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We can climate-proof Australia, but we have to start now | Emma Herd

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Talk to any investor these days about climate and energy policy, and the level of frustration is evident.

Current policy paralysis has stalled investment in additional renewable energy generation that is needed to replace ageing infrastructure, with cost implications for all Australians.

But so-called climate mitigation – namely the measures required to reduce our emissions – is only one half of the ledger.

And many people are unaware that the biggest costs lie in making Australia more resilient to the damage already done by climate change – as well as safeguarding us against worsening impacts down the track.

New investment is looking to flow into solutions to the problem, but the path forward is filled with barriers, because unfortunately Australia's policies on climate "adaptation" remain ragged at best.

Just like the situation with current energy policy, it's down to the government to set a clear path.

While governments dither, companies step up with environmental targets

So what does this mean? We already know that heatwaves are becoming longer, hotter, more frequent and starting earlier. Sydney, Brisbane and Canberra all experienced their hottest summers on record, with [205 new weather records](#).

Along with the obvious health impacts, this has implications for electricity infrastructure. According to the Energy Council, in January 2017 Queensland recorded an all-time peak electricity demand, with NSW close behind.

Since 80% of Australians live on the coast, sea level rise will also have major impacts. Homes, business and infrastructure must all be made more durable in the face of potential flooding.

This isn't some far off nightmare. Significant parts of Australia are already seeing climate change [drive up insurance premiums](#). And tens of thousands of Australians are unable to get insurance for coastal inundation because it is not covered.

Not only does this mean homeowners are on their own if their homes are flooded under certain circumstances but it poses broader problems for banks, since mortgages are predicated on a property being insurable.

And if a house can't secure a mortgage, the value of the property falls like a stone.

No wonder then that as the Australia Prudential Regulatory Authority (APRA) recently noted in a [landmark speech](#) to the insurance sector, the risks associated with climate change have now become financial risks.

The banks are acutely aware of this. Recently ANZ [revealed to a Senate inquiry](#) that it is "stress-testing" its property portfolio for climate risk.

The costs are even greater when it comes to multimillion-dollar infrastructure such as ports, bridges, roads and water-treatment facilities. In Australia, local government-owned public assets at risk from climate change have been valued at \$212bn, with roads identified as the key issue. The replacement cost of coastal buildings and infrastructure is expected to reach \$226bn.

Globally, the costs of climate-proofing are already stretching into the billions of dollars. A recent [Citi report](#) estimated the damage to GDP globally from the negative effects of climate change in the order of US\$20tn with 1.5C warming.

The World Economic Forum's (WEF) [Global Risk Report 2017](#) lists "failure of climate-change mitigation and adaptation and water crises" as the third most significant global risk identified.

Already the [federal government spends an estimated \\$560m on post-disaster relief](#) and recovery, compared to the \$50m a year invested in pre-disaster resilience measures: a ratio of more than 10 to 1.

Even without including the effects of climate change, post-disaster recovery costs are expected to increase to \$2.3bn a year by 2050, without investment in resilience.

Urban heat islands: cooling things down with trees, green roads and fewer cars

According to [Deloitte Access Economics](#), carefully targeted programs of resilience investment in the order of \$250m per year could see government spending reduce by more than 50% by 2050.

But it's not all bad news. Climate adaptation can also be an opportunity to improve our cities, such as the [Resilient Melbourne strategy](#). This is an initiative across Melbourne's 32 councils to expand and protect the City of Melbourne's urban forest of 70,000 council-owned trees, as assets to combat increased heat waves. Increasing tree canopy throughout the city can reduce the urban heat island effect by 4-6C.

The first step has to be a new national assessment of infrastructure at risk and an indicative quantification of the investment required, because right now, it's unclear what actions are required, let alone how they can be most efficiently financed.



In a new report, [From Risk to Return](#) released by the Investor Group on Climate Change (IGCC) and the National Climate Change Adaptation Research Facility (NCCARF), investors lay out the multibillion-dollar threats and opportunities of climate adaptation, as well as recommendations to overcome the blockages.

Right now, all levels of government need to come to the table on the development of a framework clearly setting out levels of coordination and responsibility for adaptation in Australia.

Climate-proofing Australia is possible, but we have no time to waste.

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