

6 June 2014

Natural Disaster Funding
Productivity Commission
LB2 Collins Street East
MELBOURNE
VIC 8003

Delivered by email: disaster.funding@pc.gov.au

Natural Disaster Funding Arrangements

The Property Council of Australia welcomes the opportunity to provide input on the Productivity Commission Issues Paper examining natural disaster funding arrangements.

The Property Council represents the \$670 billion property investment industry in Australia. Our 2,000 member firms and 55,000 active industry professionals span the entire spectrum of the property and construction industry.

Our members operate across all property asset classes—including office, shopping centres, residential development, industrial, tourism, leisure, aged care, retirement and infrastructure.

Disaster resilience and mitigation strategies have significant implications for the property industry and the residential development sector in particular.

The Property Council is supportive of action to protect the community from natural disaster and has welcomed the Commission of Audit's recommendation to review disaster funding arrangements.

The industry supports the adoption of a national framework for resilience and mitigation measures, such as that developed by the Australian Sustainable Built Environment Council (ASBEC).

A national approach is important, especially in relation to establishing consistent principles guiding land use planning controls, which have the biggest potential to unfairly impact the property industry.

However, the Property Council does not support a 'competition policy' approach where disaster funding to the States is linked to 'back zoning' of development land.

Back zoning is not an effective first step to mitigating risk in these areas. It is a knee-jerk response that sterilizes developable land and distracts local government decision makers from delivering meaningful adaptation.

Rather, building should happen in such a way that minimises property damage and maximises prevention of injury and loss of life.

This requires a proactive approach from local government to work together with land owners to find win-win solutions. The community accepts this approach because they understand the risks associated with living in disaster-prone areas.

Indeed, under some circumstances it might be appropriate that intensification not take place on a particular site or in sections of a land parcel because of the risk posed by natural disaster. However this should not be a default position enforced under national agreements.

The Property Council supports the Australian Sustainable Built Environment Council's Built Environment Adaptation Framework.

The Framework demonstrates:

- industry's commitment to creating adaptive and resilient communities;
- the value of a strategic, risk-management approach to adaptation; and,
- the need for government and industry collaboration to remove barriers to improved adaptation activity.

Specifically, it supports improved planning systems and outcomes that could form part of a national framework, including:

- The appropriate coverage of climate change adaptation strategies within planning frameworks;
- Nationally consistent planning principles, policies and strategies;
- Innovative building and precinct designs to deal with future climate conditions, and;
- Integration of climate change considerations into strategic and precinct planning at the strategic planning and zoning stages, to provide certainty for industry and community.

The ASBEC Built Environment Adaptation Framework is attached with this letter.

We thank you for the opportunity to provide input to the Productivity Commission's review of natural disaster funding arrangements.

If you have any questions regarding the Property Council or this submission, please do not hesitate to contact me or William de Haer, Policy Manager—
Residential Development Council

Yours sincerely

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BUILT ENVIRONMENT ADAPTATION FRAMEWORK

The Australian Sustainable Built Environment Council (ASBEC) proposes an Adaptation Policy Framework to improve the resilience of the built environment in the face of climate change.

This Framework aims to:

- protect the wellbeing of communities through targeted policy initiatives and better urban and building design;
- ensure appropriate institutional arrangements to facilitate adaptation;
- realise economic benefits from early adaptation through effective strategic planning and risk minimisation;

1. ENGAGE WITH INDUSTRY

The Australian Government should establish a National Built Environment Adaptation Council which would:

- report directly to the Minister for Climate Change;
- be comprised of representatives of industry and the three spheres of government;
- be supported by a dedicated and properly resourced secretariat that can coordinate cross-jurisdictional and cross-departmental action as appropriate;
- provide a platform for dialogue on climate change adaptation and mitigation policy and strategies for the built environment using this Framework as the basis for action;
- facilitate the exchange of information and closer collaboration on adaptation strategies;
- sponsor research into the impacts of climate change on the built environment and appropriate adaptation measures; and
- develop mechanisms for community engagement on adaptation needs and actions.

- advance sustainability through better resource and risk management strategies; and
- increase community education and awareness about climate change risks and adaptation.

It outlines ten ways government can work with industry to deliver effective adaptation strategies.

For further information about this Framework and accompanying report please visit the ASBEC website www.asbec.asn.au

2. LEAD BY EXAMPLE

The three spheres of government should:

- set benchmarks to measure their performance in implementing adaptation strategies for their own operations;
- require the consideration of climate change impacts in tender documents for all relevant contracts;
- make all site relevant information, such as mapping, readily available through procurement processes, to support the assessment of climate change risks;
- streamline procurement processes to ensure there is minimal cost arising from any additional requirements;
- commit to undertaking adaptation work within their own facilities;
- work with private property owners to improve adaptation within properties leased by government, through the use of demonstration projects or 'green' lease clauses; and
- report annually on their performance against adaptation benchmarks.

4. PROVIDE BETTER ACCESS TO INFORMATION AND TOOLS

The Australian Government should:

- develop a national climate change risk allocation framework for the built environment to help governments, businesses and communities recognise, understand, and manage the risks they face. This will clarify:
 - what government predicts the biggest risks are likely to be and in what timescale;
 - how climate change risks are currently identified and managed; and
 - who will bear the cost of disasters caused by extreme weather;
- establish a 'one stop shop' climate change adaptation web portal and make it freely available. This will:

- provide information on national climate change data, such as expected temperature changes, flooding risk and other hazards, to facilitate adaptation decision making;
- help people keep up-to-date with the most recent advice and data provided to government;
- allow built environment professionals and communities to understand the predicted impacts of climate change for their local areas and to take appropriate action to enhance resilience; and
- give stakeholders access to information, case studies and tools to help with adaptation;

- work with state, territory, and local governments, in consultation with industry, to prepare case studies of planning and building decisions and leading practice approaches to adaptation;
- work with organisations such as Green Cross on national programs to encourage residents in high risk areas to assess and manage environmental risks;
- establish key performance indicators for measuring adaptation and resilience for all sectors of the community as part of a framework for monitoring and evaluating performance in the built environment; and
- prepare guidance to help local governments consistently manage hazards in high risk areas, including flooding, bushfires, coastal inundation, cyclones and storm surge.

3. SPONSOR APPLIED RESEARCH

The Australian Government should:

- under new funding arrangements, direct an organisation such as the National Climate Change Adaptation Research Facility (NCCARF) to:
 - establish formal mechanisms to consult with, and act upon the advice of, industry, government, and the community on an ongoing basis about their applied research needs and the practical application of existing and future research projects;
 - conduct an annual review of leading local and international climate change adaptation policies, approaches, and solutions for the built environment, including: regulation and regulation reform; tools and techniques; innovative incentives; and education strategies; and
 - develop a robust assessment of the nature, timing, impact, and consequences of climate change for the built environment, including mapping the ongoing hazard exposure to identify priority areas for intervention and preventative hazard mitigation;
- commission the National Built Environment Adaptation Council to work with Australian and State/Territory Treasury and Finance departments to develop cost benefit methodologies that appropriately value climate change adaptation; and
- work with the developers of existing building rating tools to identify opportunities to recognise adaptation activity.

ABOUT ASBEC

ASBEC is the peak body of key organisations that are committed to a sustainable built environment in Australia. ASBEC comprises industry and professional organisations, academic institutions, non government organisations and government observers who are involved in the planning, design, delivery and operation of our built environment and are concerned with the economic, social and environmental performance of the sector.

www.asbec.asn.au

6. PROVIDE INCENTIVES

The Australian Government should work with industry and its state, territory, and local counterparts to develop a suite of incentives to encourage early action on adaptation within the built environment, which might include:

- financial incentives for retrofitting existing building stock to greater resilience standards, such as:
 - targeted, interest-free loans;
 - grants;
 - accelerated depreciation;
 - stamp duty and land tax exemptions for buildings in high-risk areas that are being upgraded; and
 - assistance to reduce vulnerability for residents and businesses in high-risk areas;
- alternative financing mechanisms;
- climate resilience assessments for buildings;
- ‘green door’ development application processes for householders or businesses implementing adaptation initiatives and green design elements (an example is the City of Chicago’s Green Permit Program); and
- a possible buy-back program of vulnerable properties in high-risk areas where authorities might wish to discourage development or redevelopment.

5. INVEST IN EDUCATION

The Australian Government, in consultation with the National Built Environment Adaptation Council, should:

- institute a public education campaign on the likely impacts of climate change, such as increased extreme weather events, to encourage people to take adaptation action; and
- support funding programs for education and training for local government staff and built environment professionals in climate change adaptation strategies.

8. REVIEW BUILDING CODES AND STANDARDS

The Australian Government should:

- regularly review the content of the National Construction Code of Australia and its supporting standards to address climate change adaptation issues;
- improve the financial and logistical capacity of current building regulation and standards development processes to keep up to date with research and to ensure that potential climate change risks are continuously being addressed;
- reinforce the need for performance based approaches to building regulation to encourage innovations in products, building techniques, and design; and
- ensure through rigorous cost/benefit analysis processes that any changes to building regulations are reasonable, necessary, and cost-effective, and appropriately value climate change adaptation.

7. REFORM AND IMPROVE REGULATION

The three spheres of government should work together to:

- review all existing climate change regulation relating to the built environment to minimise duplication and red tape while improving outcomes; and
- identify regulations that might be improved to rectify barriers to climate change adaptation.

10. IMPROVE INSURANCE AND FINANCIAL SERVICES

The National Built Environment Adaptation Council should commission work to develop options for:

- the insurance sector that:
 - recognise the roles and responsibilities of insurers and government in providing coverage for areas at risk from climate change;
 - increase transparency around insurance funding and risk assessment processes;
 - provide plain English information about risks and the potential to obtain coverage;
 - ensure that renters and low income residents have access to appropriate insurance; and
 - examine the appropriateness of a reinsurance pool or other government-backed mechanisms to encourage insurers to insure properties in flood, cyclone, storm surge, or bushfire prone areas; and
- the financial services sector that improves its investment and lending strategies and processes to value risk and adaptation activity appropriately.

9. IMPROVE PLANNING SYSTEMS AND OUTCOMES

The Australian Government should work with state, territory, and local governments to:

- determine, including through community consultation, the appropriate coverage of climate change adaptation strategies within planning frameworks;
- promote the development and implementation of nationally consistent planning principles, policies and strategies;
- promote innovative building and precinct designs to deal with future climate conditions; and
- integrate climate change considerations into strategic and precinct planning at the strategic planning and zoning stages, to provide certainty for industry and community.