

To: Minister for Energy and Emissions Reduction

MEETING WITH THE EMERGENCY LEADERS FOR CLIMATE ACTION

Timing: For meeting on 11.30AM Tuesday 3 December 2019

Meeting with:

- The Hon David Littleproud MP, Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management; and
- Emergency Leaders for Climate Action representatives (More details at **Attachment C**)
 - Mr Greg Mullins AO, AFSM
 - Mr Lee Johnson AFSM
 - Mr Mike Brown AM, AFSM
 - Mr Ewan Waller AFSM

Prior meetings: None

Proposed note taker: Chris Johnston, Assistant Secretary, Climate Change Policy Branch

What we want:

- Affirm the Australian Government's commitment to reduce disaster risk and enhance disaster preparedness, including through addressing the impacts of climate change.
- Note the Australian Government's main role in climate change adaptation is to provide national information needed for government, businesses and communities to manage climate change risks.

What they want:

- Emergency Leaders for Climate Action will communicate concerns relating to the threat of climate change and the impact of worsening extreme weather events on emergency services and communities. The group released a public statement on extreme weather and climate change earlier this year (**Attachment D**).

Issues and Sensitivities:

- There has been recent media coverage relating to requests by the Emergency Leaders for Climate Action group to meet with the Prime Minister.

Consultation: YES - Disaster Risk Reduction Branch, Department of Home Affairs

Attachments:

- A:** Talking points
- B:** Background
- C:** Biographies
- D:** Emergency Leaders for Climate Action statement

Clearing Officer: Sent: 2/12/2019	Chris Johnston	Assistant Secretary, Climate Change Policy Branch	Ph: 02 6159 7527 Mob: §22
Contact Officer:	§22	Director, Climate Adaptation, Risk and Science	§22

Talking Points

- The Australian Government accepts the science of climate change and takes its advice from the Bureau of Meteorology and the Commonwealth Scientific and Industrial Research Organisation (CSIRO).
 - The Bureau of Meteorology and CSIRO reported in their 2018 State of the Climate report that there has been an increase in extreme fire weather, and a longer fire season, across large parts of Australia.
- Under the Paris Agreement the Australian Government has committed to reducing emissions by 26 to 28 per cent below 2005 levels by 2030.
 - This national target is achievable and responsible, and is part of coordinated global action to deliver a healthy environment for future generations while keeping the Australian economy strong.
- Australia has a comprehensive suite of policies to meet its emissions reduction commitments, encourage innovation and expand the clean energy sector.
 - Building on existing measures, the Government's Climate Solutions Package is a \$3.5 billion investment which maps out how Australia will achieve the final 328 million tonnes of estimated abatement needed to meet the 2030 Paris target.
- The Government's 2015 National Climate Resilience and Adaptation Strategy recognises that governments, businesses, households and communities all have different but important roles in managing climate risks.
- Activities to mitigate and adapt to local climate change impacts are a responsibility of state and local governments.
 - Most State and Territory Governments and local councils have or are developing climate change adaptation strategies.
- The Commonwealth Government is responsible for providing national climate science information and managing climate risks to its own policies, programs and assets.
- The Australian Government coordinates strategic direction for disaster and climate risk management through the Disaster and Climate Resilience Reference Group.
 - It is co-chaired by the Department of the Environment and Energy and the Department of Home Affairs and includes senior officials representing each Australian Government department and key science agencies.
- The Government is working to understand and manage its climate risks and continues to invest in improving climate change and disaster risk information.
 - For example, \$6.1 million over three years has been allocated to improve climate information for the electricity sector from 2018-2019. The project will improve long-term operational and strategic planning for electricity infrastructure by making climate change data easier to use for decision-makers.

Background

Bushfires and climate change

- *The 2018 State of the Climate report by BOM and CSIRO found:*
 - There has been an increase in extreme fire weather, and a longer fire season, across large parts of Australia.
 - The duration, frequency and intensity of heatwaves have increased across large parts of Australia since 1950.
 - Rainfall has decreased in south-west Australia since the 1970s and in the south-east since the 1990s.
 - Regional climate change projections by BOM and CSIRO found that southern and eastern Australia are projected to experience harsher fire weather.
 - Projected warming and drying in southern and eastern Australia is likely to lead to fuel loads that are drier and more ready-to-burn, with increases in average forest fire danger index and a greater number of days with severe fire danger.

Emergency Leaders for Climate Action

- Emergency Leaders for Climate Action is a project of the Climate Council.
 - Greg Mullins, a founding member of the Emergency Leaders for Climate Action group, is also a councillor with the Climate Council.
 - The group was established in 2019 and comprises 23 former senior Australian fire and emergency service leaders.
- The aim of the group is to communicate concerns around the seriousness of the threat of climate change and advocate for action to tackle climate change, prepare for worsening extreme weather events and advocate for resources for fire and emergency services.
- The group has released a statement calling for action by Commonwealth and State and Territory governments. Actions called for at the national level include (at **Attachment D**):
 - meeting with a delegation of former emergency services leaders to hear their concerns about escalating climate change risks;
 - committing to a parliamentary inquiry into whether Australian emergency services are adequately resourced in the face of increasing natural disaster risks;
 - analysing current aerial firefighting arrangements and how strategic needs can be best met and funded in consultation with the National Aerial Firefighting Centre; and
 - ensuring continued funding for stakeholder-driven research into how we can respond to, mitigate and increase resilience to bushfires and other disaster risks.

Australian Government action on climate change and disaster risk reduction

- The National Climate Resilience and Adaptation Strategy outlines the Government's vision for a climate-resilient future and provides a set of principles to guide effective adaptation and resilience building.
 - Disaster risk management is identified as a priority sector in the Strategy.
- Minister Littleproud is leading work to develop a National Action Plan to implement the National Disaster Risk Reduction Framework.
 - The National Disaster Risk Reduction Framework sets out the foundational work required nationally, across all sectors, to reduce disaster risk, minimise new disaster risk, and deliver better climate and disaster risk information.
 - The Department of the Environment and Energy is actively involved in the consultation of the National Action Plan's development.

Profiles

**Mr Greg Mullins AO, AFSM**

- Chair of NSW Ambulance Service Advisory Board
- former Commissioner, Fire & Rescue NSW
- former President, Australasian Fire and Emergency Service

In 2003 he was appointed both Chief Fire Officer and CEO (Commissioner) of NSW Fire Brigades (now Fire & Rescue NSW). Mr Mullins retired in 2019 as the second longest serving chief in the organisation's history. Upon retirement, he rejoined the volunteer bushfire brigade where he started in 1972.

**Lee Johnson AFSM**

- Director, Bushfire and Natural Hazards Cooperative Research Centre (BNHCRC)
- Director, Board of National Aerial Firefighting Centre
- former Commissioner, QLD Fire & Emergency Services
- former President, Australasian Fire and Emergency Service

Lee also currently sits on the Advisory Board for Locatrix, a company specialising in delivering Emergency and Safety training, including Emergency Preparedness.

**Mr Mike Brown AM, AFSM**

- former Chief Officer, Tasmania Fire Service
- former Chair, National Aerial Firefighting Centre
- Former Director, Australasian Fire and Emergency Service Authorities Council
- Former Deputy President, Australasian Road Rescue Organisation

Mike worked with Tasmania Fire Service for 39 years in roles ranging from operations, brigade management, district and regional management and Chief Operating Officer and Chair of the State Fire Commission.

Mr Ewan Waller AFSM

- former Chief Fire Officer, Victorian Department of Water, Environment, Land and Planning

(no photo available)

Ewan has over 40 years of experience in land, forest and bushfire management consulting, having advised state governments, agencies and companies across Australia on strategic and practical approaches to reducing bushfire risk. Areas of expertise include land use planning, management and conservation of natural values.



Australia Unprepared for Worsening Extreme Weather

We, the undersigned, who are former senior Australian fire and emergency service leaders, have observed how Australia is experiencing increasingly catastrophic extreme weather events that are putting lives, properties and livelihoods at greater risk and overwhelming our emergency services.

Climate change, driven mainly by the burning of coal, oil and gas, is worsening these extreme weather events, including hot days, heatwaves, heavy rainfall, coastal flooding and catastrophic bushfire weather. Australia has just experienced a summer of record-breaking heat, prolonged heatwaves, and devastating fires and floods - there should be no doubt in anyone's mind: climate change is dangerous and it is affecting all of us now.

Facts You Need To Know

- › Bushfire seasons are lasting longer and longer.
- › The number of days of Very High to Catastrophic bushfire danger each year are increasing across much of Australia, and are projected to get even worse.
- › Opportunities to carry out hazard reduction burns are decreasing because warmer, drier winters mean prescribed fires can often be too hard to control – so fuel loads will increase.
- › Higher temperatures mean that forests and grasslands are drier, ignite more easily and burn more readily, meaning fires are harder to control.
- › 'Dry' lightning storms are increasing in frequency, sparking many remote bushfires that are difficult to reach and control.
- › Fire seasons across Australia and in the northern hemisphere used to be staggered – allowing exchange of vital equipment such as aerial water bombers, trucks and firefighters. The increasing overlap of fire seasons between states and territories and with the USA and Canada will limit our ability to help each other during major emergencies.
- › A warmer atmosphere holds more moisture, increasing the risk of heavier downpours and flooding events - like that which recently affected Townsville.
- › Current Federal Government climate policy has resulted in greenhouse gas pollution increasing over the last four years, putting Australian lives at risk. Communities, emergency services and health services across Australia need to be adequately resourced to cope with increasing natural disaster risk.

Tackling climate change effectively requires rapidly and deeply reducing greenhouse gas pollution here in Australia and around the world. We have the solutions at our disposal, we just need the political will to get on with the job.

We call on the Prime Minister to:

- › Meet with a delegation of former emergency services leaders who will outline, unconstrained by their former employers, how climate change risks are rapidly escalating.
- › Commit to a parliamentary inquiry into whether Australian emergency services are adequately resourced and equipped to cope with increasing natural disaster risks due to climate change.
- › Recognise that strategic national firefighting assets like large firefighting aircraft are prohibitively expensive for states and territories, are currently leased from the northern hemisphere, and that increased overlap of fire seasons is restricting access to this equipment during times of need. A cost-benefit analysis of current arrangements and their effectiveness, and how Australia's strategic aerial firefighting needs can be best met and funded, needs to be initiated in consultation with the National Aerial Firefighting Centre.
- › Ensure continued funding for stakeholder-driven research into how we can respond to, mitigate, and increase resilience to bushfires, natural hazards and escalating climate change risks.

We call on all State and Territory Governments to:

- › Provide increased resources to enable forestry, national parks, urban and rural fire services to increase environmentally sensitive fuel reduction and fire mitigation programs.
- › Focus on climate change adaptation and mitigation programs while taking strong action to significantly reduce state / territory emissions.
- › Cease cutting the budgets and resources of forestry, national parks, urban and rural fire services, both directly and through instruments such as "efficiency dividends", so that the services can increase operational capacity to deal with our "new normal" of catastrophic weather risks.

This joint statement is signed by:

Mary Barry

Former CEO, Victorian State Emergency Service

Neil Bibby AFSM

Former Chief Executive Officer, Country Fire Authority Victoria, and former Deputy Chief Officer, Melbourne Metropolitan Fire Brigade

Tony Blanks AFSM

Former Fire Unit Manager, Tasmania National Parks, and former Fire Manager, Forestry Tasmania

Mike Brown AM, AFSM

Former Chief Fire Officer, Tasmania Fire Service

Naomi Brown

Former CEO, Australasian Fire & Emergency Service Authorities Council

Bob Conroy

Former Fire Manager, NSW National Parks and Wildlife Service

Major General Peter Dunn AO (Ret)

Former Commissioner, ACT Emergency Services Authority

John Gledhill AFSM

Former Chief Fire Officer, Tasmania Fire Service

Dr Jeff Godfredson AFSM

Former Chief Fire Officer, Melbourne Metropolitan Fire Brigade

Dr Wayne Gregson APM

Former Commissioner, WA Dept of Fire & Emergency Services

Craig Hynes AFSM

Former Chief Operations Officer, WA Fire and Emergency Services Authority

Lee Johnson AFSM

Former Commissioner Qld Fire & Emergency Services. Director: Bushfire & Natural Hazards Cooperative Research Centre

Murray Kear AFSM

Former Commissioner, NSW State Emergency Service

Phil Koperberg AO, AFSM, BEM

Former NSW Minister for the Environment, former Commissioner NSW Rural Fire Service

Craig Lapsley PSM

Former Emergency Management Commissioner and Fire Services Commissioner, Victoria, former Deputy Chief Officer, Country Fire Authority Victoria

Andrew Lawson AFSM

Former Deputy Chief Officer, SA Country Fire Service

Grant Lupton AFSM

Former Chief Fire Officer, South Australian Metropolitan Fire Service

Greg Mullins AO, AFSM

Former Commissioner Fire & Rescue NSW. Climate Councillor

Frank Pagano AFSM, ESM

Former Executive Director, Emergency Management Queensland, and former Deputy Commissioner, Queensland Fire & Rescue Service

Steve Rothwell AFSM

Former Director and Chief Fire Officer, NT Fire & Emergency Services

Stephen Sutton

Former Chief Fire Control Officer, Bushfires NT

Ken Thompson AFSM

Former Deputy Commissioner, Fire & Rescue NSW

Ewan Waller AFSM

Former Chief Fire Officer, Forest Fire Management, Victoria

To: Minister for the Environment

Cc: Minister for Energy and Emissions Reduction

MEETING WITH DR ROBERT GLASSER AUSTRALIAN STRATEGIC POLICY INSTITUTE

Timing: For meeting at 11.30AM Thursday 24 October

Meeting with: Dr Robert Glasser, Visiting Fellow at the Australian Strategic Policy Institute

Prior meetings: None

Proposed note taker: Chris Johnston, Assistant Secretary, Climate Change Policy Branch

What we want: To affirm the Australian Government's role in climate change adaptation.

What they want: Dr Glasser will provide an update on his work on climate adaptation and the links between climate change, disaster risk reduction and national security. He may encourage further Government action on adaptation and disaster risk reduction.

Issues and Sensitivities:

1. Dr Glasser has been advising Minister Littleproud's office on disaster risk reduction issues and the overlaps with climate change adaptation.
 - a. Minister Littleproud is leading the development of a National Action Plan for the National Disaster Risk Reduction Framework, this will include a statement to Parliament on disaster risk reduction later this year.
2. Dr Glasser's report *Preparing for the Era of Disasters*, released in March 2019, recommends actions for government to prepare for future disasters, including:
 - a. Developing indicators of resilience at federal, state and local levels.
 - b. Incentives to promote private and public sector investment in resilient infrastructure and broader socio-economic and environmental resilience.
 - c. An assessment of the exposure of critical infrastructure to natural hazards.
 - d. Initiatives to increase training and research at Australian universities and policy institutions into the compounding and cascading impacts of climate change.
 - e. Financial support to the states for economic recovery following disasters.
 - f. Strengthening of disaster response capacity and planning at all levels.
 - g. The report also suggests combining the National Climate Resilience and Adaptation Strategy with a reworked National Strategy for Disaster Resilience.
3. In June 2019, Dr Glasser published an article on the global financial sector's growing action in treating climate change as a core business risk and opportunity.

Consultation: Department of Home Affairs, Disaster Risk and Resilience Policy Section

Attachments

- A:** Talking points
B: Profile - Dr Robert Glasser

Clearing Officer: Sent: 22/10/19	Chris Johnston	Assistant Secretary, Climate Change Policy Branch	Ph: 02 61597527 Mob: §22
Contact Officer:	§22	Director, Climate Adaptation, Risk and Science	§22

Talking Points

- The Government's 2015 National Climate Resilience and Adaptation Strategy recognises that governments, businesses, households and communities all have different but important roles in managing climate risks.
- The Commonwealth Government is responsible for providing national climate science information and managing climate risks to its own policies, programs and assets.
 - The Australian Government Disaster and Climate Resilience Reference Group is a group of senior officials from all Australian Government departments that provides strategic direction and supports cross-agency collaboration for climate and disaster risk management.
- Activities to mitigate and adapt to local climate change impacts are a responsibility of state and local governments.
- The Government is working to understand and manage its climate risks and continues to invest in improving climate change and disaster risk information.
 - For example, \$6.1 million over three years has been allocated to improve climate information for the electricity sector from 2018-2019.
 - In 2018, the Department of the Environment and Energy and CSIRO developed a climate risk management framework for government agencies called *Climate Compass*. *Climate Compass* is available on the Department's website.
 - In June 2019, the Department of Home Affairs released a set of Guidance for Strategic Decisions on Climate and Disaster Risk, to support implementation of the National Disaster Risk Reduction Framework.
- As you are aware, Minister Littleproud is leading work to develop a National Action Plan for the National Disaster Risk Reduction Framework.
 - The National Disaster Risk Reduction Framework sets out the foundational work required across all sectors to reduce existing disaster risk, minimise new disaster risk, and deliver better climate and disaster risk information.
 - The Framework encourages us to rethink how we reduce disaster risk and address issues such as where and how we live, how our money is invested and the resilience of essential services like food, telecommunications and power.
- The Government is aware of the work in the financial services sector on addressing climate risks, including the Taskforce on Climate-related Financial Disclosures and the Australian Sustainable Finance Initiative.

If asked about the Senate Committee Inquiry into the current and future impacts of climate change on housing, buildings and infrastructure, OR Senate Committee Inquiry into the implications of climate change on Australia's National Security:

- The Government is considering its response.

PROFILE



Dr Robert Glasser
Visiting Fellow, Australian Strategic Policy Institute (ASPI)

Dr Glasser was previously the United Nations Special Representative of the Secretary General for Disaster Risk Reduction, and Head of the United Nations Office of Disaster Risk Reduction (UNISDR).

He has over 30 years of experience as a practitioner, advocate and policy-maker in the areas of climate change, sustainable development and disaster response.

Prior to joining the United Nations, he was the Secretary General of CARE International, and the Assistant Director General at AusAID.

Dr Glasser is on the board of WaterAid Australia. He was previously a board member of the Global Call for Climate Action (GCCA), a global alliance of more than 450 national and international organisations focusing on climate change advocacy. He was also previously the Chair of the Steering Committee for Humanitarian Response (an organisation comprised of the CEOs/Secretary Generals of the largest NGOs/international organisations involved in disaster response).

Dr Glasser was an Advisory Panel member of the *Climate Vulnerability Monitor*, a member of the Principals Steering Group of the United Nations Transformative Agenda for Humanitarian Action; and a member of the Project Steering Group for the World Economic Forum project on *The Future Role of Civil Society*.

He has published on several topics, including climate change and disaster risk, peace and conflict, and humanitarian and development policy.

MS19-000683

To: Minister for the Environment (For Decision)**CC:** Minister for Energy and Emissions Reduction (For Information)**GOVERNMENT RESPONSE TO THE REPORT OF THE SENATE INQUIRY INTO THE CURRENT AND FUTURE IMPACTS OF CLIMATE CHANGE ON HOUSING, BUILDINGS AND INFRASTRUCTURE – MINISTERIAL APPROVAL****Timing:** 30 September 2019 – to enable tabling in a timely manner.**Recommendations:**

1. That you approve the draft Australian Government response to the Environment and Communications References Committee report on the *Current and future impacts of climate change on housing, buildings and infrastructure* at **Attachment A**.

Approved / Not approved

2. That you sign the letters to relevant Ministers at **Attachment B** seeking formal agreement to the Australian Government response.

Signed / Not signed**Minister:**

Date:

Comments:

Clearing Officer: Sent 16/09/19.	Chris Johnston	A/g First Assistant Secretary, Climate Change Division	Ph: 6159 7527 Mob: s22 [REDACTED]
Contact Officer:	s22 [REDACTED] [REDACTED]	Director, Climate Adaptation, Risk and Science	Ph: s22 [REDACTED] s22 [REDACTED]

Key Points:

1. This brief seeks your approval of the draft Australian Government response (**Attachment A**) to the Environment and Communications References Committee report on the *Current and future impacts of climate change on housing, buildings and infrastructure*.
 - a. The Senate Inquiry tabled its report (**Attachment C**) on 13 August 2018. The recommendations have been addressed in the draft response.
 - b. The Committee as a whole made no recommendations, but 33 dissenting recommendations were made by Labor and Greens members.
2. If you agree to the draft response to the 33 recommendations (**Attachment A**), you should seek agreement from relevant Ministers. A letter to each of the Ministers is provided for your signature at **Attachment B**.

- a. You are the lead Minister on this response as the Senate Inquiry was primarily about the impacts of climate change and adaptation – which is part of your Ministerial responsibilities.
 - b. The response includes recommendations on emissions reductions and energy policy which is why you will formally write to Minister Taylor, at the same time as other Ministers.
3. s47C
4. Government responses are generally expected within three months of the Committee report being tabled, in this case, 13 November 2018. Former Minister for the Environment, the Hon Melissa Price MP approved a draft response and wrote to relevant Ministers on 10 January 2019. The Government response has now been updated to align with Ministerial changes following the election.
 5. Once agreement from all Ministers is received, you will be provided with a further brief seeking the Prime Minister's approval to table the final response in Parliament.
 - a. There is no penalty for tabling more than 3 months after the committee reports. The Department will work closely with agencies to ensure replies from Ministers are received as quickly as practicable.

Consultation: YES

6. Climate Change Division, International Climate Change and Energy Division, Energy Division, Energy Security and Efficiency Division, Environment Standards Division.
7. The following external agencies were consulted: the Department of the Prime Minister and Cabinet, the Department of Infrastructure and Regional Development, the Department of Health, the Department of Jobs and Small Business, the Department of Industry, Innovation and Science, the Department of Home Affairs, the Department of Finance, the CSIRO and the Bureau of Meteorology.

ATTACHMENTS

- A:** Draft Australian Government Response
- B:** Letters to relevant Ministers
Minister for Energy and Emissions Reduction
Minister for Finance
Minister for Health
Minister for Industry, Science and Technology
Minister for Infrastructure, Transport and Regional Development
Minister for Population, Cities and Urban Infrastructure
Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management
- C:** Senate Environment and Communications References Committee report on the current and future impacts of climate change on housing, buildings and infrastructure



Australian Government

Australian Government response to the
Environment and Communications
References Committee report:
Current and future impacts of climate change on housing, buildings and
infrastructure

[16 September 2019]

Introduction

The Australian Government (the Government) welcomes the opportunity to provide a response to the Senate Environment and Communications References Committee report, *'The current and future impacts of climate change on housing, buildings and infrastructure'*, tabled on 13 August 2018, and acknowledges the work and recommendations by members of the committee.

The Government would also like to thank those who made submissions or gave evidence to the inquiry for their contribution, which shaped the final report and recommendations.

The Committee's inquiry looked into the current and future impacts of climate change on housing, buildings and infrastructure, accounting for the full range of projected climate scenarios, having regard to matters, including:

- (a) recent and projected changes in sea level rises, and storm surge intensity;
- (b) recent and projected changes in temperature and precipitation;
- (c) recent and projected changes in extreme weather, including heatwaves, bushfires, floods, and cyclones;
- (d) recent and projected changes in natural coastal defence systems including coral reefs, kelp and mangrove forests;
- (e) the impact of these changes on the vulnerability of infrastructure in coastal areas;
- (f) the impact of these changes on water supply and sewage treatment systems;
- (g) the impact of these changes on transportation, including railways, roads and airports;
- (h) the impact of these changes on energy infrastructure, including generators and transmission and distribution lines;
- (i) the impact of these changes on health, education and social services infrastructure, including hospitals, schools and aged care;
- (j) the impact of these changes on private and public housing;
- (k) the impact of these changes on public recreation and tourism facilities;
- (l) the impact on financing and insurance arrangements for housing, buildings and infrastructure;
- (m) the adequacy of current state and Commonwealth policies to assess, plan and implement adaptation plans and improved resilience of infrastructure; and
- (n) any other related matters.

The Government has considered the recommendations of the committee's report and has provided the responses below.

Responses to recommendations

Recommendation 1:

Greens (1.7): That the Australian Government commit to a target of net zero greenhouse gas emissions for Australia by 2040 and the actions necessary to achieve this target.

Labor (1.6): Labor Senators recommend that the Australian Government commit to a target of net zero greenhouse gas emissions for Australia by 2050 and the actions necessary to achieve this target.

Government Response

s47C

[Redacted]

Recommendation 2:

That the Australian Government fund the preparation of a National Climate Change Risk Assessment that includes assessments of extreme risks and worst case scenarios for Australia's built environment. This assessment should be updated regularly, such as every five years.

Government Response

s47C

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s47C

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Recommendation 3:

That the Australian Government commission and fund Infrastructure Australia to lead a national audit of at-risk infrastructure including, but not limited to, the following areas:

- road and rail networks;
- ports and airports;
- water, stormwater and irrigation infrastructure;
- electricity generation, transmission and distribution infrastructure;
- telecommunications infrastructure;
- housing and building infrastructure, including the policies and standards underpinning the planning, development and construction of buildings and communities; and
- coastal defences.

Government Response

s47C

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s47C

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Recommendation 4:

Greens (1.14): That the Australian Government provide:

- ongoing funding to support the National Climate Change Adaptation Research Facility; and
- additional funding to CSIRO and other relevant Commonwealth agencies to support further research into climate extremes.

Labor (1.15): Labor Senators recommend that the Australian Government consider providing:

- ongoing funding to support the National Climate Change Adaptation Research Facility; and
- additional funding to CSIRO and other relevant Commonwealth agencies to support further research into climate extremes and impacts.

Government Response

s47C

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[Redacted]

Recommendation 6:

That an overarching objective regarding the need to effectively plan for climate change be included in all state and territory planning legislation.

Government Response

s47C

[Redacted]

Recommendation 7:

That the Australian Government commission research to enhance the information available to policymakers regarding the full range of social and economic costs associated with heat stress.

In particular, the Australian Government should commission research to estimate the potential health system savings and other economic benefits that could be realised by taking measures to reduce the severity of the urban heat island effect.

Government Response

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Recommendation 8:

That the Australian Government request state and territory governments to ensure effective coastal retreat strategies are developed in their jurisdictions. To inform the development of these strategies, the Australian Government should ensure that the state and territory governments have ready access to expert advice from relevant Australian Government departments and agencies.

Government Response

s47C

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Recommendation 9:

That the Australian Government request that the Australian Building Codes Board develop minimum requirements for the National Construction Code that are specifically designed to address heat stress risks associated with internal temperatures.

To facilitate the development of amendments to the National Construction Code, it is further recommended that the Australian Government provide funding for research into:

- how overheating in highly rated energy efficient dwellings can be created where there can be inadequate ventilation; and
- the behaviour of building occupants during heatwave periods.

Government Response

s47C

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s47C

Recommendation 10:

As part of the research into the full range of social and economic costs associated with heat stress called for in recommendation 7, estimates should be developed of the potential health system savings and other benefits that could be realised through enhanced building standards. In particular, the research should consider the benefits associated with retrofitting low efficiency dwellings to keep internal temperatures within safe ranges during extreme heat events.

Government Response

s47C

Recommendation 11:

That all state and territory governments develop educational resources and introduce or expand existing financial incentive programs designed to encourage homeowners to undertake cost-effective retrofitting of existing dwellings.

Government Response

s47C

Recommendation 12:

That all state and territory governments legislate to require that an energy rating measuring passive energy performance must be disclosed to prospective buyers and tenants when a residential property is offered for sale or is available to rent.

Government Response

s47C [Redacted]

[Redacted]

Recommendation 13:

That state and territory governments consider whether to set a deadline by which all residential properties for sale or rent in their jurisdiction must meet a prescribed energy rating.

Government Response

s47C [Redacted]

[Redacted]

Recommendation 14:

That the Australian, state and territory governments require that new office space used in the public sector meet high standards of climate resilience and sustainability, including higher energy efficiency standards than the minimum required under the National Built Environment Rating System.

Government Response

s47C [Redacted]

[Redacted]

Recommendation 15:

That state and territory governments invest in measures to improve energy efficiency and to reduce heat stress risk in public housing.

Government Response

s47C [Redacted]

[Redacted]

Recommendation 16:

That the Australian Government work with organisations representing the built environment sector to identify options for ensuring that robust post-project reviews of infrastructure projects are conducted.

Government Response

s47C [Redacted]

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Recommendation 17:

That the Australian Government develop a national plan for passenger and freight transport that:

- outlines a transition to net zero emissions transport; and
- ensures decision-making and planning processes for transportation infrastructure projects are appropriate in the face of climate change.

Government Response

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Recommendation 18:

That state and territory governments:

- require the design of new water supply, sewerage, sewage treatment and stormwater assets to be informed by reliable climate projections as well as historical data; and
- ensure state-owned water corporations and local governments have the resources and support necessary to undertake effective maintenance of water supply, sewerage, sewage treatment and stormwater assets.

Government Response

s47C



s47C

Recommendation 19:

That the Australian Government support state governments to ensure that water sector assets are climate resilient by offering ongoing access to advice from Commonwealth scientific agencies on relevant climate risks.

Government Response

s47C

[Redacted text block containing multiple paragraphs and a bulleted list of government response details.]

Recommendation 20:

That the Australian Government pursue, through the Council of Australian Governments Energy Council, amending the National Electricity Objective to require the electricity sector to reach net zero emissions by 2030.

Government Response

s47C [Redacted]

[Redacted]

Recommendation 21:

Greens (1.61): That the Australian Government develop a comprehensive energy transition plan that includes:

- reform of the National Electricity Market rules and revised tariffs to support the growth of renewable energy and ensure networks are prepared to efficiently respond to changes in the energy market;
- a mechanism for the orderly retirement of coal fired power stations; and
- innovative approaches to enable peer-to-peer energy trading.

Labor (1.62): Labor Senators recommend that the Australian Government develop a comprehensive energy transition plan that includes:

- reform of the National Electricity Market rules to support the growth of renewable energy, new energy technologies, and ensure networks are prepared to efficiently respond to changes in the energy market;
- a mandated notice period for the retirement of coal fired power stations as well as a detailed plan for a just transition for coal fired power station workers and their communities;
- and innovative approaches to enable peer-to-peer energy trading as well as other innovative models such as community renewable projects.

Government Response

s47C [Redacted]

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s47C

Recommendation 22:

Greens (1.62): That the Australian Government:

- continue and expand the Renewable Energy Target beyond 2020 and consider adopting renewable energy reverse auctions, such as those adopted by the Australian Capital Territory and Victoria, to bring more new generation into the National Electricity Market;
- adopt a National Energy Storage Target of 20 gigawatts of multi-hour storage by 2030;
- ensure regulatory arrangements support the continuing deployment of grid level battery storage and household solar and battery storage technologies; and
- commit to not providing any direct funding, subsidies or other support for the construction of new coal fired power stations in Australia.

Labor (1.63): Labor Senators recommend that the Australian Government:

- implement a national electricity investment mechanism that supports the continued transition to renewable energy, consistent with expert advice on the electricity decarbonisation needed to meet Australia's obligations under the Paris Accords;
- adopt policies to support investment in electricity storage to support continued growth in renewable energy;
- ensure regulatory arrangements support the continuing deployment of grid level battery storage and household solar and battery storage technologies; and
- commit to not providing any direct funding, subsidies or other support for the construction of new coal fired power stations in Australia.

Government Response

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- [Redacted list item 1]
- [Redacted list item 2]
- [Redacted list item 3]
- [Redacted list item 4]

Recommendation 23:

That the Australian Government work with the state and territory governments to develop a national climate change and health strategy.

Government Response

s47C

[Redacted text block]

s47C

Recommendation 24:

That state and territory governments require proposals for new health and education facilities to be subject to rigorous assessment of climate-related risks, including the risks associated with the proposed location and building design.

It is further recommended that state and territory governments commence planning to ensure that facilities in high-risk locations that are nearing the end of their useful life are replaced with new facilities in more suitable locations.

Government Response

s47C

Recommendation 25:

That:

- the Victorian Government's Healthy Homes Program be expanded to cover all of Victoria; and
- other state governments introduce programs similar to the Healthy Homes Program to reduce the climate-related health risks faced by low income individuals with complex healthcare needs.

Government Response

s47C

Recommendation 26:

That state and territory governments work with local governments and water authorities to increase the use of rainwater, stormwater, recycled water and other water sources to maintain the green infrastructure used for public recreation.

Government Response

s47C

Recommendation 27:

That the Australian Government replace the National Climate Resilience and Adaptation Strategy with a comprehensive and ambitious national climate change mitigation and adaptation strategy.

This new whole-of-government strategy should contain sector-based national targets and timeframes for emissions reductions against which performance can be measured. The strategy should also incorporate strategies relating to transport (recommendation 17), energy (recommendation 21) and health (recommendation 23).

Government Response

s47C

[Redacted]

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Recommendation 28:

Labor (1.81): Labor Senators recommend that the Australian, state and territory governments review all environmental legislation to ensure that adequate consideration of the effects of climate change is expressly required as part of future assessment and decision-making processes.

Greens (1.81) as above plus (1.82): In particular, the introduction of a greenhouse trigger should be a key issue for consideration as part of the upcoming independent review of the Environment Protection and Biodiversity Conservation Act 1999.

Government Response

s47C

s47C

[Redacted]

[Redacted]

Recommendation 29:

That the Australian Government pursue the creation of a COAG Climate Change Council.

Government Response

s47C

[Redacted]

[Redacted]

Recommendation 30:

That the Australian Government establish an independent statutory authority to:

- provide Australians with an independent and reliable source of information about climate change science; and
- assist stakeholders to understand and implement effective adaptation techniques, including by acting as a 'one stop shop' that can direct stakeholders to relevant Commonwealth departments and agencies.

Government Response

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Recommendation 31:

That the Australian Government's National Resilience Taskforce develop recommendations for the Government to consider that would facilitate more frequent betterment of assets that need to be reconstructed or repaired following natural hazards.

Government Response

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Recommendation 32:

That state governments provide local governments with exemption from liability for decisions made in good faith relating to the use of land that is subject to climate change risks, such as flooding, coastal hazards and bushfires.

Government Response

s47C

[Redacted]

[Redacted]

Recommendation 33:

That the Australian Government provide specific purpose payments to the states to assist local governments to improve the resilience of infrastructure assets most at risk to climate change.

Government Response

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MS19-000683

To: Minister for the Environment (For Decision)

CC: Minister for Energy and Emissions Reduction (For Information)

GOVERNMENT RESPONSE TO THE REPORT OF THE SENATE INQUIRY INTO THE CURRENT AND FUTURE IMPACTS OF CLIMATE CHANGE ON HOUSING, BUILDINGS AND INFRASTRUCTURE – MINISTERIAL APPROVAL

Timing: 30 September 2019 – to enable tabling in a timely manner.



Recommendations:

1. That you approve the draft Australian Government response to the Environment and Communications References Committee report on the *Current and future impacts of climate change on housing, buildings and infrastructure* at **Attachment A**.

Approved / Not approved

2. That you sign the letters to relevant Ministers at **Attachment B** seeking formal agreement to the Australian Government response.

Signed / Not signed

Minister:

Date:

Comments:

1/10/19

Clearing Officer: Sent 16/09/19.	Chris Johnston	A/g First Assistant Secretary, Climate Change Division	Ph: 6159 7527 Mob: s22
Contact Officer:	s22	Director, Climate Adaptation, Risk and Science	Ph: s22 Mob: s22

Key Points:

1. This brief seeks your approval of the draft Australian Government response (**Attachment A**) to the Environment and Communications References Committee report on the *Current and future impacts of climate change on housing, buildings and infrastructure*.
 - a. The Senate Inquiry tabled its report (**Attachment C**) on 13 August 2018. The recommendations have been addressed in the draft response.
 - b. The Committee as a whole made no recommendations, but 33 dissenting recommendations were made by Labor and Greens members.
2. If you agree to the draft response to the 33 recommendations (**Attachment A**), you should seek agreement from relevant Ministers. A letter to each of the Ministers is provided for your signature at **Attachment B**.

- a. You are the lead Minister on this response as the Senate Inquiry was primarily about the impacts of climate change and adaptation – which is part of your Ministerial responsibilities.
- b. The response includes recommendations on emissions reductions and energy policy which is why you will formally write to Minister Taylor, at the same time as other Ministers.

3. s47C

4. Government responses are generally expected within three months of the Committee report being tabled, in this case, 13 November 2018. Former Minister for the Environment, the Hon Melissa Price MP approved a draft response and wrote to relevant Ministers on 10 January 2019. The Government response has now been updated to align with Ministerial changes following the election.
5. Once agreement from all Ministers is received, you will be provided with a further brief seeking the Prime Minister's approval to table the final response in Parliament.
 - a. There is no penalty for tabling more than 3 months after the committee reports. The Department will work closely with agencies to ensure replies from Ministers are received as quickly as practicable.

Consultation: YES

6. Climate Change Division, International Climate Change and Energy Division, Energy Division, Energy Security and Efficiency Division, Environment Standards Division.
7. The following external agencies were consulted: the Department of the Prime Minister and Cabinet, the Department of Infrastructure and Regional Development, the Department of Health, the Department of Jobs and Small Business, the Department of Industry, Innovation and Science, the Department of Home Affairs, the Department of Finance, the CSIRO and the Bureau of Meteorology.

ATTACHMENTS

- A:** Draft Australian Government Response
- B:** Letters to relevant Ministers
- Minister for Energy and Emissions Reduction
 - Minister for Finance
 - Minister for Health
 - Minister for Industry, Science and Technology
 - Minister for Infrastructure, Transport and Regional Development
 - Minister for Population, Cities and Urban Infrastructure
 - Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management
- C:** Senate Environment and Communications References Committee report on the current and future impacts of climate change on housing, buildings and infrastructure

To: Minister for the Environment (For Decision)

Cc: Minister for Energy (For Information)

GOVERNMENT RESPONSE TO THE REPORT OF THE ENVIRONMENT AND COMMUNICATIONS REFERENCES COMMITTEE INQUIRY INTO THE CURRENT AND FUTURE IMPACTS OF CLIMATE CHANGE ON HOUSING, BUILDINGS AND INFRASTRUCTURE – MINISTERIAL APPROVAL

Timing: 13 December 2018 – to enable tabling in a timely manner

Recommendations:

1. That you approve the draft Australian Government response to the Environment and Communications References Committee report on the *Current and future impacts of climate change on housing, buildings and infrastructure* at **Attachment A**.

Approved / Not approved

2. That you sign the letters to the Minister for Energy, The Hon Angus Taylor MP; the Minister for Finance and the Public Service, Senator the Hon Mathias Cormann; the Minister for Infrastructure and Transport and Regional Development, the Hon Michael McCormack MP; the Minister for Health, the Hon Greg Hunt MP; the Minister for Jobs and Industrial Relations, the Hon Kelly O'Dwyer MP; the Minister for Industry, Science and Technology, the Hon Karen Andrews MP; and the Assistant Minister for Home Affairs, Senator the Hon Linda Reynolds CSC, at **Attachment B** seeking formal agreement to the Australian Government response.

Signed / Not signed

3. That you note that the Prime Minister's approval will be required before the response may be tabled and that another brief will be prepared to facilitate this.

Noted/ Please discuss

Minister:

Date:

Comments:

Clearing Officer: Sent .15/11/18.	Chris Johnston	Assistant Secretary, Climate Change Policy Branch	Ph: 6159 7527 §22
Contact Officer:	§22	Director, Mitigation and Climate Science	§22 §22

Key Points:

1. This brief seeks your approval of the draft Australian Government response (**Attachment A**) to the Environment and Communications References Committee report on the *Current and future impacts of climate change on housing, buildings and infrastructure*.

- a. The Senate Inquiry tabled its report (**Attachment C**) on 13 August 2018. The recommendations have been addressed in the draft response.
 - b. The Committee as a whole made no recommendations, but 33 dissenting recommendations were made by Labor and Greens members.
2. If you agree to the draft response to the 33 recommendations (**Attachment A**), you should seek agreement from relevant Ministers. A letter to each of the Ministers is provided for your signature at **Attachment B**.
 3. s47C
 4. Government responses are generally expected within three months of the Committee report being tabled, in this case, 13 November 2018. This was not achievable for this response due to the wide-ranging nature of the recommendations, which required input from several external Government agencies, and the significant Ministerial changes that were made soon after tabling of the Committee's report.
 5. Once agreement from all Ministers is received, you will be provided with a further submission seeking the Prime Minister's approval to table the final response in Parliament. Tabling is expected to take place in early 2019.
 - a. There is no penalty for tabling out of session. The Department will work closely with agencies to ensure replies from Ministers are received as quickly as practicable.

Consultation: YES

Climate Change Division, International Climate Change and Energy Division, Energy Division, Energy Security and Efficiency Division, Environment Standards Division.

The following external agencies were consulted: the Department of the Prime Minister and Cabinet, the Department of Infrastructure and Regional Development, the Department of Health, the Department of Jobs and Small Business, the Department of Industry, Innovation and Science, the Department of Home Affairs, the Department of Finance, the CSIRO and the Bureau of Meteorology.

ATTACHMENTS

- A:** Draft Australian Government response to the Environment and Communications References Committee report on the current and future impacts of climate change on housing, buildings and infrastructure
- B:** Letters to the Ministers for Energy; Finance and the Public Service; Infrastructure and Transport and Regional Development; Health; Jobs and Industrial Relations; Industry, Science and Technology; and the Assistant Minister for Home Affairs
- C:** Senate Inquiry Report



Australian Government

Australian Government response to the
Environment and Communications
References Committee report:
Current and future impacts of climate change on housing, buildings and
infrastructure

[XX November 2018]

Introduction

The Australian Government (the Government) welcomes the opportunity to provide a response to the Senate Environment and Communications References Committee report, *'The current and future impacts of climate change on housing, buildings and infrastructure'*, tabled on 13 August 2018, and acknowledges the work and recommendations by members of the committee.

The Government would also like to thank those who made submissions or gave evidence to the inquiry for their contribution, which shaped the final report and recommendations.

The Committee's inquiry looked into the current and future impacts of climate change on housing, buildings and infrastructure, accounting for the full range of projected climate scenarios, having regard to matters, including:

- (a) recent and projected changes in sea level rises, and storm surge intensity;
- (b) recent and projected changes in temperature and precipitation;
- (c) recent and projected changes in extreme weather, including heatwaves, bushfires, floods, and cyclones;
- (d) recent and projected changes in natural coastal defence systems including coral reefs, kelp and mangrove forests;
- (e) the impact of these changes on the vulnerability of infrastructure in coastal areas;
- (f) the impact of these changes on water supply and sewage treatment systems;
- (g) the impact of these changes on transportation, including railways, roads and airports;
- (h) the impact of these changes on energy infrastructure, including generators and transmission and distribution lines;
- (i) the impact of these changes on health, education and social services infrastructure, including hospitals, schools and aged care;
- (j) the impact of these changes on private and public housing;
- (k) the impact of these changes on public recreation and tourism facilities;
- (l) the impact on financing and insurance arrangements for housing, buildings and infrastructure;
- (m) the adequacy of current state and Commonwealth policies to assess, plan and implement adaptation plans and improved resilience of infrastructure; and
- (n) any other related matters.

The Government has considered the recommendations of the committee's report and has provided the responses below.

Responses to recommendations

Recommendation 1:

Greens (1.7): That the Australian Government commit to a target of net zero greenhouse gas emissions for Australia by 2040 and the actions necessary to achieve this target.

Labor (1.6): Labor Senators recommend that the Australian Government commit to a target of net zero greenhouse gas emissions for Australia by 2050 and the actions necessary to achieve this target.

Government Response

s47C

[Redacted]

Recommendation 2:

That the Australian Government fund the preparation of a National Climate Change Risk Assessment that includes assessments of extreme risks and worst case scenarios for Australia's built environment. This assessment should be updated regularly, such as every five years.

Government Response

s47C

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s47C

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Recommendation 3:

That the Australian Government commission and fund Infrastructure Australia to lead a national audit of at-risk infrastructure including, but not limited to, the following areas:

- road and rail networks;
- ports and airports;
- water, stormwater and irrigation infrastructure;
- electricity generation, transmission and distribution infrastructure;
- telecommunications infrastructure;
- housing and building infrastructure, including the policies and standards underpinning the planning, development and construction of buildings and communities; and
- coastal defences.

Government Response

s47C

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Recommendation 4:

Greens (1.14): That the Australian Government provide:

- ongoing funding to support the National Climate Change Adaptation Research Facility; and
- additional funding to CSIRO and other relevant Commonwealth agencies to support further research into climate extremes.

Labor (1.15): Labor Senators recommend that the Australian Government consider providing:

- ongoing funding to support the National Climate Change Adaptation Research Facility; and
- additional funding to CSIRO and other relevant Commonwealth agencies to support further research into climate extremes and impacts.

Government Response

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Recommendation 5:

That the Australian Government lead the development of nationally consistent benchmarks and guidelines on climate risks, particularly sea level rise, for use as part of state and local government planning decisions. The benchmarks and guidelines should be based on comprehensive scientific assessments and include consideration of worst-case scenarios and climate extremes.

Government Response

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s47C

Recommendation 6:

That an overarching objective regarding the need to effectively plan for climate change be included in all state and territory planning legislation.

Government Response

s47C

Recommendation 7:

That the Australian Government commission research to enhance the information available to policymakers regarding the full range of social and economic costs associated with heat stress.

In particular, the Australian Government should commission research to estimate the potential health system savings and other economic benefits that could be realised by taking measures to reduce the severity of the urban heat island effect.

Government Response

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Recommendation 8:

That the Australian Government request state and territory governments to ensure effective coastal retreat strategies are developed in their jurisdictions. To inform the development of these strategies, the Australian Government should ensure that the state and territory governments have ready access to expert advice from relevant Australian Government departments and agencies.

Government Response

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Recommendation 9:

That the Australian Government request that the Australian Building Codes Board develop minimum requirements for the National Construction Code that are specifically designed to address heat stress risks associated with internal temperatures.

To facilitate the development of amendments to the National Construction Code, it is further recommended that the Australian Government provide funding for research into:

- how overheating in highly rated energy efficient dwellings can be created where there can be inadequate ventilation; and
- the behaviour of building occupants during heatwave periods.

s47C

Recommendation 11:

That all state and territory governments develop educational resources and introduce or expand existing financial incentive programs designed to encourage homeowners to undertake cost-effective retrofitting of existing dwellings.

Government Response

s47C

Recommendation 12:

That all state and territory governments legislate to require that an energy rating measuring passive energy performance must be disclosed to prospective buyers and tenants when a residential property is offered for sale or is available to rent.

Government Response

s47C

Recommendation 13:

That state and territory governments consider whether to set a deadline by which all residential properties for sale or rent in their jurisdiction must meet a prescribed energy rating.

Government Response

s47C

Recommendation 14:

That the Australian, state and territory governments require that new office space used in the public sector meet high standards of climate resilience and sustainability, including higher energy efficiency standards than the minimum required under the National Built Environment Rating System.

Government Response

s47C [Redacted]

[Redacted]

Recommendation 15:

That state and territory governments invest in measures to improve energy efficiency and to reduce heat stress risk in public housing.

Government Response

s47C [Redacted]

[Redacted]

Recommendation 16:

That the Australian Government work with organisations representing the built environment sector to identify options for ensuring that robust post-project reviews of infrastructure projects are conducted.

Government Response

s47C [Redacted]

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Recommendation 17:

That the Australian Government develop a national plan for passenger and freight transport that:

- outlines a transition to net zero emissions transport; and
- ensures decision-making and planning processes for transportation infrastructure projects are appropriate in the face of climate change.

Government Response

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Recommendation 18:

That state and territory governments:

- require the design of new water supply, sewerage, sewage treatment and stormwater assets to be informed by reliable climate projections as well as historical data; and
- ensure state-owned water corporations and local governments have the resources and support necessary to undertake effective maintenance of water supply, sewerage, sewage treatment and stormwater assets.

Government Response

s47C

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Recommendation 19:

That the Australian Government support state governments to ensure that water sector assets are climate resilient by offering ongoing access to advice from Commonwealth scientific agencies on relevant climate risks.

Recommendation 21:

Greens (1.61): That the Australian Government develop a comprehensive energy transition plan that includes:

- reform of the National Electricity Market rules and revised tariffs to support the growth of renewable energy and ensure networks are prepared to efficiently respond to changes in the energy market;
- a mechanism for the orderly retirement of coal fired power stations; and
- innovative approaches to enable peer-to-peer energy trading.

Labor (1.62): Labor Senators recommend that the Australian Government develop a comprehensive energy transition plan that includes:

- reform of the National Electricity Market rules to support the growth of renewable energy, new energy technologies, and ensure networks are prepared to efficiently respond to changes in the energy market;
- a mandated notice period for the retirement of coal fired power stations as well as a detailed plan for a just transition for coal fired power station workers and their communities;
- and innovative approaches to enable peer-to-peer energy trading as well as other innovative models such as community renewable projects.

Government Response

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s47C

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Recommendation 22:

Greens (1.62): That the Australian Government:

- continue and expand the Renewable Energy Target beyond 2020 and consider adopting renewable energy reverse auctions, such as those adopted by the Australian Capital Territory and Victoria, to bring more new generation into the National Electricity Market;
- adopt a National Energy Storage Target of 20 gigawatts of multi-hour storage by 2030;

- ensure regulatory arrangements support the continuing deployment of grid level battery storage and household solar and battery storage technologies; and
- commit to not providing any direct funding, subsidies or other support for the construction of new coal fired power stations in Australia.

Labor (1.63): Labor Senators recommend that the Australian Government:

- implement a national electricity investment mechanism that supports the continued transition to renewable energy, consistent with expert advice on the electricity decarbonisation needed to meet Australia's obligations under the Paris Accords;
- adopt policies to support investment in electricity storage to support continued growth in renewable energy;
- ensure regulatory arrangements support the continuing deployment of grid level battery storage and household solar and battery storage technologies; and
- commit to not providing any direct funding, subsidies or other support for the construction of new coal fired power stations in Australia.

Government Response

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Recommendation 23:

That the Australian Government work with the state and territory governments to develop a national climate change and health strategy.

Government Response

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Recommendation 24:

That state and territory governments require proposals for new health and education facilities to be subject to rigorous assessment of climate-related risks, including the risks associated with the proposed location and building design.

It is further recommended that state and territory governments commence planning to ensure that facilities in high-risk locations that are nearing the end of their useful life are replaced with new facilities in more suitable locations.

Government Response

s47C

Recommendation 25:

That:

- the Victorian Government's Healthy Homes Program be expanded to cover all of Victoria; and
- other state governments introduce programs similar to the Healthy Homes Program to reduce the climate-related health risks faced by low income individuals with complex healthcare needs.

Government Response

s47C

Recommendation 26:

That state and territory governments work with local governments and water authorities to increase the use of rainwater, stormwater, recycled water and other water sources to maintain the green infrastructure used for public recreation.

Government Response

s47C

Recommendation 27:

That the Australian Government replace the National Climate Resilience and Adaptation Strategy with a comprehensive and ambitious national climate change mitigation and adaptation strategy.

This new whole-of-government strategy should contain sector-based national targets and timeframes for emissions reductions against which performance can be measured. The strategy should also incorporate strategies relating to transport (recommendation 17), energy (recommendation 21) and health (recommendation 23).

Government Response

s47C

[Redacted text block containing multiple paragraphs and a bulleted list of government responses to Recommendation 27.]

Recommendation 28:

Labor (1.81): Labor Senators recommend that the Australian, state and territory governments review all environmental legislation to ensure that adequate consideration of the effects of climate change is expressly required as part of future assessment and decision-making processes.

Greens (1.81) as above plus (1.82): In particular, the introduction of a greenhouse trigger should be a key issue for consideration as part of the upcoming independent review of the Environment Protection and Biodiversity Conservation Act 1999.

Government Response

s47C [Redacted]

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Recommendation 29:
That the Australian Government pursue the creation of a COAG Climate Change Council.

Government Response

s47C [Redacted]

[Redacted]

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Recommendation 30:
That the Australian Government establish an independent statutory authority to:

- provide Australians with an independent and reliable source of information about climate change science; and
- assist stakeholders to understand and implement effective adaptation techniques, including by acting as a 'one stop shop' that can direct stakeholders to relevant Commonwealth departments and agencies.

Government Response

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Recommendation 31:
That the Australian Government's National Resilience Taskforce develop recommendations for the Government to consider that would facilitate more frequent betterment of assets that need to be reconstructed or repaired following natural hazards.

Government Response

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Recommendation 32:

That state governments provide local governments with exemption from liability for decisions made in good faith relating to the use of land that is subject to climate change risks, such as flooding, coastal hazards and bushfires.

Government Response

s47C

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Recommendation 33:

That the Australian Government provide specific purpose payments to the states to assist local governments to improve the resilience of infrastructure assets most at risk to climate change.

Government Response

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To: Minister for the Environment (For Decision)

Cc: Minister for Energy (For Information)

GOVERNMENT RESPONSE TO THE REPORT OF THE ENVIRONMENT AND COMMUNICATIONS REFERENCES COMMITTEE INQUIRY INTO THE CURRENT AND FUTURE IMPACTS OF CLIMATE CHANGE ON HOUSING, BUILDINGS AND INFRASTRUCTURE – MINISTERIAL APPROVAL

Timing: 13 December 2018 – to enable tabling in a timely manner



Recommendations:

1. That you approve the draft Australian Government response to the Environment and Communications References Committee report on the *Current and future impacts of climate change on housing, buildings and infrastructure* at **Attachment A**.

Approved / Not approved

2. That you sign the letters to the Minister for Energy, The Hon Angus Taylor MP; the Minister for Finance and the Public Service, Senator the Hon Mathias Cormann; the Minister for Infrastructure and Transport and Regional Development, the Hon Michael McCormack MP; the Minister for Health, the Hon Greg Hunt MP; the Minister for Jobs and Industrial Relations, the Hon Kelly O'Dwyer MP; the Minister for Industry, Science and Technology, the Hon Karen Andrews MP; and the Assistant Minister for Home Affairs, Senator the Hon Linda Reynolds CSC, at **Attachment B** seeking formal agreement to the Australian Government response.

Signed / Not signed

3. That you note that the Prime Minister's approval will be required before the response may be tabled and that another brief will be prepared to facilitate this.

Noted / Please discuss

Minister:

Date: 10/1/19

Comments:

Clearing Officer: Sent .15/11/18.	Chris Johnston	Assistant Secretary, Climate Change Policy Branch	Ph: 6159 7527 s22
Contact Officer:	s22	Director, Mitigation and Climate Science	s22

Key Points:

1. This brief seeks your approval of the draft Australian Government response (**Attachment A**) to the Environment and Communications References Committee report on the *Current and future impacts of climate change on housing, buildings and infrastructure*.



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- a. The Senate Inquiry tabled its report (**Attachment C**) on 13 August 2018. The recommendations have been addressed in the draft response.
 - b. The Committee as a whole made no recommendations, but 33 dissenting recommendations were made by Labor and Greens members.
2. If you agree to the draft response to the 33 recommendations (**Attachment A**), you should seek agreement from relevant Ministers. A letter to each of the Ministers is provided for your signature at **Attachment B**.
3. s47C
4. Government responses are generally expected within three months of the Committee report being tabled, in this case, 13 November 2018. This was not achievable for this response due to the wide-ranging nature of the recommendations, which required input from several external Government agencies, and the significant Ministerial changes that were made soon after tabling of the Committee's report.
5. Once agreement from all Ministers is received, you will be provided with a further submission seeking the Prime Minister's approval to table the final response in Parliament. Tabling is expected to take place in early 2019.
- a. There is no penalty for tabling out of session. The Department will work closely with agencies to ensure replies from Ministers are received as quickly as practicable.

Consultation: YES

Climate Change Division, International Climate Change and Energy Division, Energy Division, Energy Security and Efficiency Division, Environment Standards Division.

The following external agencies were consulted: the Department of the Prime Minister and Cabinet, the Department of Infrastructure and Regional Development, the Department of Health, the Department of Jobs and Small Business, the Department of Industry, Innovation and Science, the Department of Home Affairs, the Department of Finance, the CSIRO and the Bureau of Meteorology.

ATTACHMENTS

- A:** Draft Australian Government response to the Environment and Communications References Committee report on the current and future impacts of climate change on housing, buildings and infrastructure
- B:** Letters to the Ministers for Energy; Finance and the Public Service; Infrastructure and Transport and Regional Development; Health; Jobs and Industrial Relations; Industry, Science and Technology; and the Assistant Minister for Home Affairs
- C:** Senate Inquiry Report

Copy to:

Secretary
Ms Evans
Mr Heferen
Mr Thompson
Ms Wilson
Mr Archer
Mr Sullivan

Chief of Staff
Mr Rigzin

To: Minister for the Environment and Energy (for information)

G20 FINANCIAL STABILITY BOARD TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE

Recommendation:			
1. That you note that the G20 Taskforce's report on climate-risk disclosure indicates that climate-related risk is increasingly driving capital cost and availability. This has implications for climate policy in Australia that should be considered in the 2017 Review.			
			Noted/Please discuss
Minister:			Date:
Comments:			
Clearing Officer: Sent 16/12/16	Travis Bover	A/g Assistant Secretary, 2017 Review Branch, Domestic Emissions Reduction Division	Ph: 02 6159 7527 Mob: s22
Contact Officer:	s22	Director, Adaptation & Climate Science Policy, Domestic Emissions Reduction Division	s22

Key Points:

1. The G20's Financial Stability Board (responsible for promoting global financial stability) concluded in April 2015 that climate change-related risks are a threat to financial stability. The threat arises from the potential for assets to be repriced (possibly rapidly) or capital reallocated due to the impact of climate change and policy responses which:
 - a) might increase costs, change markets or otherwise undermine business models/strategies, in a worst case leading to stranded assets;
 - b) might undermine asset/investment value through direct damage; disruption and cost impacts on business operations; increased insurance risks/premiums etc.
2. In response, a Taskforce on Climate-related Financial Disclosure has been developing a voluntary framework for assessment and disclosure of climate risks by corporations. The rationale is that, if climate risks are properly and consistently understood, financial markets will "price" (and therefore manage) the risk.
 - a) The Taskforce released a draft Recommendations Report on 14 December 2016 for public comment (Attachment A). Recommendations will be finalised in March 2017.
 - b) This timing is designed to allow G20 Heads of State to endorse the framework in mid-2017. The German G20 Presidency is giving focus to energy and climate change.

3. The disclosure framework recommended by the Taskforce sets a clear expectation companies will assess and report on the climate risks that may affect their business strategy and operations. This includes consideration of the impacts to their business model and strategy of a scenario where governments act to limit warming to less than two degrees Celsius.
4. The framework is likely to be influential and taken up by many Australian companies:
 - a) Many major investors and asset owners are involved in the Taskforce or are already implementing practices in line with the framework, including AGL, BHP-Billiton and ANZ.
 - b) Recent legal opinions suggest that company directors' duties include a responsibility to consider climate risks to business strategy. The existence of guidance from an influential global authority will reinforce and shape the nature of this legal duty.
5. Uptake of the framework has the potential to influence capital availability and cost. It may push capital away from emissions intensive assets, and towards lower emissions opportunities. This may help to enable and drive some of the domestic transition needed to achieve Australia's emissions reduction commitments.
6. The framework will prompt calls for greater policy certainty from the Government, to enable business and investors to better understand and manage their climate risks. Without this, Australia will become a less attractive place for capital investment.
7. The framework might also prompt calls for the Government to mandate and/or develop guidance for the disclosure of climate risk by Australian companies. Early steps towards a mandatory regime are being taken in some jurisdictions (e.g. France).
 - a) The Taskforce report identifies the *National Greenhouse and Energy Reporting (NGER) Act* (which you are responsible for) as a part of Australia's existing regime for reporting on climate risk. The NGER scheme is one of the world's broadest mandatory greenhouse gas reporting regimes.
 - b) Some Australian stakeholders have previously called for this legislation to be broadened to require more comprehensive climate risk reporting.
 - c) In the Department's view, the NGER Act is not an appropriate vehicle for climate risk disclosure regime. Its purpose is to support the implementation of Australia's international climate change reporting obligations and climate change policies (e.g. the Safeguard Mechanism).
8. The Treasury is responsible for corporate financial reporting issues. Its proposed approach to the Taskforce recommendations is to acknowledge it without endorsement.
 - a) The Government takes an arms-length approach to financial reporting practices. The Australian Accounting Standards Board sets financial reporting standards.
 - b) The Treasury will raise the Taskforce report with the Financial Reporting Council, which has a supervisory function over the Accounting Standards Board. The Treasury anticipates that the Council will take an active interest in the issue.
9. This issue may gain some media attention in December, and again in 2017 when the report is finalised and presented to G20 Heads of State. It may also get attention when the Senate Economics References Committee reports on its Greens-initiated inquiry into carbon risk disclosure (due by 31 March 2017).

Attachments

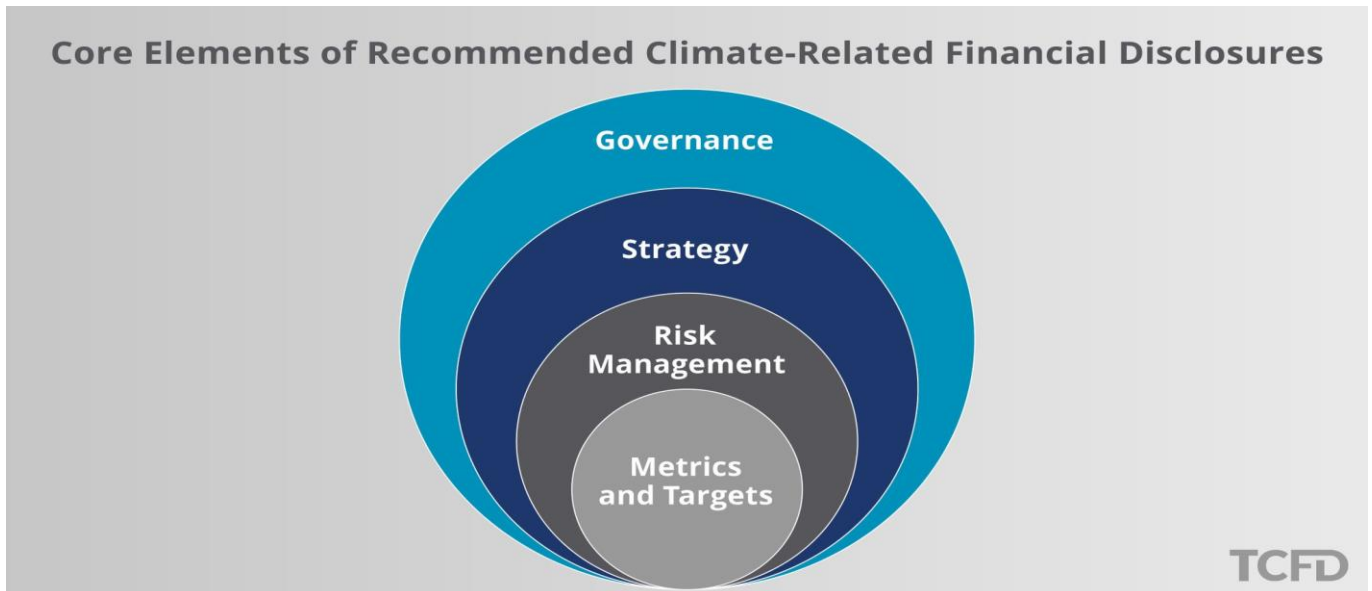
- A: Overview of Taskforce recommendations
- B: Membership of the Taskforce

OVERVIEW OF TASKFORCE RECOMMENDATIONS

The Taskforce structures its recommendations around four themes that represent core elements of how organisations operate: governance, strategy, risk management, and metrics and targets (see Figure 1).

- These are designed to be applicable across sectors and jurisdictions.

Figure 1 – Core elements of recommended climate-related financial disclosures



The four overarching recommendations are supported by recommended disclosures (see Figure 2) to help investors and others understand how reporting organisations think about and assess climate-related risk and opportunity.

Figure 2 – Recommendations and supporting recommended disclosures

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.</p>
<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy, and financial planning.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

The Taskforce has also developed supplemental guidance (see [*Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures*](#)) for the financial sector and certain non-financial (e.g. energy, transportation, materials and buildings, and agriculture, food and forest products) sectors.

- This guidance provides additional context and suggestions for implementing the recommended disclosures – focusing on governance, strategy, risk management and metrics/targets.

The Taskforce has provided additional information (see [*Technical Supplement – The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities*](#)) on using scenario analysis as a tool to assess potential implications of climate change for business strategy and financial planning processes.

- This includes information on scenario inputs for transition and physical risk, analytical assumptions and choices, and assessment and presentation of strategic and financial impacts.
- The Taskforce recommends that organisations use a 2°C scenario in addition to two or three other scenarios most relevant to their circumstances, such as scenarios related to National Determined Contributions, business-as-usual scenarios, or other challenging scenarios.

Membership of the Taskforce on Climate-related Financial Disclosures

Chairman	Michael R. Bloomberg Founder and President Bloomberg LP
Vice-Chair	Yeo Lian Sim Special Adviser Singapore Exchange
Vice-Chair	Denise Pavarina Managing Officer Banco Bradesco
Vice-Chair	Graeme Pitkethly Chief Finance Director Unilever
Vice-Chair	Christian Thimann Group Head of Strategy, Sustainability and Public Affairs AXA

Data Users

Matt Arnold, Head, Social and Sustainable Finance Group
JP Morgan Chase

Bruno Bertocci, Managing Director, Head of Sustainable Investors
UBS

David Blood, Senior Partner
Generation Investment Management

Stephanie Leaist, Managing Director, Head of Sustainable Investing
Canada Pension Plan Investment Board

Mark Lewis, Managing Director, Head of European Utilities Research
Barclays

Eloy Lindeijer, Chief Investment Management, Executive Committee
PGGM

Ruixia Liu, General Manager, Risk Department
Industrial and Commercial Bank of China

Masaaki Nagamura, Head, Corporate Social Responsibility
Tokio Marine Holdings

Martin Skancke, Chair, Risk Committee
Storebrand (and Chair, Principles for Responsible Investment)

Andreas Spiegel, Head Group Sustainability
Swiss Re

Steve Waygood, Chief Responsible Investment Officer
Aviva Investors

Deborah Winshel, Managing Director, Global Head of Impact Investing
BlackRock

Data Preparers

Koushik Chatterjee, Group Executive Director, Finance and Corporate
Tata Group

Liliana Franco, Director, Accounting Organization and Methods
Air Liquide Group

Udo Hartmann, Senior Manager, Group Environmental Protection & Energy Management
Daimler

Thomas Kusterer, Chief Financial Officer
EnBW

Guiseppe Ricci, Health, Safety, Environment and Quality Executive Vice President
ENI

Fiona Wild, Vice President, Environment and Climate Change
BHP Billiton

Other Experts

Jane Ambachtsheer, Partner and Global Head of Responsible Investment
Mercer Investments

Wim Bartels, Global Head, Sustainability Reporting and Disclosures
KPMG

Richard Cantor, Chief Risk Officer, Moody's Corporation
Chief Credit Officer, Moody's Investors Service

Eric Dugelay, Global Leader, Sustainability Services
Deloitte

Diane Larsen, Assurance Partner
Ernst & Young

Michael Wilkins, Managing Director, Environmental Finance
Standard and Poor's

Jon Williams, Partner, Sustainability and Climate Change
PwC

Special Adviser

Russell Picot, Co-Chair, Enhanced Disclosure Task Force
Former Group Chief Accounting Officer
HSBC

Copy to:

To: Minister for the Environment and Energy (for information)

Secretary
Ms Evans
Mr Heferen
Ms Wilson

Through: Secretary

Chief of Staff
Mr Rigzin

MS16-002110 - Ministerial information submission - Recent media on carbon risk and corporate governance

Recommendation:			
1. That you note the information on recent media reporting on carbon risk and the potential implications for Government policy.			
			Noted/Please discuss
Minister:		Date:	
Comments:			
Clearing Officer: on 08/11/2016	Helen Wilson	First Assistant Secretary, Domestic Emissions Reduction Division	Ph: 02 6159 7601 Mob: s22 [REDACTED]
Contact Officer:	Travis Bover	Assistant Secretary, Climate Change Policy Branch	Ph: 02 6159 7527 Mob: s22 [REDACTED]

Key Points:

Key Points:

- Media in the past week has highlighted that:
 - There is a growing legal opinion in Australia that carbon-related risks are foreseeable and company directors could be found liable for not considering these risks.
 - Globally, more companies are disclosing their carbon-related risks, under pressure from shareholders and the finance sector.
 - Effective management and disclosure of carbon risks by businesses is important to ongoing macro-economic and financial system stability.
- A legal opinion by Noel Hutley SC (Attachment A) released in the week of 31 October concludes that company directors who fail to consider carbon risks could be found liable for breaching their duty of care and diligence under the *Corporations Act 2001*. This rests on the responsibility of company directors to consider 'foreseeable risks'. The legal opinion concludes that carbon risks are likely to be considered foreseeable:
 - The scientific basis for climate change is well established and the impacts are increasingly well understood. Company directors should therefore turn their mind to these "physical risks" to their business operations and assets.

- The Paris Agreement provides a clear political commitment to significant reductions in emissions by mid-century. Company directors should therefore turn their minds to the potential for changing climate change policies, regulations and technologies to impact on their business model and operations (“transition risks”).
- This assessment is consistent with the broader business community perception that the Paris Agreement is a ‘game changer’. As a result, business is seeking greater clarity from Government about how the transition to a low carbon economy will be managed. The legal opinion suggests that companies have a legal reason for wanting this, as well as a business interest.
 - The legal opinion identifies a key exposure of Australian companies is that changes to climate change policy and regulations are “certainly foreseeable, if not inevitable” and present “clear and potent risks”.
 - The 2017 review will need to consider opportunities to help business manage these risks, including a potential long-term target and a sector-by-sector look at the challenges and opportunities of the ‘post-Paris world’.
- The legal opinion suggests company directors can manage exposure to legal liability by obtaining information and advice on carbon risks. There may be increased demands on Government for climate risk information and guidance. The flipside is that it may also create opportunities for public–private sector co-investment.
 - The CoastAdapt online tool, produced through the Government’s investment in the National Climate Change Research Facility, is a good example of the sort of information and guidance tools that can help businesses assess climate risks.
- The legal opinion notes company directors can manage their exposure to legal liability by disclosing carbon risks within company reporting frameworks. Globally, more companies are reporting on carbon risks and pressure from shareholders to do this is growing. The Government will be asked to consider mandating reporting and/or establish guidelines.
 - The G20 has a Taskforce on Climate-Related Financial Disclosures. It will present recommendations on best practices for climate risk disclosure in early 2017.
 - The Senate Economics Committee is conducting an inquiry into Carbon Risk Disclosure, reporting 30 March 2017. Submissions include proposals to use the *National Greenhouse and Energy Reporting Act* for this purpose.
- Directors’ duties aside, there is evidence that management and disclosure of carbon risk has a potentially important macro-economic and financial system stability role.
 - In a post-Paris world, and with the impacts of climate change increasingly being felt, widespread undervaluation of carbon risk by Australian companies, capital markets and insurers could, among other things, lead to asset value write-downs, increased capital costs, and decreased returns on superannuation and other investments.
 - Mark Carney, Bank of England Governor and G20 Financial Stability Board chair has stated “financial stability risks will be minimised if the transition begins early and follows a predictable path, thereby helping the market anticipate the transition...”.
 - The UK and European Union have undertaken detailed assessments of the exposure of their financial systems to climate risks. A similar assessment could be considered for Australia. A case could be developed through the 2017 review, with a detailed assessment subsequently undertaken by the Council of Financial Regulators.

Attachments

- A:** Mr Noel Hutley SC and Mr Sebastian Hartford-Davis, *Climate Change and Directors' Duties: Memorandum of Opinion*, The Centre for Policy Development and the Future Business Council (released October 2016)

Copy to: **To:** Minister for the Environment and Energy (For Information)

Secretary
Ms Evans
Mr Heferen
Ms Wilson

DEVELOPMENTS IN BUSINESS UNDERSTANDING OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Chief of Staff
Mr Rigzin

Timing: 19 May 2017 – to support the Department’s engagement across Government on carbon risk disclosure

Recommendation:			
1. That you note the growing pressure for businesses to disclose their carbon risk, with the recent Inquiry into carbon risk disclosure by the Australian Senate Economics References Committee recommending the need for a consistent approach.			
			Noted / Please discuss
Minister:		Date:	
Comments:			
Clearing Officer: Sent: 5/05/17	Helen Wilson	First Assistant Secretary, Domestic Emissions Reduction Division	Ph: 02 6274 2490 M: s22
Contact Officer:	s22	A/g Assistant Director, Adaptation and Climate Science Policy Section	Ph: s22 M: s22

Key Points:

1. There is growing consensus among lawyers, bankers, investors and regulators that climate change presents material risks and opportunities to Australian businesses and the economy.
2. A growing body of regulatory and legal opinion shows that companies need to identify and disclose climate related risks and opportunities. Market participants cannot price risks and opportunities accurately without full disclosure.
 - a. There is currently no consistent approach for climate-related disclosure in Australia. Business want certainty from Government on this.
3. The recently released report on the Inquiry by the Australian Senate Economics References Committee (membership at **Attachment A**) highlights the need for consistent, reliable, comparable and clear disclosure of carbon risk by businesses.
4. Submissions to the Senate Inquiry show that Australian businesses are calling for a consistent approach from Government on carbon risk disclosures.

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- a. ANZ noted that “we continue to develop our carbon disclosures and work actively with our customers to support their transition to a low-carbon economy.” We are aware from other public statements that ANZ are also looking at housing and sea-level rise risk.
 - b. The Investor Group on Climate Change, who represent Australian and New Zealand institutional investors with over \$1 trillion of funds under management, stated that “a patchwork quilt of voluntary [carbon risk disclosure] initiatives is no substitute for a deliberative and coordinated approach to corporate disclosure... unless you get a government-convened or coordinated approach to corporate disclosure of this nature, you are just not going to get the quality of data you need to make informed decisions.”
5. The committee’s report builds on recent developments in Australia and internationally on the implications of climate change for the private sector.
- a. The Paris Agreement has entered into force.
 - b. The G20’s Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosure is developing a voluntary framework for assessment and disclosure of climate risks by corporations (PDR: MS16-002346). The Task Force is due to present its final report and recommendations to G20 Heads of State in July this year. We would recommend Australia endorse the Taskforce report.
 - c. APRA have acknowledged climate change poses a material financial risk for businesses and the community and that many of these risks are foreseeable, material and actionable now.
 - d. A recent legal opinion found that company directors who fail to consider the risks from climate change could be found liable for breaching their duty of care and diligence under the *Corporations Act 2001*.
6. The Senate committee’s view is there should be better disclosure of carbon risks by more Australian firms, and the best way to achieve this is building on the existing regulatory framework for governing corporate disclosures.
- a. However the report also identified areas requiring further exploration to ensure the existing frameworks are appropriate and effectively governed. Further information on the report and the committee’s findings is at **Attachment B**.
7. It is anticipated that Treasury will be leading the Government’s response to the report.
8. We will work with the Treasury and Department of Finance to consider the extent to which existing regulatory frameworks, including the *Corporations Act 2001* and the ASIC and ASX reporting requirements, can support carbon risk disclosure by businesses. We are also working with the business sector (for example, the Investor Group on Climate Change) to clarify the Government’s role in carbon risk disclosure.
- a. The Department of the Environment and Energy has an interest in working with government agencies, including the Treasury and Department of Finance, on carbon risk disclosure to support a smooth transition to a lower-emissions future. We will progress this work through existing mechanisms, including the Australian Government Disaster and Climate Resilience Reference Group.
 - b. The Government already has a clear role in helping business to manage climate risk by providing information on climate change science and resilience.

Attachments

- A:** Membership - Senate Economics References Committee
- B:** Background information - Australian Senate Economics References Committee Inquiry into carbon risk disclosure and final report
- C:** Australian Senate Economics References Committee Inquiry report – Carbon risk disclosure
- D:** Key recommendations from Senate Inquiry report
- E:** List of Senate Inquiry submissions and expert witnesses

Membership - Senate Economics References Committee

Members in the 45th Parliament

Senator Chris Ketter (Chair) - Queensland, ALP

Senator Jane Hume (Deputy Chair) - Victoria, LP

Senator Cory Bernardi - South Australia, AC (to 12 September 2016 and from 5 December 2016 to 15 February 2017)

Senator Sam Dastyari - New South Wales, ALP

Senator Jenny McAllister - New South Wales, ALP

Senator the Hon Ian Macdonald - Queensland, LP (to 5 December 2016 and from 15 February 2017)

Senator Nick Xenophon - South Australia, NXT

Members in the 44th Parliament

Senator Chris Ketter (Chair) - Queensland, ALP

Senator Sean Edwards (Deputy Chair) - South Australia, LP

Senator Matthew Canavan - Queensland, NATS (to 23 February 2016)

Senator Sam Dastyari - New South Wales, ALP

Senator Jenny McAllister - Victoria, ALP

Senator Dean Smith - Western Australia, LP (to 23 February 2016)

Senator Nick Xenophon - South Australia, IND

Senators participating in this inquiry

Senator Peter Whish-Wilson Tasmania, AG

Secretariat

Mr Mark Fitt, Secretary

Dr Anne Holmes, Senior Research Officer (from 9 January 2017)

Mr Jarrod Baker, Senior Research Officer (to 16 December 2016)

Ms Sarah Batts, Administrative Officer (to 27 January 2017)

Mr Michael Perks, Administrative Officer (to 3 April 2017)

Ms Hannah Dunn, Administrative Officer (from 3 April 2017)

Background information - Australian Senate Economics References Committee Inquiry into carbon risk disclosure and final report

1. On 21 April 2017, the Australian Senate Economics References Committee released findings and a set of recommendations from their inquiry into carbon risk disclosure **Attachment C**.
 - a. The 46 page report contains six key recommendations (**Attachment D**). The report outlines the rationale for corporate disclosures and the need for carbon risk disclosure. It describes the relevant frameworks for reporting carbon risk in Australia, including a comparison with the United States, France and the EU. It outlines the state of carbon risk disclosure practices in Australia and lays out options for reform.
 - b. Carbon risk is defined as the risks to a company from climate change. It includes physical damage to the value of financial or real assets; liability risks; and transition risks.
2. The committee held a public hearing and received 39 submissions including from the Australian Securities Investments Commission, ANZ, the Investor Group on Climate Change and the Business Council of Australia (full list at **Attachment E**). The Government did not make a submission to the inquiry.
3. Submissions to the Senate Inquiry show that Australian businesses are calling for a consistent approach from Government on carbon risk disclosures.
 - a. The Business Council of Australia “welcomes the Senate’s investigation of this emerging issue and notes that this is an area that will continue to develop over the medium to long term.”
 - b. ANZ noted that “we continue to develop our carbon disclosures and work actively with our customers to support their transition to a low-carbon economy.” The Department is aware from other public hearings that ANZ are also looking at housing and sea-level rise risk.
 - c. KPMG points out that “there is a lack of consistency in the carbon information that the world’s largest companies publish in their annual financial and/or corporate responsibility reports. This makes it almost impossible to accurately compare one company’s carbon performance with another’s.”
 - d. The Investor Group on Climate Change, who represent Australian and New Zealand institutional investors with over \$1 trillion of funds under management, stated that “a patchwork quilt of voluntary [carbon risk disclosure] initiatives is no substitute for a deliberative and coordinated approach to corporate disclosure... unless you get a government-convened or coordinated approach to corporate disclosure of this nature, you are just not going to get the quality of data you need to make informed decisions.”
4. The committee accepts that the physical risks of climate change, along with the challenge of transition to a lower carbon world, present material risks to Australian businesses.

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- a. This view is consistent with recent legal and regulatory statements.
5. The committee agrees with submitters that there are significant opportunities to improve carbon reporting, and that improved reporting would benefit businesses, investors and the economy.
6. The committee notes that there are a number of voluntary non-government frameworks available, however it does not believe it is appropriate for carbon disclosure to be undertaken on an exclusively voluntary basis. The committee does not believe it would be appropriate to extend the operations of the *National Greenhouse and Energy Reporting Act* (which you are responsible for) to capture carbon risk reporting.
7. The committee believes the best way to achieve improved reporting on carbon risk is to build on the existing regulatory framework governing corporate disclosures. This is consistent with broader opinions that enhanced carbon risk disclosure can be accommodated within existing corporation reporting obligations and frameworks.
8. The committee suggests further work is needed to refine the existing financial disclosure system to improve the disclosure of carbon risk by Australian firms. To facilitate this, the committee recommends:
 - a. the Australian Securities and Investments Commission reviews its guidance to directors to include carbon risk
 - b. the Australian Stock Exchange provides guidance on when a listed entity's exposure carbon risk requires disclosure
 - c. the government review the Corporations Act 2001 to consider if it should include reporting on the viability of a companies' business model (compared to current requirements to disclose immediate financial performance).
 - d. the government nominate a single government entity to have primary responsibility for coordinating the response to the G20 Task Force recommendations.

Australian Senate Economics References Committee report on carbon risk disclosure, 21 April 2017

List of recommendations

Recommendation 1

That the Australian Securities and Investment Commission review its guidance to directors to ensure it provides a proper understanding of the manifestations of carbon risk, and reflects evolving asset measurement implications of carbon risk.

Recommendation 2

That the Australian Stock Exchange provide guidance regarding the circumstances in which a listed entity's exposure to carbon risk requires disclosure under Recommendation 7.4 of the Australian Stock Exchange Corporate Governance Principles and Recommendations.

Recommendation 3

That the government nominate a single government entity to have primary responsibility for coordinating the response to the recommendations of the Financial Stability Board Task Force on Climate-related Financial Disclosures.

Recommendation 4

That the government commit to implementing the recommendations of the Financial Stability Board Task Force on Climate-related Financial Disclosures where appropriate, and undertaking the necessary law reform to give them effect.

Recommendation 5

That the government review the Corporations Act 2001 to consider whether the obligations for financial disclosure should require holistic consideration of a company's prospects, including the viability of its business model.

Recommendation 6

That the government end the uncertainty regarding climate change policy, and develop a stable and consistent policy (such as an emissions intensity scheme for the electricity sector).

List of Inquiry submissions

- 350.org
- Smith School of Enterprise and Environment, University of Oxford
- Australasian Centre for Corporate Responsibility
- The Middle Way Pty Ltd
- KPMG
- South Pole Group
- Carbon Tracker Initiative
- Client Earth
- Chartered Accountants Australia and New Zealand
- Australian Securities and Investments Commission
- WWF Australia
- Regnan
- Financial Services Council
- AGL Energy
- Australian Ethical Investment
- Environmental Justice Australia
- CDP and Climate Disclosure Standards Board
- Market Forces
- Responsible Investment Association Australasia
- Origin
- Business Council of Australia
- ANZ
- Investor Group on Climate Change
- Australian Industry Greenhouse Network
- Australian Council of Superannuation Investors
- The Climate Institute
- Sustainable Business Australia
- CPA Australia
- Mr David Archibald
- Mr Joseph Poprzeczny
- Mr Gareth Johnston

List of witnesses at inquiry public hearing, Wednesday 8 March 2017, Sydney

- Mr James Day, Director, Australia and New Zealand, Carbon Disclosure Project (CDP)
- Mr Daniel Gocher, Analyst, Market Forces
- Ms Emma Herd, Chief Executive Officer, Investor Group on Climate Change
- Ms Kate Mackenzie, Head of Finance and Investment, The Climate Institute
- Ms Ella McKinley, Ethics Analyst, Australian Ethical Investment
- Ms Brynn O'Brien, Executive Director, Australasian Centre for Corporate Responsibility
- Ms Kate O'Rourke, Senior Executive Leader, Corporations, Australian Securities and Investment Commission
- Dr John Purcell, Policy Adviser, Environmental, Social and Governance, CPA Australia
- Mr Geoffrey Summerhayes, Member, Australian Prudential Regulation Authority
- Mr Philip Vernon, Managing Director, Australian Ethical Investment

PDR:MS17-000575



Copy to: To: Minister for the Environment and Energy (For Information)

Secretary
Ms Evans
Mr Heferen
Ms Wilson

DEVELOPMENTS IN BUSINESS UNDERSTANDING OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Chief of Staff
Mr Rigzin

Timing: 19 May 2017 – to support the Department’s engagement across Government on carbon risk disclosure

Recommendation:

1. That you note the growing pressure for businesses to disclose their carbon risk, with the recent Inquiry into carbon risk disclosure by the Australian Senate Economics References Committee recommending the need for a consistent approach.

Noted / Please discuss

Minister:

Date:

Comments: Noted by the Minister's Office

Clearing Officer: Sent: 5/05/17	Helen Wilson	First Assistant Secretary, Domestic Emissions Reduction Division	Ph: 02 6274 2490 s22
Contact Officer:	s22	A/g Assistant Director, Adaptation and Climate Science Policy Section	s22

Key Points:

1. There is growing consensus among lawyers, bankers, investors and regulators that climate change presents material risks and opportunities to Australian businesses and the economy.
2. A growing body of regulatory and legal opinion shows that companies need to identify and disclose climate related risks and opportunities. Market participants cannot price risks and opportunities accurately without full disclosure.
 - a. There is currently no consistent approach for climate-related disclosure in Australia. Business want certainty from Government on this.
3. The recently released report on the Inquiry by the Australian Senate Economics References Committee (membership at **Attachment A**) highlights the need for consistent, reliable, comparable and clear disclosure of carbon risk by businesses.
4. Submissions to the Senate Inquiry show that Australian businesses are calling for a consistent approach from Government on carbon risk disclosures.

- a. ANZ noted that “we continue to develop our carbon disclosures and work actively with our customers to support their transition to a low-carbon economy.” We are aware from other public statements that ANZ are also looking at housing and sea-level rise risk.
 - b. The Investor Group on Climate Change, who represent Australian and New Zealand institutional investors with over \$1 trillion of funds under management, stated that “a patchwork quilt of voluntary [carbon risk disclosure] initiatives is no substitute for a deliberative and coordinated approach to corporate disclosure... unless you get a government-convened or coordinated approach to corporate disclosure of this nature, you are just not going to get the quality of data you need to make informed decisions.”
5. The committee’s report builds on recent developments in Australia and internationally on the implications of climate change for the private sector.
- a. The Paris Agreement has entered into force.
 - b. The G20’s Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosure is developing a voluntary framework for assessment and disclosure of climate risks by corporations (PDR: MS16-002346). The Task Force is due to present its final report and recommendations to G20 Heads of State in July this year. We would recommend Australia endorse the Taskforce report.
 - c. APRA have acknowledged climate change poses a material financial risk for businesses and the community and that many of these risks are foreseeable, material and actionable now.
 - d. A recent legal opinion found that company directors who fail to consider the risks from climate change could be found liable for breaching their duty of care and diligence under the *Corporations Act 2001*.
6. The Senate committee’s view is there should be better disclosure of carbon risks by more Australian firms, and the best way to achieve this is building on the existing regulatory framework for governing corporate disclosures.
- a. However the report also identified areas requiring further exploration to ensure the existing frameworks are appropriate and effectively governed. Further information on the report and the committee’s findings is at **Attachment B**.
7. It is anticipated that Treasury will be leading the Government’s response to the report.
8. We will work with the Treasury and Department of Finance to consider the extent to which existing regulatory frameworks, including the *Corporations Act 2001* and the ASIC and ASX reporting requirements, can support carbon risk disclosure by businesses. We are also working with the business sector (for example, the Investor Group on Climate Change) to clarify the Government’s role in carbon risk disclosure.
- a. The Department of the Environment and Energy has an interest in working with government agencies, including the Treasury and Department of Finance, on carbon risk disclosure to support a smooth transition to a lower-emissions future. We will progress this work through existing mechanisms, including the Australian Government Disaster and Climate Resilience Reference Group.
 - b. The Government already has a clear role in helping business to manage climate risk by providing information on climate change science and resilience.

Attachments

- A:** Membership - Senate Economics References Committee
- B:** Background information - Australian Senate Economics References Committee Inquiry into carbon risk disclosure and final report
- C:** Australian Senate Economics References Committee Inquiry report – Carbon risk disclosure
- D:** Key recommendations from Senate Inquiry report
- E:** List of Senate Inquiry submissions and expert witnesses