

Many hands make light work:

Connecting governments to
accelerate climate action



A Report from Cities Power Partnership, Melbourne Centre for Cities and the Better Futures Australia Local Government Working Group.

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Acknowledgment of Country

We recognise that Aboriginal Peoples' sovereignty over their land was never ceded and the impact of this ongoing dispossession continues to this day. We acknowledge the Traditional Owners of the lands on which we live, meet and work. We wish to pay our respects to Elders past and present, and recognise the continuous connection of Aboriginal and Torres Strait Islander Peoples to Country.



This report was produced on the lands
of the Wurundjeri people.

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Acronyms

ALGA - Australian Local Government Association

BFA - Better Futures Australia

CCA - Climate Change Authority

COAG - Council of Australian Governments

COP - UNFCCC's Conference of the Parties

CPP - Cities Power Partnership

GCoM - Global Covenant of Mayors for Climate and Energy

ICLEI - Local Governments for Sustainability

IPCC - The Intergovernmental Panel on Climate Change

LCA - Life Cycle Assessment

WALGA - Western Australian Local Government Association

UNFCCC - United Nations Framework Convention on Climate Change

Glossary

Bottom-up climate policy - Approaches that involve local initiatives and actions influencing state and national policy.

COP27 - 2022 United Nations Climate Change Conference 27th Conference of the Parties.

Councils - Local government, municipal authority, administrative body of cities and towns.

Embodied emissions - The emissions from the construction of a building; including from the extraction of raw materials, manufacturing, transportation, installation and demolition.

Horizontal coordination - promotes the opportunity for learning, knowledge sharing and collaboration across Councils, regions or non-governmental actors (e.g. NGOs) and the private sector.

MLCA - Multi Level Climate Action: a coordinated approach between the tiers of government involving effective communication, collaboration and reporting towards the mitigation and adaptation to climate change.

MLG - Multilevel Governance - power and authority are spread upwards, downwards and sideways between local, regional, national and supranational levels of government.

NAPs - National Adaptation Plans (NAPs) define the roles and responsibilities of a variety of stakeholders to facilitate an integrated approach to climate change adaptation.

NDCs - National Determined Contributions (to the Paris Agreement) - the commitments to reduce emissions and undertake adaptation actions made by each of the 194 parties who have ratified the Paris Agreement.

Top-down climate policy - Approaches involving enabling frameworks that empower local actors, send strong market signals and help synergise legislation and policy instruments to maximise the opportunity for on-the-ground action.

Vertical integration - national strategies need to work closely with local governments in order for policies to be effective and disparities between national and local action plans to be eliminated.

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Key Findings

1 Councils and communities are on the frontline of climate impacts and solutions

- > Australian local councils – and their communities – are at the forefront of dealing with the impacts of climate change, including fires, drought and floods.
- > Already, large gaps exist between the services councils are expected to perform to help communities be more resilient and adapt to climate impacts, what they are capable of and the necessary support required from other tiers of government.
- > The slow speed of all levels of governments' response to climate risk threatens to overwhelm local councils' – and Australia's – capacity to respond to the ever-increasing, devastating impacts of climate change, limiting the development of thriving and resilient communities.
- > Councils are well positioned to help drive the implementation of national climate policies and ensure that meaningful results are delivered at the local scale.

2 Local climate action is stunted by the lack of coordinated state and federal climate policies

- > Despite councils sharing many responsibilities, such as land use and asset management, Australia's 537 councils vary greatly. While councils have policy levers, such as planning policy, efforts to raise the bar on climate action can be constrained by state and territory policies.
- > Councils are guided by – and nested within – different legal and institutional frameworks in different states and territories. This is demonstrated by the fragmented approach to states and territories implementation of energy efficiency requirements in the National Construction Code.
- > A clear and consistent national climate framework is needed to support councils to best understand how climate responses can be built into their policies, processes and systems. This will create more opportunities for councils to develop and apply solutions at the local level.

“Cities are where the climate battle will largely be won or lost.”

– António Guterres, Secretary-General of the United Nations

3 To ratchet up local climate action across Australia, barriers councils face must first be addressed

- > Policy implementation is a major problem for local councils, when collaborating with other councils, or with state and territory or federal governments. The absence of appropriate national policy and regulatory climate frameworks undermines local or regional climate plan implementation.
- > Councils are critically under-resourced and large funding gaps exist. A dependence on grant processes and a breadth of services councils are required to deliver, in conjunction with low accountability to implement climate policy, leads to climate initiatives not being prioritised. This must be addressed as, increasingly, councils must help their communities mitigate and adapt to climate change.

4 Australia's Paris Climate Commitments make little reference to local governments and significant scope exists to integrate local climate action into it.

- > A global analysis of Australia's international climate commitments as part of the Paris Agreement (also called NDCs) shows that Australia is falling behind many countries who have strong urban climate action incorporated into their NDCs.
- > Better integrating local contributions into Australia's NDC would serve to enhance local climate action, address implementation gaps and improve accountability and transparency across Australia's national policies and strategies.
- > To accelerate local climate action, and position Australia as a global innovator and leader, there would be great value in including subnational governments in the design and implementation of Australia's Nationally Determined Contributions (NDCs) under the Paris Agreement.

5 The federal government can spearhead a Multilevel Governance approach to climate policy, and give those on the frontlines a seat at the table

- > Multilevel Governance (MLG) is a framework which describes the relations between tiers of government and embodies a set of collaborative mechanisms to ensure that key stakeholders have a voice in those matters most relevant to them.
- > MLG can advance national climate action by aligning priorities between and across levels of government, empowering local councils and recognising them as hotspots for innovation and key contributors to Australia's net zero ambitions.
- > A MLG process must be led by the federal government. It requires a commitment to coordination, collaboration, communication, engagement and reporting among and across all levels of government.
- > A clear and consistent national climate policy framework that embodies the principles of MLG can support councils to best understand how climate responses can be built into their policies, processes and systems. It will create more opportunities for councils to develop and apply solutions at the local level.

Box 1: Three Asks for the Federal Government

- > The [Better Futures Australia](#) (BFA) local government working group outlines three key ways the Australian Government could implement an MLG framework:
 1. Establish a comprehensive climate policy framework that integrates all levels of government and recognises local government contributions in the Australian NDCs.
 2. Establish an effective partnership between local governments and the federal government to deliver an Accord defining shared objectives for strengthening climate mitigation, adaptation, and resilience across all tiers of government.
 3. Allocate appropriate resources to implement the Accord. This should be based on a well-defined methodology to determine the region-specific real resilience and emissions mitigation costs. This will enable local governments to protect their communities and build back better.

Introduction

Climate change is a complex problem that requires a new approach to problem solving. The Paris Agreement calls on signatory countries to take credible, just and ambitious climate action. Yet, in 2022 the United Nations (UN) noted that current national pledges are not enough to limit global warming to well below 2 degrees Celsius (2°C), and only a rapid transformation of societies can deliver the level of decarbonisation needed by 2030 (UNEP 2021).

Cities are a significant contributor to these emissions, with an estimated 66 percent of the world's population expected to reside in urban areas by 2050 (UN-Habitat 2023). They consume 78 percent of the world's energy and produce more than 70 percent of greenhouse gas emissions, putting them at the forefront of the global fight against climate change (UN-Habitat 2023). Here in Australia, cities (herein referred to as councils) can be engine rooms for solutions, and there is growing awareness of the importance of local climate action.

Addressing the challenges of climate change at the necessary speed and scale requires more inclusive, responsive, adaptive, and innovative modes of governance. Australian councils and their communities are at the forefront of dealing with the impacts of climate change, yet face the slow speed at which all levels of governments respond to climate risk. This threatens to overwhelm councils' - and Australia's - capacity to respond to the ever- increasing, and devastating impacts of climate change, limiting the development of thriving and resilient communities.

Figure 1: Cities Power Partnership visit to a renewable energy site in South Australia.



Councils are also well positioned to help drive the implementation of national climate policies and ensure that meaningful results are delivered at the local scale. Councils across the country are already taking strong action on climate change. Over 180 councils have signed up to Australia's largest network of local councils acting on climate, the Cities Power Partnership (CPP), and collectively they have committed to over 800 pledges to reduce emissions. 60 percent of CPP member councils have a target for reducing greenhouse gas emissions from council operations and 39 percent from their community (CPP 2023). Additionally, 21 Australian councils have committed to the [Cities Race to Zero](#) and 34 are signatories of the [Global Covenant of Mayors](#).

Despite councils leading on improving community energy performance, climate adaptation and resilience, councils are too often overlooked as genuine contributors to climate action in Australia. Councils' close proximity to local stakeholders and comprehensive understanding of community needs is a valuable resource that can be better leveraged to help design and implement large scale, and effective climate policy.

Furthermore, councils do not operate in isolation from other levels of government; their authority to act is often nested in different legal and institutional frameworks at the state and territory level (OECD 2009). This highlights the importance of developing a national climate policy framework that is consistent with our obligations under the Paris Agreement to ratchet-up climate ambition, promote efficient collaboration between all levels of government and to support action on the ground.

Councils and their communities are at the forefront of climate change impacts, including from climate-fuelled disasters such as floods and fires. These climate impacts don't stop after the event or at municipal boundaries; and nor should our response. The [IPCC's 6th Assessment Report](#) emphasises two emerging climate-related risks for the Australasia region. Firstly, multiple climate impacts can lead to cascading effects on cities' infrastructure and services. Secondly, Governments and institutions are slow in addressing climate risk, which may hinder our ability to respond effectively (IPCC 2022b; Mackey et al 2022). Given these risks, it's crucial to understand the role councils can play in supporting communities to mitigate and adapt to climate change.

Here in Australia, councils can be engine rooms for solutions, and there is growing awareness of the importance of local climate action.

“There [is] a great deal to be gained from better integration and coordination between levels of government and sectors through more effective policy alignment and more inclusive and collaborative institutional arrangements.”

- IPCC 2022b

This report, from Cities Power Partnership, Melbourne Centre for Cities and the Better Futures Australia Local Government Working Group, advocates for Multilevel Governance (MLG) as a means to enable more effective, collaborative climate action between all levels of government. It presents a case study into Australia’s building sector to illustrate how better policy integration between the three levels of government can promote local climate action, enhance community resilience and meet ambitious long-term emission reduction goals. This report also supports the steps and recommendations from the Global Covenant of Mayors for Climate and Energy (GCoM) Playbook for Multilevel Governance Second Edition (2022a) to address climate change through Multilevel Governance (see [here](#)).

Figure 2: View from North Sydney Olympic swimming pool as smoke from bushfires in New South Wales blankets Sydney CBD in December 2019 during the Black Summer of devastating climate extremes.



Background

What is Multilevel Governance?



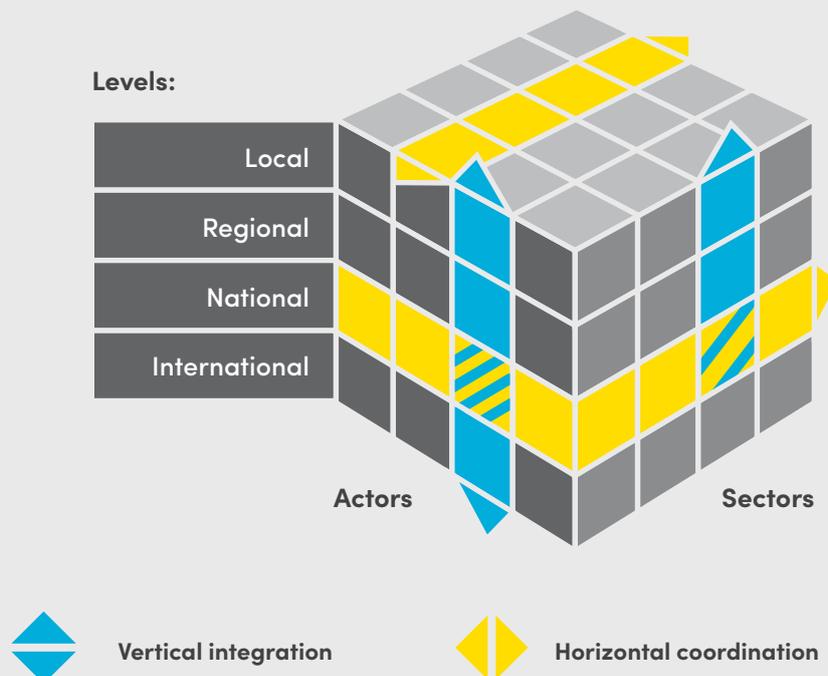
1. What is Multilevel Governance (MLG)?

Multilevel Governance (MLG) embodies a set of collaborative mechanisms to ensure that key stakeholders have a voice in matters most relevant to them. It is a way of structuring the relations between tiers of government to maximise the achievement of shared priority outcomes. The process needs to be led by national governments and requires a commitment to coordination, collaboration, communication, engagement and

reporting among and across all levels of government (GCoM 2022). This means that power and authority can be spread upwards, downwards and sideways between local, regional and national levels of government (Hooghe and Marks 2010).

The concept's critical building blocks are **vertical integration** and **horizontal coordination** (see Figure 3). Vertical integration emphasises the need for national strategies to

Figure 3: Multilevel Governance encompasses vertical and horizontal coordination. Adapted from ESCAP 2020.



Actors: Government, Businesses, Civil Society, etc.

Sectors: Environment, Transport, Construction, Agriculture, etc.

work closely with other levels of government – including local councils – so that policies can be effective and disparities between national and local action plans can be eliminated. Horizontal coordination allows for learning, knowledge sharing and collaboration across ministries, councils, regions or non-governmental actors (e.g. non-governmental organisations) and the private sector.

To be most effective, MLG should embrace a *combination* of top-down and bottom-up approaches to policy development and implementation. Top-down approaches involve enabling frameworks that empower local actors, send strong market signals and help synergise legislation and policy instruments to maximise the opportunity for on-the-ground action. Bottom-up approaches occur when

local initiatives and actions influence state and/or national policy, yet this can be a longer approach to scaling best practices (IISD 2019). The case study below illustrates how embracing a *combination* of top-down and bottom-up approaches to climate policy (which are built on an effective partnership with local councils) could enhance climate action on-the-ground.

The European Union’s approach demonstrates that it is possible to pursue substantial reform in how levels of government interact and plan action together, within existing legal structures. Australia could seek similar opportunities for collaboration within the existing constitutional and legislative framework for local councils (Box study 2).

Multilevel Governance is a bridge that connects climate action efforts across governments in a way that gives all key stakeholders a voice.

 **Box 2: Combining top-down and bottom-up approaches to strengthen climate policy in the European Union**

The European Union (EU) has picked up the pace and is accelerating towards a zero emissions future. Policies are being reviewed to align existing tools and instruments to the objectives of the European Green Deal, which includes the goal to become the first carbon-neutral continent by 2050 as well as a legislated target to reduce greenhouse emissions by at least 55 percent by 2030 (based on 1990 levels).

To deliver on these goals the EU is deploying a range of collaborative strategies to optimise on-the-ground climate action. This includes the 'Climate-Neutral and Smart Cities' mission, a policy instrument that pools together a variety of resources and mobilises public and private actors (including EU member states, regional and local authorities) to turn research and innovation into action (European Commission n.d.). Most importantly, it emphasises the need for the EU to take massive strides by 2030 if they are to be net zero by 2050 – including achieving 100 climate neutral and smart cities by 2030. However, despite these efforts the EU's policies still need to be bolstered up. Independent research by Climate Action Tracker found that their policies and actions are not sufficiently strong (CAT, 2022b).

The EU Commission provides the technical, regulatory and financial assistance necessary. In addition to placing decision making in the hands of cities, this highlights a move towards an integrated and multi-level approach to climate action. Here's how:

Top-down:

- > The Climate-Neutral and Smart Cities mission not only shines a light on cities as the main actors in the climate transition, but also demonstrates the EU's willingness to look past existing schemes (such as, the provision of financial grants with strict rules applied to spending (European Union n.d.) and to use a radical new form of governance as the key-enabler (Boeri et al 2021).
- > This approach recognises the importance of empowering local and regional authorities to achieve European-wide climate outcomes. €360 million (AUD 532 million) from Horizon Europe will be invested in research and innovation actions across 2021 to 2023 and this will be used to support cities in developing and identifying the actions they plan to take.
- > The Smart Cities Mission addresses critical resourcing constraints experienced by local authorities by honing in on the practical aspects of implementing policy. This includes the delivery of a service-oriented platform called the Net Zero Cities (NZC), providing local authorities with the support and solutions they need (Net Zero Cities n.d.a). Specifically this includes resources which focus on measures to improve policy implementation in recognition of resourcing constraints encountered at the local level (e.g, guidance on financing, a community of practice, support from world-class practitioners & support of pilot projects).
- > 377 cities from all EU member states submitted an expression of interest in the Climate-Neutral and Smart Cities mission and after evaluating the submissions, the Commission announced 112 cities that would participate. In response to the high interest from 377 cities to join the mission, the Commission is extending support to non-selected cities through the [Mission Platform](#) and funding opportunities available in the [Horizon Europe Cities Mission Work Programme](#) (Garcia 2022).
- > In addition to the Climate-Neutral and Smart Cities mission, the EU is also delivering a different Mission that specifically focuses on supporting cities and local authorities in their efforts to build resilience against the impacts of climate change.

Box 2: Continued

Bottom-up:

The EU has recognised that for solutions to be appropriate for local contexts, decision making needs to be in the hands of local authorities. This has resulted in local authorities being considered genuine actors in the process instead of beneficiaries of financial assistance grants (Boeri et al 2021).

The process:

> Participating cities were invited to develop Climate City Contracts (CCC), which promote collaboration by outlining the sectors that will be targeted, the key targets and the specific responsibilities of different players. The framework is flexible and cities are encouraged to work with a format that best suits their needs. However, cities are required to include the following three components as part of their CCC application (Net Zero Cities n.d.b):

- a. **2030 Climate Neutrality Commitments** reflect the specific commitment(s) to action from stakeholders in the contract to establish new ways of working together to achieve climate neutrality faster. This includes a shared 2030 ambition and a strategy to achieve it.
- b. **2030 Climate Neutrality Action Plan** identifies the strengths and gaps of existing strategies, policies, and plans, and uses all levers of change to create a coordinated portfolio of interventions to achieve the 2030 ambition.
- c. **2030 Climate Neutrality Investment Plan**
 The investment plan underpins the commitments and action plan. The scale of climate action being undertaken requires that cities have multiple avenues for finance that extend beyond reliance on traditional municipal funding streams. As such, cities must create an investment plan to illustrate how they will utilise a combination of government and private funds to operationalise the action plan.



Figure 4: 112 cities will participate in the EU Climate Neutral & Smart Cities mission with the goal of becoming climate neutral by 2030.

2. How Australia's climate action efforts can benefit from Multilevel Governance

According to the Intergovernmental Panel on Climate Change (IPCC), in order to honour our commitments under the Paris Agreement and limit global warming to well below 2°C (and pursue efforts to limit that increase to only 1.5°C), fossil fuel use and greenhouse gas emissions need to peak by the mid 2020s, with a rapid decline thereafter (IPCC 2022).

Australia has a significant role to play in tackling the climate crisis, as we have played a significant role in contributing to it through our fossil fuel extraction and exports. We are also significantly impacted by climate change – one of the most impacted nations in the developed world (DCCEEW 2022a) – but have a high capacity to adopt both adaptation and mitigation strategies.

Australia currently has a target to reduce its domestic emissions by 43 percent on 2005 levels by 2030. Voters at the 2022 Federal Election overwhelmingly signalled they want stronger climate action, and they want it now. To align with the goal of the Paris Agreement, the 2030 target will need to be strengthened significantly. Emissions need to peak by 2025, and rapidly decline thereafter. The Climate Council recommends that Australia cut its emissions 75 percent by 2030 (based on 2005 levels), and aim to reach net zero by 2035. This is the critical decade for climate action, and every fraction of a degree of warming avoided will help ensure a safer climate for generations to come (Climate Council 2023a).

Figure 5: Many residents in Lismore, New South Wales, are still recovering from the devastating 2022 floods more than a year on.



MLG offers a powerful solution to bolstering climate action in Australia. Given that local councils are responsible for many activities related to climate action (e.g. waste management, urban planning & emergency management), Australia can use MLG to better leverage councils and propel itself towards the overachievement of national climate commitments.

As demonstrated in other countries, MLG could help Australia define common priorities across our levels of government

through enabling frameworks, synergising legislation and policy instruments, fostering stronger dialogue to reduce inefficient resource allocation and stimulating shared ownership of policy making and implementation (GCoM 2022b). Stronger engagement by the Australian government with councils will identify opportunities to apply learnings from the breadth of local experiments and innovation occurring in communities across the country. To deliver the benefits (Table 1) associated with MLG it needs to be met with a commitment to providing councils with adequate resourcing.

Table 1: Benefits of Multilevel Governance.

Benefit	How?
 Accelerate the implementation of climate policy	Creating common goals among different levels of government can encourage local initiatives through building agreement and addressing unfavourable political sentiments. This requires enabling frameworks and more efficient planning of available resources (GCoM 2022b).
 Mobilise finance and resources	Australian councils have limited opportunities to raise revenue. Urban councils are predominantly funded by their own sources of revenue (e.g. fees, rates and charges) whilst grants are a substantial source of revenue for rural councils (Productivity Commission 2008). Vertical integration is necessary to ensure that there is access to finance for climate action. Governments need to establish enabling policies and instruments that raise and direct the required finances towards implementation at the council level so they are equipped to undertake meaningful climate action. This might involve empowering councils to raise their own finances, or develop investment plans like in the EU (Box 1).
 Capture learnings from existing mitigation and adaptation initiatives	Monitoring and evaluating the outcomes of initiatives councils are delivering can provide valuable insights for policy makers at every level of government. This can help guide future policy development and strengthen national climate action.
 Promote horizontal coordination and cross-scale learning	Vertically integrated policy gives power and authority to local authorities to prioritise and implement on-the-ground action and opens the door for exchanging knowledge, learning and partnering with other councils and local stakeholders (horizontal coordination). This is useful for local councils who share common roles and responsibilities, yet can face unique opportunities and challenges.
 Engage local stakeholders and communities	Transitioning at the urgency required cannot be achieved without community support and participation from citizens (IEA 2021). Councils, at the nexus of governance and community, can advance efforts including training, education and behaviour change programs.
 Minimise policy gaps between national frameworks and local action plans	Consulting with councils to understand common barriers will help ensure that national climate policy aligns with what is possible on the ground. For example, despite recent improvements to the energy efficiency requirements in the National Construction Code (NCC), due to a variety of reasons, many councils are prevented from implementing these changes (p.36-37).

 **Box 3: Elements of the the National Adaptation Strategy offer glimpses of hope towards coordinated action**

National Adaptation Plans (NAPs) define the roles and responsibilities of a variety of stakeholders to facilitate an integrated approach to climate change adaptation. This makes NAPs important for promoting vertical and horizontal integration (ESCAP 2022). Australia's NAP – the National Climate Resilience and Adaptation Strategy – outlines the roles and responsibilities of federal, state and local government (Figure 6), which provides useful foundations for enhancing local climate action.

To be effective, NAPs must be built on to strengthen both adaptation and mitigation policy:

> **Integration and objectives:** Despite mitigation and adaptation typically being considered distinct pathways, there is a need to understand how they integrate because synergies between them strengthen climate action and improve its

cost-effectiveness (IPCC 2014). For example, as the primary responsibilities and policy levers available to councils (e.g, local planning schemes) relate more to adaptation than mitigation, adaptation can be considered a lifeboat to effective mitigation if action between the two are integrated. Additionally, another example is that energy efficiency technology in the residential sector will simultaneously reduce emissions and improve health and comfort levels for low-income households (Burgess, 2023)

> **Clearly defined roles and responsibilities:** To coordinate integration at a national scale, and due to the many actors involved in implementing adaptation and mitigation, the federal government needs to take a leaf out of its National Adaptation Strategy and define the roles and responsibilities of each level of government in relation to key climate goals.

Figure 6: National Adaptation Roles and Responsibilities (Source: National Climate Resilience and Adaptation Strategy, 2021. P14).

Adaptation Roles and Responsibilities

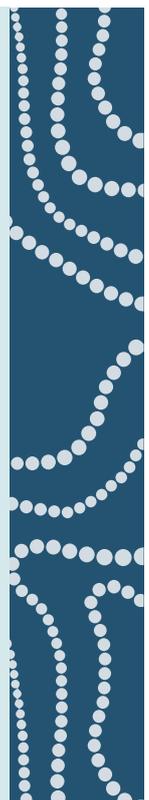
The Australian Government is responsible for national leadership on adaptation, managing Australian Government assets and services including significant investments in public infrastructure, and providing national climate science and information. It maintains a strong, flexible economy and well-targeted safety net to ensure that climate change does not disproportionately affect vulnerable groups.

State and territory governments have an important role in adaptation, with significant influence through their planning laws and investments in public infrastructure. This includes key areas of service delivery and infrastructure, such as emergency services, environmental protection, health, planning and transport. They also provide science and information at local and regional scales.

Local governments are on the frontline in dealing with the impacts of climate change. They have an essential role to play in ensuring that local circumstances are adequately considered in the overall adaptation response, and local communities are directly involved in adaptation efforts. Local governments are well positioned to inform State and Commonwealth governments about on-the-ground needs of local and regional communities, communicate directly with those communities, and respond to local challenges.

Private parties have an important role to play in managing their own risks, for example, maintaining and protecting private assets and incomes. This provides a strong incentive to act but their capacity to act will differ depending on their exposure to risk, and access to resources and knowledge.

While there are complementary and differentiated roles, it is by working together that we can respond to the challenges of climate change for the benefit of all Australians.



Weaving local climate action into Australia's national commitments

National Determined Contributions (NDCs) are the commitments to reduce emissions and undertake adaptation actions made by each of the parties who have ratified the Paris Agreement. On a global scale, national pledges since COP26 leave the world far from achieving the Paris Agreement (UNEP 2022). As a result, substantial policy changes are needed to limit greenhouse gas emissions in order to meet obligations under the Paris Agreement and limit further warming.

The UN-Habitat has advised that national commitments can be strengthened by including urban climate action and subnational governments in their design and implementation. Doing so will help enhance ambition and delivery of national climate commitments and inform and prioritise urban policies (UN-Habitat 2020).

Currently, Australia's NDC makes little reference to councils. Whilst it acknowledges that other tiers of government are implementing initiatives to reduce emissions and transition to a clean economy, it does not position councils as a key partner critical to the achievement of national goals nor does it provide clear direction for the long-term.

Australia's climate policy is missing an opportunity to drive down emissions by more closely integrating with communities on-the-ground. An independent research organisation, the Climate Action Tracker (CAT), found that Australia's policies are not sufficiently strong

and emissions are projected to continue rising (CAT 2022). Whilst the Albanese Government has taken some important steps forward, such as passing an amended Safeguard Mechanism to drive down industrial emissions, there is still significant room for Australia to strengthen climate policy.

Strengthening NDCs

The Global Covenant of Mayors for Climate and Energy's (GCoM) first edition of The Multilevel Climate Action Playbook (2021) highlights how national climate ambition and implementation can be bolstered by integrating *Regional and Local Contributions (RLCs)*, which are complementary to - and designed for integration with - NDCs. Integrating RLCs into Australia's NDCs would enhance local climate action, address implementation gaps and improve accountability and transparency into Australia's national policies and strategies (GCoM 2021).

According to a recent global review of the urban content of the NDCs, Australia has a moderate amount of urban climate action content (UN-Habitat 2023). This trails behind 47 countries that were assessed to have strong urban content (specific urban sections and/or identified urban areas as priority sectors). Australia was not on the list, highlighting that significant potential exists to advance its international climate commitments by committing to MLG and integrating local climate action.

Australia's climate policy is missing an opportunity to drive down emissions by more closely integrating with communities on-the-ground.

Urban climate action and sub-national governments are one way to support Australian government efforts to ratchet-up the ambition and delivery of NDCs.

Integrating RLCs into the design and implementation of our NDCs is an easy way for Australia to demonstrate global leadership and the Global Covenant of Mayors (GCoM) has identified pathways for achieving this (GCoM 2021). The full implementation of non-state and sub-national actors (NSAs), such as companies, cities, and civil society, could alone help EU and Japan overachieve on their NDCs, according to a 2020 study (Kuramochi et al 2020). Adopting a similar approach would bolster Australia's chance of delivering on its legislated climate commitments and then going further.

Figure 7: Electric vehicle charging station installed at a residential property in the Australian Capital Territory.

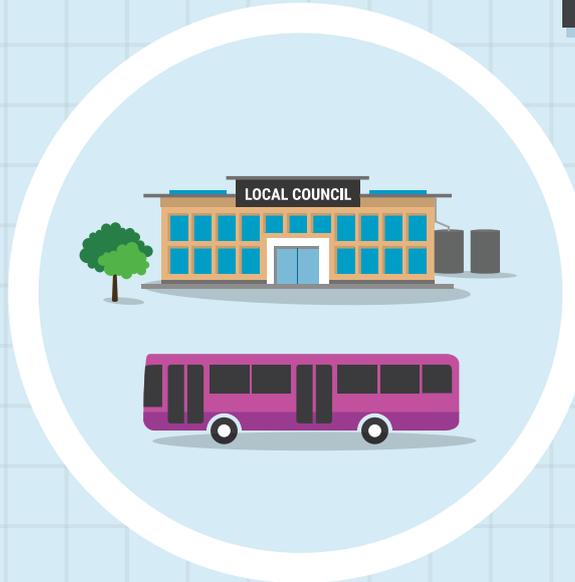


LOCAL GOVERNMENTS ARE CRITICAL TO

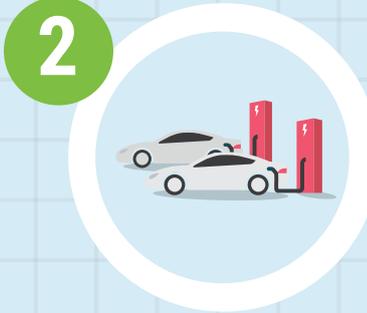
REDUCING EMISSIONS

IN AUSTRALIA

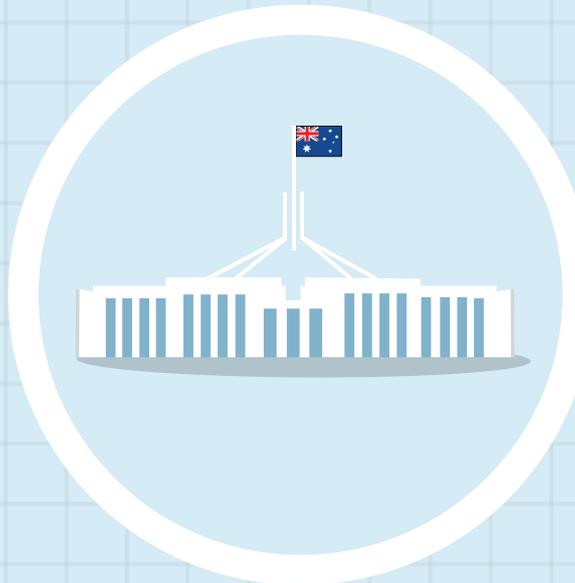
Councils can:



Reduce operational emissions (and costs) that arise from council-owner buildings, infrastructure, vehicles and waste management facilities.



Influence the reduction of emissions arising from industries, transport, waste, buildings and community behaviour choices within the local area.



Develop innovative solutions to the climate change challenge and motivate higher levels of government to act.

Figure 8: It's clear that local governments play a key role in slashing emissions in Australia (Climate Council 2021).

Globally, Multilevel Governance is coming to the fore

The benefits of MLG and the adoption of more collaborative national policy frameworks have been cited by various organisations in Australia and abroad, including:

- > Organisation for Economic Co-operation and Development (OECD)
- > United Nations Framework Convention on Climate Change (UNFCCC)
- > Council of Australian Governments (COAG)
- > International Council for Local Environmental Initiatives (ICLEI)
- > Global Covenant of Mayors for Climate & Energy (GCoM)

Countries around the world are increasingly adopting MLG, and several global initiatives, such as C40's Vertical Integration Response Strategy Guiding Framework (C40 Cities n.d.), are working directly with countries to kickstart MLG processes, specifically as it relates to climate policy.

Domestically, findings from the most recent State of the Environment Report revealed that most of Australia's major cities are growing at faster rates than many developed cities overseas (DCCEEW 2022b; Quintana Vigiola 2022). While the report acknowledged great initiatives from state and local governments to address challenges and shift urban environments towards enhanced resilience and sustainability, it also emphasised the need for a nationwide approach to urban growth and resilience. Effective collaboration and cooperation between all three levels of government in Australia are essential to shifting towards zero carbon and climate-resilient urban environments (DCCEEW 2022b).

Effective collaboration and cooperation between all three levels of government in Australia are essential to shifting towards zero carbon and climate-resilient urban environments (DCCEEW 2022b).

MLG in Australia and internationally



Climate Change Authority (CCA)

In Australia, the CCA provides independent advice on climate change policy and advised in November 2022 that achieving national goals requires “a new era of Commonwealth, state and territory and local government cooperation that can support more effective, integrated policy responses, avoid unnecessary duplication and regulation, and lower costs for businesses and households” (CCA 2022. p4). This is significant because in accordance with the recently legislated Climate Act, the Minister for Climate Change is *required* to have regard for the Authority’s advice.



Intergovernmental Panel on Climate Change (IPCC)

The IPCC points to the need for Multilevel Climate Action and coordination between levels of government, stating that future climate-related risks would be reduced by the upscaling and acceleration of far-reaching, multilevel and cross-sectoral climate mitigation and transformational adaptation (IPCC 2018). Referring specifically to Australasia, the IPCC identified “better cooperation and coordination among governing authorities, sharing of information, knowledge [and] finance and addressing social vulnerability and equity” (IPCC 2022) as critical enablers for climate resilience and sustainable development.



COP27

The Sustainable Urban Resilience for the next Generation (SURGe) initiative, launched at COP27, aims to contribute to the Paris Climate Goals by accelerating local climate action through Multilevel Climate Governance and multi-stakeholder engagement in five integrated areas: buildings and housing, urban water, urban mobility, urban waste/consumption, and urban energy (UN-Habitat 2022).

Table 2: What Australia can learn from Multilevel Governance practice around the world.

 <p>Colombia: Strengthening NDCs through collaboration</p>	<p>Multilevel processes have enabled the allocation of budget resources across territories and have established common reporting formats (UN-DESA 2018). Colombia has also committed to collaboration across national ministries and between subnational actors to create and implement its NDC (NDC Partnership 2020).</p>
 <p>Republic of Korea: Interweaving government operations and local stakeholders</p>	<p>The Do Dream project integrates existing government operations, community networks and new private-sector donations to coordinate services to the most vulnerable members of the community. By interweaving government systems with these resources and NGO programs, the government can maximise support for those in need (United Nations n.d.).</p>
 <p>South Africa: Leveraging vertical integration to accelerate climate action planning and implementation</p>	<p>To operationalise its constitutionally-mandated cooperative governance model, South Africa established the Intergovernmental Committee on Climate Change (IGCCC) to enable vertical collaboration on climate change through information exchange, consultation, and collaboration among local, regional, and national governments (GCoM 2021).</p>
 <p>Kenya: Whole-of-government approach to climate legislation</p>	<p>In order to boost climate resilience and reduce greenhouse gas emissions, Kenya's "whole-of-government approach" involves creating climate change units in every governmental ministry, state agency and county government. The aim is to integrate climate change at the national and subnational level (UN-Habitat 2020).</p>

“We need to ensure that multilevel action is now the new normal for the next phase of the Paris Agreement.”

**- Kobie Brand, Deputy Secretary General and
Regional Director for Africa, ICLEI**

3. Barriers to Multilevel Governance and climate action in Australia

Barriers at the local government level demonstrate a fragmented policy landscape and the need for MLG in Australia. The CPP released findings of a 2022 survey that summarised CPP member council responses on climate action.

Councils were asked what the biggest challenges are when collaborating or negotiating across governing boundaries. Among other findings, shown in Table 3, the survey highlighted that when collaborating between and across levels of government, the key challenges were policy implementation (51 percent), goals and agenda setting (27 percent), and policy instruments (22 percent).

Table 3: A 2022 survey of councils by Cities Power Partnership identified the most common challenges faced when collaborating or negotiating between, and across, governing levels (CPP 2023. p28):

<p>Policy implementation</p> <p>51%</p>	<p>Policy implementation refers to the action/s taken to operationalise the policy instruments and the goals. Here, a lack of capacity within council was the most common issue associated with policy implementation (56 percent). In addition, more than a third (37 percent) of the challenges associated with policy implementation again referenced the need for improved coordination between and across levels of government (ie, vertical and horizontal coordination).</p>
<p>Policy goals and agenda setting</p> <p>27%</p>	<p>Policy goals and agenda setting refers to getting the ‘problem’ on the agenda of key decision makers. Policy goals can involve broad claims about what might occur if the policy is effective. The most common challenge associated with policy goals and agenda setting - when collaborating with other governments - is competing and differing priorities (77 percent). This indicates that strong climate policies and directives at state and federal levels, along with adequate financial support and guidance, can promote buy-in and place more emphasis on implementation across a range of services and responsibilities.</p>
<p>Policy instruments</p> <p>22%</p>	<p>Policy instruments are considered to be the mechanisms for narrowing down a policy goal and providing a means of achieving it. Here, councils most commonly cited challenges relating to regulation (37 percent) when seeking to coordinate climate action between and across levels of government.</p>

 **Box 4: Revisiting 'City Deals'**

What are City Deals?

City Deals are a tool designed to promote collaboration between the tiers of government in order to improve the design and achievement of key outcomes for Australian cities. Currently there are nine City Deals (DITV n.d.) across the country and the Albanese government has committed to honouring these (whilst flagging the shift towards a new partnerships model). However, their function has drifted drastically from the original purpose.

City Deals originated in the UK, where they provide local councils with the opportunity to propose plans that simultaneously promote local economic growth and advance national goals, including on climate change. If councils applications are successful, they are invited by the UK government to negotiate for particular packages of funding and decision-making powers. In these deals councils are given the authority to leverage their local knowledge and funding is provided after performance is assessed against key outcomes.

Why should City Deals be revisited?

The introduction of Australian City Deals has been criticised for drifting away from their original purpose and limiting the input of local participants (SGS Economics & Planning 2022). They do not provide consistent criteria for what receives funding and most notably, councils' voices have been diluted at the decision making table as it is forced to wrestle for input among higher levels of government. With federal and state and territory governments having a seat at the table when planning and deciding on priorities, there is less emphasis on a bottom-up approach.

The dominance of federal and state and territory voices in Australian City Deals stems from the country's Vertical Fiscal Imbalance (VFI), which refers to the uneven distribution of revenue-raising powers and expenditure responsibilities among different levels of government. This has seen the Australian government assume a superior understanding of local community interests. This overlooks the fact that state and local governments have invaluable local knowledge that can contribute to determining what is actually best for the residents (Tomlinson 2016). Without consistency and transparency, City Deals raise suspicions of pork barrel politics influencing major decisions (Burton 2018; PCA 2016).

Figure 9: Here in Australia, councils can be engine rooms for solutions. Wollongong City Council, in New South Wales, has received international recognition as a bike city ([more here](#)).



Funding and resourcing constraints

Councils have their backs against the wall. In addition to the breadth of services they already deliver (Vic Councils n.d.), increasingly they are expected to help their community mitigate and adapt to climate change. Yet, councils are critically under-resourced and large funding gaps exist. They are being asked to do more with less.

Despite the costs of climate change increasing (ICA 2022), the value of Financial Assistance Grants provided to councils has declined over the past three decades from approximately one percent of Commonwealth taxation revenue to around 0.55 percent (ALGA n.d.a). This is contributing to significant capacity constraints.

In fact, as identified in a 2021 Climate Council report, “local governments in Australia had the fourth lowest share of taxation among the 30 industrialised nations of the Organisation for Economic Cooperation and Development (OECD), and a far lower share than in most other federations. This means that while councils’ responsibilities have expanded, their access to tax revenue to deliver these responsibilities has shrunk considerably” (Climate Council 2021. p47).

A dependence on grant processes can burden councils and divert resources from the delivery of essential services. For example, one leading urban economist suggested that the sector move away from a dependency on local grant programs on the premise that they undermine political accountability (SGS Economics & Planning 2022). New ways of unlocking finance are needed to provide councils with improved fiscal autonomy and certainty regarding funding.

Among CPP councils committed to mitigation initiatives, insufficient staff resources (83 percent) are the primary barrier to advancing climate action (CPP 2023). Furthermore, nearly one-third of surveyed councils had fewer than two employees dedicated to sustainability, while 64 percent identified a lack of funds as a major barrier. Additionally, sustainability officers lack tools and support to assess GHG reduction projects, as found by a 2016 study by Cheung et al (2016). The same study suggested this might indicate the need for a financial tool for council officers to determine what may be the best use of the limited funds available for climate mitigation initiatives, which may play a significant role in investment decisions. These findings highlight the need for both increased funding and enhanced capacity to effectively implement required initiatives.

The absence of appropriate national policy and regulatory climate frameworks undermines local or regional climate plan implementation (OECD 2009).

Under-resourcing in the face of worsening extreme weather events

Australia has made progress in clearly identifying roles and responsibilities for adaptation policy, but there is an urgent need to advance it further. As one of the most vulnerable developed nations to climate change impacts, Australia is already experiencing many of these effects (DCCEEW 2022a).

Significant gaps exist between the services expected of councils to enhance community resilience and adapt to climate change impacts, their capabilities, and the required support from other government tiers.

This is evident across efforts to both prepare communities for the impacts of climate change as well as emergency response management (Table 4).

Utilising councils' local knowledge and relations with their communities will help national and regional policies drive implementation and ambition gaps with national mitigation and adaptation plans. Despite a breadth of initiatives being deployed in communities across the country, unaligned and inconsistent policy processes between tiers of government are contributing to a fragmented climate policy landscape, as demonstrated in the following sections.

Figure 10: The aftermath of the 2022 northern rivers floods in Lismore, New South Wales.



Table 4: Why councils require stronger leadership and additional support to thrive.

 <p>Lack of coordination, during disaster management response</p>	<p>Emergency management is one of the responsibilities designated to councils, however they do not have the resources needed to support their communities during times of crisis. The failure of the federal government to respond effectively to the floods disaster in 2022 (Butler 2022) – and provide urgently needed support to communities – illustrates why coordination must be improved between the levels of government. Thirty-one mayors and councillors from some of the nation’s most flood damaged regions have called on the government to do more to protect communities from tragic and costly extreme weather (CPP 2022).</p>
 <p>Building back better</p>	<p>Many councils use outdated maps which don’t reflect an increased risk of flooding due to climate change, contributing to business-as-usual development and leaving whole towns and cities locked into more frequent and severe flooding (Ellis 2022).</p>
 <p>Developing safer and more energy efficient homes</p>	<p>Australians cop some of the most expensive energy bills in the world (Climate Council 2022a). For example, despite recent upgrades to energy efficiency requirements in the National Construction Code, the energy performance of existing homes averages a NatHERS rating of 1.8 stars (Oldfield 2022).</p>

“ Local governments, like Lismore City Council, have been trying to work together with our communities to take action against climate change and build resilience. But we need more support and we need it urgently.”

- Elly Bird, Councillor, Lismore City Council.

Figure 11: Students at the Living School in Lismore, New South Wales, have had to do lessons in a range of temporary classrooms, including a retrofitted train carriage, after their classrooms were badly damaged in the 2022 floods.



Case Study

Multilevel Governance for a zero carbon and resilient built environment



4. Case Study: Multilevel Governance for a zero carbon and resilient built environment

Energy policy is a key topic for the federal government, as is affordable housing and the comfort of homes and buildings. A review of Australia's building policies, below, is an example of a fragmented policy landscape and highlights how improved integration between key policy processes across states and territories can deliver positive outcomes for multiple policy issues.

Council actions and policies in the built environment are influenced by larger institutional factors that are beyond their immediate control, such as regulation and performance standards. However, councils are largely responsible for upholding and enforcing policies set by other tiers of government. To achieve a net zero built environment, the building and energy sectors require unprecedented levels of coordination among all levels of government with a variety of complex stakeholders at scales not yet seen before. This case study explores how a MLG approach could strengthen the relations between Australia's governments and identify factors that can empower councils to deliver the services required of them whilst embedding climate into their considerations.

Table 5: How Multilevel Governance could propel Australia towards a zero carbon built environment.

 <p>Vertical integration</p>	<p>Top-down approaches:</p> <ul style="list-style-type: none"> > Minimise regulation complexity and establish effective and efficient statewide regulation systems > Clearly define the roles and responsibilities of each level of government and establish priority actions > Standardise approaches for measuring whole of life carbon in the built environment, and opportunities that support market transition. As an example, this might include developing clear 2030 and 2050 emission reduction targets for the built environment. <p>Bottom-up approaches:</p> <ul style="list-style-type: none"> > Collect local data on life cycle assessments for building designs at Development Approval stage to help create a database of whole of life carbon across a variety of building types. This would inform setting benchmark targets for building performance in the lead up to net zero emissions in the built environment. > Establish an effective partnership with the local government sector and provide it with a voice on key issues > Provide councils with greater decision making powers in relation to local sustainability issues. > Leverage learnings accrued on-the-ground in national policy (e.g. WALGAs discussion paper on the Trajectory for Low Energy Buildings (Box 6) and findings from the National Energy Efficiency Building Project (Appendix A). > Empower councils to engage with local stakeholders. For example, provide energy assessment training for local government compliance officers.
 <p>Horizontal coordination</p>	<p>Cross-scale learning:</p> <ul style="list-style-type: none"> > Utilising city networks to facilitate knowledge exchange. For example, leveraging existing communities of practice to assist sustainability officers understand key elements of electrifying council facilities and assets. <p>Cross-sectoral action:</p> <ul style="list-style-type: none"> > Developing climate policy plans which integrate across sectors where relevant. In the context of the built environment, this could include buildings, transport and industry. <p>Research and development:</p> <ul style="list-style-type: none"> > Communicating key learnings from pilot projects of sustainable design, urban planning and built environment, and replicating initiatives across the country.
 <p>Unlocking finance and mobilising resources</p>	<p>Councils are unable to make meaningful changes to their practices and work without investment. It's important to enable policies and instruments to raise and direct the required finances towards implementation at the local government level. As an example in the built environment context, this may involve providing additional resourcing for councils to improve compliance at the development approval stage to ensure buildings are built in the most resilient and energy efficient way.</p>

5. The opportunity for Australia's built environment

Australia's energy transition has been rated as one of the worst among countries in the OECD grouping of wealthy nations (Riches 2021). Specifically, the 2023 Climate Change Performance Index ranked Australia 55 out of 63 countries for energy performance per capita (CCPI 2023). Primarily, this is because carbon emissions from energy production (i.e. burning fossil fuels to produce electricity) is the largest contributor to Australia's emissions and has been increasing since 1990 (DCCEEW 2023). In fact, Australia was the only one of the top four energy consuming nations to exhibit an increase in energy use per person over the period 2005–2019 (Australian Institute 2021). A contributing factor to our high energy consumption is that too many of our homes rate poorly on energy performance, making them more expensive to run, unhealthier for those living in them and adding to our climate challenge (Climate Council 2023b).

Buildings account for about 50 percent of electricity use in Australia and almost a quarter of our emissions (DCCEEW n.d.a; DCCEEW n.d.b). Therefore, decisions about the built environment can either lock in future emissions or help to reduce them. Cutting emissions in the built environment will be a deciding factor on whether Australia can meet and beat its legislated emissions targets.

The good news is, the technology for energy efficiency, electrification and shifting Australia's energy mix to renewable energy already exists. A report from the Australian Sustainable Built Environment Council (2022) confirms 100 percent electrification is the lowest costing and fastest emissions reduction pathway for Australia's built environment; saving \$49 billion between 2024 and 2050 over the 'business as usual' strategy of electrification, gas and offsets.

Built environments are a major contributor to Australia's emissions. Making built environments more energy efficient, including electrification as a low-cost and reliable way to decarbonise the sector.

Existing buildings

Existing buildings are the largest share of emissions in the built environment (GBCA 2021) and most of those emissions come from energy use (electricity, gas, and diesel). In the race to net zero, millions of buildings will need to become more energy efficient. This will involve electrifying equipment and ensuring that energy sources don't use fossil fuels. At the same time, a high level of comfort to the occupants is essential.

New buildings

Overall, the construction industry is the fourth largest contributor to the Australian economy (RBA 2023). Australia is on track to build more than 5.5 million new houses between 2023 and 2050 (CSIRO 2022). It is vital for policies for new buildings to prioritise sustainability and energy performance outcomes. To put this into more context, the New South Wales government estimates that two out of three buildings to be standing in NSW by 2050 have not yet been built (NSW Government n.d.a). The importance of strengthening climate policies relating to the construction industry is critical, as emphasised below:

- > New buildings' lifecycle emissions, rather than annual emissions, are a key driver of global warming (Lützkendorf & Balouktsi 2022). Therefore emissions from the whole lifecycle of a building need to be considered. This is particularly important given that Research indicates that embodied carbon emissions may account for nearly 50 percent of all emissions in new constructions developed from 2019 to 2050 (CEFC 2021).
- > Constructing new buildings to the highest standards is crucial to prevent future emissions - and enhance thermal comfort and livability. Inadequate buildings contribute to cold-related stress, causing more deaths in Australia than in Sweden (Climate Council 2023b).
- > While new homes will have improved energy-efficiency standards starting May 2023 (6 to 7 stars), further updates to the NCC in 2025 and 2028 are necessary to meet emission reduction goals and legislative climate targets for Australia's built environment in the coming decade.

Energy efficiency - the 'forgotten fuel'

Energy efficiency delivers many additional benefits beyond saving energy and reducing carbon emissions, including supporting a least-cost pathway to a zero carbon built environment (ClimateWorks 2018), lowering energy costs for businesses, saving households hundreds of dollars per year, decreasing emissions, and reducing stress on the electricity network (Climate Council 2022b).

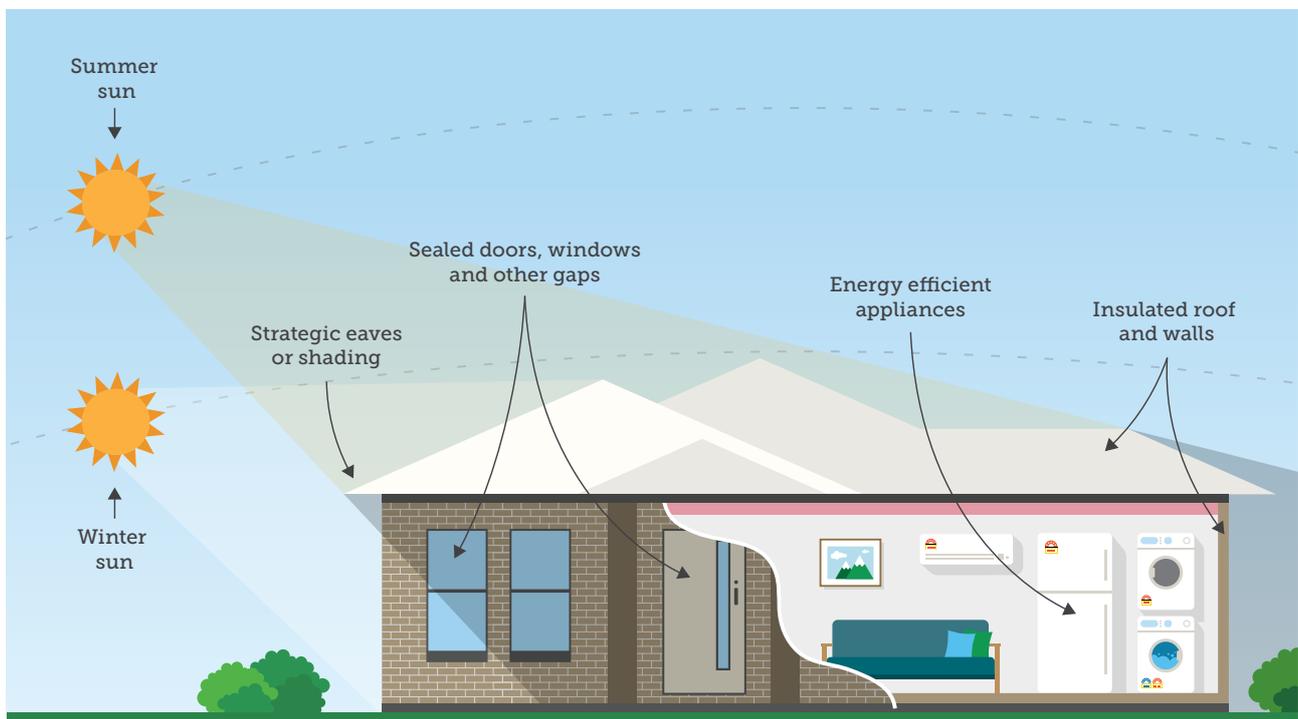
Energy efficiency is a key ingredient that underpins sustainable, comfortable and affordable-to-run building stock. However, a 2022 report identifies that Australia's energy policies have traditionally focused on the "supply side" and neglected energy efficiency at the national level (Pears & Bustamante 2022). The same report calls energy efficiency Australia's 'forgotten fuel'. This is in stark contrast to the European Union who has prioritised it via the "energy efficiency first principle" (European Commission n.d.)

To improve Australia's overall energy transition and performance, governments need to

promote the uptake of energy efficient technologies and practices (GAEP n.d) alongside a rapid move away from fossil fuels. Councils can play a critical role in providing greater emphasis on demand side factors (i.e. the consumption of energy), where buildings play a large role.

We need policies to prioritise energy efficiency similar to those that address the fast deployment of renewable energy and the phasing out of emissions-intensive electricity generation. In their 'Net Zero by 2050' report, the International Energy Agency (IEA) emphasises that neglecting energy efficiency in buildings would make decarbonising the energy system more challenging and expensive (IEA 2021). This is particularly important against the backdrop of increased cost of living and unsustainable housing design. Despite \$1.3bn allocated in the 2023 Federal Budget to upgrading Australia's energy-inefficient homes, these policies need to be radically built on (Edis 2023). An important first step is raising awareness among the community about how poorly Australian housing performs.

Figure 12: Elements of an energy efficient home.



Councils can play a role in managing energy demand

From community education and initiatives to shift council assets off gas, local governments can help drive improved energy productivity and support a healthier and zero emissions built environment.

Councils play an important role in educating community members about the importance of improving energy performance and can help supplement federal and state government incentives and programs.

They play a significant role in the planning process, own a variety of their assets and have access to local data which can be utilised to inform future demand estimates (Merri-bekk City Council 2023a). Councils are already deploying a raft of initiatives which demonstrate their proven and effective ability to reduce emissions and enhance community resilience, and with additional support and the right policy framework, can achieve even more.

Figure 13: City of Yarra community battery launch in Fitzroy North (Victoria).



 **Box 5: How councils can accelerate Australia's transition to clean energy**

Helping residents on low incomes insulate their homes (Merri-bek City Council, Victoria)

Merri-bek's ['Zero Carbon' website](#) helps the community find ways to improve energy efficiency. For instance, council helps eligible Merri-bek homeowners living on a low income have their home upgraded to make it more comfortable, with council paying up to \$2000 towards insulation and draught-proofing (Merri-bek City Council 2023b). Click [here](#), to listen to Maria, a member of the Merri-bek community, to hear how she got her home upgraded (Figure 14).

Supporting Community Energy Projects (Hepburn Shire Council, Victoria)

Hepburn Shire Council facilitated a collaborative partnership bringing together council, community groups, organisations and experts as it aims to be the first zero net emission shire in Australia. The [Community Transition Plan](#) was co-developed with locals, researchers, industry and technical stakeholders, with ongoing governance from a community Roundtable. The project will play a critical role in enabling the shire to reach its two targets of zero-net energy by 2025 and then zero-net emissions by 2030 (Hepburn Z-NET, n.d.). Read more [here](#).

Figure 14: Maria read about Merri-bek Council's (Victoria) support for installing insulation in her home in the quarterly newsletter that comes in the post.



Energy Consumers Australia's 2023 submission to the National Energy Performance Strategy brings attention to the fact that councils are too often overlooked in relation to delivering policies and programs to help communities reduce their energy use (ECA 2023). Off the back of this, they recommended that the Strategy commit to "coordination and collaboration with all levels of government, including how it could support community-focused energy performance programs and share knowledge, learnings and resources about effective programs" (ECA 2023. p6).

Council responsibilities generally include planning and development approvals, administration and oversight of infrastructure, facilities and buildings, providing community services, and coordinating local emergency management responses (DCCEEW 2023. p189). In addition to this, there are growing

expectations for local councils to act on bigger issues, such as climate change (Chou et al 2023). However, despite energy efficient, comfortable, and resilient buildings being a high priority for most local councils, they are constrained when it comes to enhancing the sustainability and livability of existing and new buildings.

The absence of appropriate national policy and regulatory climate frameworks that support such measures undermine local or regional climate plan implementation (OECD 2009). To empower and leverage councils as strategic partners that can contribute meaningfully towards the achievement of national climate goals, collaboration and coordination between levels of government must markedly improve. The sections below describe the policy landscape for the built environment and sets the scene for illustrating why a MLG approach is essential for a low carbon built environment.

“Community-focused programs have proven very effective in delivering improved energy performance of homes, and providing homes and businesses with tailored advice and information that has helped them manage energy use.”

- Energy Consumers Australia, 2023

6. Key challenges to the alignment of Australia's building policy landscape

Australia's built environment represents an immense opportunity for decarbonisation. The sector is capable of being a catalyst for the federal government to utilise conventional and proven technologies to deliver abatement at economy-wide cost savings (Enker 2022).

However, the building policy landscape is characterised by a number of key challenges that require a genuine commitment to coordination and collaboration across all tiers of government, NGOs and industry. In harnessing the sector's potential, Australia can make up for lost time and deliver more energy efficient buildings that are safer and healthier for people to use. The following section identifies some of the key challenges preventing councils from implementing stronger climate action.

Figure 15: Insulation in ceilings, walls and underfloor can substantially reduce the energy (and cost) needed to heat and cool a house.



The trajectory for low energy buildings: a national plan

[The Trajectory for Low Energy Buildings](#) is Australia's national plan that sets a trajectory towards zero energy and zero carbon ready buildings. It identifies opportunities to improve residential and commercial energy efficiency. The Federal Government is progressing the Trajectory via initiatives that include improvement on residential energy efficiency disclosures and minimum energy efficiency standards for rental properties (DCCEEW 2023). As a whole, the Trajectory informs the development and implementation of updates to the NCC as well as other initiatives related to building and energy policy measures (DCCEEW 2019).

All Australian state and territory energy ministers agreed to The Trajectory in 2019 and councils have a key role to play in helping state governments effectively implement it. However, there are numerous challenges that need to be overcome and opportunities pursued in order to clear the path for local government to most effectively support its implementation.

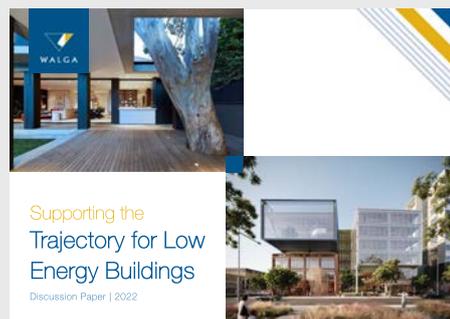
Without addressing structural and systemic issues in the building and construction sector, such as those identified in Box 6, successful outcomes from The Trajectory will be limited. Stronger leadership from the federal government is required, alongside a genuine commitment to improve the integration and alignment of building policies between the levels of government.

Box 6: Supporting the Trajectory for Low Energy Buildings (WALGA Discussion Paper)

A 2022 discussion paper from the Western Australian Local Government Association (WALGA) identified a set of opportunities for state governments to ensure The Trajectory is effectively implemented in Western Australia, including:

- > Implement NCC 2022 (Volume 2) by September 2023
- > Elevate energy efficiency into planning
- > Strengthen lot and building orientation requirements in liveable neighbourhoods and residential design codes
- > Mandate accredited energy efficiency assessments, and
- > Require mandatory compliance inspections during and post construction.

Supporting the Trajectory for Low Energy Buildings (WALGA):



Read the discussion paper: [Supporting the Trajectory for Low Energy Buildings Discussion Paper 2022](#)

- > A summary of the key challenges to implementing The Trajectory in Western Australia are included on page 21 (WALGA 2022).

The National Construction Code (NCC)

The NCC is a performance-based code that stipulates the minimum requirements buildings, building elements, and plumbing and drainage systems must meet (NCC n.d.a). NCC standards are the responsibility of the Australian Building Codes Board (ABCB) (DISR n.d.). The ABCB is guided by the Building Ministers' Meeting (BMM), which brings together federal, state and territory ministers responsible for building and construction.

A single code for the entire country has benefits to industry, to government and

to the public by ensuring an opportunity to reference a uniform and consistent set of technical provisions for building work, plumbing and drainage installations. However, this has resulted in a conservative code which aims to be relevant for all projects everywhere; including the work of sole traders and the largest architect-designed projects in cities. Given the challenges associated with implementing the energy efficiency requirements in the NCC, local governments are looking to planning law to encourage or mandate more sustainable buildings (Box 7).

Box 7: Amending Victorian planning policy to elevate sustainable built environment targets

The Council Alliance for a Sustainable Built Environment ([CASBE](#)) is an independent alliance of councils in Victoria that aims to use the Victorian planning process to help develop a sustainable built environment. In July 2022, 24 councils from across Victoria joined forces to push for more sustainable design within planning requirements. To do this, the councils lodged a planning scheme amendment with the Victorian state government. It seeks the

introduction of planning policy that elevates sustainability requirements for new buildings and encourages a move towards net zero carbon development. In addition to this, the councils wrote to the Minister for Planning asking them to support the amendment and to also acknowledge that current planning requirements do not reflect the urgency needed to tackle climate change ([more here](#)).



Figure 16: Cities Power Partnership council workshop.

An intergovernmental agreement exists between the federal and state and territory governments to facilitate improved building outcomes and a safer, more competitive and more efficient industry. The agreement recognises that the NCC's legal force comes into play at the state and territory level, with each jurisdiction having the ability to apply the national code with amendments to suit their own context. With 537 councils across Australia (ALGA n.d.b), there is a strong push for consistency across council boundaries to improve efficiencies for industry.

Despite the intergovernmental agreements, Figure 17 showcases significant discrepancies in how states and territories are interpreting, adopting and implementing the energy efficiency requirements specified in the 2022 update to the energy efficiency requirements in the NCC.

In considering the regulatory frameworks and tools guiding the development of more sustainable buildings, extensive work has been done to investigate issues and identify solutions for improving the efficiency of energy use in Australia's building and construction industry.

The National Energy Efficiency Building Project reviewed the opportunities to achieve better energy efficiency outcomes in the built environment. It included over 100 stakeholders in the building and construction industry and found that stakeholders frequently expressed: "many state and territory variations and additions to energy performance requirements are viewed as poorly justified, and in particular lack evidence of equivalence with Code provisions" (SA Government n.d.a).

The project identified invaluable learnings that can be incorporated into efforts to leverage MLG and empower local government (Appendix A).

Box 8: Council's role in implementing the NCC

The specific role of councils in the NCC process is delegated to them by state and territory governments. Councils are then required to operate independently to implement the responsibilities given to them. For example, typically, councils play a key role in administrative requirements that bring the NCC into effect (NCC n.d.b). This may include the role of a local permit authority whose responsibilities include grant approval and the enforcement of compliance measures for construction, occupation and the demolition of buildings. For instance, this

could include certifying that a proposal has met the energy efficiency requirements as legislated by the state and territory. In addition to this, and as is the case in Victoria, councils may also be able to attach permit conditions to the various stages of the building approval process. This has been recognised as an "important regulatory control [for] providing verification that building design and construction complies with the regulated standards" (Victorian Government n.d.).

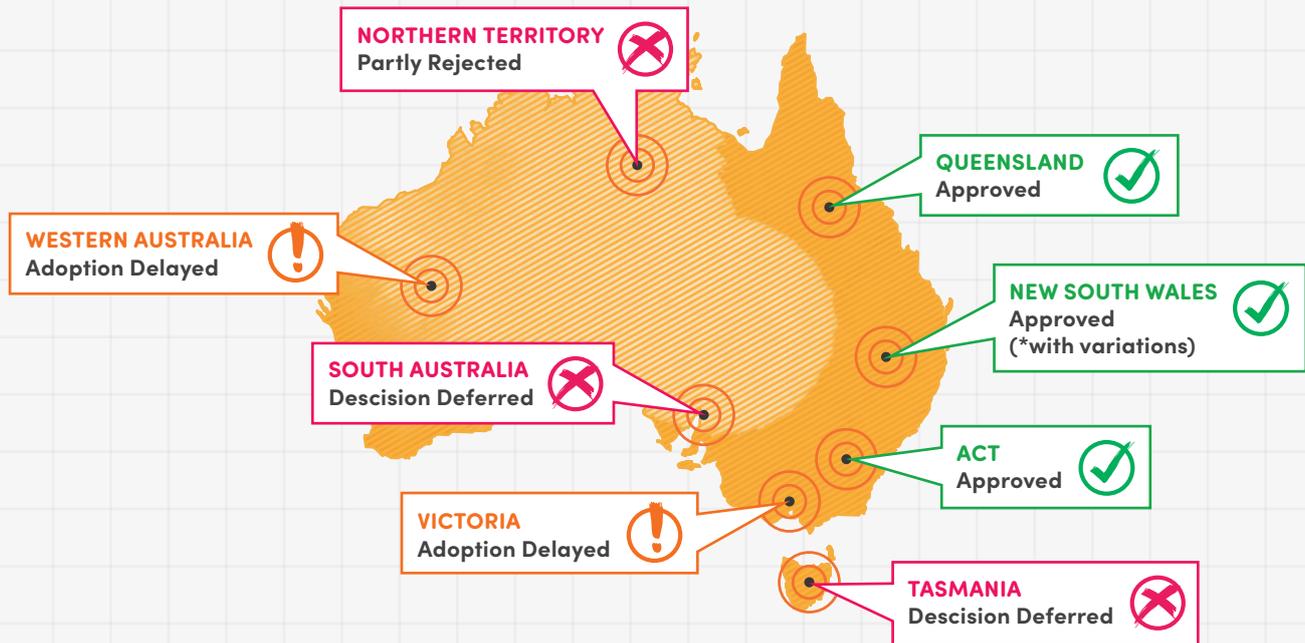
The process for updating the NCC is a convoluted and time-intensive process. Prior to the 2022 changes to the Code, energy efficiency standards were not updated for more than a decade (CSIRO 2022). Additionally, despite the recent changes being agreed upon in 2022, there is a significant delay in the uptake of the new requirements that will not come into full effect until at least October 2023. Furthermore, the ABCB, who set the standards for the NCC, and the building ministers meet every three years - they will next meet in 2025 and 2028 to discuss further amendments. This highlights the rigid, slow and arduous nature that accompanies efforts to make incremental improvements towards healthier and more sustainable buildings in Australia.

The variation in the adoption and implementation of the new energy efficiency requirements across the country illustrates the code's inability to respond to time sensitive issues, such as climate change. This makes the building sector a prime candidate for major reform by providing local councils with a stronger voice at the decision making table to promote national coordination, enhance responsiveness and accelerate Australia's trajectory towards a low carbon and resilient built environment.

States and Territories have not consistently adopted the updated 2022 NCC requirements (Figure 17), therefore local governments in different jurisdictions can't do so either. This illustrates a fragmented approach to national climate action. The legal and regulatory frameworks at the disposal of councils can be better aligned to embed climate change into council decision making processes.

Varied adoption of the 2022 NCC updates across states and territories is a fragmented approach to climate action. Local governments need better alignment to help embed climate change into decision making processes.

A FRAGMENTED NATIONAL CONSTRUCTION CODE



NORTHERN TERRITORY

Partly Rejected

The NT government will not be adopting the NCC 2022 energy efficiency requirements. Energy efficiency variation for residential buildings will be maintained at five stars, under NCC 2022. For apartments, the current variation to meet the requirements based on BCA 2009 will be maintained. Energy efficiency requirements for commercial buildings will be introduced in the NT for the first time, but they will align with provisions outlined under the NCC 2019 (NT Government 2023).

SOUTH AUSTRALIA

Decision Deferred

The South Australian government has not elected to adopt the updated energy efficiency requirements. The transitional time periods for these requirements are still subject to a final decision by the state government (SA Government n.d.).

QUEENSLAND

Approved

The QLD government has agreed to the implementation of the NCC 2022. The residential energy efficiency provisions will apply from October 2023 (QLD Government 2023).

WESTERN AUSTRALIA

Adoption Delayed

The WA government will allow proponents to use the NCC 2019 Amendment until 30 April 2024 (WA Government 2022).

VICTORIA

Adoption Delayed

The Victorian Government has delayed the adoption of the new energy efficiency requirements outlined in the NCC 2022. Practitioners can continue using the NCC 2019 energy efficiency requirements until 1 May 2024 (VBA 2023).

NEW SOUTH WALES

Approved (*with variations)

The NSW government has agreed to align with the adoption timeline and transition period of the NCC 2022. The new energy provisions and standards will apply from October 2023. Key variations will be applied, including new requirements introduced to measure and report on embodied carbon of the major building materials used (HIA 2023; NSW Government n.d.b).

TASMANIA

Decision Deferred

Tasmania has deferred consideration of energy efficiency rating provisions until the next iteration of the NCC in 2025 (TAS Government 2022).

ACT

Approved

As of October 2023, all new homes built in the ACT will be required to meet seven-star energy efficiency requirements (ACT Government n.d.).

Figure 17: Different interpretation and implementation of the NCC 2022 energy efficiency (EE) updates across the country.

Measuring the energy performance of a building

In Australia, there are four main ways (i.e. standards) to measure the energy and sustainability performance of a building: the Green Star Rating Tool, National Australian Built Environment Rating System (NABERS), The Nationwide House Energy Rating Scheme (NatHERS) and the Building Sustainability Index (BASIX). A 2019 review of each of these rating tools confirmed that they have significant differences and don't all measure the same stages of the building process (Chang et al 2019). The authors cited many issues that arise from the coexistence of multiple rating tools, including tools not appropriately chosen for the project and the differences in tools adding to further segregation and complexity within the industry. They also advocated for the merging of the tools. In some – but not all – states and territories the use of these tools are a requirement of the building regulations. This inconsistency makes it difficult to benchmark building energy performance.

Australia is not only lacking an agreed-upon standard for measuring the energy performance of buildings applied across the country, it also does not consider embodied emissions when assessing a building's sustainability performance. Embodied emissions typically refer to all of the greenhouse gas emissions associated with building construction, including those that arise from extracting, transporting, manufacturing, and installing building materials on site (McKinsey & Company 2020). In order for Australia to move closer to a zero carbon building code (Box 9), a consistent approach for measuring emissions from the whole lifecycle of a building is needed.

Results from a recent study suggest that by excluding embodied greenhouse gas emissions in Australia's housing-related emission projections, total emissions are underestimated by (up to) 60 percent (Schmidt et al 2020). These emissions, in conjunction with operational emissions, could be addressed by conducting Life Cycle Assessments (LCA) of a building.

Accounting for life cycle emissions in new buildings is already being rolled out in France (Interreg Europe 2022), and further considerations for measuring lifecycle emissions are underway in other countries including the United Kingdom (Part Z n.d). There is an urgent need to standardise LCA data to promote comparisons of results and enhance benchmarking (Prasad et al 2023), both domestically and internationally.

The Australian Institute of Architects (AIA), a peak body that represents 13,000 members globally, has advocated for all new buildings to provide LCAs for building designs at Development Approval (DA) stage and subsequently in applying for a building licence (Donaldson 2022). They have identified that local councils could help play a vital role with this by logging LCAs received to help create a database of whole of life carbon across all building uses. Collectively, this would inform setting benchmark targets for building performance in the lead up to net zero emissions in the built environment.

Box 9: The role of zero carbon building codes

In a road map to net zero emissions, the IEA identified zero-carbon ready buildings as a critical part of the equation (IEA 2022a). In a follow up report, the IEA shined a light on the most impactful short-term milestones for the building sector including the implementation of mandatory zero-carbon-ready codes for residential and commercial sectors by 2030 (IEA 2022b).

Due to the required time to develop and adopt such codes, these processes need to commence as soon as possible. The Australian Sustainable Built Environment Council (ASBEC) and ClimateWorks Australia have called for the implementation of a 'Zero Carbon Ready' building code and for Australia's built environment to start preparing for a net zero future now (ClimateWorks 2018).



Figure 18: Ambitious developers are even seeking to exceed minimum standards in apartment buildings. Apartments in Nightingale 1 in Brunswick, Victoria achieve an average of 8.2-stars and operate on 100% renewable energy with no gas in the building.

Upgrading existing building stock

While strong federal and state sustainability requirements for new buildings is essential, there are already an estimated 10.9 million homes in Australia according to the Australian Bureau of Statistics (ABS) as of June 2022. Many of these have poor energy performance, meaning they are uncomfortable to live in as well as being highly inefficient and costly to run. For instance, the energy performance of existing homes in Victoria averages a NatHERS rating of 1.8 stars (Climate Council 2022b), which lags considerably behind the 7 stars required for new buildings in the 2022 energy efficiency updates to NCC. In order to effectively decarbonise the built environment and address rising energy costs, deep retrofits are required.

In Europe, retrofit initiatives such as Renovate-Europe, aims to reduce the energy demand of Europe's built environment by 80 percent by 2050. Domestically, the ACT, Victoria and New South Wales, for example, have developed retrofit incentive programs. According to the CPP survey of 158 councils, 26 percent of member councils are actively pursuing the electrification of non-council owned buildings and facilities, while 59 percent are pursuing the electrification of council owned buildings and facilities (CPP 2023). While there is ambition at the local level to assist their communities to improve the comfort and operating costs of their community buildings and homes, councils have limited resources to effectively deliver these incentive programs. This highlights the

FIND AND FIX GAPS

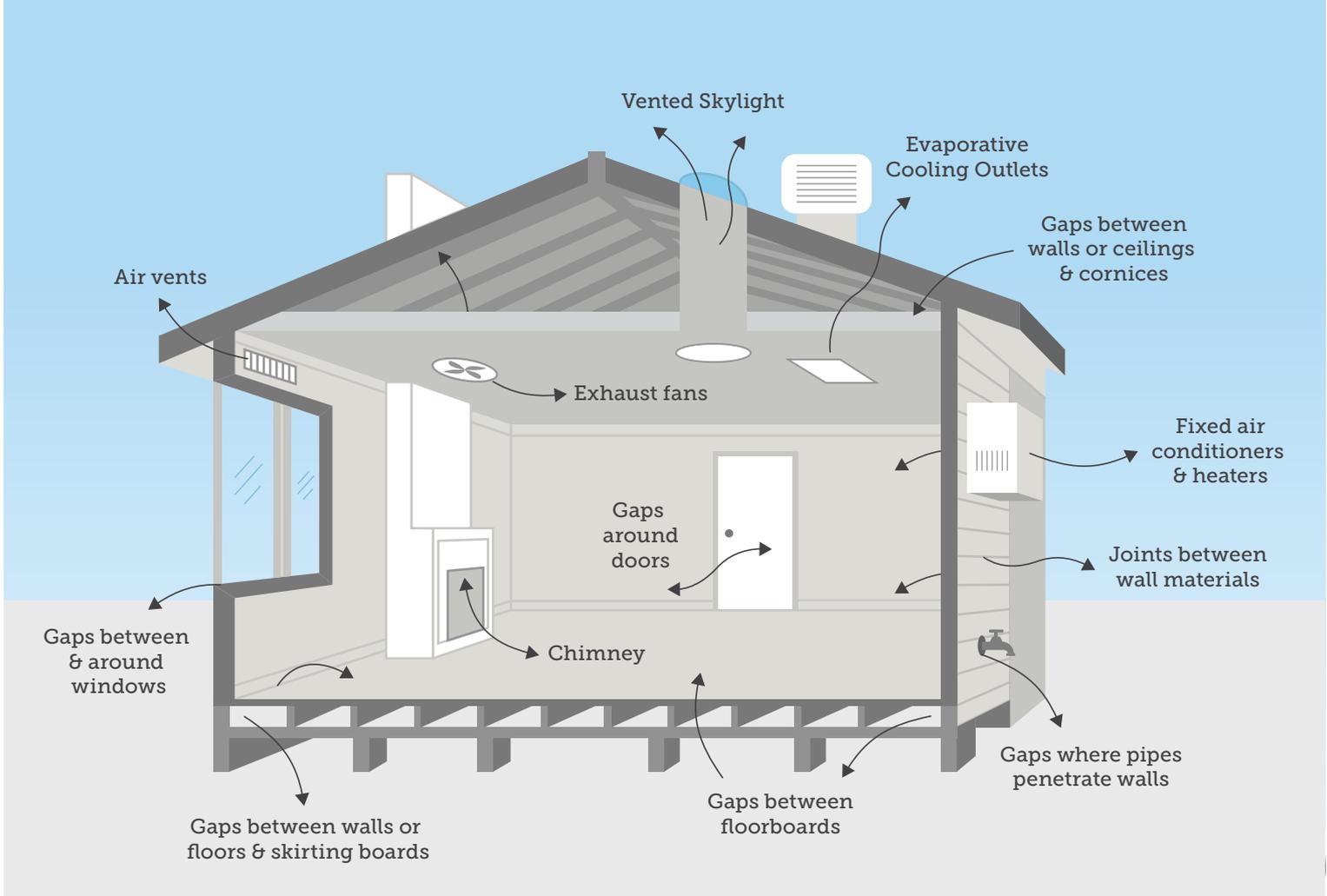


Figure 19: Draught proofing homes can lead to major reductions in heating and cooling and is affordable to do (Climate Council 2023b, p14).

importance of strong federal leadership on national retrofit programs that empower and support states and more importantly councils, to effectively deliver the program.

Councils also have a key role to play in educating new homebuyers about cost efficient ways of improving the energy efficiency of their home (Box 5). For example, councils can provide incentives in the form of initiatives like environmental upgrade assistance and reduced cost purchasing or bulk buys of energy efficient products and appliances. Many councils are seeking to directly reduce emissions from existing buildings. For instance, the City of Melbourne is due to release its Zero Carbon Building Plan in mid 2023 (CoM 2023).

The built environment provides a useful case study for the diverse regulatory, financial and coordination challenges councils can face in seeking to act on, and enable, national policy directions for climate action. Councils have very significant potential to contribute to the delivery of national goals like decarbonising our built environment. But this example highlights that local councils are currently constrained in their capacity to fully achieve this potential. A MLG approach could help to break down these barriers and obstacles, to unlock faster adaption and upgrading of our built environment at the scale needed now (Table 5).

7. How can we implement Multilevel Governance in Australia?

To seize the opportunities and address the challenges outlined, it is recommended the Australian Government pursue the development of a MLG climate action framework. This would give councils on the frontline of climate change a seat at the table when policies and investments to tackle it are being planned and delivered.

Drawing on the work of [Better Futures Australia's local government working group](#), there are three key ways such a framework could be implemented:

1. Establish a comprehensive climate policy framework that integrates all levels of government and recognises local government contributions in the Australian Nationally Determined Contributions (NDCs).
2. Establish an effective partnership between local governments and the federal government to deliver an Accord defining shared objectives for strengthening climate mitigation, adaptation, and resilience across all tiers of government.
3. Allocate appropriate resources to implement the Accord. This should be based on a well-defined methodology to determine the region-specific real resilience and emissions mitigation costs. This would enable local governments to protect their communities and build back better.

As the built environment case study illustrates, there are significant opportunities to pilot this approach in one dedicated area of climate action as part of preparing to embed it across all domains of government.

8. Conclusion

Too often, councils are overlooked as genuine actors that can help communities reduce emissions. This report advocates for the federal government to commit to improving integration between each tier of government.

MLG recognises the need for vertical integration to comprise a combination of top-down and bottom-up approaches to climate policy. This can have positive flow-on effects and promote horizontal coordination across levels of government. This report has underlined the significant ambition and potential of councils, while also shining a light on significant resourcing and financing gaps which are inhibiting this.

Adopting an MLG climate framework will supercharge Australia's efforts to achieve national climate goals and targets. Without the presence of a MLG approach, Australia's climate efforts will remain uncoordinated and fragmented, **as demonstrated by the built environment sector**. Using MLG, Australia has the opportunity to embrace and leverage the power of council to catapult the country into new heights and set up a sustainable and better future for our communities.

Using MLG, Australia has the opportunity to embrace and leverage the power of council to catapult the country into new heights and set up a sustainable and better future for our communities.

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Appendix A:

Lessons from the National Energy Efficiency Building Project

Table 6: The National Energy Efficient Building Project (NEEBP) commenced in 2012 with the aim of supporting consumers, government and industry to achieve better energy efficiency in new buildings, renovations and additions (SA Government n.d.)

Key learnings from the National Energy Efficiency Building Project	
 <p>Non-compliance (DSD 2014)</p>	<ul style="list-style-type: none"> > Almost all stakeholders (building industry stakeholders, regulators and policy makers) involved in the review raised concerns that compliance with existing energy efficiency requirements in the NCC is poor. These views were consistently raised in all states and territories; > Stakeholders believed Australia's building energy performance falls a long way short of best practice; > Excessive discretion is available within rating tools. This has contributed to a culture of 'shopping around' for assessors who are prepared to provide 'generous' assessments of the energy performance of designs; > The building code only requires certification of designs and not actual buildings. A focus on the energy performance of buildings 'as designed' rather than 'as built' encourages the regulatory system to focus on documentation rather than actual buildings; > In every state and territory, that substitution of high efficiency for low efficiency alternatives on building sites is commonplace; > There is poor cooperation between councils and regulators on monitoring system performance;
 <p>Integrated approach to compliance (Healthy Environments et al 2015)</p>	<ul style="list-style-type: none"> > There is much confusion and inconsistency in how requirements apply in each jurisdiction throughout Australia, and an integrated approach to NCC compliance has been recommended. > Whilst the NCC energy efficiency provisions require assessment at various stages of the construction cycle, Councils do not have the resource capacity for site inspections beyond those mandated in each jurisdiction. > Compliance often can not be measured due to a lack of information provided in the development approval documentation. > Councils are not the only player in the compliance assessment process. Other stakeholders, such as Energy Assessors and the construction industry, should be considered as part of an overall compliance framework.
 <p>Energy performance-related documentation (SA Government, n.d.)</p>	<ul style="list-style-type: none"> > Councils involved in the pilot project were not collecting all of the energy performance-related documentation required in the NCC but all agreed that an electronic building passport system could play an important role in improving processes and compliance.
 <p>Knowledge and Skill Gaps (Action matters 2016)</p>	<ul style="list-style-type: none"> > Priority knowledge and skill gaps were identified as well as priority knowledge and training products. This included, but was not limited to: <ol style="list-style-type: none"> a. A need for research into housing performance and energy use/cost (data for decisions) b. A lack of NCC knowledge and a difficulty in upskilling existing practitioners to learn new things. c. A poor understanding of energy efficiency.

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