



A SUSTAINABLE POPULATION STRATEGY FOR AUSTRALIA

RESPONSE TO THE ISSUES PAPER

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ABOUT CONSULT AUSTRALIA

Consult Australia is the peak industry body representing consulting companies that provide professional services to the built and natural environment. These services include design, technology and management solutions for individual consumers through to major companies in the private and public sector including local, state and federal governments. Consult Australia represents over 270 companies, from large multidisciplinary corporations to small niche practices, collectively employing over 50,000 staff.

Consult Australia's vision is to drive business success for consulting companies in the built and natural environment through collaboration, education, support and advocacy. We are dedicated to providing support and advocacy to our members with integrity, commitment, evidence based positioning, responsible actions and respect. Consult Australia achieves these goals through a range of top down (improving regulation and creating opportunities) and bottom up (building capacity and community to reduce risk) support and services to members.

EXECUTIVE SUMMARY

Consult Australia welcomes the opportunity to contribute to the development of a Sustainable Population Strategy (the Strategy) and applauds the Government for taking this important initiative. A Sustainable Population Strategy—alongside and coordinated with the parallel development of the National Urban Policy—is essential to ensure Australia is positioned to meet the challenges associated with demographic change, economic growth, and climate change.

Recent public debate on population has been of concern to Consult Australia's members where the vital links between immigration, skill needs, growth and productivity has been ignored or overlooked. A Sustainable Population Strategy should provide a mechanism to understand the data and information available that informs the challenges before us. Evidence-based policy development, and a more informed community, will be supported with a Strategy that provides an integrated framework to evaluate our progress towards clearly identified policy priorities. This should include clear indicators against which progress can be measured, for example with the release of future Intergenerational Reports and new Census data.¹

Many of the issues Consult Australia would expect to be addressed through a National Urban Policy are those same issues we would anticipate will be prioritised in the development of the Sustainable Population Strategy. Though we expect the recommendations and steps that follow each of these documents will be different, we highlight our priority areas of concern in both submissions to help ensure complementarity and appropriate prioritisation of these issues throughout government policy.

In this context those issues we believe should be addressed through the Sustainable Population Strategy, as outlined in this submission, include:

- Infrastructure investment and prioritisation
- Prioritising skills for growth
- Better coordination and collaboration for a sustainable Australia
- Planning for adaptation

Infrastructure investment and planning provides the network that enables our cities and regions to meet these challenges and evolve in response to future demographic, environmental and economic changes. Alongside infrastructure investment, investment in our population and the skills necessary to build the infrastructure we require is also essential. Without these skills, no amount of funding for infrastructure will deliver the projects necessary to remove capacity constraints and support our growing economy.

The Summer of 2010-11 has seen new challenges across Australia with unprecedented damage caused by flood, cyclone and bushfire. These disasters and their immediate impact on urban and commercial infrastructure highlight the importance of adaptation in our built environment and the urgent need to prepare for future climate change already forecast.

Consult Australia hopes that in helping to address these key issues, the Population Strategy will facilitate economic growth, workforce participation, and the skills we need in the long-term. With this support, we believe that the economy will be better prepared to manage our most immediate challenges, as well as prepare for a productive future.

¹ The National Sustainability Principles drafted through the Property Council of Australia with the Business Council of Australia, the Australian Industry Group, Infrastructure Partnerships Australia, the Australian Chamber of Commerce and Industry and Engineers Australia provide one example of the kind of aspirational principles from which priority areas and indicators may be drawn. These are included for reference in Appendix A.

SUMMARY OF KEY RECOMMENDATIONS

Through its recommendations, the development of indicators and identification of priority issues, the Sustainable Population Strategy should support:

1. Long-term sustainable sources of infrastructure funding through support for reform of existing policy settings.
2. A review of opportunities for pilot studies of new road pricing mechanisms.
3. The development of a robust, independent and transparent process for the evaluation, prioritisation and decision-making supporting infrastructure delivery as a 'best-practice' approach for implementation across governments.
4. The long-, medium- and short-term skill needs of business, and the importance of supporting varied strategies such as flexible skilled migration programmes alongside education and training policy to meet these needs.
5. The importance of a clearly coordinated approach to sustainability across governments incorporating collaboration and consultation with industry and the community.
6. The facilitation and prioritisation of a National Sustainability Framework to build on the complementarities of programs in the economic, environmental and social spheres to create a cohesive agenda for sustainability operating across governments.
7. The facilitation and prioritisation of a National Adaptation Plan to ensure coordination, prioritisation and delivery of adaptation initiatives nation-wide.

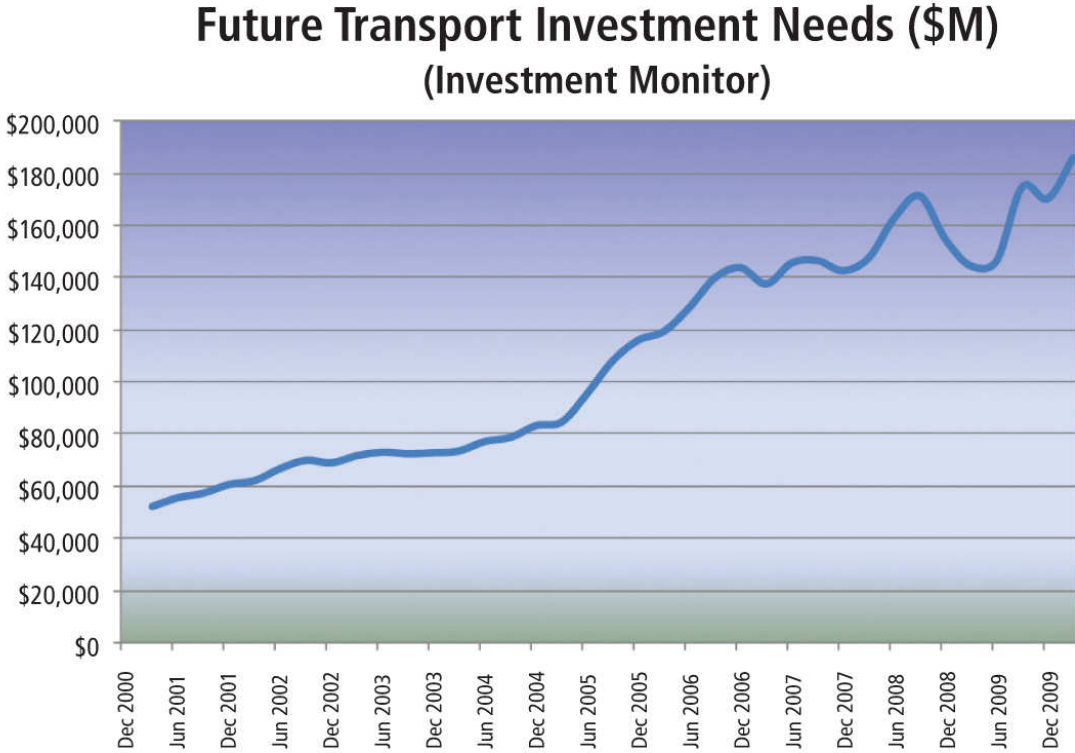
1. INVESTING IN SUSTAINABLE TRANSPORT INFRASTRUCTURE

Transport, population and the economy

Australia’s economy is more dependent on transport than most other Organisation for Economic Co-operation and Development (OECD) countries. We owe Australia’s economic and social development and well-being in large part to past investment decisions in transport infrastructure. Transport and logistics represent some 14 per cent of Australia’s GDP and account for some 330 million kilometres of travel made every day in capital cities. Our transport infrastructure provides access to employment, facilitates social inclusion, and allows our cities to grow. It moves 520 billion tonne kms of freight each year, supplying Australia’s industry, enabling export revenues, and supporting our economy. Transport represents up to 8 per cent of industry output.²

While public investment in transport infrastructure has followed population growth, it has failed to keep pace with our economy (GDP), this being partly offset by private investment. Recently, AusLink investment and stimulus response to the Global Financial Crisis (GFC) have increased public investment, but private investment has declined. Of significant concern, infrastructure maintenance has not kept pace with new investment.

Figure 1: Future Transport Infrastructure Investment Needs



² Consult Australia, *Transporting Australia’s Future*, November 2010, www.consultaustralia.com.au

Future infrastructure investment in Australia that is planned, committed or under-construction stands at \$717 billion (March 2010). Over \$186 billion (26 per cent) is identified as essential transport infrastructure. More than half of this (over \$100 billion) is for government funded transport projects, including backlog projects. In the last nine years, forecast transport investment needs have increased over 300 per cent. However, Government expenditure on transport remains about 4 per cent of budget.

The National Land Freight Strategy Discussion Paper (February 2011) notes:

Reliance on government funding for infrastructure is a further source of uncertainty about capacity for growth. Freight and other projects at various stages in Infrastructure Australia's project pipeline have a capital cost in the order of \$83 billion.

The economic argument for general taxpayer support of infrastructure principally used for commercial activities is weak. Government funds are limited and the Intergenerational Reports expect increasing pressure on government budgets. Government funds can also fluctuate over short time frames, in contrast to the long term funding streams required for major infrastructure programs.

While government funding may be a desirable short term position for commercial interests, there is the potential for it to lead to underinvestment in infrastructure.

While more direct funding is required by all governments for infrastructure, this highlights the greater importance of longer-term reform to secure sustainable and adequate funding streams from a range of sources.

Current sources of transport revenue

Currently government funding for transport infrastructure is mainly sourced through consolidated revenue, reflecting a political balancing between competing demands. Given other pressures on government investment, this is unlikely to change over the short term. Many "user charges" are woven into the current consolidated taxation system. Current revenue streams are mainly limited to:

- Fuel Excise
- Vehicle registration
- Parking fees
- Tolls and Ticket fares
- GST

Reliance on traditional fuel excise as the key revenue tool is internationally recognised as having limited longevity, with diminishing reserves and increased fuel efficiency curtailing revenues. An infrastructure funding regime based on fuel taxes has no sustainable future.

While revenues from transport users cover the aggregated costs of transport, they are largely treated as taxes and a net contribution to general revenue, with no accountability to transport users who are frustrated by inadequate reinvestment in transport. There is no accounting for the intangible costs of transport (e.g. congestion, greenhouse emissions, community service obligations, social equity).

Recommendation 1:

- *A Sustainable Population Strategy must acknowledge the need for long-term sustainable sources of infrastructure funding to drive growth and support our population.*

New revenue sources

Transporting Australia's Future (www.consultaustralia.com.au) canvases a range of funding mechanisms emerging around the world that can provide sound and proven revenue streams. New ideas need to be integrated with existing policy to deliver the necessary change. Implementing just one of these reform areas would result in a noticeable difference in our ability to fund transport. It is when they are implemented together as part of an overall reform package, we as a nation could fully develop a national transport system.

Better Use of Existing Assets

Infrastructure assets that are included on government balance sheets can be better used, or provide leverage to stimulate new funding:

- **Lazy Assets:** identify balance sheet assets that are underutilised, and realise their value by sale or alternate government use;
- **Privatise infrastructure:** sell existing infrastructure to private sector to finance new investment (e.g. Telstra, QLD ports & rail; M4);
- **Transit Oriented Development (TODs):** recognise the need for higher density development, and focus on transport nodes to reinforce transport efficiency while achieving viable patronage (e.g. airspace development at rail nodes);
- **Urban Sprawl:** retain existing urban footprints and increase urban densities to reduce urban sprawl in a model of multi-centred cities with reduced trip lengths;
- **Change Mode and Time of Travel:** shift the transport focus from individual private travel to public travel in more efficient vehicles; allowing greater throughput on existing infrastructure and greater use of non-peak periods.

Taxation Reform

The Australian Government Treasury through the Henry Review has opened the door to widespread tax reform. Opportunities to restructure consolidated revenue to fund infrastructure are critical:

- **Hypothecation:** new user based revenues committed to service provision e.g. modelled on national health funding;
- **Full Cost Recovery:** ensure that users contribute the full costs of their travel choices;
- **External Costs:** include social and environmental consequences of travel in user charges, just as road safety is charged through insurance (e.g. economic delay charged through congestion charges, emission impact charged through carbon pricing);
- **Corporate Taxation:** rebalance taxation treatment of capital investment (CGT and depreciation) against recurrent expenditure (operational costs) to encourage long-term infrastructure investment;
- **Transport Pricing:** adopt appropriate technology for all transport modes to provide network-wide demand sensitive pricing to manage congestion and provide revenues for public transport.

Public Finance

Develop financial instruments to provide government with expanded sources of funds for infrastructure investment:

- **Tax Incremental Financing:** This allows a government entity to generate tax revenues based on increases in property values within a prescribed development area and use those revenues to fund the infrastructure and renewal projects that contributed to the property appreciation;
- **Developer Infrastructure Charges:** As companies develop green- and brown-field sites, the inherent values of the land increase. Transport provision for the new land-use and maintenance of transport amenity for others must be accommodated, with the developer being levied accordingly;
- **Employer Transport Levies:** Employers contribute to cost of transport in business location, based on the benefit to the employer of ready access for its employees to work e.g. levies in Ile de France;
- **Green Banking:** Establish a banking structure that allows contribution towards environmentally sensitive infrastructure investments from community and developments, including "compensatory" investments;
- **Carbon Pricing:** Embrace fully-fledged world-best carbon pricing protocols, including carbon price in all transport pricing initiatives, with increased transport revenues being invested in Green Banking;
- **Infrastructure Bonds:** Continued development of specific Infrastructure Bonds to help private infrastructure investors access large pools of retail investment funds, such as from superannuation funds. This will extend current government support of simplified bond issuance and discounts on bond interest income.

Private Finance

Develop new sources for transport financing, including new Public Private Partnerships (PPPs) and superannuation fund investment:

- **Direct Tolling:** Of new and enhanced existing infrastructure, this model continues the current theme of private debt/equity financed infrastructure retaining a period concession to directly charge users;
- **PPP Funding:** Revitalise Private Public Partnerships reflecting the success of alliance infrastructure contracting, and providing rebalanced risk sharing.
- **Land Value Capture:** As with developer infrastructure charges; with the developer financing local improvements from the increase in values.

Australia’s Future Tax System: User charging

Australia’s future tax system: Report to the Treasurer (Henry Review), in considering a move towards greater use of user charging as part of its tax reform agenda notes that:

[P]ublic goods should be generally funded from broad-based taxes. However, user charging can be an efficient means of financing some government-provided goods and services and of rationing individual access to community resources.

Reviewing current road transport tax arrangements, the Henry Review observes:

Current road tax arrangements will not meet Australia’s future transport challenges. [...] Moving from indiscriminate taxes to efficient prices would allow Australia to leverage the value of its existing transport infrastructure.

With respect to road pricing, the Henry Review makes a key recommendation wholly supported by Consult Australia:

Governments should analyse the potential network-wide benefits and costs of introducing variable congestion pricing on existing tolled roads (or lanes), and consider extending existing technology across heavily congested parts of the road network.

The National Sustainable Population Strategy provides a significant opportunity to further advance the development of road pricing as a mechanism to source additional funding for infrastructure investment, particularly public transport infrastructure which is essential for more sustainable and productive urban environments. At a minimum the Strategy should recommend a review of opportunities to undertake pilot studies of new road pricing mechanisms. Such mechanisms will demand extensive community consultation and should draw on overseas experience to identify an approach that maximises the likelihood of public acceptance and success.

Recommendation 2:

- *Commission a review of opportunities for pilot studies of new road pricing mechanisms.*

Washington State Road Pricing Pilot

The Puget Sound Regional Council Traffic Choices Study recruited a statistically significant sample of volunteers and, after establishing their baseline “before-tolling” driving routine, began charging them for access to selected roadway facilities during particular time periods in the day. In other words, they had to pay road tolls. The study monitored driving behavior of participants for an average of approximately 18 months per household.

Participants did not lose money. They were given a travel budget (or endowment account) from which tolls were deducted. If their driving patterns remained unchanged over the study, they would “spend” their account balance by the time the experiment concluded. If they changed their driving patterns to reduce the amount of driving on toll roads, they would keep the difference. This method held participants financially harmless, yet offered them the incentive of keeping their leftover budget if they changed their driving patterns. In this way, the study introduced real price incentives of a toll system, and measured whether and how much participants responded to those incentives.

The Study found that participants made small-scale adjustments in travel that, in aggregate, would have a major effect on transportation system performance. Done right, network tolling could provide broad benefit, including lower vehicle emissions, fewer accidents, travel time savings, improved roadway performance reliability, and lower vehicle operating costs. For motorists to be better off, however, the revenues from road tolling must be used to provide additional benefits to users of the transportation system. *Puget Sound Regional Council* (<http://www.psrc.org/transportation/traffic/faq/>)

The Henry Review also supported the aims of the COAG Road Reform Plan and recommended an acceleration of its timetable towards mass-distance-location-based charging. The Henry Review suggests that, where tolls are levied by private infrastructure operators, state governments should negotiate to compensate operators if the switch to variable tolls involves a loss of revenue (and conversely to pass the gain to road users or government if there were gains in revenue). The Review notes that introduction of congestion pricing on existing roads would place stress on existing public transport services and draw attention to inadequacies. Introduction of user charging should be coordinated with—and help finance—additional investment in public transport.

The Henry Review notes that the implementation of user charging would lead to less congested roads, shorter travel times and investment in road infrastructure that addresses user demand and provides a foundation for further productivity growth, improved living standards and more sustainable cities. In exchange for targeted charges, road users benefit. They would pay less fuel tax, motor vehicle stamp duties could be abolished, and compulsory third party insurance would be fairly priced. The revenue from efficient user charges could help finance new urban transport infrastructure, and cover the cost of heavy vehicle damage.³

However, these charges would not pay for the full cost of providing and operating the road network. The remaining costs could be funded from general tax revenue, or by retaining a network access charge (such as annual vehicle registration) or a variable charge (such as fuel tax) set to recover the efficient costs of road provision. Important non-economic community objectives would still be funded from general revenue through well-defined community service obligations. New investment based on economic criteria, and accountability for investment decisions would help ensure that roads are in place to address future needs.

Existing institutions have not led to the most efficient use and supply of our transport infrastructure—particularly roads. User charging is essential to making the best use of roads, but they must be coupled with improved governance that better serves the needs of road users, now and in the future.

The Henry Review concludes:

The challenge is formidable. It requires coordination across all levels of government. But reform would promote the best investment in and use of our roads, lift national productivity, and improve the lives of millions of Australians.

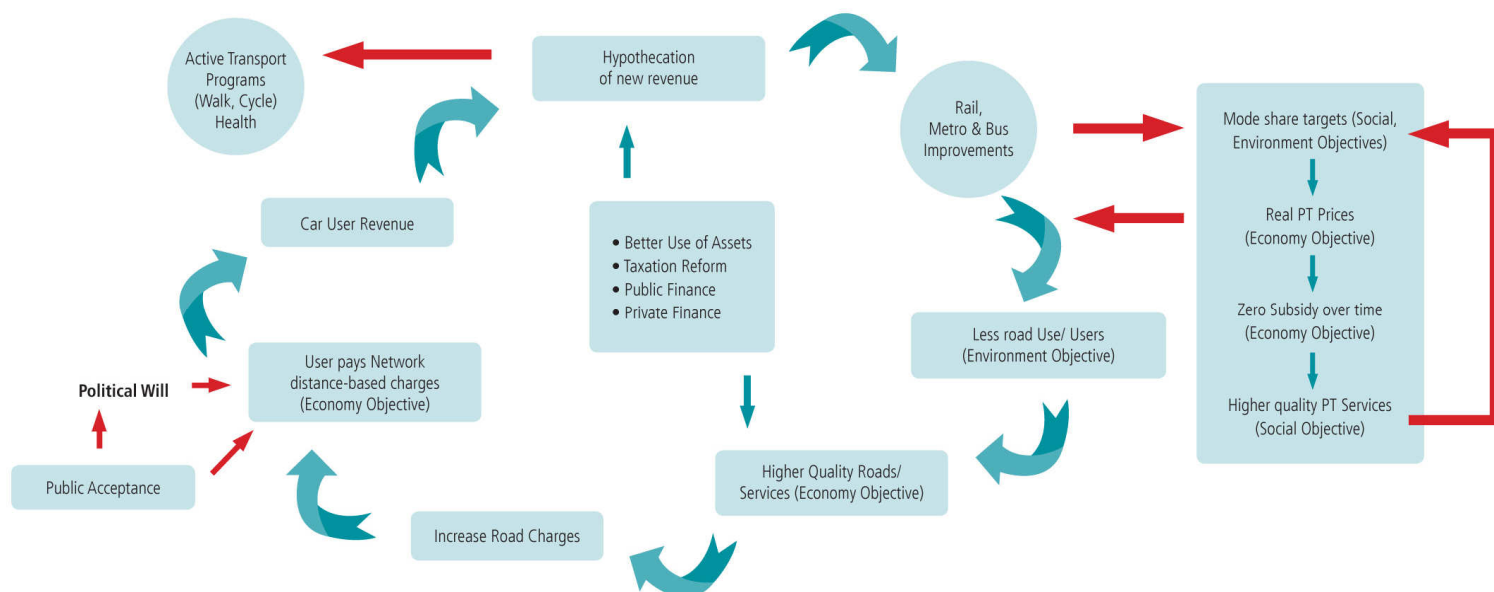
Governance

The reform advocated by Consult Australia through *Transporting Australia's Future* requires both vision and commitment at State and Federal levels. An implementation plan must recognise economic, political and community issues. Implementation needs to be gradual, and ensure that individual funding initiatives do not disenfranchise existing users. Increased charges for private transport must be matched by the provision of public transport alternatives and improved infrastructure. Lessons can be learned from the agreed COAG endorsed restructuring of heavy vehicle pricing, with funding of pilot projects being championed by individual States, such as Tax Incremental Finance by NSW, congestion pricing by Victoria, and managed motorways by South Australia.

Transport is a government responsibility, and integrated transport planning and governance remain critical objectives, linking funding to its management. Introducing user pays, road pricing and hypothecation into mainstream thinking may require rebalancing between Federal and state governments, and between state transport agencies. Reduced reliance of diminishing national fuel revenues may need to be offset by city transport policies with localised planning and revenue collection. Siloed transport agencies must give way to consolidated integrated departments of transport focused on the delivery of effective movement of people and goods.

³ The Productivity Commission has also reported favorably towards user pays and distance based charges for heavy vehicles, informing COAG's decision to proceed with mass distance charges for heavy vehicles; see *Road and Rail Freight Infrastructure Pricing: Inquiry Report* (April 2007).

An Integrated Funding Framework for Transport Infrastructure



Transporting Australia’s Future sets out an integrated funding framework for transport infrastructure:

Multiple objectives with Win-Win outcomes: An integrated funding framework would provide confidence to implement national, city and regional transport plans, including metropolitan and inter-urban transit systems, reducing car and air travel and our carbon footprint.

Hypothecate new revenues to transport investment: Community support for funding reform will be vital. Hypothecating all revenues from new sources to transport investment in a transparent integrated framework has been shown to ensure that support.

Cost recovery: All transport users should cover the costs that they impose, with any subsidies and cross-subsidies being the transparent result of overt policy decisions.

Road pricing and real public transport fares: These will provide additional revenues, to improve existing and support new Public Transport (PT) services, reduce hidden Customer Service Obligations (CSOs) and PT subsidies, and provide efficiency gains across all modes.

Phase out of indirect charges: Integrated funding across all new sources would include reduced reliance on indirect taxes, improving funding transparency.

2. INFRASTRUCTURE PRIORITISATION AND DELIVERY

Vital to a sustainable population is the delivery of a clear and transparent, long term approach to the prioritisation of infrastructure delivery at all levels of government. Many projects are prioritised through clear and rational assessment, but in some cases decision making risks being misconstrued and may appear to be driven by political exigency where no clear process or guidelines for assessment have been developed. When communities are competing for dollars spent, clear processes are essential to assess, rank and prioritise infrastructure delivery. These must be robust and stand the test of changing political and economic circumstances.

While Infrastructure Australia has instituted clear processes to assess and evaluate projects, to date such a process is not replicated across all states and territories. This has led to delays in infrastructure delivery, budget blow-outs, and the politicisation of project prioritisation and selection. In an increasingly competitive labour market, the implications for industry and the wider economy are significant where resource planning, forecasting and delivery estimates are compromised with widespread implications across sectors.

An emphasis on the development of more robust infrastructure plans across the states and territories is commendable towards identifying needs, but does not in itself go far enough to provide secure funding over the medium to long-term, nor adequately prioritise delivery and decision making through a robust and consistent framework.

A clear and transparent, long term approach to the prioritisation of infrastructure delivery is essential at all levels of government.

Recommendation 3:

- *Support the development of a robust, independent and transparent process for the evaluation, prioritisation and decision-making supporting infrastructure delivery as a 'best-practice' approach for implementation across governments.*

3. PRIORITISING SKILLS FOR GROWTH

As part of a knowledge-based economy, growth in professional services is a core driver of productivity, with growth in trade services often part of the broader economic response to that increased output. Professional services is also an increasingly important export for Australia; just this month the Department of Foreign Affairs and Trade noted that China had surpassed the US as our largest services export market—some \$5.8 billion in services exported to China in 2009-10. Consulting engineering services form a significant component of the professional services sector, with some 17,000 firms, employing approximately 130,000 people.

The engineering skills shortage is a case study in the importance of a population tailored to meet our economic demands. The role engineering skills play in developing major nation building projects means investment in engineering skills is an investment in job creation and productivity. In the transport sector for example, some 84 jobs are created and supported by one professional engineer's design and project management role.⁴ With the recent floods the importance of having an adequate supply of skilled persons available to ensure a rapid recovery has become acute.

Consult Australia Skills Survey

Skills Australia has designated engineering as an occupation requiring market interventions while employers report long delays and cost blowouts on projects as a direct consequence of undersupply. The annual *Engineering Skills Survey* is an analysis of engineering skills in the consulting industry for the built and natural environment. Each year, it highlights the extent and impact of shortages of staff on Consult Australia's member firms.

For a copy of survey results, visit the Consult Australia website at www.consultaustralia.com.au/content/default.aspx?ID=66.

Following a rapid recovery from the Global Financial Crisis, the 2010 *Engineering Skills Survey* shows that 74 per cent of members are recruiting in response to a significant skills shortage.⁵ It is widely accepted that national and international markets for engineering services are not operating to meet current and emerging demand, and that this shortage is a systemic rather than cyclical problem.

To ensure that existing and future demands for engineers can be met, a multi-faceted approach is required. This includes a long term strategy centred on the production of skilled workers through the domestic education system, complemented by skilled migration which is essential to ensure that an engineering skills shortage does not result in broader capacity constraints for the economy. Consult Australia works closely with the Australian Government on both these fronts, and is grateful for the recognition and support offered thus far in light of these challenges.

Recommendation 4:

- *The Strategy should reflect the long-, medium- and short-term skill needs of business, and the importance of supporting varied strategies such as flexible skilled migration programmes alongside education and training policy to meet these needs.*

⁴ Australian National Engineering Taskforce: www.anet.org.au

⁵ Consult Australia, *July 2010 Engineering Skills Survey*, p 3.

4. SEIZING THE SUSTAINABILITY ADVANTAGE

As is clear in the Issues Paper and reports supporting the development of a Sustainable Population Strategy, the need for immediate action to improve the efficiency of our economy, mitigate climate change and adapt to demographic and environmental change is clear.

What remains uncertain are the best mechanisms to use to achieve these goals. We must consider both how supply and demand can be managed through market-based mechanisms, as well as consider transformational changes in design, industrial processes, transport, land use, planning, consumption and production patterns.

In February this year Consult Australia launched *Seizing the Sustainability Advantage* to advocate for a more sustainable Australia through policies demanding the better use of our built and natural environment. Drawing on the unique expertise available to policy makers through Australia's leading firms consulting in the built and natural environment, *Seizing the Sustainability Advantage* outlines the actions and next steps we believe are necessary to support a more sustainable Australia. We identify the barriers created through current approaches and advocate radical reform through collaboration. Strong leadership is required to drive practical action by governments in the short, medium and long-term to mitigate the risks of climate change and help ensure Australia's ongoing competitiveness in the global markets that we service and benefit from.

Recommendations on how Australia can achieve a more sustainable future are numerous and constantly debated by a wide range of stakeholders. Consult Australia believes that, in what is a crowded policy environment, certainty on the role of carbon within the economy must be achieved.

A Price on Carbon

Consult Australia supports the Australian Government's announcement of a price on carbon by 1 July 2012. However, to be effective, a price on carbon must be set at such a level that it achieves the behavioural changes required to achieve a more sustainable future. For example, from a design perspective a price on carbon will drive low carbon solutions through cost benefit analysis and the demand for value for money outcomes. A low carbon economy should incentivise business R&D, innovation and investment in new technologies. However, a carbon price must also be set that accounts for the needs of smaller businesses and emissions-intensive trade exposed (EITE) industries.

Businesses that are typically the most affected by administrative burdens and compliance costs are small to medium enterprises (SMEs), which make up the majority of Australia's business sector. SME's will be affected by a price on carbon through the supply chain by higher prices for electricity, fuel and some goods. It is apparent that some SMEs will struggle more than others to find the resources and expertise to cope with additional costs. Consideration should be given as to how assistance can be provided for the SME sector by considering a mix of incentives and assistance measures to drive behavioural changes which embrace low carbon business practices.

Emissions-intensive trade-exposed industries will also face a great number of challenges. We believe that it is appropriate to offer assistance to EITEs but, as with the SME sector, it is important to consider assistance in a mix of incentive-based measures which have the ability to drive behaviour change towards more sustainable and climate friendly practices.

A price on carbon will not, by itself, achieve the industry transformation necessary to achieve a low carbon economy. We therefore recommend that a wide lens be cast on the opportunities that exist in moving to a low carbon and more sustainable future. This requires us to acknowledge that responding to climate change is but one part of achieving a more sustainable future. In this context, high level governance reform must be prioritised to establish a clear mechanism to build consensus amongst stakeholders, evaluate policy initiatives, and achieve truly sustainable outcomes.

Seizing the Sustainability Advantage advocates for a Commission for a Sustainable Australia (CSA), reporting to the Federal Minister for Sustainability, to:

- Integrate the agreement for a price on carbon within a broader sustainability framework.
- Provide a vehicle for collaboration and alignment between research institutions, governments, consulting professionals, industry and community organisations.
- Evaluate, develop and advocate policy solutions and champion reforms that safeguard Australia against climate change and achieve genuinely sustainable outcomes.
- Be empowered to provide recommendations that, by virtue of the Commission's reputation and integrity and effective community and business engagement, are widely supported by stakeholders.

While such a recommendation may sit beyond the scope of the Sustainable Population Strategy, the desired outcome for a more integrated, collaborative, consultative approach to achieving a more sustainable future should be prioritised.

Recommendation 5:

- *The Sustainable Population Strategy should emphasise the importance of a clearly coordinated approach to sustainability across governments incorporating collaboration and consultation with industry and the community.*

Barriers to Action

The approach advocated in *Seizing the Sustainability Advantage* was developed in response to the barriers and frustrations experienced by Consult Australia members, and others attempting to develop tangible solutions towards a sustainable future. These barriers demand the consideration of an integrated economy-wide and spatial approach to sustainability—an approach we are encouraged to see reflected in the papers supporting the development of the Sustainable Population Strategy. Some of those more commonly encountered barriers are outlined below to help contextualise the need for urgent reform, and help inform the prioritisation of issues in the Sustainable Population Strategy:

- Environmental, social and economic sustainability principles are not appropriately and consistently recognised in decision making across all levels of government. The absence of a clear commitment to all aspects of sustainable development, enshrined in legislation at a national level, has contributed to uncertainty as to how to put sustainability into practice at all levels of government, in business and in the community.
- Fear campaigns and scaremongering foster ill-informed public opinion that influences and distorts policy development. Policy debate needs to focus on 'How?' rather than 'Should we?' For example, ongoing political debate about the merits of an emissions trading scheme and carbon pricing distract from the development of the best possible economic model required to achieve a sustainable future.
- Complacency and a perspective that we should not lead best practice but 'follow the leader' guides public opinion and policy development.
- Policy and program development for sustainability tends to follow the traditional approach of delivering policies through discrete ministries. As a consequence it is fragmented across multiple ministerial portfolios, government departments and agencies, with no clear leadership, collaboration or coordination to avoid duplication and help ensure appropriate prioritisation. Appendix B provides analysis completed by the Australian Sustainable Built Environment Council (of which Consult Australia is a member) detailing the fragmentation of these issues, just across the built environment, noting nearly 40 Australian Government programs, strategies and initiatives as at February 2011.
- Policy and programs that incentivise industry development risk distorting sustainable outcomes where businesses focus more on bottom-line savings.
- Where policies and programs are implemented, they appear unsupported by any comprehensive process evaluating their costs and benefits (or lessons learned) against higher level objectives for sustainable outcomes, complementarities with other policies and programs, or overseas experience.
- The need to promote adaptation in the built environment to achieve sustainability in the face of future economic, demographic and climate change is not sufficiently prioritised or incentivised through existing policy settings.

Delivering sustainable outcomes is a complex undertaking that challenges the conventional approaches of government and demands a new way of working collaboratively rather than in silos. To remain globally relevant and competitive, it is essential that Australian governments at all levels move as quickly as possible towards a more integrated, collaborative approach.

5. A NATIONAL SUSTAINABILITY FRAMEWORK

In many instances, clear, decisive and effective policy is being implemented in parts of Australia. Several states have made measurable progress in many areas of sustainable development, carbon mitigation and climate change adaptation. At an intergovernmental level the Council of Australian Governments' (COAG) agenda for cities should be applauded insofar as it provides a national framework to assess the performance of our cities in achieving sustainable outcomes at both an economic, social and spatial level. Similarly, the National Strategy on Energy Efficiency and the Australian Government Green Lease Schedule are also positive steps. However, a more comprehensive approach is required that coordinates these initiatives alongside further more ambitious reform on a national level.

Recommendation 6:

- *The Sustainable Population Strategy should facilitate and prioritise the development of a National Sustainability Framework to build on the complementarities of programs in the economic, environmental and social spheres to create a cohesive agenda for sustainability operating across governments.*

A National Sustainability Framework would achieve a number of objectives:

- enforce guidance systems and decision-making with an explicit consideration of environmental, social and economic impacts, even in situations when it is difficult to evaluate;
- provide tools that help identify the environmental, economic and social costs of policy options;
- provide consistency across states and territories in the implementation of sustainability requirements;
- fully involve local and regional authorities, non-government organisations and industry;
- provide effective integration of national, state and local policy and planning;
- adopt long-term timeframes including intergenerational principles and indicators;
- identify and deter breaches of framework requirements;
- provide a clear strategy for monitoring, evaluation and assessment using clear and transparent indicators;
- apply positive state policy at a national level;
- mandate government leadership of sustainable outcomes through model government procurement and processes for approval and decision making.

United Kingdom National Strategy for Sustainable Development

The UK *National Strategy for Sustainable Development - Securing the Future (2005)* commits to:
'pursue the goal of sustainable development to enable people to satisfy their basic needs and enjoy an improved quality of life without compromising the quality of life for future generations, in an integrated way'.

The Strategy encourages a productive and innovative economy, a just society, the protection and enhancement of the physical and natural environment, efficient use of resources and a clear understanding and commitment to sustainable development. The Strategy includes the following key elements:

- Sustainability Principles
- Sustainability Indicators (international, national and regional)
- Government Buying Standards
- Priority Areas
- Partnerships for Sustainable Development

6. FACILITATING ADAPTATION

Considering that *'some measures of climate change are tracking at or above the worst case scenarios considered possible just a couple of years ago'* (CSIRO, 2009), international consensus unreservedly *'stresses the need to establish a comprehensive adaptation program'* (UN Climate Change Conference 2009). Such action would look to avoid the widespread social, economic and environmental costs climate change would cause.

It is generally accepted by experts that even if a global mitigation agreement is reached, and successfully implemented, adaptation will be required to maintain the quality of life we currently enjoy. To be successful adaptation will entail significant public and private investment over a considerable period of time. It is no longer acceptable for cherry-picked and politically beneficial recommendations to be selected from climate change reviews. A nationally consistent adaptation plan needs to be developed, implemented independent of the political process and responsive to change. This will help protect Australia against the threat of damage from climate change, and help us manage other demographic and economic changes already forecast (for example, population ageing).

Risk management has been identified as the predominant approach for adaptation. However, due to uncertainties with change, the fundamental information for a risk management approach is not available. For example, in relation to climate change, the level of mitigation, extent of change impacts, and probabilities of these impacts occurring cannot be quantified. Without this information, a full risk management analysis cannot be completed. Therefore, an overall precautionary approach needs to be relied on, in conjunction with risk management principles.

National Climate Change Adaptation Research Facility (NCCARF)

Consult Australia strongly supports the National Climate Change Adaptation Research Facility (NCCARF) recognising the potential value of interdisciplinary collaboration in the area of climate change adaptation

NCCARF's responsibilities to: identify critical gaps in the information available to decision-makers; synthesise existing and emerging national and international research on climate change impacts and adaptation; develop targeted communication products; and initiate integrative research against national priorities is vital in informing our approach to adaptation.

NCCARF complements activities and projects currently underway in other institutions across Australia and demonstrates the potential for interdisciplinary collaboration, and the results this can generate. The potential for further coordination and action building on this initiative is substantial.

As adaptation requirements become more generally accepted, planners and designers, rather than climate change experts, are increasingly being relied on to include adaptation considerations in new design accounting for 'likely' climate change scenarios. These scenarios are redefining the services expected by clients and pointing to a rapid need for clear parameters against which to measure project designs. Without clear guidelines, liability for future climate change impacts may be unintentionally placed on the designer or planner of the project. Without clearer policies, increasing levels of liability and ambiguity will push engineers, designers and architects to over-compensate and therefore over-design for protection against this and increase the costs of their services, and project construction costs. Continued collaboration between the private sector, the scientific community, and government is essential to establish clear parameters, on which to base industry standards for consulting in the built and natural environment.

Green Depreciation

The Gillard Government's substantial investment in Tax Breaks for Green Buildings, commencing from 1 July 2011, is a welcome step towards a systematic approach incentivising building adaptation and retrofit to improve energy efficiency. Through this measure, businesses that retrofit certain commercial buildings to significantly improve energy efficiency between 1 July 2011 and 30 June 2015 will be able to apply for a one off bonus tax deduction.

A longer-term commitment to Green Depreciation of investment in our current building stock provides one of the few ways to influence investment in existing buildings. Targeting these buildings is essential to obtain a substantial change in the building sector (given that new buildings represent only two to three per cent of the stock of buildings). Analysis suggests that green depreciation would only need to bring forward a relatively small proportion of refurbishment investment to make a significant reduction in energy demand and greenhouse gas emissions (*ASBEC Second Plank Report*).

Alongside investments to improve the energy efficiency of our building stock, Consult Australia supports the development of the Australian Green Infrastructure Council (AGIC) rating scheme for infrastructure, and the widespread adoption of Green Star and the National Australian Built Environment Rating System (NABERS) as essential components supporting the development of a more sustainable built environment.

A National Adaptation Plan for Action

It is essential that a nationally consistent adaptation plan for action is developed as a matter of urgency. A National Plan will ensure that the standard of adaptation, and therefore protection, is sufficient in all areas of Australia. The requirements for adaptation are immense, and it is unreasonable to expect that we will be able to afford the cost of all action. Therefore, planning is vital to identify the cost of adaptation action against the potential cost of no action, to prioritise projects and initiatives and support evidence based policy development.

A National Adaptation Plan for Action will need to:

- establish how prepared the public and private sector are;
- establish value-at-risk in recommending scenarios outlining the impact of climate, economic and demographic change;
- include adaptation considerations in planning and construction approvals;
- consider changes to urban infrastructure;
- adjust regulatory and policy frameworks to account for required adaptation requirements;
- review social services and changing community needs;
- provide clear recommendations for the modification of planning frameworks, legislation and design guidelines; and
- prioritise the preservation of ecosystems which do not have the means to adapt.

Adaptation will take a long time to plan and implement, but needs to pre-empt forecast changes to our existing way of life. It cannot be a reactive policy, but must progress sufficiently to permit its evolution and the identification of lessons learned. In responding to climate change, adaptation to our changing natural environment needs to commence well before the full effects are known.

Prepare, Protect, Adapt and Innovate for Climate Change

In preference to the general classification of climate change adaptation, governments need to segment research and action into four distinct areas. All four need to be addressed individually, but together are all essential elements of a prosperous future for Australia:

Prepare: Climate change adaptation is still considered a distant and innocuous risk. Private and public institutions need to be educated, their preparedness established, and resources provided to assist them in becoming prepared. Adaptation needs to be considered now in Environmental Impact Assessments, local planning procedures and included through other appropriate standards.

Protect: Immediate action for protective measures on many assets—natural and human made—which will be under direct threat if climate change predictions eventuate. Either natural or built assets should not be lost by accident.

Adapt: Action needs to identify ways we can adapt to climate changes as they eventuate to minimise the impacts of climate change on Australia. In many instances there may be no alternative than to retreat or abandon in which case there will be emerging issues related to insurance and compensation.

Innovate: In order to maintain and improve the quality of life in Australia, and increase prosperity for the long term, we need a concerted effort to develop innovative responses. Government initiatives and incentives will be required to reduce the risk for the private sector and provide return on investment for government.

Recommendation 7:

- *The Sustainable Population Strategy should facilitate and prioritise the development of a National Adaptation Plan to ensure coordination, prioritisation and delivery of adaptation initiatives nation-wide.*

CONCLUSION

Alongside the development of the National Urban Policy, the Sustainable Population Strategy is an important step towards identifying long-term priorities and indicators to help ensure that the composition, distribution and rate of growth of our population is informed by our long-term needs across measures of environmental, economic and social sustainability. This is a significant challenge, but one which must be tackled to ensure that we can meet both immediate and future challenges.

In this context Consult Australia's emphasis in this submission on: infrastructure planning and delivery; immediate and long-term skill needs; the coordination and collaboration required to respond to climate change; and the resilience of our built environment are vital to ensure we continue the economic growth and productivity characteristic of recent decades; and that this growth contributes to a more sustainable Australia.

Consult Australia looks forward to the further development of the Sustainable Population Strategy and welcomes the implementation of that Strategy across these priority areas.

APPENDIX A – DRAFT NATIONAL SUSTAINABILITY PRINCIPLES⁶

Principle 1 – establish a shared vision

Population policy should shape sustainable communities that are fair, prosperous, liveable, secure and economically productive.

Population policy should outline the critical elements of sustainable communities as specific national, regional and local goals.

Population policy programs should translate into targeted outcomes for specific places and times that are delivered efficiently and equitably.

Principle 2 – evidence-based approach to policy-making

Population policy should be informed by rigorous scientific analysis and a comprehensive fact base. All the assumptions that underpin policy-making should be transparent.

Principle 3 – commit to produce intergenerational benefits

Population policy should always consider the needs of future generations as well as Australians living today.

Principle 4 – enhance national security

Population policy should take account of Australia's national security priorities and strategic challenges.

It should improve our capacity to manage those forces that impact on national sovereignty and enhance Australia's engagement on global policy issues.

Principle 5 – increase competitiveness, productivity and participation

Population policy should aim to maximise our national capacity to generate the wealth needed to underwrite a more liveable society.

Policy programs should foster greater economic competitiveness and maximise the number of skilled Australians who participate productively in the workforce.

Principle 6 – improve equity and access to opportunity – social capital

Population policy should specifically aim to reduce social disadvantage, increase access to community services and to maximise liveability and well being.

⁶ Drafted in discussion between the Property Council of Australia, the Business Council of Australia, the Australian Industry Group, Infrastructure Partnerships Australia, the Australian Chamber of Commerce and Industry and Engineers Australia.

Principle 7 – improve environmental sustainability and resilience—natural capital

Population policy should specifically respect and sustain our natural assets. Policy programs should better balance social and economic priorities with the preservation of natural capital.

Population policy should build the resilience of our communities and the critical infrastructure that services them in response to changing climatic circumstances.

Principle 8 – manage financial stability and be a magnet for capital

Population policy should also aim to improve our financial stability and our attraction as a home for capital within the international marketplace.

Principle 9 – commit to collaborative partnerships and joined-up government

Population policy should operate within a framework that maximises collaboration between government, business and community groups.

Population policy programs should commit different spheres of government to common objectives and joined-up action.

Principle 10 – maximise civic engagement

Population policy and implementation programs must genuinely advance community participation and civic engagement. Policy programs should be extensively communicated once formulated.

Principle 11 – demonstrate the best use of collective resources (including existing resources) and clearly define how these resources are to be used

Population policy should reflect strategic choices that are evidence-based.

Programs should only proceed where benefits exceed costs (after accounting for social and environmental externalities).

Principle 12 – plan for the infrastructure that supercharges our national capacity

Develop 30 year+ programs for delivering infrastructure networks that enhance our national capacity to deliver our national prosperity targets.

Principle 13 – anticipate and address financial requirements

Population policy should identify future costs of meeting national targets and develop appropriate long-term funding programs.

Principle 14 – strive for enhanced delivery efficiency

Population policy should foster programs to maximise implementation efficiency. It should identify, address and remedy potential implementation barriers up front.

Principle 15 – Adhere to and promote good governance, accountability, transparency and probity

Population policy must be guided by credible institutional arrangements that ensure plans remain true to their policy goals and are implemented as promised.

Good governance will maximise independent, transparent and audited reporting of performance against meaningful metrics that account for performance against all spheres of sustainability – economic, social, natural and governance capital.

APPENDIX B: ASBEC BUILT ENVIRONMENT POLICY AND PROGRAM MATRIX AS AT 24 FEBRUARY 2011

