

# TRANSCRIPT

## LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

### **Inquiry into Climate Resilience**

Wangaratta – Wednesday 4 December 2024

#### **MEMBERS**

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David Ettershank – Deputy Chair

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**WITNESS**

Dr Michael Spencer, Adjunct Senior Research Fellow, Green Lab.

**The CHAIR:** Welcome back to the proceedings of the Legislative Council Environment and Planning Committee's Inquiry into Climate Resilience in Victoria. Welcome to Dr Michael Spencer.

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All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing, and those transcripts will ultimately be made public and published on the committee's website.

My name is Ryan Batchelor. I am the Chair of the Environment and Planning Committee and a Member for the Southern Metropolitan Region in Melbourne. I will ask the committee members to quickly introduce themselves.

**Gaelle BROAD:** Hi. I am Gaelle Broad, Member for Northern Victoria.

**Wendy LOVELL:** Wendy Lovell, Member for Northern Victoria Region.

**Rikkie-Lee TYRRELL:** Rikkie-Lee Tyrrell, Member for Northern Victoria Region.

**Sarah MANSFIELD:** Sarah Mansfield, Member for Western Victoria.

**Jacinta ERMACORA:** Jacinta Ermacora. I am a Member for Western Victoria.

**David ETTERS HANK:** David Ettershank, Western Metropolitan Melbourne.

**The CHAIR:** Over to you. If you want to state your full name and the organisation you are appearing on behalf of for the purpose of Hansard and then launch into your opening statement, that would be great.

**Michael SPENCER:** Thanks very much, and thanks very much for hearing me. My name is Michael Spencer, and I am an Adjunct Senior Research Fellow at Green Lab at Monash University. Green Lab is an impact lab within the Monash Business School, and within that organisation my area of focus has been on climate adaptation. Just last week we had, for example, a round table which we did in collaboration with the National Academy of Public Administration in the United States, so we have been involved in quite a bit of international work looking at adaptation governance and hopefully can contribute to your deliberations. I have also been engaged in the UNFCCC processes.

Just quickly, I suppose the starting point is the global stocktake that was released at COP28, and based on the commitments of countries in their national adaptation plans, the planet is on course for a temperature rise of between 2.1 and 2.8 degrees, with an average of about 2.5, which is well above the Paris targets, obviously. There is still scope to draw that back, but that was where they were based on the nationally determined contributions submitted at the time.

The consequence, as successive Intergovernmental Panel on Climate Change reports have made clear, will be severe. The World Meteorological Organization told delegates at COP29 that for a period of this year, January to September 2024, the global mean surface temperature was actually already higher than the Paris target of 1.5 degrees above the pre-industrial target that was established in the Paris agreement. This was qualified by pointing out the global temperature was boosted by a warming El Niño, but the WMO went on to say the ambitions of the Paris agreement are in great peril. The secretary-general Celeste Saulo said:

... every additional increment of global warming increases climate extremes, impacts and risks ...

The record-breaking rainfall and flooding, rapidly intensifying tropical cyclones, deadly heat, relentless drought and raging wildfires that we have seen in different parts of the world this year are unfortunately our new reality and a foretaste of our future ...

The need for adaptation grows every year. So what do we mean by ‘adaptation’? The IPC defines adaptation in human systems as:

... the process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities. In natural systems, adaptation is the process of adjustment to the actual climate and its effects ...

The loss and damage that we hear so much about when we follow these COP meetings is the residual. It is what we get left with if we fail at mitigation and then we fail at adaptation: the resulting climate impacts result in loss and damage.

At COP29 the estimate of how much was needed for adaptation by developing countries alone was US\$1.3 trillion every year. We do not know the exact cost in Australia, but we do know that the failure to take action on adaptation will result in a final cost that is a multiple of whatever we might spend in advance of that. For some perverse reason we prefer to pay after the event than invest in anticipation of the event. To some extent we can see the reasons why: we basically do not know what has happened; we cannot say exactly ‘This is going to happen then’; future scenarios can be unpredictable; and even the location of impacts can be unpredictable, and I will come to that in a moment. Our governance systems are poorly suited to long-term uncertain systemic events. The time value of money focuses our attention on shorter timeframes. We are conditioned to expect linear change based on what has happened in the past. That is not the case with climate change. We have got to get used to the idea that there will be tipping points.

Our institutions are focused on the way things have been done in the past and incremental change rather than, as was highlighted at COP 29 and in a lot of the academic literature, the need to embrace transformational change, so that is change at a systemic level that goes beyond just ‘If we do a little bit more, a little bit of that, a little bit less of that, then we’ll be able to do stuff.’ It was interesting: the UNFCCC has finally produced a technical paper on transformational change, which is worth looking at.

So as I say, for the past three years colleagues and I have been working with an international group looking at climate adaptation governance. This is being led by the chair of the international panel and more recently the chair of the intergovernmental panel of the National Academy of Public Administration in Washington, DC, which was an organisation set up to advise the Congress. Just a few observations on that, and then we will go to questions. Adaptation is primarily local. When we talk about mitigation, we can talk about global targets et cetera, et cetera. Adaptation varies from locality to locality. Therefore how we deal with adaptation has to be a locally based activity that is able to embrace and encompass the differences in values and policies and priorities for those local communities. And those communities need local authority. What we have found in our research in Australia is that those communities feel disempowered by the current governance arrangements, the top-down governance arrangements. So communities know that they can do the work – they have got the networks, they have got the ability – but they feel disempowered. We need to bring together different levels of government. So how do we bring federal, state and local together? At the moment it is a bit of a push-down thing. Federal say state, state says local and local does not have any money and so nothing happens.

As well there are local stakeholders – how do we bring local businesses in? We talk about first-, second-, third-order effects. We can talk about the Goulburn Valley, and we can say, ‘Oh, it’s going to be hotter. Oh, it’s going to be drier. The conditions will move more to that of central New South Wales, for example.’ What does that mean? If we have to change agricultural systems, that changes the very commercial basis of the whole region, because instead of a commercial industry based on providing irrigation infrastructure, it might be something else, which flows on to how we train and how we support agriculture and other industries in the area, which flows through to how we deal with aged care and flows through to the mental health of people who are suddenly having to adjust to a whole new way of working that was not what they expected when they started out and so on. So we see the importance of understanding climate change, not just from a first order of ‘There are these severe effects and there are the diagrams – heat, extreme events and so on.’ So adaptation will not involve a cookie cutter.

We need to find ways of analysing and interpreting data and bringing new technologies, such as machine learning and AI, in how we do some of these forecasts and predictions, because again, if the linear computational models that we have used in the past are not going to be able to predict what is going to happen in the future, can we use AI and bring a whole lot of other factors in to forecasting what may happen? This came home to me when we were on a call the other day, and a colleague from Duke University was talking about the hurricanes in North Carolina. She said, ‘You know, North Carolina is probably in the top 20 per cent

in the United States in terms of how it deals with extreme events – very well organised, very well done.’ She said what nobody predicted, including the national weather bureau or anyone else, was that this hurricane would come right over the coast and go right into the inland parts of North Carolina, into the upland areas where they have never had hurricanes before. As a result, there was massive damage and a significant loss of life because no-one, including the very competent weather people, had been able to predict what would happen. In fact the point was made to me: they did not even have the language to describe what was going on. We see this in our own flooding. Talking to the mayor of Lismore, who would have anticipated a flood to the extent that they had there? Not just one, but two of them within a six-week period. So this inability to anticipate is something that we have got to anticipate. The bushfires – who predicted bushfires of the intensity we have had?

So we have got to find new ways of organising locally, of local governance and giving that local governance authority. We have got to find ways to turn risk into opportunity and this will help with finance. If we understand risk and we understand the value of that risk, then we create the basis of other forms of financing to deal with that risk, because at the moment governments are not providing nearly enough to put us on an adaptation course. So how do we bring in private capital? It is by being really clever and smart about understanding risk. There was some interesting work done after the New South Wales bushfire. A colleague of mine who is a statistician worked with CSIRO to actually understand every piece of infrastructure within the shire and the potential value that could be created from addressing the adaptation risks associated with that piece of work. It is a CSIRO project. It is quite well publicised. I would recommend it.

We may need to think about different legal forms. Again, my friends in the United States were saying, ‘If we’re going to have a local governance system that brings together stakeholders, different levels of government, different agencies, how do we create a legal basis for that?’ In two states in the United States, in California and Maryland, they have created the legal basis for these things called boundary centres.

So there is a lot that we can do. The key issue is thinking not just incremental change but transformational change, and that means thinking about new ways and different ways of doing things. I will leave it there and invite questions.

**The CHAIR:** Thank you. I will get straight to it, conscious of time. You talked a lot about governance. It is something that we need to think about, recommendations we might provide to government. There are schools of thought that say we should have a centralised authority charged with figuring out how Victoria is going to adapt to climate change through to ‘This has got to be embedded in the everyday functions of all agencies.’ Based on your research, your experience, what do you think of that choice?

**Michael SPENCER:** When I wrote the submission I was thinking probably both. I think you need to be able to involve the whole of government, you need to be able to involve different layers of government, you need to be able to work with stakeholders within a community, but you do not necessarily need a big bureaucracy or another department to do that, because a lot of these things exist in government. It is the ability to bring the different threads together and focus them. My argument has always been – and I think all the literature reflects this – that we have to empower local communities and reflect their priorities. When I was working in Shepparton they have a particular set of communities. When we were doing the dryland areas around Euroa, they are slightly different. And they have different ways of working; they have different leaders. So yes, both. I think if you look at something like the commissioner for sustainability with a small office of half a dozen people who can support local communities and their engagement with the knowledge and the science and so on and the finance, but allow the communities to lead – I sometimes think about the Bunnings model. The first time I met the managing director of Bunnings, they had just moved to Hawthorn. I said, ‘Do you miss having the headquarters in the city?’ He said, ‘Well, two things, Michael. First, we never talk about “headquarters”; it’s the service centre. Secondly, this is where our business is.’ How we get that attitude into government is a bit of a challenge.

**The CHAIR:** The other point in the submission, just quickly, is you talked about a need for systemic risk analysis with some good reporting and implementation metrics. What would that look like at a practical level, so we can sort of visualise what we want government to adopt on that front?

**Michael SPENCER:** I am actually talking to people from every state next week about metrics. Every state government is tackling this, and internationally the UNFCCC is tackling it with indicators. They put out a call for people to submit possible indicators for adaptation. They got 5200 and they wanted 100.

**The CHAIR:** A lot to choose from then.

**Michael SPENCER:** I think – and this is again the experience in the US – a lot of the metrics at this stage are going to be process metrics. If you take the global framework for climate resilience, it deals with risk. So a first step is: how do you do a risk and vulnerability analysis? I would love to do one in a local area like Shepparton so that they get to engage rather than someone coming along and saying, ‘Here are your risks.’ So risk and then the development of a plan that sets the priorities, and then the implementation. If you think of indicators around those four elements of process, so risk and vulnerability, planning, implementation, monitoring evaluation, and then your immediate targets. Again, the global goal on adaptation has established seven targets: food and agriculture, water, infrastructure, health, poverty, culture and – I knew I would forget one, but they are all there. I am working on a paper at the moment that draws from international standards. It says, ‘If we have indicators around these four process measures and then we allow people to build their own indicators around those targets, then I think we can get it moving.’ Does that answer your question?

**The CHAIR:** That is great. Dr Mansfield.

**Sarah MANSFIELD:** Thank you. Thank you for your really detailed submission and the evidence you have provided. I am interested in one of the points in your submission. There are a couple of points that refer to having a lead agency that is required to drive adaptation action, and I just want to get your thoughts on what that might look like. Is there an existing agency that you think should be taking the lead, or do we need to establish a new one?

**Michael SPENCER:** As I said to the Chair, I would be very reluctant to hand it to an existing agency, because if you hand it to an emergency services agency, you will get emergency services, or if you hand it to the police or the water, you will get a focus on those. This is what I was saying before: I think a small body that can show leadership – not try and do everything but can build the leadership, can support local communities to develop their leadership and can be nimble and is not bound by the sort of institutional lock-in that all our wonderful agencies have. They are all great and they are all doing a great job, but they are set up to do something here and now. We want a small group that is actually thinking, you know, five, 10, 15 years out, and they need to be people with fresh ideas, not bound by the institutional constraints of existing agencies.

**Sarah MANSFIELD:** What might that look like in practice? I understand the intent of what you are saying, but often what will happen is that the government goes and sets up another agency that follows very similar governance and operational structures to everything else that exists. Are there examples somewhere where this works well?

**Michael SPENCER:** I guess when I was thinking that through I was thinking of something like the commissioner for environmental sustainability, which is a relatively small office that brings together a highly skilled group and is focused on working with the community. I think they have to do a report every four years or something, but in between time they will vary and they have different ways of doing it, but they are getting out into the community and working with the community.

I think communities can do it. They need the support of government rather than government saying ‘Do this’ or the government saying ‘Oh, we’ve got this new grant scheme. It’ll run for one year. You’ve got to put up the money first and then you’ve got to do an acquittal report that will take you two months.’ That was the feedback we had in our workshops, in Euroa in particular. Government has to be prepared to accept a high level of risk in how it finances some of these projects, because a lot of them will not work initially and some of them are immense. That is going to be the way it is.

**Sarah MANSFIELD:** On that financing side, again how could that be set up to provide the funding that is needed for these communities, because that is something we have heard a lot through this inquiry? What might that structure look like? How could that be delivered, that additional funding?

**Michael SPENCER:** My colleagues in the US are a bit further down the road with this; they are thinking that it is a sort of a contract. I will leave you with their paper, if you like. They are thinking of local entities that exist in law and that are able to contract with different levels of government, whether it is state, federal or local, for money but also to use that then as a basis to go out and tap into the private capital market as well. This comes back to that issue of if we can understand risk and we can make that bankable, then there is the opportunity of bringing in private finance, and we need to involve the private sector as well, because they are

the ones who are going to get knocked around a lot by this. It is not just individuals and governments that are going to get knocked around by adaptation.

**Sarah MANSFIELD:** Yes, and we have heard a bit through this inquiry that there are some roles that local communities would like to see a bit more centralised control over; for example, things like flood mapping and incorporating that into planning schemes. Is there a role for centralisation of some functions?

**Michael SPENCER:** Absolutely. What governments do best, and at the top of the list of what high levels of government need to do is that knowledge factor, the technical and the scientific – they can do all that well, and they can provide it at a local level – and helping with organising the finance and investing. They are the two highest priorities, and then there is other stuff like planning laws and things like that. But they are the two things at the top of the list.

**Sarah MANSFIELD:** Great. Thank you very much.

**The CHAIR:** Ms Broad.

**Gaelle BROAD:** Thank you very much for your contribution. Just as we are talking about the different groups, we have heard from Barwon South West Climate Alliance and then we heard from the North East Regional Sustainability Alliance. Do you see those kinds of groups having an important role in this process?

**Michael SPENCER:** Yes. I think they are doing a good job. I know, because I had a place up here for 20 years – which is why I have a pretty close relationship. I think the north-east climate alliance, which is the one I am familiar with, does a great job. A lot of that is around mitigation activities. It is around how we reduce our emissions, solar panels and whatever. I think they can contribute, but again, if we are talking about local groups, I would see them being perhaps a little more local than the whole of the north-east, because the climate impacts in Shepparton are going to be different from Mansfield or whatever. Mansfield is going to be knocked around by changes in skiing conditions and things like that. In Shepparton they are downstream, and they are going to worry about if the Murray–Darling Basin loses 20 per cent of its flow – you can imagine what will happen. So there are different priorities, and communities need to be empowered. I think it really helps them work through the issues. If they know they have a level of control over this, then they will understand the problems more because they have got an opportunity to work towards solutions that reflect their priorities rather than – someone somewhere else, let us say, rather than a bureaucrat – someone somewhere else coming along and saying, ‘Here’s your problem, and here’s your answer.’

**Gaelle BROAD:** Now, local councils – I guess we have heard from a number of them – are each doing their own work and studies. Is there is a way for them to work together more, or is it that localised approach that is needed?

**Michael SPENCER:** That is going to vary. It will depend on having a common view of impacts. So an area like Shepparton, which is fairly tightly focused around the irrigation area, will have a set of priorities. I think local government will play a key role, but not the only role. I think if we just rely on local government we will come unstuck. If I was doing something in Shepparton, I would want to see the water agencies, I would want to see the committee for Shepparton, I would want to see the Greater Shepparton council, I would want to see the CMA. They are all doing stuff, but as a couple of them said to me, ‘We don’t talk too much about how we work together and how we bring these things together.’ So there are a lot of projects in that area, but they are not all talking to each other.

**Gaelle BROAD:** Your submission talks to this, and you have mentioned it as well: that shift from the focus that is currently on recovery and a lot of kind of assistance that goes into that. What would you like to see as far as the shift to more the preventative and adaptation?

**Michael SPENCER:** Well, yes. I mean, the numbers from the productivity are quite old, but they were something like 90 per cent on response and 10 per cent on anticipation. It is going to be hard to take money away from emergency response, because they are all short of money – I mean, I am still in the CFA up at Strathbogie and we are still waiting for our truck – but we have got to find the finance for the prevention and anticipation work as well. That is why I think it probably is going to involve additional investment. I would not like to sit here advocating that anything be taken away from the emergency services people. I would hope that if we do the anticipation and prevention well, there will be less demand on emergency services.

**Gaelle BROAD:** I am interested too, because there are some groups that I have been to where you hear from some young people, and they speak about climate and there is a lot of anxiety connected with it. Can you just speak to that mental health aspect, like how to get that balance right and have that sense of hope?

**Michael SPENCER:** I think that really worries me. It worries me generally about the climate argument. Because so much of the climate argument is about horror scenarios, a lot of people disengage just because they feel overwhelmed, young people in particular. I am not a psychologist, but my sense is that if people feel more involved, then they feel as though they have more agency and control, and I would hope that helps with mental health, but I am not a –

**Gaelle BROAD:** Get a balance.

**Michael SPENCER:** I am just speaking out of my domain there a bit. All I can say is I would hope that helps with mental health, but I would be subject to being corrected by the experts.

**The CHAIR:** Mr Ettershank.

**David ETTERS HANK:** Thank you, Michael, for your presentation. The committee has been investigating this approach with regard to the climate action plans from the state government. We have got seven plans, roughly, and then about 120 sub projects and plans that sit below it. It is run under this whole-of-government approach. The committee has been unsuccessfully attempting to understand how it is going, what progress is being made. I guess there are some concerns about the whole-of-government approach as opposed to a centralised tip of the spear and also the question of whether or not you can wait for five years, as it is proposed, before you actually start to evaluate what is coming out of these projects. I am wondering if you would like to comment on those.

**Michael SPENCER:** The Biden administration when it came to office asked all agencies for their adaptation plans and gave them 12 months, and then they said, ‘No, these aren’t much good; come back in another 12 months.’ My colleague at Duke was amongst a group of people who were invited to actually produce indicators, because some of the agencies went to the White House and said, ‘Look, we’re doing these plans, but there’s no structure for them.’ So this group of academics produced indicators that would help structure these plans and focus them on outcomes. I have read a few of the plans. I think there is a lot of good stuff in them, but I think they lack targets and accountability, and quite frankly I find it very hard to understand where they are with implementing some of those plans. When I go through the budget papers, I find it very hard to see allocations that support those plans. This is not unusual. The international literature talks about there being a growing number of plans but a lack of implementation and therefore not much monitoring and evaluation. So I think probably the monitoring and evaluation is a key thing that we need to add to some of those plans. And as I said in my submission, I really worry about the five-year timeframes, because things will get away from us in five years.

**David ETTERS HANK:** Okay. Thank you for that. Can I take it back to the question of whether or not there should be some sort of a centralised body that is actually doing the monitoring and the oversight. I think you talked about one before, but it was more in the context of a long-term vision and perspective. I guess I am focused on the here and now to some degree.

**Michael SPENCER:** In the US there is a small group within – there was a lead person within the White House whose job it was to monitor all those adaptation plans. I think there were 24 adaptation plans submitted by the agency. But that person did not try to do everything. They brought in a group of leading thinkers to say, ‘Well, how are we going to evaluate those?’ – again, not creating a big bureaucracy but creating the figurehead to drive that work.

**David ETTERS HANK:** Okay. Thank you. Thank you, Chair.

**The CHAIR:** Thank you, Mr Ettershank. Ms Lovell.

**Wendy LOVELL:** Thank you. You talked about communities feeling disempowered and bringing together all levels of government and the community operatives and that to manage disasters. We heard from the SES before about the need to use local knowledge. But I have been doing this a long time, and in the reviews of the 2003 alpine fires, the 2006–07 great alpine fires, the 2009 fires, the 2020 fires and the 2022 floods we have

heard the same thing – it is always that local knowledge is not valued and not used and that we need to make a recommendation about respecting local knowledge. Can you give us any advice on making a recommendation that is not just going to end up on the cutting room floor like the ones in the past have?

**Michael SPENCER:** I have not been through all those reports, but I did go through the New South Wales reports on the floods. It was really interesting. The parliamentary committee listed a whole set of governance failures and the sorts of things you were talking about. The two people appointed by the government were two insiders, if you like – one was the head of planning and the other was the former police chief – and produced a report that said, ‘Oh, yes, everything is all right. We’ve just got to tweak it a bit and tweak it a bit there.’ People inside tend not to see the shortcomings of the institutional structures.

Returning to your question, I think it is in the governance that we need to address those issues. And going to this issue of transformational change, we do get stuck with incremental change, and that involves systemic change. Again, if we put a lot more of the focus locally, then that local knowledge becomes part of it, and local Indigenous knowledge and a whole lot of that stuff that is currently excluded from the discussion starts to come in and you get that local agency. Again, going to what I refer to as the Bunnings model, the government is then the service centre that supports that.

I went to the Shepparton floods – the CFA got asked to send a crew over. You rock up in your truck to the emergency response team, and there are all these people with great uniforms sitting in front of computers. We got sent over to Mooroopna to see if everyone was okay, we were knocking on doors and they said, ‘The CFA, nice to see you.’ As we were going around we were seeing happening, but it was not government agencies that were doing it, it was the Mooroopna football and netball club. They organised 200 people like that, and they were cleaning up people’s houses. That is the thing we have got to do. We have got to find a way for these agencies to work better rather than just – look, they are very good, they are very military, hierarchical and so on, but that rigidity can also limit them.

**Wendy LOVELL:** I think we saw the ICCs work better in certain areas too in the floods. In Shepparton it did actually work quite well. You have obviously been in the ICC there, where we did have all of those agencies you spoke about before that were localised Shepparton together. But they were also managing Seymour, and it was not working so well for Seymour. Or Bendigo were managing Echuca, and it was not working so well for Echuca.

**Michael SPENCER:** I am not saying they were doing a bad job, it is just that they have very hierarchical structures, whereas the footy and netball club can go ‘beep, beep, beep’ on social media and get 200 people. It worried me because I was not sure what skills people had that were going around in flooded houses and stuff like that. I was really worried about the safety of some of those people. But they just mobilised and did it.

**Wendy LOVELL:** They did the same in Seymour. It was great.

**The CHAIR:** Dr Spencer, thank you.

**Michael SPENCER:** Sorry, I have not been looking at my watch. Oh, heaps of time.

**The CHAIR:** Heaps of time. But I am eternally nervous about getting to the train station on time, so if you are not feeling anxiety, I am feeling it for you. That was an absolutely fascinating and very timely contribution to this committee’s inquiry. I really appreciate you taking the time.

**Michael SPENCER:** I printed out that to read on the way out. It has just come out in the last month from my colleagues in the academy that are developing this boundary centre idea, so there is a bit of stuff in there. I am happy to leave it with the secretariat.

**The CHAIR:** Yes, that would be great. That would be really great. You will be sent a copy of the draft transcript to review in the next week or so.

With that the committee will take a short break.

**Witness withdrew.**