

Roles and Responsibilities for Climate Change Adaptation in Australia

Introduction

Governments at all levels, businesses, households and the community each have important, complementary and differentiated roles in adapting to the impacts of climate change.

As with current risk management in Australia, local initiative and private responsibility will be at the forefront of climate change adaptation in Australia, with the most significant benefits flowing directly to those who plan well to adapt to anticipated changes.

This document sets out the principles for the management of climate-change risks, and roles and responsibilities for adapting to climate change within the three tiers of government: Commonwealth, State and Territory and Local. The principles underlying this document are summarised at Appendix 1. It does not attempt to address issues of resourcing and capacity.

Adaptation and risk management

Governments and private parties (including individuals, groups and businesses) currently manage a range of risks. Moreover, climate and weather-related risks have always been present so private parties and governments have long experience in managing these specific risks. Management of climate change risks is often an extension of existing risk management, albeit in a future context where adverse events may occur with greater severity and frequency, and adverse events may occur in different places due to climate change. In some cases climate change may see the emergence of new risks. Risk management for climate change should build on existing effective climate risk arrangements.

Roles and responsibilities between government and private parties

An important foundation for building successful risk management responses is determining responsibility for managing each risk. Risks will be dealt with most efficiently, effectively and appropriately by recognising and empowering those who are best placed to manage them.

For risk management to be effective in practice, risk bearers need to understand and accept their climate change risks and responsibility to manage them. Parties with a clear understanding of their climate change risks and responsibilities will be better placed to identify those actions that are necessary to manage these risks. Risk management approaches for dealing with these risks should best suit their specific circumstances and preferences of those affected.

It is not feasible, nor appropriate, for governments to bear all the costs of adapting to the impacts of climate change. It would also be inefficient and inappropriate for governments to make decisions on behalf of businesses and individuals that are better placed to understand and manage their own risks. Further, given that most of the assets and activities at risk from climate change are owned or managed by businesses or the community, it is reasonable to expect businesses and the community to manage their exposures.

Private parties should continue to take responsibility for their own actions, assets, investments and risks while public actions and policies should be carefully targeted and

should not undermine the incentives for, or capacity of, private parties to individually manage risk.

The basic principle of the management of climate change risk should be as follows:

- Private parties should be responsible for managing risks to private assets and incomes.
- Governments – on behalf of the community – should primarily be responsible for managing risks to public goods and assets (including the natural environment) and government service delivery and creating an institutional, market and regulatory environment that supports and promotes private adaptation.

While government policies will influence private sector activity, much action in adapting to anticipated climate change in Australia will need to be undertaken by private parties who respond to climate change risks in the same way they respond to other risks potentially affecting their livelihoods. Capacities of private parties and governments to adapt to climate change may differ depending on their exposure to risk, and access to resources and knowledge.

Role of private parties

While acknowledging that some groups face particular structural and other disadvantages, individuals, groups and businesses are usually best placed to manage risks to their own assets and activities from climate change impacts. The benefits private parties receive from managing their own risks, for example protecting private assets and incomes, are a strong incentive to act.

In order to manage risks from climate change impacts private parties need to:

- be aware of the risks and their responsibility for managing them;
- take steps to understand the magnitude and nature of the specific risks to their assets and activities; and
- develop and implement strategies and actions to manage the risks.

Private parties will be supported in their efforts to manage risks from climate change impacts by:

- Well-functioning markets. Markets can provide strong incentives for adaptation through a price signal. In addition, markets can provide financial mechanisms to help manage risks (eg. insurance);
- Regulations that promote effective adaptation. Where markets cannot provide effective ‘signals’ to promote adaptation, changes to the regulatory environment may be necessary. Examples may include building codes, land use planning, and standards for the design of infrastructure;

- Public good information, delivered by governments at all levels, to support adaptation planning; and
- Delivery of public goods and services such as emergency management, public health, and flood and coastal protection in a manner that takes the impacts of climate change into account.

The ability to manage risks from climate change impacts is often referred to as ‘adaptive capacity’. It will be important for Australian businesses and communities to build their adaptive capacity. This will include investing in the development of skills required to manage risks from climate change impacts and allocation of any resources that are required to manage risks. Governments will have an important support role, as discussed in sections 5 and 6.

Role of governments

Governments are primarily responsible for creating the right conditions and incentives for private parties to manage risks from climate change impacts and make efficient investment decisions, and for managing risks to public assets and service delivery. Government activities should also help build the adaptive capacity of individuals, groups and businesses. Some special strategies building on existing social support arrangements may be needed to build capacity in particularly vulnerable communities.

Providing information for private parties to adapt

Private parties can only take effective action to adapt to climate change if they are well informed about its potential impacts and risks. It is in the interests of private parties to invest in the specific information they need to assess and manage their risks from the impacts of climate change. However, governments have a role in providing information which has broad public benefit (such as high quality, regionally specific climate projections) to build understanding and better inform decision making across both the public and private sectors.

Setting the right conditions for private parties to adapt

Governments must ensure that regulatory arrangements and policy settings do not distort private incentives and ‘market signals’ and facilitate climate change adaptation. Governments also need to ensure that risk is appropriately recognised and the responsibility for its management apportioned and communicated. Policy instruments, such as land-use planning, codes and standards or environmental or public health legislation, can play an important role in clarifying and strengthening incentives and private responsibility.

Public assets and services

Governments provide public goods and services and manage public assets. These include, for example, providing flood and coastal protection, emergency management, public health and safety measures, and natural resources protection, as well as managing public assets such as public lands, national parks and reserve systems and government-owned infrastructure.

Governments, like private parties, should ensure that climate change risks are appropriately factored into their management and funding of public assets.

Responsibilities of different levels of government

The three levels of governments in Australia have different responsibilities and therefore have differentiated, yet complementary, roles in helping Australia adapt to the impacts of climate change. In many cases climate change adaptation will be most effectively managed by a single State, Territory or Local Government. In other cases, a combined response by several governments or tiers of governments will be required.

Identifying the roles of government in adapting to climate change is the first step in building a coordinated approach. Once the roles of government are broadly agreed, responsibility for specific tasks can be attributed to the most appropriate tier (or tiers) of government. Division of government's adaptation task across Australia's three levels of government should balance local capacity, knowledge and expertise against national interest considerations, taking particular account of the benefits of national coordination, existing responsibilities and accountabilities, and the diversity of impacts likely to be felt across the nation.

Addressing risks, and managing and adapting to climate change impacts, will be a long-term obligation for all tiers of government. Working collaboratively and, from time to time, evaluating adaptation tasks across governments, will assist to most efficiently and effectively deal with climate change risks.

The Commonwealth

The Australian Government has stewardship of the national economy and is responsible for promoting Australia's national interests more broadly. As climate change will impact on virtually every sector of the economy and society, the Commonwealth will need to take a leadership role in positioning Australia to adapt to climate change impacts that may affect national prosperity or security. By exercising its role the Commonwealth will help to improve adaptive capacity and build climate resilience. In some cases this will require targeted action, for example the Australian Government manages some important assets – including natural assets such as Kakadu – that are vulnerable to the impacts of climate change. In other cases the Commonwealth will play a role in driving and coordinating national reform efforts.

The Commonwealth will:

- Provide national science and information. High quality national and regional climate projections are needed for effective adaptation to the impacts of climate change. The Australian Government is well placed to generate and coordinate most of the important public good science and other information that will be needed. Much of this information is too costly for individual businesses, groups or local governments to generate for use in adaptation planning. This role will include:
 - managing climate change science and national adaptation research to allow Australia to effectively adapt to the impacts of climate change, including developing agreement on a national research program and collaborating with

States and Territories to ensure a consistent approach to regional climate projections, climate change impact modelling and reporting;

- facilitating national adaptation forums to share research, information and experience in adapting to climate change in different jurisdictions; and
 - working effectively with State, Territory and Local Governments in the development and verification of assessment tools (eg. risk assessments, including modelling).
- Manage Commonwealth assets and programs. The Commonwealth owns or manages a large portfolio of assets at risk from climate change impacts. Commonwealth assets include defence facilities and some national parks and reserves. These risks will require careful management.

Climate change impacts may also affect the delivery of a range of public good services for which the Commonwealth either has significant responsibility or provides substantial funding. These include environmental protection, community health, emergency management and national security.

The Commonwealth will therefore need to ensure it is factoring climate change considerations into its own operations, through embedding climate change in its policy making and asset management. This role will also include:

- embedding climate change impacts into existing risk management frameworks for national portfolios; and
 - working with states and territories and local government in managing climate change risks to public assets that are identified as being of national significance and for which the Commonwealth has some responsibility.
- Provide leadership on national adaptation reform. Some climate change risks have the long-term potential to undermine the national economy, national security or affect natural systems of national significance. The Commonwealth has a responsibility to lead national reform to ensure Australia is well placed to deal with these risks. Further, while many adaptation decisions will be based on local conditions, it will be important, where necessary, to take a consistent approach on some issues. The current and ongoing water reform process is an example of a national reform for promoting effective adaptation.

The Commonwealth will collaborate with States and Territories in setting and implementing national priorities and regional priorities of national significance, creating opportunities for sharing knowledge with the States and Territories, and ensuring the effective operation of market mechanisms to encourage adaptation by the private sector. In some cases, legislative and regulatory reforms at the State, Territory or Commonwealth level may be required to implement aspects of the reform program. The Commonwealth's role in leading the national adaptation reform will include:

- ensuring that national efforts to adapt to climate change meet any relevant international treaty requirements;
 - working with States, Territories and Local Governments to establish national adaptation priorities to protect the national economy, security and interests including natural systems of national significance, and a set of implementation activities in relation to the priorities;
 - working with State, Territory and Local Governments to develop a consistent approach in adaptation responses where there is a need, for example through codes and standards for engineering works and buildings, and in relation to educational programs;
 - working with State, Territory and Local Governments to establish and implement monitoring and evaluation for nationally coordinated policies, programs and research to ensure adaptation responses are effective and well-targeted;
 - consider the needs of vulnerable communities.
- Maintain a strong, flexible economy and a well-targeted social safety net. A strong flexible economy will help Australia adapt to climate change impacts by ensuring resources are available to respond to climate change and can be deployed efficiently. A strong and flexible economy will also ensure price signals – such as through insurance markets – are able to drive efficient decision making.

A strong social safety net is essential to assist those who may otherwise have difficulty in adapting, especially for vulnerable groups, such as the aged, the poor and Indigenous communities. It is envisaged that support to these groups would be delivered through the existing social welfare system, as far as possible.

State and Territory Governments

State and Territory Governments deliver a broad range of services, administer a significant body of legislation and manage a substantial number of assets and infrastructure, including assets and infrastructure of national significance. Climate change impacts will directly impact upon State and Territory services, assets and infrastructure.

The focus for State and Territory Governments will be on ensuring appropriate regulatory and market frameworks are in place, providing accurate and regionally appropriate information, and delivering an adaptation response in areas of policy and regulation that are within the jurisdiction of the state. This includes key areas of service delivery and infrastructure, such as emergency services, the natural environment, planning and transport.

States and Territories will:

- Provide local and regional science and information. This role will include:
 - Collaborating with the Commonwealth and other States and Territories as part of a national climate projections program to develop and implement a consistent approach to regional climate projections, climate change impact modelling and reporting;
 - Collaborating with the Commonwealth and Local Government to develop other public good information and analytical tools that are most efficiently produced at the national scale (eg. approaches to understanding costs and benefits of adaptation actions, methods for assessing vulnerability and risks); and
 - Delivering local and regional science and information where that information is most effectively delivered at the local and regional scale (eg. where links with ecological, biophysical or social processes are critical such as fine-scaled projections of inundation or coastal erosion) to assist both government and private parties in assessing climate risks and adapting to climate change.
- Manage State and Territory assets and programs. This role will include:
 - managing risks and impacts to public assets (including natural assets) and infrastructure owned and managed by the State or Territory Government;
 - cooperating with other jurisdictions to manage risks from climate change impacts to assets that cross state boundaries, eg. natural assets, national electricity network;
 - managing risks from climate change impacts to services provided by State and Territory Governments in areas such as emergency management, transport, land-use planning, environment, health services and public housing, within national frameworks where applicable;
 - managing risks through new state planning, property and environmental policy and legislation to ensure an appropriate environment for effective adaptation by asset owners, or providers of infrastructure (both private and public); and
 - cooperating where necessary with other jurisdictions on plans to manage risks to service delivery from climate change impacts, such as emergency services.
- Working with the Commonwealth to implement the national adaptation reform. This role will include:
 - working with the other jurisdictions to establish and implement national adaptation priorities;
 - working with other jurisdictions to develop a consistent approach in adaptation responses where there is a need, for example through codes and standards for

engineering works and buildings and implementing these through regulatory instruments, and in relation to educational programs where national consistency is required; and

- working with other jurisdictions to establish and implement monitoring and evaluation arrangements to ensure effective and well-targeted implementation of nationally significant adaptation responses.
- Encouraging climate resilience and adaptive capacity. This role will include:
 - promoting a risk management response to climate change adaptation by government and the private parties through appropriate forums, for example communicating changes in bushfire risk through emergency management organisations and communicating climatic changes to providers of infrastructure (both private and public);
 - ensuring State and Territory regulatory and market frameworks promote effective adaptation by private parties, using market mechanisms where these are likely to be most effective;
 - ensuring existing and new state planning, property and environmental legislation and policy encourages effective adaptation by asset owners and managers;
 - working with the Commonwealth government to identify and implement priorities to improve adaptive capacity and strengthen climate resilience in vulnerable communities; and
 - supporting Local Government to facilitate building resilience and adaptive capacity in the local community and to ensure that policies and regulations are consistent with State Government adaptation approaches.

Role of Local Governments

Local governments are responsible for a broad range of services, the administration of a range of Commonwealth, State and Territory legislation, and the management of a substantial number of assets and infrastructure, including assets and infrastructure of local, regional, state and national significance.

Local governments are on the frontline in dealing with the impacts of climate change. They have a critical role to play in ensuring that particular local circumstances are adequately considered in the overall adaptation response and in involving the local community directly in efforts to facilitate effective change. They are strongly positioned to inform State and Commonwealth Governments about the on-the-ground needs of local and regional communities, to communicate directly with communities, and to respond appropriately and in a timely manner to local changes.

Local Governments will:

- Administer relevant state and territory and / or Commonwealth legislation to promote adaptation as required including the application of relevant codes, such as the Building Code of Australia;
- Manage risks and impacts to public assets owned and managed by local governments;
- Manage risks and impacts to local government service delivery;
- Collaborate across councils and with State and Territory Governments to manage risks of regional climate change impacts;
- Ensure policies and regulations under their jurisdiction, including local planning and development regulations, incorporate climate change considerations and are consistent with State and Commonwealth Government adaptation approaches;
- Facilitate building resilience and adaptive capacity in the local community, including through providing information about relevant climate change risks;
- Work in partnership with the community, locally-based and relevant NGOs, business and other key stakeholders to manage the risks and impacts associated with climate change; and
- Contribute appropriate resources to prepare, prevent, respond and recover from detrimental climatic impacts.

GUIDING PRINCIPLES FOR THE MANAGEMENT AND ALLOCATION OF CLIMATE CHANGE RISKS

Risk management for climate change should build on existing climate risk arrangements.

Climate-related risks should generally be assigned to those best able to manage them, favouring a reliance on local initiative and private responsibility where the benefits of adaptation accrue to those undertaking the response and where there are no third party spill overs.

Private parties will continue to take responsibility for their own actions, assets, investments and risks.

Governments should respond to market failures and regulatory failures that prevent effective and efficient climate change risk management, focusing on:

- providing best available information about climate change to facilitate climate change adaptation by the private sector;
- making information accessible and useable;
- ensuring that regulations, markets and institutions promote effective private climate risk management;
- managing risks to public goods/assets and government service delivery;
- taking account of climate change risk in policy and planning; and
- helping build capacity and resilience, where required, particularly to assist vulnerable individuals, groups, regions and communities.

Government decision-making and adaptation actions should:

- be based on the best available science;
- be cost-effective;
- be regularly reviewed to meet changing circumstances; and
- enhance social inclusion.

Public actions and policies should be carefully targeted and should not undermine the incentives for, or capacity of, the private sector to individually manage risk.

Allocation of government's adaptation task across Australia's three levels of government should balance local knowledge and expertise against national interest considerations, taking particular account of the benefits of national coordination, existing responsibilities and accountabilities, and the diversity of impacts likely to be experienced across the nation.