



The Productivity Commission  
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Melbourne VIC 8003

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### **Submission - Draft Report: Barriers to Effective Climate Change Adaptation**

The report by the Productivity Commission is a significant piece of work, covers most of the key areas that are of concerns to those who work in the area of climate change adaptation, and will, hopefully, lead to some positive changes at both Government and private levels in Australia. I wish you well in your final deliberations on this important matter. I have four key points to make as described below.

My interest in this issue comes from my research and teaching interests, as well as the committee work I do for the State Government – I sit on the peak WA planning authority, the WA Planning Commission, and I chair WA's peak coastal planning body, the Coastal Planning Coordination Council.

#### Local Government

I agree that Local Government is crucial to managing climate change risk and in providing adaptation responses. My observations of Local Government in WA are that they are in the front line of adapting, are well ahead of the State Government but they are struggling to come to terms with the issues. A key and significant barrier to Local Governments in WA doing better at adaptation is the lack of leadership, and the absence of a State-wide climate change adaptation strategy, from the State Government.

#### Local Government and Market distortion

A critical response to climate change in some instances will be retreat from extreme fire, flood and coastal erosion risk areas. The insurance markets are already reacting by increasing insurance premiums for private properties in some of these areas. This should also be reflected in the market value of private property. In the coastal zone, these issues are particularly highlighted as property values are usually very high adjacent to the coast, and the impacts of climate change may lead to the actual disappearance of these private assets. There is a danger that Local Governments will spend public money to protect private assets (build walls), and this could lead to a market distortion. Alternatively, private owners may act independently to protect their assets. In both cases, the impacts may well lead to loss of public assets – loss of public foreshore and public access to beaches in front of these properties, and, accelerated loss of natural coastal ecosystems adjacent to these locations. Thus, the actual cost of adaptation is transferred from the private to the public, and possibly at the financial cost to the public. Differential rating in high risk zones is one way to equitable fund defence measures, but it would not address the cost of the loss of public access and ecosystems.

#### Land use planning needs to be flexible

I agree that this is critical to effective adaptation. There is, however, a significant cultural barrier to achieving flexible planning: planners and the planning system prefer to plan to fixed and certain outcomes (fixed zoning, freehold ownership over long-term leases etc). As well, the planning system typically approves a plan, a zone or a development, and moves on to the next application: there is not a strong history/culture of requiring, and carrying, out monitoring,

which is needed to inform future adaptive decision-making. When monitoring does occur, the cost is usually transferred to local government, who are already stretched for resources.

Part of the problem is that the actual costs of climate change adaptation in the high risk areas for greenfield site are not built into the costs for the private developer, and private developers have no incentive to recognise these cost and to either absorb those cost or pass them on to the purchaser. One solution would be to introduce a climate change adaptation tax or levy that internalises these costs.

Addressing and overcoming this barrier is, therefore, for the planning industry as a whole to address, and I would suggest that your report makes a recommendation along these lines.

Climate change risk data and information

Coastal vulnerability information is urgently needed in the key coastal growth areas. It is suggested that the first sentence on the recommendation on Information should conclude with words to the effect "and that information on coastal vulnerability and risk of erosion be made a priority".

I hope this submission is useful to you in your deliberations, and I thank you for the opportunity to discuss these matters with you.

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