

17 January 2013



Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra, ACT 2600
Australia

Dear Sir/Madam

Submission letter to Inquiry into recent trends in and preparedness for extreme weather events

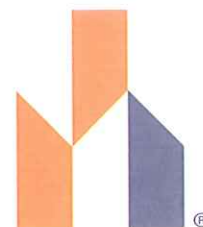
Master Builders Australia is the nation's peak building and construction industry association and we are the only industry body which represents all three building and construction sectors: residential, commercial and engineering. The building and construction sector accounts for close to 8 per cent of gross domestic product and around 9 per cent of employment in Australia.

Master Builders Australia, as the leading building industry association, recognises the contribution that the building and construction industry can make to reduce the impact of climate change on Australia. The building industry has an important stake in achieving long-term sustainable practices in the built environment and can play a responsible role in ensuring that our natural environment is protected for the benefit of future generations.

We do not profess any expertise in climate change science. However, we do note that there is still uncertainty in the scientific community on the extent of climate change globally and hence its future impact on Australia. Master Builders therefore cautions that decisions in terms of an appropriate response needs to be appropriately risk adjusted. Master Builders furthermore does not profess to have any detailed knowledge on the level of preparedness of key sectors for extreme weather events.

Therefore, we limit our comment to Item (f) in the Terms of Reference – *progress in developing effective national coordination of climate change response and risk management, including legislative and regulatory reform, standards and codes, taxation arrangements and economic instruments.*

Master Builders policy is for broad-based market approaches to climate change. Other options would involve higher costs and require more heavy-handed regulation. Notwithstanding this, substantial effort should go into identifying and designing appropriate measures. Damage to infrastructure, particularly water supply infrastructure and buildings in coastal areas, has been identified as one of the major economic impacts of unmitigated climate change.



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Meeting infrastructure needs in Australian cities and regions is of paramount importance. Australia's comparative advantage in low cost and well serviced urban land to underpin the productive capacity of the economy should be a central policy objective. If this comparative advantage is allowed to be eroded, then overall economic performance and housing affordability will suffer. Any proposed mitigation measures should take account of this policy objective.

In general terms, Master Builders supports light-touch regulation and is opposed to mandatory measures. Master Builders policy is for incentives such as taxation concessions and education programs to change behaviours. Punitive based policy measures would not be an appropriate approach.

Any moves to introduce legislation or regulation to mitigate against the impacts of climate change must be undertaken with commitment to a full COAG Regulatory Impact Analysis (RIA) process, including a COAG Regulatory Impact Statement (RIS), to clearly demonstrate whether there would be a net benefit for the community from the proposed change. Good public policy must be based on solid evidence-based research to ensure that any proposal is both cost effective and socially equitable.

Costs and benefits of any proposed change must be properly tested and publicly debated so as to allow business, the community and individuals to be fully informed of the likely consequences of changes. It is important that the transition to future requirements to cater for climate change is a shared commitment and responsibility. This is particularly the case for building investors/owners and new home buyers, as they will face increased costs from any proposal to force higher level protection measures in building and construction.

Master Builders would also like to bring particular attention to the policy tension that will arise from any proposed mitigation proposals and housing affordability objectives. Both objectives are laudable but they will come into conflict; a situation which will result in the building and construction industry being inadvertently 'caught in the middle'.

Master Builders strongly supports the approach of having national, consistent, cost-effective, minimum acceptable building standards and believes they are important to the economy, the industry and the community. Master Builders is concerned that the Building Code of Australia (BCA) appears to be increasingly seen as the panacea for broader social objectives leading to more and more regulation and consequently increased costs of construction.

That said, Master Builders has for a long time also been extremely concerned at ongoing and increasing instances of local government planning schemes and provisions covering building and construction requirements that would normally be dealt with under the BCA.



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Any changes to building and construction legislation and regulation to mitigate against climate change must have national uniformity. This will require strong federal government leadership to avoid excessive, uncoordinated planning and building requirements through individual state and territory or local government provisions. Regulatory creep pushing codes and standards higher than required is a major public policy concern and must be addressed.

A set of common administrative provisions will be needed across the states, territories and local governments to deliver further certainty and drive productivity and to contain costs to the benefit of the building industry, its clients and the broader community. Standardising nationally consistent administrative regulations has been on governments' work programs for years, without work progressing in any apparent meaningful way and this failure will have a greater cost impact in relation to climate change response measures.

Master Builders, as the peak industry body, recognises its leadership responsibilities in working with all governments and the broader community to improve environmental outcomes in response to climate change. Master Builders looks forward to working with all levels of government to examine cost-effective policy options that can lead to improvement in Australia's built environment.

Yours faithfully

Wilhelm Harnisch
Chief Executive Officer