaptation process. By leveraging the industry's vast resources strategically and efficiently, the State Government will build upon an existing knowledge base, comprehend the policy objectives holistically and cooperate with industry to achieve Victoria's climate change goals.

Our recommendation

That the State Government apply a consistent framework when working with industry to develop and implement climate change adaptation policy.

Environments and livelihoods

The impacts of climate change will inevitably impact those who are most vulnerable within our community. It is therefore important to understand who is at most risk, where they are located and how to successfully become more resilient in the face of climate change.

The State Government would assist business and the wider community by defining where these areas are and how they are identified. Local Government could be harnessed to deliver on these

goals, combining the interests of environmental protection with local planning and built standards. This would provide an over-arching level of harmonisation in the adaptation process.

Moreover, a methodology for achieving adaptation alongside an unambiguous system of performance measures would create a consistent approach for communities that strive to achieve climate change adaptation. It is crucial for the State Government to clearly outline who is responsible and who is accountable for this task within the parameters of the Department.

In order for the State Government's actions and directions to be worthwhile, the Property Council believes that practical and measureable outcomes should be adopted with a clear timeframe set for achieving these targets.

Our recommendation

That the State Government harness the capacity of local governments to identify vulnerable areas as well as adapt and transform these areas in response to climate change.

That the State Government adopt practical and measureable outcomes with a clear timeframe set for achieving these targets.

Built infrastructure

The Directions Paper identifies built infrastructure as a priority action area for reducing Victoria's vulnerability to climate change impacts. However, it is unclear where the document places the built environment in the context of built infrastructure. While addressing decisions surrounding government funded infrastructure and major projects will advance the objective of climate change adaptation, the Property Council believes that the relationship between these interrelated components should be defined within the policy document.

The all-encompassing built environment presents a significant and cost effective opportunity to achieve lower emissions and adapt to climate change impacts. The built environment, which is comprised of residential and commercial buildings, currently account for nearly one quarter of Australia's emissions. According to the *Low Carbon, High Performance report* by ASBEC, there is scope to completely decarbonise the built environment sector by 2050. At the same time, this can

deliver financial savings to households and businesses, and improve the productivity of the Australian economy and the health and wellbeing of its citizens¹

Making the distinction between the built environment and built infrastructure will create certainty for government and the wider community. This will facilitate the identification of what the tangible, intangible, direct and indirect risks that come from the built environment are as well as how they relate to and impact our built infrastructure.

It is crucial for the State Government to engage with the private sector in order to articulate the context of this policy. In particular this will benefit how the final policy document will interact with existing policy mechanisms. This approach will leverage expertise from industry and achieve efficiency gains through a greater understanding of the policy as well as reduced time and costs associated with adaptation.

Our recommendation

That the State Government clearly articulate the role of the built environment to climate change adaptation and its relation to built infrastructure.

Knowledge creation

The current Victorian Climate Adaption Plan acknowledges the important role that knowledge creation has played in guiding decisions that reduce vulnerability and adapt to a changing climate. The Property Council supports this view, and believes that ready access to information is essential for building owners and operators to be strategic in making their assets more resilient.

The right methodology is needed for government to approach climate adaptation. A consistent approach as to how this knowledge is sourced and shared will benefit industry. Moreover, the knowledge shared must have practical application, which facilitates cooperation between individuals, community, business and government.

¹ Australian Sustainable Built Environment Council,. (2016). Low Carbon, High Performance: *How buildings can make a major contribution to Australia's emissions and productivity goals*. <http://www.asbec.asn.au/publications/>

In the past, climate projections and adaptation strategies produced by Government have been too vague and not suitable for use as a basis for technical modelling or estimates by industry. This has led to uncertainty with regard to strategy development and adaptation planning as well as a poor understanding of potential risks that climate change has on the built environment.

Accordingly, a key strategy of the 2014 Adaption Plan was to improve access to research and information for decision making. Research and information were identified as being essential for effective climate change adaptation. Therefore, Government must lead the coordination and collaboration of research, whilst building on the body of knowledge that supports businesses managing their own risks.

Our recommendation

That the State Government lead the coordination and collaboration of research, whilst building on the body of knowledge that supports businesses managing their own risks.

Governance and strategic planning

The State Government has a vital role to play in demonstrating leadership and promoting best practice climate change adaptation across business and the wider community. The Property Council strongly supports the public sector leading by example and making adaptation strategies a key part of government activity. This has been demonstrated by our support for initiatives such as the Take2 climate change pledge program and the Greener Government Buildings program, both of which exemplify strong public sector leadership on the issue of climate change.

It is important however that industry is certain of the processes and channels through which the adaptation plan is being implemented. Consistency in how the State Government approaches the policy development process will aid industry confidence. Additionally, Government should seek to build upon the existing knowledge base so that the dialogue and implementation of policy does not become disjointed when the policy cycle restarts. Reproducing reports and repeating consultation strains the fiscal and human resources of Government, both of which could be used more efficiently for reform. As in academia, these implications could be prevented by building on the achievements of previous policies and other key players that have contributed to the relevant discourse.

Our recommendation

That the State Government lead by example and promote best practice in climate change adaptation.

That the State Government build on the existing knowledge base of climate change adaptation to ensure that there is continuity and confidence in the policy development process.

Sustainable finance

Reducing vulnerability and building capacity in the property industry to adapt and transition to climate change will carry additional costs for developers, building owners and managers. When the risk that is posed by climate change is not apparent, it is likely that an apprehension to divert current expenditure towards the costs of adaptation will arise. For this reason, the Property Council supports action taken by State Government to minimise cost burden for business.

Sustainable funding mechanisms should not only be created but also effectively implemented. The State Government's role in this should include providing the necessary tools and knowledge to make viable decisions around climate change adaptation. The State Government has shown positive steps forward by adopting environmentally conscious funding mechanisms through their Environment Upgrade Agreement (EUA) legislation. However it is crucial that Government supports the wider community in understanding and implemented the benefits that are available.

The scarcity of publicly data available poses challenges for a small to medium size business that is seeking to form a business case around climate change adaptation. Government and the private sector, namely financial institutions and the insurance industry, can work together to develop a framework in which relevant information and knowledge relating to finance, risk, business management and climate adaptation can be communicated. This information and dialogue should help establish a risk profile for businesses seeking to become climate resilient as well as highlight the impact it will have on their premiums.

The Property Council believes that finance should be targeted towards improving resilience where we are most vulnerable. This will represent the most efficient allocation of Government resources and free up capital for industry to invest in other areas of the economy. In order to achieve this,

Government must be transparent in how much public funding is allocated to climate adaptation and mitigation as well as including all marginal costs.

Our recommendation

That the State Government create and implement sustainable finance mechanisms to support the wider community meet the costs of adapting to climate change.

That the State Government work with the private sector to provide tools and knowledge that assists business to make effective decisions regarding climate change.

That the State Government prioritise and target finance towards improving resilience in the areas where we are most vulnerable to the impact of climate change.