

Episode 103 Transcript: Changing the climate for wellbeing

David Pembroke:

Hello everyone, and welcome once again to Work With Purpose, a podcast about the Australian public sector and how it serves the Australian people. My name is David Pembroke. Thanks for joining me. As we begin, I'd like to acknowledge the traditional custodians of the land from which we broadcast today, the Nggunawal and Ngambri peoples, and pay my respects to their elders past, present, and emerging. And acknowledge the ongoing contribution they make to the life of our city and this region. I'd also like to acknowledge the custodians of all the lands from where anybody listening to this podcast today is joining us from and also to any First Nations people who are indeed listening to the podcast.

Well, the latest UN Climate Change Conference concluded in Bonn, Germany last week with a very stark and strong underlying message, and it is that there is still a huge amount of work ahead for the global community if we are to reach the Paris Agreement of limiting average surface warming to 1.5% above pre-industrial temperatures. As the UN Climate Change Executive Secretary Simon Stiell said, and I quote, "It's clear that the second half of humanity's climate journey will be even harder and climate action will need to move at a much, much faster rate."

Climate change comes with many risks and costs, including the greater risk to health-related issues, psychological distress, potential damage to property, and increasing demand for essential services. It's a systemic issue that needs long-term government policy in combination with bottom-up initiatives that are driven by and for communities. Well, today we'll speak to a couple of experts from the Centre for Policy Development, which is a think-tank focused on public policy to advance the wellbeing of current and future generations. We'll explore the connection between climate change and wellbeing and how collaboration and long-term thinking is the only way the public sector will help solve complex problems.

We'll also take a look at their Green Goods Report, which looks at strategies for decarbonizing government procurement in Australia to help tackle climate change. So, to my guests today, Dr. Mara Hammerle is an economist and energy and climate public policy analyst. She advises the Sustainable Economy Team at the Centre for Policy Development. She holds a PhD from the Crawford School of Public Policy at the ANU where she has assessed the impacts of ACT energy policy on households. Dr. Hammerle, welcome to Work With Purpose.

Dr Mara Hammerle:

Thank you. Hi, everyone. And yeah, thanks for getting my last name pretty much correct.

David Pembroke:

Thank you very much. And Andrew Hudson is our second guest and he is the CEO of the Centre for Policy Development. Andrew has over 25 years of experience in public policy, advocacy and senior leadership roles, working with NGOs, the UN, the private sector and government. Before joining the Centre for Policy Development, he was the CEO of the NGO Crisis Action, which was headquartered in New York where he led a team of over 50 people across 11 countries. Andrew, welcome to Work With Purpose.

Andrew Hudson:

Hi, David. Thanks. Great to be here.

David Pembroke:

So, listen, let's start with a bit of a scene-setter to both of you. And certainly, climate change is if not the most complex, one of the most complex and pressing issues of our time. And certainly, at the most recent summit in Bonn in Germany, there was this growing recognition that the conversation around climate change really has to move beyond just economic impacts to other measures such as wellbeing. Australia introduced its first wellbeing framework around this time last year. How useful do you think that could be in helping drive the behaviours and policy that we need to see to make meaningful progress in tackling climate change?

Dr Mara Hammerle:

Yeah, I think focusing on wellbeing in terms of tackling climate change is really important. I think there's great links between wellbeing and climate change, because if we boil it down, for example, a lot of the climate change impacts that we're seeing around the world are really the opposite of what we want to see in a wellbeing approach. A really good example, I think is the 2019 to 2020 bushfires. I was living in Canberra at the time and just the level of pollution in the air, but then, also the thought of bushfires being as close as the airport, which really wasn't that far away. I think that was quite scary.

Yeah, so I think you can very much link between the natural disasters that people are experiencing and the opposite wellbeing. But then, at the same time, I think there's a role for addressing climate change and how that can link to wellbeing and to improved wellbeing. So, for example, if we really go ahead and transition all households and we look at all buildings, then we can make sure that even the most vulnerable communities are also able to live in thermally-comfortable homes that can be at a reasonable and cheap energy cost.

David Pembroke:

So, Andrew, your views on this notion of wellbeing as a way of catalysing action?

Andrew Hudson:

Yes. Well, look, I think it's really exciting that this government last year introduced Australia's first national wellbeing framework, Measuring What Matters. CPD has worked very closely with the government on this. And this is a framework which has over 50 different metrics, which is a really smart and sensible upgrade to the way we measure progress. It talks about the health of a society, the security of a society, the sustainability of a society, how cohesive is our society? How prosperous are we? And goes through and measures a whole range of different things. And what we really want to see at CPD is that these metrics are then used to guide policymaking and that we really embed a wellbeing approach to government into the way that the government makes policy. And these broader measures of progress are really going to be critical if we are to overcome these key crises, whether it's climate change, or inequality, or biodiversity loss, or many other things.

David Pembroke:

So, in terms of what advice you might have then to embed something like this idea of wellbeing, how does that happen? How do you go about making people and governments and community groups and NGOs and business and everybody else, how do you start to build people to understand the decisions they're making through that lens of wellbeing?

Andrew Hudson:

Yeah. Well, look, I think the first step is the step that this government has taken, which we're really very supportive of, which is this framework. But what we've learned from around the world, CPD has done a lot of comparative studies, we've looked at world leaders like Wales and many other countries, is that you really need to get some popular buy-in. So, this is something that we're now working with the treasurer and the Treasury on. And Wales had a very successful national conversation. We really want to ensure that people understand what this Measuring What Matters approach is, because I think they will be very supportive.

CPD does a Purpose of Government Pulse every year, and the surveying there shows over 85% of Australians agree that wellbeing should be the top consideration in government decision making. So, it does have huge popular buy-in. We need to make sure that people are aware of this framework, so that it's durable and can survive changes in governments. But at the more technical level, especially for some of your listeners in the public service, we think it's really important that these wellbeing metrics are embedded into the way that policy is made. So, that might even be at a very technical level, when Treasury or other parts of government are considering new policies and whether they're feasible, don't just look at a strict narrow economic assessment. Let's look at the impact of these policies on health or climate or a variety of other needs.

David Pembroke:

So, Andrew, you mentioned this national conversation in Wales. Could you give us a bit of insight as to how it was constructed and what value it was able to deliver?

Andrew Hudson:

So, CPD did a report called Redefining Progress on this very topic, and we actually brought Sophie Howe out to Australia, who was the first future generations commissioner anywhere in the world. And what we learned from Wales really was that they were able to determine what was the future that they wanted in their country? What were the main things that they really valued? And one of the things, for instance that came out was valuing the retention of the Welsh language, which had been really diminishing. That wouldn't have come about probably through a normal bureaucratic process of what was important to people. But also, what came out very strongly, of course was action on climate and not wanting to build a whole lot more roads in Wales. And in fact, going in the opposite direction. Health outcomes, looking at how we can reform health systems, so that we're not just focusing on band-aid cures, but really going to what are the causes of chronic illnesses that are clogging up our systems? So, all of these issues came out of that national conversation.

Dr Mara Hammerle:

I'm pretty sure when Sophie Howe was here, there was a question around them banning road developments based on the fact that it would negatively impact future generations. Was that something that happened?

Andrew Hudson:

Yes, exactly. That's right. So, that's what I was referring to earlier. And so, yes, so there were some... Wales is a smaller country than Australia. I'm not sure that particular approach would fly here. But David, in answer to your question, yes, absolutely we think a national conversation could and should be done here. And there are a number of organisations in Australia working towards this. And in fact, we are in conversation with the Treasurer's Office on this very topic. There are a number of ways it could be done. It could be run outside of government, funded by government. I think it needs to have the

imprimatur of government or it could be run by government itself. I mean, we should say that the Measuring What Matters, Australia's first national wellbeing framework was very consultative. There were a number of rounds of consultation, but that was done by the Treasury Department. We feel like there could be probably some ways that you could get deeper into the community. And in fact, we have a report coming out on this very topic in the next couple of months, so listeners can look out for that.

David Pembroke:

That's a really exciting prospect, I think, this notion of a semi-regular national conversation and to really understand where the community are at. But anyway, listen, on a recent podcast, a recent edition of Work With Purpose, Nina Terry from ThinkPlace spoke about this idea of regenerative design, which focuses on improving our current state to achieve effective systemic change that promotes environmental and economic sustainability, but at the same time, also social wellbeing. How are you applying this type of thinking into the work at CPD? And I'll throw that to you, Andrew.

Andrew Hudson:

Yeah, great. So, look, I think regenerative design's a great concept. We probably use the lens of people and place-based approaches or wellbeing economics, but they're all pretty similar. They all have pretty similar tenets. And so, we see that it's really critical and central to ensure that everyone's at the table during the process of developing policy solutions. So, we need policymakers, government, state and federal. We need industry, private sector, we need civil society, and we really need those with lived experience of course as well. Maybe just a couple of quick examples, David, and you can cut me off when I've given too many examples. But we were just talking about wellbeing on national conversation, and I think that's a great example of this people and place-based approach.

What would progress and success look like? How would we get those different perspectives? So, that's the conversation we're just having, I think is a really useful example of this people and place-based approach. But even let's say employment services. The government has recently come out with its employment white paper, which we think is a very good white paper and does incorporate a lot of perspectives and experiences of people experiencing difficulty with employment. Or even more recently, the review led by Julian Hill, the parliamentary review into Workforce Australia and the really significant reforms that it's proposing to employment services, I think really go to this people and place-based approach. Or even in early childhood learning, we're seeing the government really adopting and moving towards a universal early childhood learning system. So, I think there's a lot of evidence with this government. We certainly know this treasurer, Jim Chalmers is very enamoured with people and place-based approaches.

David Pembroke:

So, Dr. Hammerle, climate change is one of those issues that requires systemic changes at a large scale, but it's not enough to superimpose policies from the top down. How can government and communities work together to build locally-led responses from the ground up?

Dr Mara Hammerle:

I think it's super important in the early stages for communities and governments to all really be working together and figuring out what they envision for the future of these communities, particularly the ones that are facing quite a bit of transition at the moment. We did a report last year which focused on developing a framework to measure the level of adaptive capacity of different fossil fuel exposed regions around Australia. And what was interesting about this framework is that of course things like

economic diversity are important, but then it's also about things like whether the community has sufficient access to quality public services, like education and healthcare and these types of things? And then, also whether the frameworks exist to support innovation and entrepreneurship for the industries of the future in a particular region.

And the way that these locally-led responses can really be developed, at least in our view, is that the local organisations play a key role in making sure that the right community members and the right stakeholders from government, from industry are all brought together to be able to design the future of their region. And then, we see from that top-down approach that there's a role for state and federal governments, but their role is more about the coordination of these types of activities, things like making sure that there is a level of funding provided for these initiatives, and there's the necessary policy frameworks for these initiatives. So, really, what you get at the end is that the top-down approach meets with a locally-led response as well from, as you were saying before, the ground up.

David Pembroke:

In the framework that you developed, did you envisage a governance framework that sat around this to ensure the implementation is effective? So, is that you do have the dual activities working in the right direction where you do have the top down, you do have the bottom up, but it is captured in some type of framework? And a second part to that question might be around funding. Is it significant funding that would be required to initiate these types of conversations?

Dr Mara Hammerle:

Yeah, so I see a role for the Net Zero Economy Agency that is being developed as we speak around being able to coordinate some of this stuff. And if anyone has a look at the remit and what the Net Zero Economy Agency will be focusing on, a lot of these kinds of issues are coming up. I would be very interested to understand more about the exact focus on communities around the workers. So, there seems to be a lot of emphasis on the fossil fuel workers, as there should be. And yeah, it'll be interesting to see how developments progress around the communities because that's as well going to be a really fundamental aspect of whether you do have a locally-led transition happening for these regions.

As to your point on funding, it's not something that we've looked into much. You would imagine that there would be some level of funding involved with it, particularly for example, we know that the levels of access to healthcare and education are lower in a lot of these regions, and so of course that's going to have funds associated with it. But I feel like there is a level that you can argue that these funds should happen anyway. So, I don't see them really as an additional thing. It's more like these should be in place, if that makes sense.

David Pembroke:

And I would imagine that there are a number of pre-existing forums that are in place that could be leveraged to encourage these types of conversations and discussions.

Dr Mara Hammerle:

Exactly. The Net Zero Economy Agency potentially that has a future role to play also in the transition or the transformation, or however you want to call it, of other economic sectors, like agriculture, like transport, like the built environment. Yeah, potentially that can be leveraged.

David Pembroke:

No, interesting idea. Now, you've clearly been very busy at CPD punching out all sorts of reports. And another one that you've pulled together is around the need for government to drive decarbonization through its procurement policies, which I believe is coming now. You have actually developed a report around that. So, Andrew, what are the challenges with the current rules for green procurement?

Andrew Hudson:

Well, I'm always a glass-half-full guy, David, so I'm going to have to start with opportunities before I get to challenges, but I will get to challenges. But look, I think we've got to remember that public procurement spending in Australia accounts for about 17% of GDP. So, it's a huge lever that the government sits on. It's one of the biggest employers, electricity consumers, vehicle fleet owners, purchases of goods and services. And so, the government's choices at the checkout have huge potential to direct demand towards low-emissions goods and services. And so that's really what our recent report is about, green goods. If Australia's going to reach its goal of net-zero emissions by 2050, it can't ignore the potential of public procurement. So, we do think the government should take a leadership role in this aspect.

We saw recently Tanya Plibersek announced new procurement rules, environmental procurement rules, which focused a little bit more on environmental protection. We've been talking very closely with the finance department and in fact, we work very closely with them in the release of this report. And they are looking into decarbonization procurement rules. So, they're the opportunities.

To get to your question of the challenges. At the moment, we really do have a patchwork of procurement policies across different levels of government. And so, there's a range of disconnected green procurement strategies and policies that exist at various levels of government, which does cause confusion amongst procurement managers. So, they've got to balance lots of different competing goals without an explicit framework to do so. I think the current system of incentives isn't quite right, so there's definitely a bit to be done there for sure.

David Pembroke:

So, Dr. Hammerle, what actions then do you think that government can also take to improve its procurement policies? Not just around that issue of alignment, but where are some of the other areas of opportunity for improvement?

Dr Mara Hammerle:

Yeah, so just to reflect, going back to that alignment question, it's actually something that we've been doing quite a bit of thinking about in terms of where and how you get greater levels of collaboration between government departments. So, for example, that could lead to things like sharing experiences, learning from each other and understanding what best practise is. And then, there's also a question about where you get the consistency from as well. So, it makes sense to make more consistent frameworks in certain aspects. So, for example, if suppliers are handling procurement tenders from government across many different jurisdictions, then it's difficult for them and it's quite costly for them to have to be creating new information and drawing together new information each time. So, it does make sense to have a level of consistency there. So, I think that that was just a reflection on some of the stuff that Andrew and yourself, David, were saying.

Andrew Hudson:

I think just to build on some... And we'll get there, David. But the other point on challenges that I was trying to make, which I don't think I made very eloquently, is that often governments are incentivized to

choose options of the lowest upfront costs. And the problem with that is it doesn't take into account the costs over the whole life cycle of the product. And green materials can often be more expensive upfront, but cheaper to run over the course of their life. So, you think about energy-efficient buildings will be cheaper over the course of their life, and so we really need to make sure that we're getting that balance between upfront costs and costs over the whole life cycle right. So, I think that's just a critical point that I wanted to highlight.

David Pembroke:

But that is that perpetual question, isn't it, around longer term thinking and building and baking in longer term thinking into public sector policies and programs. Given that we are constrained also by the election cycle, which is nowhere near a longer-term encouragement for our elected officials. So, how do you deal with that tension, Andrew? How do you try to land that in a way that there's greater encouragement and greater enthusiasm for longer-term thinking that may deliver, as you said, that longer-term benefit?

Andrew Hudson:

Yeah, look, I mean this is at the heart of the work that CPD does. And I mean, as you said, the election cycle drives me crazy. So, I mean that's one obvious place to start is lengthening terms. I do think that the intergenerational report, the government does, the government took the latest one last year, I think is a really good tool to force government to be looking into the long term. The wellbeing framework that we just talked about as well. One of the great purposes of that is that it helps to bake in consideration of the long-term and future generations. That's the whole idea behind that concept of future generations is that you are being forced to think about the impacts that you'll make.

So, look, there's a lot of structures and norms that keep us locked into short-term thinking, but I do think we can break out of it. Again, the employment white paper was a really good across-government process and was looking for the long-term. I think some of the budget tools try to overcome some of these barriers. So, in Victoria, it's a great case study. For listeners that don't know about this, Victoria has an early intervention investment framework, and this is within the Treasury here in Victoria. Of course I'm biased, I'm in Melbourne. But it ring fences funding for long-term early intervention initiatives.

And if a department can show the amount of money that it is saved in the long-term through an initiative, it actually gets to bank that money. And so, this is a really innovative approach which the federal government is also looking into. And so, there are some of these mechanisms that are out there and also as all of these things, it's also about internal culture change. We need to invest in our public service. I'm sure you've had podcasts on the hollowing out public service capability, which has been really, really damaging. We can't have good long-term thinking if we don't have strong public service and departments. And so, I think the work that Gordon de Brouwer and others are doing is really important in... Obviously, Katie Gallagher, in improving our public service.

David Pembroke:

And so, Dr. Hammerle, what's your views on this need to incentivize longer-term thinking at all levels of decision making in the public sector?

Dr Mara Hammerle:

One of the major motivations behind why we're doing this report or did this report and why we've continued doing work in this area. I think getting back to the comments that Andrew was making, we did

actually reference this Victorian example in the report. We think that there's a role for a fund to be set up to be able to incentivize procurement officers, procurement staff to be able to purchase goods that potentially have slightly higher upfront costs, but over the long term are really good in terms of reducing emissions, and also, can potentially also save costs in the long run. Of course, that needs to come with some caveats. You're obviously not going to just throw as much money as possible at it, and there needs to be some caveats built into the system. So, for example, comparing it to an internal carbon price or something along those lines.

I think another important thing and bringing it back more into procurement land is this idea of life cycle cost analysis and really looking at the cost of a good or a infrastructure project over the entire life cycle. So, from making it and constructing it in the first place all the way through to decommissioning it at the end, and there's tools that can help with that. So, I have just quickly looked up in the background, this tool that we mentioned in the report, which is called DuboCalc, and that's a Danish tool that can be used to do life cycle cost analysis.

David Pembroke:

The tools are there. So, listen, if I might take you both back, in conclusion, to where we started, which is really the message coming out of this most recent UN Climate Change Conference that was held in Germany is this sense of a real need to work harder. And the quote that I read, which was really about the next part of the journey is going to be much harder. So, a question to both of you, and perhaps, Dr. Hammerle, if you might start, what makes you hopeful that the ambitious goals and targets that have been set can be achieved?

Dr Mara Hammerle:

Yeah, so the way that I look at it is I started my PhD around the middle of 2019, and I came into it with a very cautious and pretty pessimistic outlook. But the reason why I decided to get involved in the first place was I decided that either I could be really anxious about something, in this case being climate change, or I could try and get involved and try to see if there's any route or mechanism to be able to affect a bit of change in this area. And I think that that's been really quite helpful for me at least.

And I think the more I spend time in this area, the more I come to understand that there are so many people working in this area that all want the same thing as I do in terms of action on climate change. And so, they come from so many different areas and so many different areas of expertise that I reckon together we'll be able to affect change. I also think there's a lot of people that say that 1.5 degrees may no longer be achievable, but then there's also the same number or even more that say that a two degree focus is still achievable. So, that that's how I keep going with this kind of stuff.

David Pembroke:

And are there a couple of things informed by the work that you did in your PhD, be they technical or otherwise that gives you confidence, that gives you hope that you looked at that surprised you that you may have discovered through your research?

Dr Mara Hammerle:

Yeah, so I did quite a bit of work with the ACT government. About half of my work was with the ACT government, analysing a home energy efficiency program that they'd done. And an interesting aspect of that work is that the ACT has this thing called the Priority Household Target. And so they really want to see those types of energy efficiency improvements being made in more vulnerable households and being able to help more vulnerable households through that change. And then, you see other things

coming out of the ACT. So, for example, there's now a minimum energy efficiency requirements for ceilings, which from my perspective at least, I hope that they continue to scale up over time for rental properties that is. So, I think that that's quite encouraging, just seeing the level of ambition. Sure, ACT is pretty small, but it's a very encouraging to me at least to see that there is at least one region, if not more, in Australia that really wants to give action on climate change a go and in a very quite equitable way as well.

David Pembroke:

But it's also if things are working and there is a living, breathing example, a case study that can then be communicated elsewhere and the impact cost of that, that's where the change can happen. So, yes, the ACT is small, but again, very committed to this work. So, Andrew, Mr. Glass-Half-Full, in terms of your positivity, tell me your story. Where do you see?

Andrew Hudson:

Well, yeah, so I've worked on social change and really trying to change big intractable systems for 30 years. And one of the mantras I've had is unreasonable optimism. And I think if we have unreasonable optimism, there's nothing that we can't solve. And in fact, to get a little meta, problems are only not solved because we believe we can't solve them. And so, I've spent decades working on some of the most hideous ethnic cleansing, armed conflict war zones, whether it was Congo or Syria or Yemen, and just faced dozens of examples of people saying, "Look, nothing's ever going to improve. The UN Security Council's never going to approve a peacekeeping operation to Central African Republic."

We got the US Security Council to dispatch a peacekeeping operation to the Central African Republic, that saved hundreds of thousands of lives. "No one's ever going to approve cross-border aid to Syria." We got cross-border aid approved into Syria that saved the lives of 4 million people every month. The list goes on. When you actually look at the amount of progress that the world has made, you look at the SDGs, on almost every metric, the world has improved drastically. And I think actually we have a really warped perception of development because of the media's obsession with focusing on negativity, because good news isn't newsworthy.

And so, I do think that, yes, we will absolutely solve climate change. I mean, I find it unfathomable that human beings aren't going to solve climate change and that we're going to allow ourselves to become extinct. I mean that to me just seems completely unfathomable. So, it's a really big problem at the moment, but we are moving on it. We are seeing progress. I remember seeing Al Gore's flip chart when Chile first started to make solar energy, and the exponential growth in solar energy when Chile started was just extraordinary. So, we are making progress. I think especially in Australia, we now do have largely agreement on the solutions and we're getting to work on them. So, I think we'll really start to see a big pickup in the impact of our policies in the next couple of years.

David Pembroke:

I can't let you go without sort of giving me the ingredients of this recipe of unreasonable optimism. What do we need to pull that together?

Andrew Hudson:

Yeah. Well, I think it's about being ambitious. So, our goals need to be ambitious, that's the unreasonable bit. The optimism bit is, I think persistence, right? You do need to keep persisting. If you are working on any big change systems change issue, whether it's climate or any of our other wicked problems, you've got to keep going. You're going to get setbacks. You've got to celebrate the wins. I

don't think we're often very good at that. We do get wins, whether they're small or not. And I'm a big believer in having very targeted goals, small goals, start small, build your way up, snowball, and that inner belief. But also looking at the arc. I think there's something about human beings. It makes us resilient, but we forget even what happened a year ago. And that means that we don't have the ability to see that arc of progression and arc of progress that we're making. So, yes, we've all got to be unreasonably optimistic.

David Pembroke:

Love it. Love it. What a great way to finish a fascinating conversation and a big thanks there to Andrew Hudson, who is the CEO of the Centre for Policy Development and Dr. Mara Hammerle, who is one of the analysts working on a range of critical issues to the Australian community and to the economy, not just there on climate change, but clearly, climate change is a huge focus for us. So, a big thanks to Andrew and to Mara for joining us on Work With Purpose today.

I know I always ask and I'm very grateful for all of you who do give us a rating or a review on your favourite podcast catcher, whether it's Spotify, or Apple, or Stitcher, or wherever you listen to your podcast, because what happens is that does help us to be found. So, a five-star rating would be very gratefully accepted by us. And thank you so much. The audience continues to grow for the program and we are now well past our 100 episodes and going strong. So, again, thank you so much for those reviews.

Work With Purpose is produced as a collaboration between Content Group and the Institute of Public Administration of Australia ACT, and supported as always by our good friends at the Australian Public Service Commission. Keep an eye on LinkedIn, both at IPAA ACT and Content Group to stay up to date on Work With Purpose, but we'll be back at the same time in a fortnight. My name is David Pembroke, and it's bye for now.