

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Tackling Climate Change in Victorian Communities

Mornington—Thursday, 7 November 2019

MEMBERS

Mr Darren Cheeseman—Chair

Mr David Morris—Deputy Chair

Mr Will Fowles

Ms Danielle Green

Mr Paul Hamer

Mr Tim McCurdy

Mr Tim Smith

WITNESSES

Ms Dominique La Fontaine, Executive Officer, and

Ms Emily Boucher, President, South East Councils Climate Change Alliance.

The CHAIR: Welcome to the public hearing. I just want to run through some important formalities before we begin. All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means no legal action can be taken against you in relation to the evidence you give; however, this protection will not apply to any comments you make outside the hearing, even if you are restating what you have said during the hearing. You will receive a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the Committee's website and may be quoted from in the final report. Thank you for making the time to meet with the Committee today. Could you each please state your name and title before beginning your presentation?

Ms La FONTAINE: I am Dominique La Fontaine. I am Executive Officer for the South East Councils Climate Change Alliance.

Ms BOUCHER: I am Emily Boucher. I am here in my capacity as the President of the South East Councils Climate Change Alliance.

The CHAIR: Fantastic. Over to you.

Visual presentation.

Ms BOUCHER: I was just going to give an overview of SECCCA. We are an alliance of eight councils located in Melbourne's south-east. The region spans the metropolitan, peri-urban and rural divide. It contains some of the fastest growing residential developments on the fringe of metropolitan Melbourne, some of the highest levels of manufacturing activities and some extensive agricultural areas, which are also bound by forests of the Great Dividing Range and across to the South Gippsland hills. Some of our borders also contain considerable coastline, so it is quite a diverse area.

Together the SECCCA councils serve approximately 1 million residents. The current and future impacts of climate change present a significant concern and management challenges. A number of the SECCCA councils have declared a climate emergency. Local government plays a key leading role in transitioning to zero carbon and supporting communities to be more resilient to the impacts of the changing climate. The transition brings challenges but also exciting opportunities for local government and its communities.

SECCCA's submission describes some of the work that SECCCA is currently undertaking to assist its members to address climate change. It is informed by the views of the SECCCA members but does not necessarily represent the views of any individual member council. Dominique is just going to run through some of the projects.

Ms La FONTAINE: We have undertaken a range of projects. Some of those are working with councils, some of those are working with our communities, and I just want to describe them here. We run a new home energy advisory service which is helping new home owners by providing them with information they need to reduce their energy bills and reduce emissions but also, very importantly, live comfortably in their new homes. We are working with volume home builders. We have led the development of the zero energy home. The new home energy advisory service has provided recommendations that we have been able to contribute to the National Construction Code scoping study. The recommendations prioritise affordability, housing comfort and zero carbon outcomes over and above the minimal National Construction Code's 6-star NATA standard. This will ensure that all houses in the future are certified, affordable, comfortable and zero carbon. We also piloted the residential energy efficiency scorecard project, and that is by running community education sessions across the region. That has been a very successful program that has now become a private, commercially run initiative.

For our member councils we have run a range of projects. One important one is the environmentally sustainable development matrix. This project helps council project managers to easily include sustainability in design briefs

so that buildings and structures can be resilient to climate change and also cheaper to operate. We are also developing an environmentally sustainable development policy template, so that is helping councils that may be using the tool to develop a consistent vision and foundation for environmentally sustainable design buildings and structures within their councils.

We have undertaken a feasibility study to look at the feasibility of the south-eastern Melbourne renewable energy project. That study explored how councils in the region could aggregate a council's energy load through a power purchase agreement and procure energy that delivers socio-economic benefits to the region. That was a very important part of the feasibility study: to see how we could offer opportunity to business as well as councils through the power purchase agreement arrangement.

We also advocate for climate change action. Part of this work is working with the other alliances across the state. We have undertaken over the last four or so years the Victorian Greenhouse Alliances conference. It is an extensive conference of over 300 people, and it is the largest climate change action conference for local government in Australia.

For the 2019 federal election we wrote to all regional federal MPs and relevant ministers and shadow ministers. We wanted to note the impact of climate change on local government and the community. We wanted to express the need for financial assistance for local government to help it understand and address the wideranging impacts that climate change has on council business as well as communities. We also supported a motion that was passed at the Australian Local Government Association conference calling for a \$10 billion fund to support local government to address climate change.

We have done work on a submission to the electricity distribution price review to find ways of helping councils save money by contributing information to the distribution network's proposals. We also provided a submission—this was also a joint alliance submission—to the Victorian Government's interim emissions reduction targets submission. We argued that a strong emissions reduction trajectory is important to ensure that the right economic signals occur as early as possible. This will incentivise Victorian businesses and households to transition sooner rather than later in terms of emission reduction.

Climate risk governance for our councils has been a really key issue for SECCCA. We have hosted climate risk governance expert Sarah Barker, who is head of climate risk governance with MinterEllison, to explain to our members how climate change presents a physical, economic as well as legal risk and how this has serious implications for local government. These forums have led councils to begin to question how a change in climate will impact councils' assets, revenue streams and services—something that really is largely unknown because the climate data as it exists is not accessible to asset managers and finance people in councils. The Australian Accounting Standards Board and the Auditing and Assurance Standards Board note that climate-related risks are no longer just an environmental concern and that entities should now consider material climate-related risk in financial statements. Our feedback from SECCCA members tells us that councils do not have the climate data or the asset management systems needed to enable a deep enough understanding of the risk that climate change poses to council business and communities.

Interestingly the Victorian Auditor-General's Office in May this year did a review of the asset management compliance, looking at five councils across Victoria, and concluded that the audited councils do not have enough comprehensive and accurate information to support asset planning and that this reduces their ability to identify poor-performing assets and to justify new asset investments. They were not looking directly at climate change. They were just talking about the current data, not even thinking about a changing climate.

We have designed a project to develop a web-based platform enabling councils to undertake vulnerability assessments of assets, initially focusing on roads, buildings and trains and looking at the revenue streams and services based on climate risk. Our member councils have committed already over \$100 000 to the cost of this project. We will also be holding a workshop shortly to help councils understand how they are expected to address climate risk in financial statements.

Ms BOUCHER: I just want to reflect on something I have been pondering. I have been involved in the integrated water management forums that have been largely run by DELWP. The State used to invest in the greenhouse alliances many years ago and subsequently withdrew their funding support. So I thought, 'Well, is

now the success of the integrated water forums a model that could be replicated when we are dealing with the climate issue and particularly supporting the alliances?'. That is something that we have probably been thinking about: is that a good model that if resurrected would actually provide the multiple different alliances that are out there with a good level of support in that framework? They are doing a great job of working independently as a network, but that would then allow that greater level of State buy-in and possibly support. That is it. Thank you.

The CHAIR: Fantastic. Thank you for your presentation. Obviously within the group of councils that you represent there are about 1 million citizens. A large part of that area geographically has been well-established for a very long time and you have got developed within that area a whole lot of existing local government assets, stormwater management particularly, that may have been modelled on historic weather observations and modelling around storm events. Obviously the science of climate change is telling us that we are going to see generally less rainfall but more intense events when they do occur. What does that mean from a local government perspective particularly in terms of the geographic area that you look after in terms of existing embedded infrastructure? What is the liability potentially with replacing that infrastructure with more capacity to deal with these more intense storms? What sort of costs will that have for your community?

Ms La FONTAINE: That is exactly the kind of information we need to have. We do not have localised climate data. The data exists out there, but it has not been put into a way in which asset managers can take it, localise it, put it over the assets and then be able to ask questions like that and come up with the answers. It all starts with having the right climate data that can be assessed. Intuitively we know that because essentially this infrastructure is generally older it needs investment, but then the next question is: how much investment? When do we do the investment? How do we work regionally as well, which goes to the point of the integrated water frameworks that Emily was talking about? These are regional issues. Climate change does not stop at municipal boundaries. It is about helping councils work together.

The CHAIR: So what level of support might the State Government provide? What would be your recommendation? Would it be useful that there was—and I do not know, maybe this is already happening—more modelling made available, perhaps in partnership with local government, so that this work can be done in a seamless way? I assume councils are not going to be ripping up overnight all of the existing infrastructure. When it is replaced, when it is ended, when it gets to the end of its natural life or there is a particular problem, that is when you would make the investment to upgrade the capacity.

Ms La FONTAINE: There are instances, and Emily can talk to this, of infrastructure that do require work right now—I mean, Elster Creek. Just to the point about State Government support, the project that I was talking about—we are calling it asset vulnerability assessment—we actually put in for a Community Climate Change Adaption (3CA) grant, only recently that we were not successful in arguing to DELWP. We have got a \$100 000 commitment from our councils. We are applying for another \$75 000 to help us run that project across the region, to set it up as a scalable approach. That is one way that we could be assisted—by helping us to actually get this project off the ground. It is done elsewhere in the world, there are companies that are doing this work, but as a tool it does not exist in Australia.

The CHAIR: Should we be looking to do it through the private sector or through catchment management authorities?

Ms La FONTAINE: Well, first of all, we actually are talking to the Insurance Council of Australia. We have been doing quite a bit of work with them over this year, because they, as you probably would be aware, are very concerned about insurability. Local government is a key pillar for them in their climate change strategy, and their understanding is that the challenge for local government is in (a) identifying the infrastructure but (b) then being able to access the equity needed to do the investment. We are clear: the State Government does not have the kind of money available to actually do the infrastructure upgrades, but globally there is significant money available. They are actually looking for these projects. But what we do not have is investable projects that we can take out to the market, and we need the information. We need the modelling first and the planning so that we can take that out to the market to undertake the projects.

Mr MORRIS: Can I just ask a question on the modelling? I guess if I go back to first principles, presumably the weather bureau has the raw data.

Ms La FONTAINE: Correct.

Mr MORRIS: Is it the responsibility of the bureau to do that modelling, or is it the responsibility of an organisation like DELWP, for example, to do the modelling?

Ms La FONTAINE: DELWP have done and have recently released the climate projections 2019, and they have been updated. They are at a 5-kilometre radius. So that data exists, but then it needs to be overlaid on the asset maps, and then again if you have got an asset like drainage or like local roads, they are interrelated. It is a mapping exercise essentially: take the climate data, we can bring it down to 1 kilometre, then overlay that onto the assets and then be able to start to help the asset managers have the systems in place that can help them be able to read the information and to be able to bring that into their decision-making.

Mr MORRIS: Just on that, that 5-kilometre to 1-kilometre stage, who is best placed to do that work? Is local government best placed to do that—cost aside, but in terms of ability to do it?

Ms La FONTAINE: We would go to the private sector to do that. There are companies out there that are doing this work now and they have the technology. It is a tool that can be developed.

Mr MORRIS: So would the alliance do it or would each council?

Ms La FONTAINE: Well, we are suggesting that as a region we would collaborate to create that asset map across the region.

Mr MORRIS: So run a regional project.

Ms La FONTAINE: Yes.

The CHAIR: Just in terms of local government infrastructure, historically you have built infrastructure on storm modelling from what you have seen historically. There is a bit of a gear change here now where we are trying to model future events on future climate activities, so it is a very different way of looking at it.

Ms La FONTAINE: It is, yes.

The CHAIR: Engineers are quite good typically at saying, ‘Okay. Well, if you get this type of event, you need this type of infrastructure, this diameter pipe and the like’, and they have been able to model that on the basis of what they have seen and what the evidence is from previous events. Have we got in place the right models, the right tools, the right framework and the right skills to do that with predicted data as opposed to actual data?

Ms La FONTAINE: No. I would argue no, we do not. We know how to look historically, but looking forward and then applying that information to actual infrastructure management is something that we do not do.

The CHAIR: What is best practice globally around doing that?

Ms BOUCHER: From the companies that we did talk with when we were developing this, it sounded quite exciting the way that they are applying it in other parts of the world in that they are starting to exactly do that future forecasting. One example they gave us was a species of tree and what that historically has been able to deal with in terms of wind velocity, but then when you overlay that climate projection that soon tells you that that is not an ideal street tree because it is going to be failing significantly more. So that was a really interesting example where you go, ‘Okay, great’. If we can apply that to roads, buildings, drainage systems, that would exactly give that evidence or information to the engineers to allow them to get into that future mindset to make those more informed decisions.

Ms La FONTAINE: One really interesting example is take a community centre in a council like Cardinia shire that has recently experienced fire, flood, fire—and very significantly. If there is a community building that is used as a refuge and the council wants to make decisions about whether to upgrade it, how many fires are we expecting? What is the frequency of fire? What is the intensity of fire? Until we have that information, you cannot make as evidence-based as possible decisions about do we need to double the size of the toilet block, do

we need to bring in extra parking? What usage is it likely to be? It is very basic. Really, when you think about it, it is basic, key information. As we said, it exists, but it is not in a usable format.

Mr FOWLES: I am very glad the Committee has focused on this in its questions, because this is certainly the piece of your submission that I was most interested in. This strikes me as being something that is core business for all local councils, and I do not even mean just in Victoria or Australia. This is just bread and butter for local councils. Whilst the community might not get particularly juiced about asset planning around footpaths, this is actually, within these walls, probably pretty exciting stuff. I want to understand why you think they are taking this regional alliance approach rather than actually saying, 'This is something we should be getting all the local councils together on, going to the State Government or even going to the Federal Government to say we all need this stuff'. We may as well do a project that is nationwide—statewide—in order to deliver this absolutely critical data because, as you say, it affects so many layers of council decision-making.

Ms La FONTAINE: That is a great question.

Ms BOUCHER: I think for me it is the scalability, so if we can test it, find that model that works and then we can replicate that—

Mr FOWLES: Are you sure that no other alliances nationwide are doing this work already?

Ms La FONTAINE: As far as I am aware, no other alliances are doing this work.

Mr FOWLES: Why not?

Ms La FONTAINE: The issue of climate risk to councils is really only coming to light, I would argue, this year, as crazy as that sounds. We understood what was happening in the private sector, who are all over this stuff, if you look at the Commonwealth Bank annual report, but local government has not really, I suppose, embraced it as an issue for a whole range of reasons—resource constraints and all sorts of other things—so councils are really starting to now understand. Our organisation decided that, in hearing from Sarah—in fact the idea for the project came out of Sarah Barker speaking initially to the City of Port Phillip's executive team. When Sarah gave her blistering presentation—I do not know if you have ever had Sarah speak, but I would highly recommend hearing from Sarah; she really brings everything back to basics. When she left the room their finance people said, 'How do we know? How do we know what the revenue impact of climate change on our assets is?', because we do not know. From that has come this idea: can we actually develop the tool that enables us to do this work?

The CHAIR: Can I ask, so you have an existing community. The stormwater infrastructure needs replacing; it is at the end of its life. The municipality makes a decision to put in place the infrastructure that has historically been there, and because of climate change that infrastructure fails on some event and a whole lot of private properties get inundated—flooded. What risk is there with that local government who simply replaced ageing stormwater assets with what had historically been used? Even if the risk is 20 years down the track, what risk is there with that council, that they negligently failed to put in place additional capacity, because I mean that is a potential real-world—

Ms La FONTAINE: That is one of the messages from Sarah's presentation to our council: that there is significant risk. There is financial, there is legal, there is reputational—this has happened with the storms in Sydney, where we saw a swimming pool fall into the sea and the resident saying, 'Why didn't anybody tell me I couldn't build here?', for example. I guess that is one of the reasons that we are looking at this project so seriously. Councils will in the end be held responsible, whether tangibly through the law or reputationally through the community: 'Why didn't you know?'. Of course as we know also from climate change law, not knowing is not good enough. You ought to know what you ought to know, and that was a message we had—Sarah's talk at the greenhouse alliance's conference that I mentioned earlier.

The CHAIR: Even though the risk might be 30 years down the track, it is a 60-year asset.

Ms La FONTAINE: But we do not know when the risks—

The CHAIR: Sorry, in terms of when the properties get flooded in my scenario here.

Mr FOWLES: It might be 30; it might be 10.

Ms La FONTAINE: And a reasonable action is if we know the data exists and is usable, then we should be using the data now—

Ms BOUCHER: To inform.

Ms La FONTAINE: to inform as much as we reasonably can.

Mr FOWLES: Given—I will approximate—you are eight councils, did you say, in SECCCA? So let us say average budget 150. So these are councils spending a billion dollars a year, give or take. How can they only find ten grand each for this project, given its criticality to asset planning and their vast balance sheets in aggregate?

Ms BOUCHER: Part of the challenge that we face is a lot of the people around the SECCCA table are sustainability or environmental officers, so getting that message to the right people who can give me a bigger budget—

Mr FOWLES: To the CFOs rather than the hippy sort of individuals?

Ms BOUCHER: Yes, correct—can actually be challenging.

Mr FOWLES: It would seem to me that, yes, you can always ask State Government for money, but because it is such core business for local council, shouldn't this just be front and centre?

Ms La FONTAINE: Look, absolutely. In not being successful with the 3CA grant, I spoke with Local Government Victoria and asked them the question: 'We've got this great project; here it is'. I was talking to an officer, so it is not a formal response from Local Government Victoria, but the officer's response was, 'Well, councils are doing that'. And I had to say to her, 'They're not; they don't have the information. My feedback from my members is it's not happening'. Then the secondary response was, 'We can't help you'. They don't run programs that help that. This finance workshop that we are hosting in a couple of weeks, we are bringing along EY to talk in more detail about the accounting and auditing assurance standards. The practice statement was released by the boards, and we are bringing EY along to talk to our CFOs about the changes and what they are being expected to do in terms of climate risk reporting and financial reports. We are hoping that from that, like what happened at Port Phillip, the finance people will go, 'Oh, gosh. Okay. We have to answer these questions'.

The CHAIR: Would you like to suggest a policy framework in which maybe catchment management authorities work with local government to do this work? Because I think it is important work across the whole of the state.

Ms BOUCHER: Yes, which would be appropriate for the drainage. But this is also looking at buildings and roads as well, as again the first phase to see if the modelling and the framework that we create works and are applicable and then can be rolled out to other local government assets as well.

Mr FOWLES: Yes. I think it is that crossover between jurisdictions in effect that is perhaps the argument for elevating it to a matter the State ought to intervene in.

Ms La FONTAINE: Any work that I have experienced in climate change, the technology is available, the funding is there, it is just a decision to attribute it. The most challenging barrier is the engagement and getting people to think differently and to do their job differently. That takes time and processes and practices. Again, us being able to model how you would address this on a regional basis that we could then scale is an important approach.

Mr MORRIS: Just coming back to Emily's point about the financial people not being around the table at organisations like SECCCA, is it going to take do you think, for example, a local government program to get those people involved, or can it be done more organically than that?

Ms BOUCHER: Yes, it is hard to say. It is my ability as an officer to influence the right people in my organisation and then that has to be replicated eight times around, so it is hard.

Mr MORRIS: It is going to vary with the culture of the organisation.

Ms BOUCHER: Correct; exactly.

Mr FOWLES: Are there councillors who sit in these alliances, or is it just officers as a rule?

Ms BOUCHER: It varies across all the alliances across the state. We have not traditionally had councillors around the table. In this coming year we are introducing a councillor advisory group, so exactly to get a higher level of buy-in, I suppose.

Mr HAMER: I would like to take up a different issue. You mentioned before about the renewable energy project and particularly engagement with industry, because as you said there is a very substantial proportion of Melbourne's industry in the south-east. I was just wondering what examples you have of the level of engagement you have had, what successes you have had, what may be some good examples that could be rolled out in terms of partnerships that have been achieved.

Ms La FONTAINE: A number of our councils work obviously very closely with the manufacturing sector, and the South East Melbourne Manufacturers Alliance, SEMMA, we have started working with them. There are lots of opportunities for business to be able to help them purchase renewable energy but importantly purchase it cheaper than they would ordinarily if they were just going on their own and entering into power purchase agreements. We have really just started the conversation with them. A project that we have recently been doing with Monash sustainability masters students has looked at the opportunity posed by the Dandenong manufacturing area—when I say Dandenong, I mean the broader region—and being able to use the roofs of the factories. I do not know who has been down that way; it is a massive resource for renewable energy for solar panels, batteries and even a wind turbine. So the opportunity to turn the manufacturing region into a zero carbon one is actually very exciting. We are just starting the conversation with those organisations, but the opportunities are very exciting.

Mr HAMER: Are there particular organisations that are really on board at this stage and are the early champions of this, or is it too early to even say that?

Ms La FONTAINE: I think it is too early to say that. Another organisation that we are also working with, and the Mornington Peninsula council CEO mentioned, is SEM, which is South East Melbourne. SECCCA's vision is for a zero emissions region resilient to a changing climate but also thriving, so the development opportunities for the region to become zero carbon are massive.

Mr FOWLES: Is SEM the Simon McKeon one?

Ms La FONTAINE: Yes. We have been saying 'SEM, if you're going to be investing all this money in this region, let's make it be zero carbon, let's make sure it's climate resilient'. It is a great opportunity for the economy of the region to achieve that, but it is early conversations.

The CHAIR: Regarding that whole Dandenong area, you have floated the idea of putting panels on all of those manufacturing sites. Has anyone actually done any detailed business planning and modelling around potential establishment of a sort of microgrid or something that could connect all of those roofs up and provide a big market basically? It begins with a market.

Ms La FONTAINE: Yes. Dandenong council did some work on a submission to a grant program, but they were unsuccessful, and the work that students did for us was some modelling on numbers, but that was it. There are a couple of companies that I have spoken to—GFC Alliance is one of them, Zen Energy, and the other which is Jemena—that would be so excited to get in there and to get into that region and run the numbers and try and do a business case. It really is an untapped resource.

The CHAIR: So what public policy might be in the way of enabling that to happen? Are there State Government barriers effectively that are making it difficult for it to happen?

Ms La FONTAINE: There would be regulatory issues and challenges, no doubt, but again it is getting the people around the table and making the decision to commit to doing something to make it happen. It is all achievable. I do not know if that is a Government policy.

The CHAIR: I tend to agree with you that it is achievable. I guess our Committee's perspective is what hurdles might be in place that are stopping it happening now so that we can make a recommendation to potentially address that.

Ms BOUCHER: I think that is also where—just reflecting on that conversation—SECCCA will try and keep that focus really at the local government and what we can do to support our members. So I think on that question then about the members and supporting their businesses or industry, we tend not always necessarily to go that extra step. We would then refer to people like SEMMA or SEM to step into that role and again offer our expertise to be beside them to really coach them in what they are offering to their direct clientele consistent with that overall kind of regional vision, I suppose. I think that is just our scope of influence or that kind of area of influence. We self-contain ourselves to what we feel like we can achieve—again, as I said, as sustainability officers from local government around the table—without overreaching and spreading ourselves too thin as well.

The CHAIR: Okay, fair enough.

Ms La FONTAINE: But there is one way that the Government might be able to influence and drive this direction, and it comes back to our zero emissions strategy for the region. Our argument with our project application that we made—it was for a different project—was that as a region we want to understand what is the strategy to achieve zero carbon, what are the economic development opportunities and how do we engage community and business in that. The Government has done the interim emissions reduction target, and a lot of the same talk is in the panel's paper. So is it for the Government to sit down and say, 'We've got this statewide emission reduction target. What does it mean for the region?'. Get particularly business and local government talking in the region about what that actually looks like, what are the plans, where do we invest the money and when do we invest money.

The CHAIR: So could the next logical step be that we have got that target and we now as a Parliament engage with groups like yours to achieve that at a local level?

Ms La FONTAINE: Yes.

The CHAIR: What are the five things you would like to see done to take us on that journey?

Ms BOUCHER: That would exactly model, as I spoke about before, the integrated water approach. You had *Water for Victoria* as the broader one and then broke that into the catchments scale. You have already got the alliances now. Exactly by working at that kind of alliance level do you unpick that and really see how we are actually going to tangibly achieve that on the ground at that more local level. That would be a fantastic way forward.

The CHAIR: Thank you. Would you like to make any concluding comments?

Ms La FONTAINE: No. Thanks for listening. It is good to have an opportunity to talk and to share it.

Ms BOUCHER: Thank you.

Committee adjourned.