



National Adaptation Plan Issues Paper

Submission

April 2024

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The MAV is the statutory peak body for local government in Victoria. The MAV collaborated with the Victorian Greenhouse Alliances and CASBE to undertake this work. The MAV would like to acknowledge the contribution of those who provided their comments and advice during this project.

While this paper aims to broadly reflect the views of local government in Victoria, it does not purport to reflect the exact views of individual councils. This Submission to the National Adaptation Plan Issues Paper has been endorsed by the MAV Executive and the MAV Board.

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Executive summary

The Municipal Association of Victoria and the Victorian Greenhouse Alliances welcome the opportunity to provide a joint submission to the National Adaptation Plan issues paper prepared by the Department of Climate Change, Energy, the Environment and Water.

The local government sector brings a wealth of experience and knowledge to Australia's first National Adaptation Plan (the Plan) having spent decades driving adaptation and mitigation action. Councils have intimate knowledge of the needs and capabilities of their communities and hold information on local climate-related hazards as well as experience in mitigating them.

We jointly urge the Federal Government to consider the following recommendations when drafting Australia's first National Adaptation Plan:

1. Ensure a cohesive and collaborative approach to climate adaptation through a multilevel governance approach including local, state and federal governments.
2. Provide increased direct financial support to ensure all councils have the resources to accelerate adaptation action at the local level.
3. Support the local government sector to:
 - a. Embed adaptation through a whole-of-organisation approach;
 - b. Acquire up-to-date and accessible climate risk and resilience data to enable evidence-based decision making;
 - c. Clarify climate-related financial disclosure requirements for Victorian councils; and
 - d. Ensure states and territories adhere to the principle of betterment to increase the climate resilience of assets, including roads, bridges and community facilities.
4. Outline how national levers, including construction policies and building codes, will be used to embed future climate scenarios and accelerate adaptation.

Introduction

The Municipal Association of Victoria (MAV) and the Victorian Greenhouse Alliances (VGA) welcome the opportunity to provide a joint submission to the National Adaptation Plan (the Plan) issues paper prepared by the Department of Climate Change, Energy, the Environment and Water.

About the Municipal Association of Victoria

The MAV is the legislated peak body for the Victorian local government sector. As the collective voice of Victoria's 79 councils, the MAV works collaboratively with councils to ensure their communities both adapt and thrive, offering advice, services and the resources necessary to ensure our councils can fulfill their essential roles.

About the Alliances

The VGA are formal partnerships of councils and other member organisations driving climate change action across Victoria.

Local government, and their communities, are on the frontline of responding to climate change. While mitigation is vital to reduce emissions and the rate and magnitude of climate change, adaptation is essential to minimise the increasing risks from current and future climate impacts.

This submission highlights some of the significant adaptation activity being driven by Victorian councils as well as identifying opportunities for nationally-led governance, coordination and financial support to increase the impact of local and regional action. It recognises councils are already undertaking adaptation work through such initiatives as building canopy cover and water sensitive urban design, and that councils require further support to continue this integral work.

Response to Issues Paper questions

3.1 Foundations for a National Adaptation Plan

The draft vision and objectives appropriately include all levels of government, the private sector and community.

The objectives of the Plan, as stated in the issues paper, are to 'mainstream' adaptation action, uplift investment and establish support for people and communities in disproportionately vulnerable situations. The MAV and VGA are supportive of these objectives.

To ensure effective adaptation the Plan should also consider the following principles¹:

- Be designed to continue to perform under a number of different and changing future scenarios
- Increase flexibility in relevant systems, including but not limited to the economy and natural environment
- Be underpinned by a strong communication and public education strategy
- Build in redundancy, so partners can adjust resources, processes and strategies as needed, to address variability and uncertainty
- Facilitate accurate and adequate budgeting at all levels of government
- Not increase carbon emissions
- Ensures adaptation strengthens community resilience and reduces vulnerability
- Monitor for and avoid maladaptive outcomes.

We are strongly supportive of the Plan being underpinned by the latest science available in the Intergovernmental Panel on Climate Change's Sixth Assessment Report, as noted in the issues paper, to enable performance under future science scenarios.

It is appropriate that the Plan responds to the nationally significant risks identified in the National Climate Risk Assessment. This submission identifies a range of opportunities for addressing some of the priority risks identified in the first-pass assessment, including priority issues for the local government sector relating to the built environment and infrastructure.

The MAV supports a five-year review cycle for the Plan with annual reporting by the Federal Government against the monitoring and evaluation framework.

3.2 Governance

Adaptation action across the local government sector

Victorian councils are already leading a wide range of effective adaptation responses for the benefit of local communities. These responses include capital upgrades to community facilities and assets to adapt to heatwaves and mitigate against flood and bushfire damage, and exploring investment in batteries and stand-alone power for facilities so that they remain functional in extreme weather and related emergencies alongside a raft of other actions.

As identified in the issues paper, councils also ensure implementation of policies and regulations under their jurisdiction, including local planning and development regulations, and manage risks and impacts to local government service delivery.

In Victoria, councils work collaboratively through the VGA to develop and implement mitigation and adaptation strategies to address climate change risks, undertake important background

¹ Principles included in the adaptation framework developed for the 'How Well Are We Adapting' program by the Western Alliance for Greenhouse Action (WAGA)

research and data gathering, and raise their capacity to manage climate change (see Appendix for a list of key projects led by the VGA).

As a member of the Australian Local Government Association (ALGA) the MAV works closely with local government associations in other jurisdictions to share information and strategies, and support ALGA in its engagement with the Federal Government.

Ensuring a multilevel governance approach to climate adaptation

The Plan presents an important opportunity to review the 2012 COAG statement of roles and responsibilities and clarify the role of each level of government.

Tackling climate change requires coordination and collaboration between and across all levels of government. For too long, councils have been seen as a vehicle for implementing fragmented policies set by state and federal governments, without adequate support and resourcing.

Communities most at-risk – those experiencing the most serious climate change impacts as well as other social and economic disadvantage – are often also those with the least capacity and resources to become climate resilient. We welcome the issue paper’s recognition of this as a key issue to be addressed in the Plan.

While adaptation works best if the solutions are designed and implemented as close as possible to where the impacts are being felt, local communities cannot address their climate change risks and impacts without significant help.

A multilevel governance approach² that includes local, state and federal governments would see more cohesive, unified work between governments, with less duplication. This approach would empower all spheres of government to fulfill their climate ambitions by promoting effective coordination between and across governments. Each level must be resourced adequately to enable them to deliver within its remit.

By leading a multilevel governance approach to climate adaptation, the Federal Government can better stimulate collaboration, engagement and communication between government portfolios and sectors of the economy, while providing councils with a seat at the decision-making table.

The MAV is strongly supportive of the Federal Government continuing to engage with the state local government associations and councils via ALGA on climate change policy. The recent establishment of a Net Zero Working Group with local government representatives is a good step forward. We look forward to partnering with ALGA and the Federal Government around similar mechanisms for adaptation policy.

Furthermore, the VGA are a ready access point for current and future coordination and collaboration at the regional level, assisting their member councils with internal capacity

² https://citiespowerpartnership.org.au/wp-content/uploads/2023/07/Many-Hands-Make-Light-Work_Screen-Singles.pdf

building, cross-council projects and research, and engagement with other levels of government and other sectors.

Providing greater financial support for place-based adaptation

Victorian councils are responsible for managing \$140 billion of community assets and infrastructure, including roads, community buildings and parks, all of which are impacted by climate events and have a high cost for repair and maintenance³.

Conservative first-pass economic assessments of the direct risks to council assets indicates that annual average damages are expected to increase by 150% by 2050 and 300% by 2100 under business as usual (no adaptation)⁴. While the Issues Paper clearly identifies that those closest to climate risks are best placed to manage them, this could be misinterpreted as responsibility for funding adaptation in its entirety.

The key question of “who pays” can only be resolved by comprehensive quantification of costs of climate impacts, and the benefits of adaptation and resilience measures. This will enable funding and resources to be prioritised for the most at-risk locations and the best bang for buck adaptation options. Systematic and consistent economic cost-benefit analysis and resource allocation overseen through a multilevel governance model led by the Federal Government would provide the most robust and transparent approach to delivering this critical work.

It is vital that the Plan clarifies which level of government is responsible for funding adaptation action. In 2022, the Victorian Government released seven sectoral Adaptation Action Plans (AAPs), mandated under Victoria’s Climate Change Act 2017, alongside six Regional Climate Change Adaptation Strategies (RCCASs). Progress is currently constrained because most actions in the AAPs are unfunded and implementation of the RCCASs is now entirely unfunded.

Place-based adaptation is also being hampered by the funding and resourcing constraints experienced by Victorian councils. Resource constraints are particularly challenging for rural and regional councils which are disproportionately impacted by climate change and face greater difficulty in generating revenue.

FinPro’s recent survey of Victorian councils found that costs associated with climate change, extensive capital works and cost shifting from higher levels of government are all contributing to

³ <https://www.audit.vic.gov.au/report/results-2022-23-audits-local-government>

⁴ Adaptive Community Assets (2023), Natural Capital Economics. An expert analysis prepared for the Victorian Greenhouse Alliances based in Melbourne assesses average annual damages from climate hazards to council-owned assets in Greater Melbourne as currently \$90-120 million, increasing to \$210-\$300 million in the near future (about 2050) and \$400-\$540 million in the more distant future (about 2100). This is an increase of about 150% in the nearer future and 350% in the more distant future from present day.’ Natural Capital Economics, 22 March 2023, *Adaptive Community Assets: A report prepared for the Eastern Alliance for Greenhouse Action* https://eaga.com.au/wp-content/uploads/2023/04/Adaptive-community-assets_Final-report-1.pdf

financial pressure⁵. Council budgets are also coming under increasing pressure from responding to compounding extreme weather events.

Councils need direct financial support to ensure they have the capacity to transition and support their communities to adapt to climate change. Significant adaptation progress requires long-term, flexible funding options alongside a regional approach to prioritising projects. Increasing direct funding for adaptation can deliver significant social, environmental and economic returns.

In Victoria, funding and support for the VGA to implement regional adaptation actions would directly benefit their member councils with significant gains.

Opportunities for strengthening local adaptation action

Councils face complex challenges in effectively responding to climate risks. Finding solutions to support these needs is key to accelerating adaptation action in Australia.

- Whole-of-organisation responses to complex problems

Climate change adaptation requires a whole-of-organisation approach supported by buy-in and action from all levels of council to effectively identify and address risks across different service areas. Some councils are already considering how climate change risks can be better incorporated into everyday decision making. Many are struggling to truly embed responses to climate change across the organisation, as risks are complex, often cascading, affect each service area in different ways and the costs are often unidentified. The VGA is currently developing a program to provide councils with support for embedding adaptation.

- Adequate data and access to data

At the same time as councils are dealing with the need to consider and embed adaptation, they are also negotiating other priorities, such as the need to densify housing due to forecasts of significant population growth. These priorities may compete, and without adequate data may even lead to adverse outcomes. For example, in the case of population growth, councils may have to manage staged retreat from areas of high climate vulnerability only a few short years after having driven densification in the same areas.

To address this problem, the Plan, as the national framework for all levels of government, should ensure that governments work together to provide the best data available to decision-makers on the ground.

⁵ <https://www.finpro.org.au/resource-library/24-29-01-finpro-minister-local-government-local-government-financial-sustainability-jan-2024/>

The Plan should also outline how councils will be supported to acquire up-to-date and accessible climate risk data to enable decision making processes that reduce climate impacts. This includes data on future climate scenarios and high quality and regular canopy cover data, to enable them to effectively monitor and address targets for increasing canopy. Many councils in Victoria will require resourcing to both gather risk and resilience data, and to ensure this is consistent across the state.

In Victoria, the 'Victoria's Future Climate' tool could be used to house and access useful data, but the data needs to be kept up to date, gaps need to be filled, and stakeholders including councils need assistance from the Victorian Government to access and use the data.

Councils, particularly in regional areas, have also assessed that to make accurate decisions about climate impacts for assets such as roads, they require more granular risk data than what is provided in the 'Victoria's Future Climate'. In response, councils are looking to undertake their own more detailed risk assessments but need the funding to support this alongside consistent methodologies for risk assessments.

The 'Adaptive Community Assets' project (funded under the Regional Adaptation Strategy (RAS) for Greater Melbourne) is being delivered through a partnership between four Greenhouse Alliances and the State Government. It has provided an initial assessment of the value of damages caused by climate hazards to council-owned assets, indicating significant increases in these values. Additional and ongoing funding is necessary to expand the scope and complexity of these assessments, enabling councils to incorporate climate change considerations into their asset management practices and financial plans.

Finally, councils are aware of a significant data gap in relation to the financial costs and benefits of climate change risks and adaptation solutions. Adequate data in this area would greatly facilitate planning and prioritisation of actions by all stakeholders, not only local government.

- Climate-related financial disclosure requirements

Councils expect clear guidance from state and federal governments when it comes to managing climate risks. Climate-related financial disclosure requirements will be phased in from 2024 subject to the passage of legislation. If councils are expected to meet these requirements, they must be provided with adequate information and resources to understand and implement their responsibilities well in advance of the need for compliance.

- Mainstreaming betterment for climate resilient assets

It is important that the Plan recognises the significant role councils play in managing high value assets on behalf of the community. To truly mainstream adaptation in the infrastructure and built environment system, councils need to have the resources to re-build assets to a more resilient standard.

There are opportunities to increase the efficiency of Federal Government funding by ensuring states and territories adhere to the principle of betterment. Current funding mechanisms are piece-meal, reactive and hazard-specific which does not support a comprehensive approach to resilience-building.

Victorian councils would like to see the adoption of betterment as an eligible expense under the Disaster Recovery Funding Arrangements by the state government, alongside the establishment of a betterment fund, similar to the model applied in Queensland.

Systems identified in the National Climate Risk Assessment

5.1 Built environment system

Victorian councils continue to grapple with how to incorporate climate change into land use planning decisions and guidance. There is often a serious disconnect between high level policy positions on climate change and day-to-day planning decisions.

Planning and building policy must be based on the latest updated science and data, and it must be mandatory for new buildings to be designed to be resilient to the impact of extreme weather events.

There is substantial scope for the Federal Government to lead evidence-based policy that ensures new and existing infrastructure is more resilient to the impacts of climate change. For example, the Plan should outline how the Federal Government will use national levers at its disposal, especially construction policies and building codes, to embed future climate scenarios and accelerate adaptation. The Plan could also demonstrate how the Federal Government will strengthen mechanisms that encourage and support state and local governments to embed climate risks in land use planning.

Please see the Council Alliance for a Sustainable Built Environment's (CASBE's) standalone submission for detailed analysis and recommendations for adaptation action in the built environment system.

5.2 Defence and national security system

Victorian councils make a substantial contribution to disaster mitigation, planning, relief and recovery. Evaluation of Victorian councils' capability and capacity to undertake their emergency management role have shown significant gaps. Despite Federal investment via NEMA's Disaster Ready Fund (DRF) and the State and Federal Government through Disaster Recovery

Funding Arrangements, councils do not have the resources to fulfill their expected emergency management role.

For every additional dollar spent on mitigating the effects of climate-related natural disasters, it saves the government up to \$8 in the long term⁶.

We support ALGA's recommendation that the Disaster Ready Fund be increased by at least \$250 million per year to focus on disaster mitigation and adaptation.

Conclusion

Victorian councils stand ready to partner, collaborate and innovate on new models of adaptation policy co-creation and implementation. As the closest connection point to community, local government is uniquely positioned to help build a social license for governments to prioritise and invest in adaptation action.

With the risks and opportunities of climate change becoming increasingly clear, it is imperative that we work together across all levels of government – through a multilevel governance approach to climate – to develop and implement a robust and effective National Adaptation Plan.

Thank you for the opportunity to submit this response to the National Adaptation Plan Issues Paper. We would welcome the chance to discuss this submission further. Please contact:

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⁶ <https://www.dfat.gov.au/development/topics/development-issues/building-resilience/drr/disaster-risk-reduction-and-resilience>

- Ararat Rural City Council
- Ballarat City Council
- Buloke Shire Council
- Central Goldfields Shire Council
- Gannawarra Shire Council
- Greater Bendigo City Council
- Hepburn Shire Council
- Loddon Shire Council
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- Hobsons Bay City Council
- Melton City Council
- Moonee Valley City Council

- Moorabool Shire Council
- Wyndham City Council

Appendix

Below is a list of adaptation responses being led by Victorian Greenhouse Alliances. Note that this is not an exhaustive list, and further information may be provided about these and other adaptation projects by the VGA.

- Victorian Climate Resilient Councils (Western Alliance for Greenhouse Action with the other Victorian Greenhouse Alliances)
- How Well Are We Adapting (Western Alliance for Greenhouse Action)
- Biodiversity Monitoring in Melbourne's East
- Future Assets project
- Environmental Upgrade Agreement initiatives in Knox and Monash
- Ramp Up Resilience (Central Victorian Greenhouse Alliance)
- Cool It (Central Victorian Greenhouse Alliance)
- Heatwave Health
- Retrofitting for Resilience: Home Upgrades for Climate Resilience (Central Victorian Greenhouse Alliance)
- Regional Greenhouse Alliance Neighbourhood Battery Investigation (Central Victorian Greenhouse Alliance, Goulburn Murray Climate Alliance, Gippsland Alliance for Climate Action)
- Climate risk governance (South East Councils Climate Change Alliance)
- Adaptive Community Assets (Eastern Alliance for Greenhouse Action with Western Alliance for Greenhouse Action, Northern Alliance for Greenhouse Action and South East Councils Climate Change Alliance)
- Resilient Public Estates (Goulburn Murray Climate Alliance)
- Gippsland climate risk and asset impact mapping (Gippsland Alliance for Climate Action)
- Resilient Community Assets (Barwon South West Climate Alliance)