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Barriers to Effective Climate Change
Productivity Commission
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By email: climate-adaptation@pc.gov.au

Dear Review Panel

Thank you for the opportunity to provide a submission to the Productivity Commission Draft Report on the Barriers to Effective Climate Change.

As the NSW Small Business Commissioner, I have been appointed to advocate on behalf of small businesses in NSW, provide low cost dispute resolution services, advise on reducing administrative burden and to identify ways in which Government can create a climate in which the small business sector can flourish.

One of my first actions as the NSW Small Business Commissioner was to embark on a month long 'Listening Tour' throughout NSW. With the support of the NSW Business Chamber, I visited 28 locations across regional and metropolitan NSW throughout October and November 2011 to hear directly about the concerns, challenges, and rewards of being a small business operator.

I met with a total of 533 small business operators in numerous locations across the State including metropolitan Sydney, the Northern Rivers, Mid North Coast, Murray Riverina, Central West, Central Coast, and the Hunter. While each area faces its own unique challenges, many of the issues voiced by small business operators are shared across NSW.

One of the key concerns that has been raised by small businesses and industry groups on a more regular basis is the unknown impact that climate change adaptation will have on businesses in the future. The principal issue related to this concern is the inability for small businesses to gain an understanding of the costs that may be incurred in order to plan, adapt and future-proof their business against the effects of climate change.

Several recommendations from the draft report warrant specific comment:

Local Government

7.1, 7.2

The draft report refers to the important role that local councils need to play in order to assist communities understand the impacts of climate change and to establish and implement options to address climate risks.

In order for local councils to manage the risks of climate change, I support the fact that the roles and responsibilities of local councils will need to be clarified and need to complement activities being undertaken at the state government level. Similarly, I agree that it needs to be taken into consideration that local councils have pre-existing capacity constraints. If local councils are expected to assist communities and businesses understand the impacts of climate change and implement options to address climate risks, local councils must be appropriately resourced and

need to leverage existing work being undertaken by other levels of government or in the private sector.

Emergency management arrangements

10.1

I note that the draft report refers to the need for emergency management arrangements to strike the right balance between preventing and preparing for disasters on the one hand, and responding to and recovering from them on the other. As the report highlights, concerns have been raised that both private and government prevention and preparedness actions have been inadequate and have imposed significant costs on the community after a disaster has occurred.

The Office of the NSW Small Business Commissioner is fully aware of these concerns and as a result has engaged with NSW Emergency Services to discuss future opportunities for cooperation and collaboration. Small businesses that have been impacted by a natural disaster will often need business advisory services to help them critically assess how best to re-structure their business procedures in order to adapt to and better manage climate change events in the future.

Information provision

6.1

The draft report refers to the need for the provision of better information about climate change to improve the community's ability to plan for future climate risks.

I support this recommendation, however I do stress that a common complaint I hear from small business operators is that they are overwhelmed by the sheer volume of government information available and are frustrated at the resources required to find practical solutions for their business. Businesses also cite frustration about having to search multiple websites to find answers and having to filter information that is presented in differing formats. Small businesses simply do not have the resources available to large businesses to devote time and money into looking for information and answers to their questions.

I therefore recommend that the development of any climate change information is mindful of this fact and instead is formulated to be practical and easy for small businesses to understand and use.

Planning and building regulation

8.1

The draft report makes the recommendation that land-use planning systems should be revised to ensure that they are sufficiently flexible to enable a risk management approach to incorporate climate change risks into planning decisions.

As part of this recommendation, I support the proposal to conduct community consultation processes to better develop an understanding of the community's acceptable levels of risk for different types of land use. I strongly recommend that small businesses are considered to be a key stakeholder in this process so that they are given the opportunity to voice their concerns and viewpoint.

The report also highlights the need for the Building Minister's Forum to ensure that the National Construction Code and associated standards (including those developed by Standards Australia) take climate change impacts into account. It is critical that small businesses and the building industry more broadly are consulted during this process to ensure that the industry is able to plan

ahead and take into consideration any anticipated costs that will be associated with these changes and do so in an informed manner.

Managing the distributional impacts of climate change

5.1, 12.1, 12.3

The draft report highlights the fact that some people have less capacity than others to adapt to the impact of climate change. I strongly agree with this point and want to draw the Productivity Commission's attention to the fact that small businesses are a prime example of a section of the economy that will find it difficult to absorb any costs associated with climate change. As the report identifies in more general terms, small businesses will be a key group who will find it difficult to identify the risks they face, and more often than not will have less capacity to manage these risks.

I support the draft report's observation that the impact and issues associated with climate change adaptation are just one of many challenges faced by small businesses in the current economic climate. Structural change is occurring more generally throughout the economy. Therefore the issue goes beyond climate change itself. Thus it is encouraging to note that the report acknowledges that measures to alleviate disadvantage and manage distributional impacts will need to reflect the range of influences small businesses are exposed to, rather than just focusing on climate change adaptation alone.

Implementing adaptation reforms

The draft report clearly explains that responsibility for implementing climate change adaptation and reform will fall on the shoulders of local and state governments due to the fact that the effects of climate change will be experienced at a local level. If local and state governments are to bare this increased responsibility, sources of funding will need to be identified. It is not realistic to expect that state or local government will be able to absorb these costs given the increasing pressures on their budgets. Hence any recommendations need to take this into consideration.

Yours sincerely

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NSW Small Business Commissioner