

NATIONAL LOCAL GOVERNMENT 2009

CLIMATE CHANGE DISCUSSION PAPER

Prepared to support Motions which Inform the Development of National Policy on Climate Change for Local Government

Preamble

Australia's (and the world's) climate is changing. Addressing climate change is arguably the greatest challenge that Australia confronts. Mitigation of greenhouse gas emissions and adaptation to the impacts of climate change will transform the Australian economy, environment and society as a whole.

Reducing Australia's greenhouse gas emissions and preparing Australian communities for the unavoidable impacts of climate change including increasing extreme temperatures, sea level rises, changing rainfall patterns and more frequent and intense climatic events, is a national priority for local government, and the diverse communities it serves.

At a national level the Australian Government has adopted a range of initiatives based on three pillars of climate change policy:

- reducing Australia's greenhouse emissions;
- adapting to climate change we cannot avoid; and
- helping to shape a global solution that both protects the planet and advances Australia's long-term interests.

Addressing climate change and managing the risks associated with climate change is a shared responsibility. Governments at all levels, businesses, individuals and communities need to manage the risks from climate change impacts and have incentives to do so.

Local government is at the forefront of mitigation and adaptation to climate change. Over the past decade in particular, local governments throughout Australia have demonstrated a real commitment to innovate and proactively reduce their carbon emissions. Initiatives include for example, participation in the Cities for Climate Protection (CCP) program, green purchasing, and methane capture and flaring on waste facilities.

Leadership by government on climate change is essential, particularly at this early stage in understanding and preparing for the impacts of climate change. At the national level the Australian Government is committed to the introduction of a Carbon Pollution Reduction Scheme (CPRS). This scheme is the Government's principal mitigation measure designed to reduce greenhouse gas emissions.

Adapting to climate change that is already built into climate systems is a major challenge. In December 2007, COAG agreed to establish a Working Group on Climate Change and Water. One of the tasks assigned to this group was work on long-term adaptation to climate change, including accelerating the implementation of actions agreed under the 2007 National Climate Change Adaptation Framework.

Under this Framework ‘...national, state and territory and local government have differing and complementary roles in climate change adaptation which includes:

- developing, implementing and reviewing policies and strategies, including regulation, standards and economic instruments. This includes integrating climate change considerations into existing policies and strategies;
- establishing and maintaining community and essential services to deal with the impacts of climate change, including emergency management and health services;
- building adaptive capacity, including providing tools and information, raising awareness of adaptation options, educating key professionals about adaptation and investing in climate change science as well as related social, ecological and economic studies; and
- managing risks from climate change to their own programmes, activities and assets, including natural ecosystems for which governments have management responsibility (eg crown land, state forest, national parks) and infrastructure (eg transport, electricity and water).’

Climate change is a diverse and complex issue. It impacts upon almost every policy area and function of councils. Local government, and other levels of government will need to prioritise and systematically address the climate change issues that impact the Australian community.

This paper identifies a range of key national climate change issues that have particular relevance to local government and the discussion is designed to stimulate ideas that may form the basis of motions from Councils to be considered at the National General Assembly of Local Government in June 2009.

Key issues:

- Tools, improved access to science and information to support decision-making;
- Carbon Reduction Pollution Reduction;
- Planning for the future;
- Actions to adapt locally;
- Natural environment & Biodiversity;
- Emergency management;
- Water Reform.

Tools and improved access to Science and Information

Understanding climate change and managing its impacts is a significant challenge for decision-makers. The knowledge and science of climate change is evolving very rapidly but there are substantial gaps in information. Key decision makers, including at local government level, need access to improved information, guides and tools

which are tailored to their field and scope of operation to enable effective decisions about adaptation.

Much of the required knowledge and technology will need to be developed at the national level but be capable of local application and interpretation. For example, the Digital Elevation Model (DEM) framework for the entire coastline, and standard methodologies for assessing costs and benefits of adaptation strategies and risk management guidelines.

As the science and information develops there is a need to ensure that professionals, such as engineers, planners, architects and natural resource managers, have the skills they need to deal with climate change impacts.

While ensuring that professional officers have the skills to deal with climate change, key decision-makers at a council level and administrative officers need legislative certainty to underpin particular planning decisions. It is therefore essential that policy instruments such as regulations, codes, standards and incentives provide a consistent national approach that promotes good planning for the impacts of climate change.

National leadership and investment are required, and action to address climate change will require commitments by all levels of government, industry and the community to work collaboratively.

Local government notes the work done by councils and state and territory governments on climate change and welcomes the Australian Government support in the production of a number of national tools and resources to assist councils to address climate change including:

- Climate Change Adaptation Actions for Local Government (2007) and
- Climate Change Impacts and Risk Management – A Guide for Business and Government (2006).

Local government also acknowledges the provision of funding programs such as the Local Adaptation Pathways Program by the Australian Government that has assisted more than 60 local governments under its first round of funding to undertake 33 projects at a cost of \$1.5 million. The majority of these councils were located in coastal and urban areas. Local government welcomes the announcement of a further \$500,000 for round 2 in early 2009.

Carbon Pollution Reduction Scheme

The Australian Government is committed to the introduction of a Carbon Pollution Reduction Scheme (CPRS) by 2010. The CPRS is the foundation of the Australian Government's whole of economy strategy to tackle climate change.

The scheme will make industries pay for the carbon pollution they generate and there will be a limit on Australia's contribution to global carbon pollution. The Government argues that introducing a cost on carbon pollution will drive investment in new technologies and create the jobs of the future. For example, Australia's

transition to a low pollution economy is expected to see the renewable energy industry grow to around 30 times its current size by 2050. Growth in this industry alone will provide significant job opportunities for Australians.

The CPRS is the primary mitigation measure developed by the Australian Government to reduce domestic greenhouse gas emissions.

The Australia Institute Ltd has estimated that the CPRS at \$20 per tonne could add an additional \$344 million annually to the operating cost of local government¹. It is important to note that these costs do not account for the additional costs of future adaptation or disaster mitigation measures that will be required to assist communities to cope with climate change we cannot avoid.

The additional costs estimated by the Australia Institute are significant, particularly given the financial sustainability challenges faced by local government. In its 2006 report on the national financial sustainability of local government, PricewaterhouseCoopers found that up to 30 per cent of Australian councils are already facing severe financial challenges, including a significant underspend and renewals backlog on infrastructure renewals.

Given the financial sustainability challenges faced by local government, it is likely that councils will have little choice but to pass on the full costs of the CRPS to local communities, through higher rates and/or increased fees and charges. It can be expected that councils will continue to implement strategies to reduce their emissions and in turn, costs arising through the CPRS. This might be achieved through the introduction of improved technologies, more efficient practices and behavioural changes by consumers.

While local government is very concerned about the impacts on communities resulting from these considerable additional costs, ALGA is particularly concerned about the differential cost burden that will fall unevenly across Australia's councils and regions. Modelling undertaken by National Economics for the 2007-08 and 2008-09 *State of the Regions Reports*, commissioned by ALGA, indicates that the financial burden on households and communities resulting from climate change including the CPRS, will be greatest in rural and regional areas.

The Australian Government must work with ALGA to ensure that the costs of climate change and the CPRS in the short to medium term do not fall disproportionately upon councils or those communities most vulnerable to structural change.

ALGA notes the inclusion of energy efficiency measures in the February 2009 National Building and Jobs Plan (Fiscal Stimulus Package) with the provision of subsidies for home and rental insulation.

Planning for the Future Program

¹ Australia Institute Ltd media release "Emissions trading to cost local councils \$344 million," 1 September 2008.

Beyond the changes brought about by the introduction of the CPRS, communities will be required to plan for the anticipated impacts of change in the climate system and flow-through consequences on infrastructure, agriculture, health and general wellbeing. Local government has a major responsibility to plan for the long-term sustainability of local communities.

All councils have a range of corporate management and community plans in place. Each of these needs to be reviewed and updated to address comprehensively climate change and adaptation considerations.

These reviews and up-dates to plans should be based on the best and latest available information and assessment of climate change risk.

As further information on climate change is provided by authorities such as the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Bureau of Meteorology (BOM), there is a need for all councils to review and update many of their existing plans. Such reviews should be informed by a robust assessment of risks based on best available scientific data on region-specific impacts of climate change. Local government fully supports investment in the Australian Government's foreshadowed expert panel to provide region specific information to local government.

Actions to Support Local Adaptation

Implementation of climate change and adaptation plans will require resources. Some plans will identify a range of initiatives and changes to existing practices, and the cost of implementation might be expected to be met, over time, within councils' normal operating budgets. However, it is expected that there will be a number of urgent and capital intensive adaptations that will be required. For example, recent coastal storm activity has demonstrated the vulnerability of urban and rural lands along the coastline. Improving the resilience of infrastructure, land use planning and introducing long-term strategies such as the re-location of assets at risk, will be required.

ALGA acknowledges and supports the Australian Government's election commitment to allocate \$100 million for a five-year Community CoastCare Program to help coastal communities protect the Australian coastline and prepare for the impacts of climate change. However, it is noted that the Community CoastCare Program is not focused on built assets, which means that it is also not linked to the planning responsibilities of local government.

Natural Environment

Local government plays a vital role in environmental management including biodiversity conservation at the local and regional levels. Councils play a key role in planning and implementing environmental policies and programs. In 2002-03 local government spent \$2.6 billion on environment protection and \$1.9 billion on natural resource management (ABS 2002 – 03) out of total expenditure of an estimated \$17.66 billion. Current ABS data is not available, however if local spending on the

natural environment has maintained its proportion of total spending it will probably exceed \$5.6 billion.

All local governments in Australia, irrespective of their size or location, make a significant contribution to the management and protection of Australia's natural resources. As the sphere of government closest to the community, local government is responsible for good governance and the care and protection of local communities within a framework of sustainable development. As managers of public land and land use planners, local government is responsible for policy development and implementation of land use planning as well as regulating a wide range of activities that may impact upon natural resource management (Binning et al. 1999). Local government also has a key role to play in translating the policies of Commonwealth and state governments into on-the-ground projects.

Commonwealth and state governments need to recognise that local government has a range of functions, powers and responsibilities at its disposal to influence natural resource management - on both private and public land. These include:

- *strategic planning* through land use strategies and planning schemes;
- *development assessment* of given activities and works on freehold land and crown land (except national parks and state forests) through development consent powers (e.g. setbacks, density restrictions, clearing controls, erosion and sediment management, waste disposal - including pollution control);
- *enforcement powers* for development consent conditions, waste management and unauthorised land uses e.g. land clearing, drainage, filling, unauthorised construction and some pollutant (including sediment) discharges;
- *administrative responsibility* for state agency coordination through integrated planning, licensing and development concurrence;
- *stormwater management* and control; sewerage and drainage works and flood control and planning;
- pest, plant and animal *risk control measures*;
- influence over land clearance patterns through *incentive programs* (planning scheme, rate differentials, levies, rural fire management and developer contributions);
- *management of local open space* to restore remnant vegetation and recreate habitat;
- *tourism development*; and
- primary advocate for and *coordinator of local community groups* and interests

Local government recognises that Commonwealth and state governments have taken a number of significant initiatives to develop high level policies and programs to manage, protect and enhance the natural environment.

Local government notes the Government's commitment to Caring for our Country. This program aims to achieve an environment that is healthy, better protected, well-managed and resilient, and provides essential ecosystem services in a changing climate. The Australian Government has allocated a total of \$2.25 billion to Caring for our Country from 2008–09 to 2012–13.

The Australian Government aims to achieve the strategic goal of “Caring for our Country” by focusing on six national priority areas: the National Reserve System; biodiversity and natural icons; coastal environments and critical aquatic habitats; sustainable farm practices; natural resource management in northern and remote Australia; and community skills, knowledge and engagement. The Government has identified five year outcomes for each of these priority areas, to be achieved by 2013. In order to achieve the strategic results required for “Caring for our Country”, the Australian Government encourages the development of strategic partnerships that will be well-placed to address multiple targets.

Water Reform

The sustainable management of our water resources is one of the most significant issues currently facing our nation, governments, stakeholders and the broader community. At the June 2004 Council of Australian Governments (COAG) meeting, the National Water Initiative (NWI) Agreement was signed by the then Prime Minister, Chief Ministers and Premiers (with Tasmania and Western Australia signing in 2005 and 2006 respectively). The NWI is a framework for undertaking a national approach to better managing our water resources.

Under the NWI, governments have made commitments to:

- prepare water plans with provision for the environment;
- deal with over-allocated or stressed water systems;
- introduce registers of water rights and standards for water accounting;
- expand the trade in water;
- improve pricing for water storage and delivery; and
- meet and manage urban water demands

In December 2007 COAG established working groups to implement its work agenda on a range of priority issues including the NWI. The Australian Government Minister for Climate Change and Water chairs the Working Group on Climate Change and Water (WGCCW). Other members of the WGCCW are officials from the states and territories and a representative from the ALGA. The WGCCW was asked to provide COAG with proposals to ensure sustainable water use across Australia, as well as on climate change issues.

At the July 2008 COAG meeting, the Intergovernmental Agreement on Murray-Darling Basin Reform (IGA) was signed. The IGA provides for the establishment of co-operative, efficient and effective planning and management arrangements for the Basin's water and other natural resources, and will enable the social, environmental and economic values of the Murray-Darling Basin to be protected into the future.

A key reform of the IGA was bringing the Murray-Darling Basin Authority and the Murray-Darling Basin Commission together into a single institution, to be known as the Murray-Darling Basin Authority.

The Murray-Darling Basin is one of Australia's largest drainage systems and covers one-seventh of the continent. The Murray-Darling Basin is very important for Australia's biodiversity, for rural communities and the economy.

On 15 December 2008, the new Murray–Darling Basin Authority (MDBA) absorbed all the functions of the former Murray–Darling Basin Commission, which ceased to exist. The MDBA is responsible for planning the integrated management of water resources of the Murray–Darling Basin. In addition to the Commission’s former functions, the new Authority’s role will include:

- preparing the Basin Plan for adoption by the Minister for Climate Change and Water, including setting sustainable limits on water that can be taken from surface and groundwater systems across the Basin;
- advising the Minister on the accreditation of state water resource plans;
- developing a water rights information service which facilitates water trading across the Murray–Darling Basin;
- measuring and monitoring water resources in the Basin;
- gathering information and undertaking research; and
- engaging the community in the management of the Basin’s resources.

Local government believes that high priority should be given to water saving and recycling initiatives particularly in urban and regional centres. Given the effects of climate change, drought and heightened awareness of the need for water conservation at the community level, improved security of supply, and associated water infrastructure, local government recognises the need for increased water recycling and water sensitive urban design initiatives.

Managing Emergencies

On average each year, 50 people lose their lives as a direct result of natural disasters, 1,500 are injured, 250,000 are affected in some way, and the economic cost to communities is around \$3 billion². The Report to COAG on Natural Disasters in Australia (August 2002) states that climate change is likely to result in an increase in the number and intensity of severe weather events. More recent reports such as the CSIRO/BOM Technical Report 2007 reinforce this finding. Local government believes that all levels of government including in particular, the Australian Government, will need to increase provisions for natural disaster mitigation.

Local government supports the need to renew and enhance the Natural Disaster Mitigation Program (NDMP). The existing program provides approximately \$20 million per annum. This funding is currently required to be matched by local government and State governments on a matching formula of 1:1:1. In addition, a further \$5 million per annum is provided by the Commonwealth for bushfire mitigation.

Local government believes that in recognition of the projections for more wide spread and severe impacts of natural disasters exacerbated by climate change (e.g. storm surge, increased inundation of land previously not considered at risk, and more severe bushfires) Australian Government funding for a disaster mitigation program should be consolidated and increased. In addition, the increased exposure and thus the requirement for higher investment in this area is beyond the capacity of local

² Attorney-General’s Department report, *Working Together to Manage Emergencies: Strategic Plan to Nationally Enhance Emergency Management in the Community*.

government and the requirement for matched expenditure should be returned to a formula of 2:2:1, with \$2 of investment provided by both the Commonwealth and State governments for every \$1 provided by local government. The recent experiences with disasters in Victoria and Northern & Western Queensland reinforce the need for greater investment in natural disaster mitigation.

National General Assembly Motions

Councils are encouraged to consider the issues raised in this discussion paper to help stimulate motions for consideration by the National General Assembly in June 2009. The questions are thought starters. It is not expected that councils will develop motions to address all of these questions, or that councils be limited to the issues raised in the document. Please read the guidelines for submitting motions on the ALGA website in conjunction with this paper.

Discussion Points

- Are there other matters that need to be considered in developing climate change policy that are not covered in the Australian Government's three pillars of climate change policy as outlined above?
- Do councils have access to sufficient tools, information or access to science to respond to climate change? Are there gaps in knowledge? How can councils access to science and information be improved?
- Will pricing pollution change behaviour the patterns of consumption of energy by councils? How should costs be recovered? Are there other ways that the Australian Government, at reasonable cost, can support councils and their communities to reduce carbon emissions?
- How can local governments further reduce greenhouse emissions within their own business operations? How can councils assist their communities to reduce greenhouse gas emissions?
- Are there other mitigation measures that would complement the CPRS that should be adopted by the Australian Government and local government to reduce carbon emissions?