

# Appendix D: Productivity Commission Report

An important backdrop for the policy discussion is an understanding of the *Productivity Commission Report into Climate Change Adaptation* (or PC Report) and the Government's response to this (Productivity Commission, 2012 and Australian Government, 2013).

Specifically, the Government has agreed to consider whether, for example, Australian businesses and households are aware of the risks of climate change; have the decision-making tools to plan for climate change impacts such as extreme weather events in the face of uncertainty; and have the capacity and resources to translate awareness of climate change into action.

Further, the Government has agreed to consider policy reform for improving resilience and preparedness to natural disasters, particularly in areas where hazards are already high and where it is likely to deliver net benefits. The cost benefit analysis produced by the paper provides useful evidence to inform the focus of the Government's efforts.

It is important to note that recommendation 11.1 (below) regarding mitigation for existing settlements is only 'noted' by the Government. However, this is an area highlighted by the paper as the hardest but most important area for resilience action.

The key PC Report recommendations of relevance for the paper are:

## Assessing reform options and identifying priority reforms

### Recommendation 5.1

- Reforms to address barriers to effective climate change adaptation should be assessed on a case-by-case basis to determine whether they are likely to deliver net benefits to the community. This should include consideration of any risks to their implementation
- If there is a high degree of confidence that reforms will deliver net benefits, they should be implemented without delay
- If there is uncertainty about the net benefits of reform options, there could be a case for delaying implementation or adopting a flexible approach until decision makers have better information on the factors that affect their decisions, particularly if the up-front costs are large and the benefits are likely to be distant.

*Australian Government response: Agreed in principle.*

## Information provision

### Recommendation 7.1

The Australian Government initiative to improve the coordination and dissemination of flood-risk information should proceed in the most cost-effective way, be regularly updated and expanded over time to encompass other natural hazards. Guidelines to improve the quality and consistency of risk information should also be regularly updated and take climate change into account where feasible.

*Australian Government response: Agreed.*

## Land-use planning

### Recommendation 9.1

- As a priority, state and territory governments should ensure that land-use planning systems are sufficiently flexible to enable a risk management approach to incorporating climate change risks into planning decisions at the state, territory, regional and local government levels. Consideration should be given to:
  - Transparent and rigorous community consultation processes that enable an understanding of the community's acceptable level of risk for different types of land use
  - The timeframe of risks and the expected lifetime of proposed land use
  - The costs and benefits of land use.
- State and territory governments should provide appropriate guidance to local governments to implement these provisions in local government schemes.

*Australian Government response: Agreed in principle.*

## Existing settlements

### Recommendation 11.1

- The Council of Australian Governments should commission an independent public inquiry to develop an appropriate response to managing the risks of climate change to existing settlements. The inquiry should:
  - Explore, via extensive consultation with all levels of government and the community, in a variety of locations, the community's acceptable levels of risk for public and private assets
  - Identify the options available to manage climate change risks to these assets
  - Assess the benefits and costs of each option
  - Establish policy frameworks that can be applied by state, territory and local governments.
- State and territory governments should draw on the findings of the inquiry to:
  - Manage risks to their own assets
  - Clarify roles and responsibilities for managing climate risks for each level of government and the community
  - Provide appropriate support to local governments that face capacity constraints.

*Australian Government response: Noted.*

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Mitigation for existing settlements is the hardest but most important area for resilience action