



Box 222  
Fitzroy, 3065, VIC, Australia  
[melbournefoe.org.au](http://melbournefoe.org.au)

*Act on Climate Collective*  
*Friends of the Earth (Melbourne)*

## **State Budget 2026/2027 Submission**

### **Introduction: Climate risks & solutions both clear**

Act on Climate (AoC) is a collective of Friends of the Earth Melbourne Inc, a membership-based environmental and social justice organisation that has been active in the state of Victoria for more than 50 years.

A leading voice on climate adaptation in the environment movement, AoC has been facilitating discussion around climate risks and local preparedness needs, as well as practical community-led solutions, over the past three years. Through talking to communities members on the frontline of climate impacts, and through its deep engagement in the Victorian Government's Inquiry into Climate Resilience, the catastrophic climate risks facing Victoria and immediate need for investing in community-led climate adaptation has only become clearer.

Both the Climate Resilience Inquiry Parliamentary Report and the National Climate Risk Assessment (NCRA), which were recently released, offer clear findings that show this.

According to the NCRA, spending on disaster recovery could increase by 5 to 7.2 times, placing increasing fiscal pressure on governments. The assessment states that this indicates that increased investment, resilience and adaptation will be required.

The Inquiry into Climate Resilience found that “funding shortfalls represent a critical barrier to implementing climate resilience initiatives” and that “non-recurrent funding for resilience projects restricts long-term capacity building and strategic outcomes”.

Act on Climate's permanent Victorian Community Climate Adaptation Fund (VCCAF) is mentioned specifically in the Climate Resilience Inquiry Parliamentary Report as a key funding

mechanism proposed by stakeholders. It notes: “As clearly articulated by stakeholders to the Inquiry, the establishment of a Climate Adaptation Fund can significantly strengthen Victoria’s climate resilience.” It adds that it “can address gaps in existing funding frameworks, reduce the economic and social costs of climate impacts, and build long-term resilience across the state”.

While we understand the financial constraints currently facing Victoria, the amount requested to be invested in climate preparedness through a VCCAF is not unattainable and will ensure immense future savings for the state in the short as well as the long term, as well as increasing Victorian communities’ safety.

An improvement in cost of living and the wellbeing of Victorians will be another outcome from a VCCAF. Climate adaptation solutions are shown to reduce Victorian’s energy costs, increase their food security, increase their health and wellbeing, reducing health costs and isolation.

Climate impacts and disasters are already costing the Victorian Government billions and escalating social problems. Funding climate preparedness now will save lives, reduce recovery costs, reduce the cost of living, and ease pressure on our health system and economy from climate impacts.

Implementing a VCCAF in the 2026/27 state budget. would lead to enhanced environmental, social and economic outcomes.

This fund proposal has been submitted for previous budgets. This version has additions clarifying and providing examples of how ongoing funding could work and showcasing its alignment with the recommendations from the state’s Resilience Inquiry.

As noted in the Resilience Inquiry Parliamentary Report, the “increasing frequency and intensity of extreme weather events leads to compounding and cascading effects”, making investment in climate preparation in the next budget vital.

Please read our full proposal for a VCCAF, complete with examples of cost savings and how exactly this fund would work, below.

For further information on this submission, please contact:

Vicky Rae Elmore  
FoE Melbourne Act on Climate collective community organiser  
[vicky.rae@foe.org.au](mailto:vicky.rae@foe.org.au)

Or

Kim Croxford  
FoE Melbourne Act on Climate collective community organiser  
[kim.croxford@foe.org.au](mailto:kim.croxford@foe.org.au)

# Proposal 1: Victorian Community Climate Adaptation Fund (VCCAF)

The Victorian Government's investment in climate adaptation needs to be larger and it needs to be continuous to enable the immediate and extensive adaptations needed to prepare for now unavoidable climate impacts.

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**We call on the Victorian government to establish a permanent Victorian Community Climate Adaptation Fund (VCCAF)**

The fund, starting at \$25 million per year and scaled up as needed, would distribute money annually to community groups that **undertake localised adaptation and resilience projects**. This approach would **help the government meet its obligations** to the Victorian Climate Change Act (2017) **and ensure Victorian communities can enhance their capacity to adapt to impacts**.

A VCCAF received overwhelming support in the Victorian Government's Inquiry into Climate Resilience. It is mentioned specifically in the Climate Resilience Inquiry Parliamentary Report as a key funding mechanism proposed by stakeholders.

"As clearly articulated by stakeholders to the Inquiry, the establishment of a Climate Adaptation Fund can significantly strengthen Victoria's climate resilience," the Parliamentary Report notes. It adds that it "can address gaps in existing funding frameworks, reduce the economic and social costs of climate impacts, and build long-term resilience across the state".

**Over a third of Climate Resilience Inquiry submissions (39.58%) called for a Victorian Community Climate Adaptation Fund (VCCAF).**

**According to the Climate Resilience Inquiry Parliamentary Report:**

**"The establishment of a Climate Adaptation Fund can significantly strengthen Victoria's climate resilience"**

**"A Climate Adaptation Fund can address gaps in existing funding frameworks, reduce the economic and social costs of climate impacts, and build long-term resilience across the state"**

**The funding of climate adaptation needs to be:**

## 1. ADEQUATE

Climate adaptation **funding needs to be adequate** according to the **risk to life and quality of life** facing Victorians, as well as the **monetary risk** facing Victoria.

## 2. ONGOING

Climate adaptation funding needs to be **ongoing** to ensure the **continuity of adaptation initiatives** and the **entrenchment of climate adaptation** within communities to provide real climate resilience.

## 3. FOR COMMUNITY-LED SOLUTIONS

Climate adaptation funding needs to support community-led solutions that **address their fundamental needs and keep everyone in their community safe** as we adapt to a changing climate.

## A VCCAF IS NEEDED TO REDUCE MONETARY & SOCIETAL RISKS

Climate disasters are costing the government billions and escalating social problems. We need to spend money now to protect people later, as waiting to respond to these disasters greatly increases the long-term monetary and societal cost. **Funding adaptation now will reduce recovery costs, as well as ease pressure on our health system and economy from climate impacts.**

The Victorian Government needs to increase the amount invested in adaptation measures in the state, **at least matching the Federal Government's Disaster Ready Fund contribution, and make this a feature of the budget every year to ensure Victorian communities are as prepared as possible.**

## Background

The Victorian Labor government has a sound track record of investing in strong climate action. It has set ambitious emission reduction targets and renewable energy targets, and has proactively communicated to communities the positive outcomes of investing in these solutions. Victoria is at the forefront of emissions reduction, and it has the opportunity to also lead the continent in adaptation policy.

Under the Victorian Climate Change Act (2017), the government is required to outline its Climate Change Strategy and Adaptation Action Plans every five years. While the government has been effective in its mitigation work, its **adaptation planning work needs to be backed up with ongoing funding and public communication. This will ensure communities are prepared and aware** of the climate impacts forecast to affect Victoria.

**Victoria is one of the most vulnerable states in the world**, ranking 70th in the global comparison of states most at risk by 2050, which placed it in the top 5% of

highest risk states globally, according to the Cross Dependency Initiative's (XDI) Gross Domestic Climate Risk.

XDI's Gross Domestic Climate Risk calculated the physical climate risk to the built environment in over 2,600 territories around the world. The analysis also identified a **74% increase in damage to property in Victoria from 1990 to 2050.**

The [National Climate Risk Assessment \(2025\)](#) illustrates Australia and Victoria's climate impact vulnerabilities in detail, stating that **Australia's changing climate is "posing risks to key systems that underpin our way of life".**

The Federal Government's Disaster Ready Fund is a welcome investment in making Australia more climate ready. However, as other states and territories have done, **Victoria needs to at least match the Federal Government's contribution**, in order to fund projects that communities have identified as a priority to protect them from now unavoidable climate impacts.

#### **Where the Victorian Government is falling behind on climate adaptation:**

- While Victoria has Adaptation Action Plans (AAPs) in place, **the implementation and funding of these plans is haphazard, disparate and disproportionate to what is required.**
- The state **has not released a public climate change risk assessment**, falling behind other states that have done so and are creating clear investments and pathways to climate adaptation.
- There is a lack of transparency around climate risks and **no public reporting on overall adaptation progress in Victoria**, despite a Monitoring, Evaluation, Reporting and Improvement (MERI) Framework being published in 2018.
- There is **no whole-of-Government position on critical risks and adaptation priorities**, leading to a disparate, uncoordinated approach, there are no documented owners or delivery timelines for specific actions in the AAPs, and limited funding is provided to support implementation.

Victoria's Climate adaptation **funding needs to be adequate** according to the **risk to life and quality of life** facing Victorians, as well as the **monetary risk** facing Victoria. This funding needs to be **ongoing** to ensure the **continuity of adaptation initiatives** and the **entrenchment of climate adaptation** within communities to provide real climate resilience.

# 1. ADEQUATE FUNDING

This **funding needs to be adequate** according to the **risk to life and quality of life** facing Victorians, as well as the **monetary risk** facing Victoria

## Why Increased Funding Is Needed

The catastrophic 2019/20 bushfires saw community awareness about climate impacts increase, along with public support for state government leadership. Since then, we have seen more frequent and compounding disasters, such as the intense fires, flooding, and catastrophic winds and storms experienced in 2024 and 2025.

These chaotic, concurrent climate impacts undermined the ability of individuals and their communities to recover and have highlighted the **lack of climate preparedness in this state**.

With intensifying impacts from fire, flood, storm surge and other weather related events continuing to put communities on a reactive footing, the time is ripe for the government to demonstrate a **forward-thinking approach** to climate impacts and back local solutions that empower communities.

The National Climate Risk Assessment (NCRA) has confirmed the climate risks Victoria faces now and in the future, as well as their cascading, compounding, and concurrent nature. It also confirms the need for funding to keep Victorians and Victoria's economy safe.

According to the NCRA, spending on disaster recovery could increase by 5 to 7.2 times, placing increasing fiscal pressure on governments. The assessment states that this indicates that increased investment, resilience and adaptation will be required.

In addition, the Inquiry into Climate Resilience found that “funding shortfalls represent a critical barrier to implementing climate resilience initiatives” and that “non-recurrent funding for resilience projects restricts long-term capacity building and strategic outcomes”.

The Inquiry “identified gaps in implementation and funding for resilience and adaptation initiatives” in the Climate Change Strategy and Adaptation Action Plans, as well as Regional Climate Change Adaptation Strategies.

The Inquiry's recommendations include “providing adequate funding to local government and community-based organisations to raise public awareness and build climate resilience”.

**83.75% of submissions to the Victorian Government's Climate Resilience Inquiry noted that more climate adaptation funding is needed.**

**According to the Climate Resilience Inquiry Parliamentary Report:**

**“Funding shortfalls represent a critical barrier to implementing climate resilience initiatives”**

## **The Inquiry recommends:**

**“providing adequate funding to local government and community-based organisations to raise public awareness and build climate resilience”**

**Increased climate adaptation funding is needed to reduce the risk to life and quality of life facing Victorians, as well as the monetary risk facing Victoria, due to locked-in climate impacts.**

## **1. High cost of responding & benefits of preparing**

**A \$1 investment in climate adaptation or disaster risk reduction has been estimated to save between \$2 and \$11 in post-disaster recovery and reconstruction costs<sup>1</sup>.** Deloitte Access Economics reported broadly similar findings about avoiding property losses, and health and fatality costs<sup>2</sup>.

**A \$1 investment in adaptation and resilience has also been shown to generate more than \$10 in benefits over 10 years**, according to a World Resources Institute (WRI) study (2025)<sup>3</sup>.

Climate disasters are anticipated to cost Australia \$73 billion annually by 2026<sup>4</sup>. The Australian Prudential Regulatory Authority has warned Australia must invest \$3.5 billion each year to limit the damage from increasingly frequent natural hazards, suggesting that **simply responding to disasters after the fact is likely to cost 11 times more<sup>5</sup>**.

The impacts of sea level rise coupled with storm surges alone are estimated to cost the state of Victoria \$442 billion by 2100<sup>6</sup> and would hit more than 80,000 properties. In 2022, heatwave events were already costing Victoria on average \$87 million each year. By 2030, they are predicted to cost the Victorian economy \$179 million per year<sup>7</sup>.

In addition, extreme weather events are costing every Australian household<sup>8</sup> - costing them an average of \$1,532 over the 12 months prior to September 2022. It is predicted that by 2050, Australian households will be paying \$35.24 billion every year (in 2022

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<sup>1</sup> CSIRO 2020, Climate and Disaster Resilience

<sup>2</sup> Deloitte Access Economics 2017, Building resilience to natural disasters in our states and territories (p. 30)

<sup>3</sup> <https://www.wri.org/research/climate-adaptation-investment-case>

<sup>4</sup> <https://www.news.com.au/technology/environment/climate-change/adapt-or-die-nightmare-weather-coming-for-unprepared-australia/news-story/c9373216f21e42621e16f5f74096a86a>

<sup>5</sup> <https://www.news.com.au/technology/environment/climate-change/adapt-or-die-nightmare-weather-coming-for-unprepared-australia/news-story/c9373216f21e42621e16f5f74096a86a>

<sup>6</sup> <https://www.abc.net.au/news/2023-10-17/boatshed-rising-sea-levels-concern-for-coastal-infrastructure/102969454>

<sup>7</sup> State Government of Victoria Department of Environment, Land, Water and Planning, The economic impact of heatwaves on Victoria, 2019

<sup>8</sup> <https://insurancecouncil.com.au/resource/new-research-shows-every-australian-pays-for-extreme-weather/>



dollars) for the direct costs of extreme weather.

**The Queensland Government's Betterment Funds have funded over 920 projects since 2013 and seen more than \$988M in avoided reconstruction costs.**

**The Inquiry into Climate Resilience Parliamentary report recommends:**

**"shift funding emphasis toward proactive mitigation, adaptation and resilience-building to reduce long-term recovery costs"**

## **2. Insurability crisis will worsen without more funding**

In addition, climate change is creating an insurability crisis in Australia due to worsening extreme weather, and insurance is set to become increasingly unaffordable or unavailable in large parts of Australia.

After a major flood in Lismore in 2017, one person's home and contents premiums increased from \$2800 a year to \$27,000, despite the flood waters stopping well below their building's floor level.<sup>9</sup>

The Insurance Council of Australia has joined the call for greater investment in resilience and mitigation projects, saying: "Without increased funding to make Australian homes, businesses, and communities more resilient to extreme weather, coupled with a change in approach to what we build and where we build it, the risk profile of communities exposed to extreme weather risk will not improve and neither will the growing costs of insurance."<sup>10</sup>

## **3. Ease pressure on health system and reduce cost of living and other societal issues**

Preparing the community against expected climate impacts is crucial to safeguard critical systems and people, and **ultimately leads to improved social, economic, and environmental outcomes.**

**Climate change is a major threat to human health and puts tremendous pressure on health systems.** The Australian Medical Association (AMA) declared climate change as a health emergency in 2019. Australia's health systems remain inadequate to the scale and urgency of the threat to human health<sup>11</sup>. Funding climate adaptation will reduce the pressure on, and costs to our health system. For example, the Victorian Healthy Homes program resulted in \$887 saved in healthcare costs per person over a

<sup>9</sup> <https://in-magazine.com.au/the-trouble-with-lismore/>

<sup>10</sup> <https://www.accc.gov.au/system/files/public-registers/documents/Annexure%2047%20-%20ICA%20Insurance%20Catastrophe%20Resilience%20Report%202021-22%20-%2002.12.22%20-%20PR%20-%20MA1000023%20ANZ%20Suncorp.pdf>

<sup>11</sup> [https://www.thelancet.com/journals/lanwpc/article/PIIS2666-6065\(23\)00254-7/fulltext](https://www.thelancet.com/journals/lanwpc/article/PIIS2666-6065(23)00254-7/fulltext)



single 3-month winter period<sup>12</sup>.

**A lack of adaptation** to climate change is also **causing food insecurity and other cost of living issues** such as energy poverty, as well as homelessness. Water scarcity and drought puts pressure on agriculture, raising prices for consumers. In addition, recent research has shown that over 2 million Australian households (21%) had experienced severe food insecurity in the previous 12 months, and disasters (e.g., floods, bushfires and droughts) contributed to 19% of the severe food insecurity<sup>13</sup>.

Climate impacts directly affect the finances of farming families and other workplaces. Damage to homes people can't afford to fix is rendering many low income families homeless. Violence, trauma, and suicide escalate due to mental health issues stemming from climate impacts.

Climate disasters are costing the government billions and escalating poor societal conditions. We need to spend money now to save lives later, and waiting to respond to these disasters will greatly increase the monetary and societal cost. **Funding adaptation now will reduce recovery costs, as well as ease pressure on our health system and economy due to climate impacts.**

## Prior Vic Gov Climate Adaptation Programs Show Feasibility & High Demand

The Victorian Government has already shown a keen understanding of the need to fund adaptation, and shown leadership through the 2017 Virtual Centre for Climate Change Innovation Program (VCCIP) and the 2019 Community Climate Change Adaptation (3CA) grants program.

- **2017 Virtual Centre for Climate Change Innovation Program (VCCIP):**
  - \$4.3 million grant scheme
  - established in 2017 to provide start-up funding for community groups, local councils and businesses to develop innovative solutions to climate change
  - the scheme unearthed strong demand for government investment in climate change projects - it was dramatically oversubscribed and could only support 24 projects
- **2019 Community Climate Change Adaptation (3CA) grants program:**
  - \$1 million grants program
  - supported community groups across Victoria to carry out a diversity of adaptation and resilience projects: from planting nature corridors, to trialling draught-proofing techniques, to community education and awareness initiatives
  - 17 community-led adaptation projects were supported

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<sup>12</sup>

<https://assets.sustainability.vic.gov.au/susvic/Report-Energy-Victorian-Healthy-Homes-program-research.pdf>

<sup>13</sup> [https://www.thelancet.com/journals/lanwpc/article/PIIS2666-6065\(23\)00254-7/fulltext](https://www.thelancet.com/journals/lanwpc/article/PIIS2666-6065(23)00254-7/fulltext)

**The government can build on these successful grant scheme models by establishing a permanent VCCAF.** We recommend the government begin with an initial investment of \$25 million, and review the level of demand in the community and viability of projects before scaling it up.

The nature of the fund would take into account the highly localised nature of climate impacts, and accordingly take a bottom-up approach of dispersing money to local groups that know the unique needs of their communities well.

## 2. ONGOING FUNDING

This funding needs to be **ongoing** to ensure the **continuity of adaptation initiatives** and the **entrenchment of climate adaptation** within communities to provide real climate resilience.

### Why Ongoing Funding Is Needed

Funding is currently provided in the form of competitive, oversubscribed grants. Climate adaptation funding needs to be ongoing to ensure the **continuity of adaptation initiatives and the entrenchment of climate adaptation** within communities to provide real climate resilience. Current once-off grants do not provide enough funding nor the consistency needed for climate adaptation.

**49.58% of Climate Resilience Inquiry submissions mentioned that ongoing climate adaptation funding is needed.**

**According to the Climate Resilience Inquiry Parliamentary Report:**

**“Non-recurrent funding for resilience projects restricts long-term capacity building and strategic outcomes”**

### How Ongoing Funding Could Work

Ongoing funding can be achieved through **providing multi-year funding programs** (minimum 3 years, preferable 5-10 years) for local climate adaptation initiatives to **neighbourhood houses, local councils, or community foundations**, or through **partnerships with organisations** like [FRRR's Disaster Resilient: Future Ready \(DR:FR\)](#).

**A recent example of long-term funding by Labor that can be applied to funding climate preparedness is [DEECA's Community Development Fund](#):**

- It was a 10 year program. The \$22 million dollar fund was anchored by and

distributed to local auspice organisations such as councils and other local entities (e.g. Murrindindi Shire Council) in 11 different shires.

- The program is funding local transition solutions that have come out of the [Shaping Murrindindi's Future](#) process. For example, the Innovation Working Groups (IWGs) currently distributing this fund in Murrindindi is funding Triangle Food Network (a local food co-operative).
- This funding has been able to create and maintain momentum for a local economic transition. Conducting a similar process and providing similar funding and the same support structure to regions around Victoria would enable the creation of climate ready communities.
- As it was **anchored to local auspice organisations and there was a thorough community consultation process**, which was listened to, this fund resulted in projects that the community wanted. The academic smart specialisation (S3) model used for this fund displays the place-based approach, significant stakeholder engagement, and strategic policy integration across various sectors needed to achieve climate adaptation. This model may not be suited to climate adaptation and we suggest further research into the best models to use to ensure just adaptation and to prevent maladaptation.

**Another example is the Foundation for Rural & Regional Renewal's (FRRR) [Disaster Resilient: Future Ready \(DR:FR\) program](#):**

- This multi-year place-based program takes a community-led approach to build knowledge of climate risks, encourage collaboration, and facilitate collective action to strengthen social capital and build community resilience.
- The program shows the importance of and provides a good model of **ensuring commensurate ongoing investment by linking government, philanthropic organisations and communities in practical local contexts**. It also provides an example of a good process to gain an understanding of shared aspirations and ensure a commitment and ability to participate in a program.
- The first iteration of the DR:FR program was piloted in three communities in NSW from 2017-2020 in collaboration with the NSW Government and other partners. In response to learnings from the pilot project and new research and practices in disaster recovery and community-led resilience, the model was reviewed and adapted for the Victorian iteration in 2021-23.
- In Victoria, Korumburra, Myrtleford and Whittlesea township and surrounds received support as part of this multi-year, community-led program. To be involved in the program, community representatives were invited to submit an Expression of Interest (EOI) to become partner communities. Then, over eight months, FRRR's DR:FR Program coordinator engaged with representatives from the shortlisted communities, listening and learning about what is unique and important to each place and exploring their readiness, willingness, and capacity to participate in the program's intensive process.
- Funding was provided for community activities that support community engagement activities and a seed funding pool was provided to engage a local community connector and activate priority actions already identified.

**Neighbourhood houses, local councils, community foundations, and long-term local community organisations are trusted entities embedded in communities that the Government can partner with and provide long-term funding to to entrench climate preparedness throughout Victoria.**

### 3. COMMUNITY-LED SOLUTIONS

This funding needs to be community led to ensure these funds are going towards fulfilling their fundamental needs and keeping everyone in their community safe as we adapt to a changing climate.

#### Why Climate Adaptation Needs to be Community Led

**Community-led adaptation is pivotal because it is grounded in community knowledge, expertise and priorities<sup>14</sup>.** It takes into account and learns from local knowledge and experiences of local climate impacts - **solutions need to be localised to the specific context to ensure they are just and maladaptation is avoided.**

**Community members, sector organisations and groups play a pivotal role in enhancing community resilience.** They step up in times of crisis and are instrumental in safeguarding the well-being and safety of communities. They also have the **existing trust and relationships** necessary to successfully communicate and engage with local people about climate adaptation. They are **invested in their community's safety** and are there **providing ongoing support** beyond the immediacy around disaster events.

Specifically, local indigenous Aboriginal people's knowledge and culture should be at the forefront of climate adaptation. They have **intimate knowledge and understanding and connection to Country that is vital to healing Country** in order to reduce climate impacts and ecological collapse.

Adaptation is community led when “a large and diverse number of community members are involved in supporting, taking action, and decision-making” and the community “makes key decisions”<sup>15</sup>.

The Climate Resilience Inquiry Parliamentary Report acknowledges that “community-led initiatives are crucial for building climate resilience”, as well as acknowledging their need for adequate support and resources to be successful. A place-based approach to climate resilience being imperative to ensure the most pressing needs of local communities are addressed was also recognised.

The committee notes that the benefits of community-led initiatives were clear in evidence and that the Inquiry revealed that these initiatives are not only vital for effective resilience planning but also instrumental in fostering community autonomy, preparedness, and connectedness.

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<sup>14</sup>

<https://menziesfoundation.org.au/wp-content/uploads/2024/06/Community-led-Responses-to-Climate-Change-2024-1.pdf>

<sup>15</sup>

<https://menziesfoundation.org.au/wp-content/uploads/2024/06/Community-led-Responses-to-Climate-Change-2024-1.pdf>

**61.67% of Climate Resilience Inquiry submissions mentioned that climate adaptation should be local place-based or community-led.**

**42.92% of Climate Resilience Inquiry submissions mentioned that climate adaptation should be Indigenous-led or follow Indigenous knowledge.**

**74.58% of Climate Resilience Inquiry submissions mentioned that climate adaptation should take into account those most at risk or more vulnerable.**

**According to the Climate Resilience Inquiry Parliamentary Report:**

**“Community-led initiatives are crucial for building climate resilience”**

## **The Government's Role**

**The vision for adaptation and how this vision is enacted needs to be defined by the community. The role of the government needs to be one of supporting communities in adaptation efforts grounded in community vision and needs.**

As noted by many in submissions to the Victorian Government's Inquiry into Climate Resilience, the Government needs to lead on climate adaptation by providing guidance through certainty, consistency, clarity around responsibility, and an integrated response.

### **The Government was called on in Climate Resilience Inquiry submissions to:**

- **publicly release a Victorian climate risk assessment** in order to provide consistent, up to date data on the risks climate impacts pose to Victorians - transparency and clarity around forthcoming impacts is vital for Victorians to prepare
- **provide education and information on climate impacts and risks to communities**, as well as training as required
- **update legislation, policies and standards** to ensure all development and building, new and upgrades, takes into account climate risk to infrastructure and individuals
- **ongoing adequate funding of, and investment in, climate adaptation.**

### **The Resilience Inquiry Parliamentary Report finds:**

- “addressing climate resilience in Australia requires a **bold and coordinated approach across all levels of government, with the essential goal of empowering local communities to build a climate-resilient future**”.
- “**greater transparency and accessibility of progress updates** is urgently needed to ensure accountability, public trust, and meaningful community engagement”,
- “current legislation supporting the Victorian Government’s action on climate resilience could benefit from **further development and improvement through a coordinated, multilevel governance approach**”

### **The Inquiry recommends “that the Victorian Government improve the state’s climate legislation framework by:**

To

- **strengthening accountability mechanisms**
- **accelerating the implementation of supporting regulations**
- **improving transparency in monitoring and reporting progress in relation to climate change objectives.**

understand the main risks facing Victoria from climate change and the impact these will have on the people of Victoria, a legislated, consultative, cross-system and transparent state-level **climate change risk assessment process** is required.

The Victorian Government’s system-based Adaptation Action Plans (AAPs) have been developed in the absence of a state-wide risk assessment, unlike NSW, SA and the NT - all of which have these under development. This has led to a lack of transparency around climate risks; and public reporting on overall adaptation progress in Victoria is absent, despite a Monitoring, Evaluation, Reporting and Improvement (MERI) Framework being published in 2018.

In addition, the AAPs are being undertaken by various departments without a whole-of-Government position on critical risks and adaptation priorities, leading to disparate, uncoordinated approaches across the systems. None of the AAPs have document owners or delivery timelines for specific actions, and limited funding is provided to support implementation of actions within the plans.

Whole-of-government and cross-system adaptation priorities need to be identified and funding must be made available.

**Direct investment by the Government into local community leaders, projects, and models is needed to enable community-led action on adaptation.**

## Where Vic Gov's Previous Budgets Fall Short

**As noted in the Climate Resilience Inquiry Parliamentary Report, assessing funding for resilience activities is challenging due to the disbursement across various portfolios.**

The Inquiry recommends that **“a transparent funding framework that explicitly identifies and tracks budget allocations for climate resilience and adaptation initiatives is implemented** and reported in updates on progress in implementing the Climate Change Strategy”.

**Making adaptation funding a set feature of the budget every year would accomplish this.**

The Victorian Government's budget for 2025-26 was touted as focusing on cost of living and community safety, but without meaningful investment in climate adaptation, costs for Victorians (both economic and physical) will remain high.

Aside from minimal spending to expand the Solar Homes program and insulation upgrades to provide increased energy security and some funding for emergency services, there was no investment in climate adaptation.

The Vic Gov 2024-25 budget revealed that we're paying \$7.3 billion in recovery payments for natural disasters that hit the country in the past few years (up \$3.9 billion since December 2023)<sup>16</sup>. This is much less than the amount in the budget devoted to reducing the impact of natural disasters. \$138.7 million over four years was allocated for disaster preparedness, including \$35 million to bolster the national aerial firefighting fleet, and \$26.8 million for disaster response resources.

In the budget, \$302 million was allocated to communities affected by catastrophic weather events to help them rebuild and recover. More than \$50 million was also invested in the state's future emergency management response. \$105 million was allocated to bolster the state's capability to prevent, prepare and respond to fire, with more than half of this (\$54 million) going towards responding. \$38 million was invested to prepare for and manage floods, including strengthening flood warnings and forecasts.

All up, \$406 million was invested in response, with \$89 million invested in preparing for fires and floods<sup>17</sup>. In 2024, the Victorian Government invested \$5 million to plant both mature and young trees across Melbourne's west to help adapt to climate change by providing more shade and green spaces<sup>18</sup>.

We applaud this investment, however fire and flood preparation is just the tip of the

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<sup>16</sup> <https://www.abc.net.au/news/2024-05-18/federal-budget-2024-climate-hange-impacts/103847322>

<sup>17</sup> <https://www.budget.vic.gov.au/keeping-communities-safe>  
<https://s3.ap-southeast-2.amazonaws.com/budgetfiles202425.budget.vic.gov.au/2024-25+State+Budget+-+Budget+Overview.pdf>

<sup>18</sup> <https://www.climatechange.vic.gov.au/building-victorias-climate-resilience/our-commitment-to-adapt-to-climate-change/built-environment-adaptation-action-plan>



iceberg in terms of the climate impacts that Victorians need to prepare for. Heat is the leading cause of death, with heatwaves being responsible for more human deaths than any other natural hazard, including bushfires, storms, tropical cyclones, and floods<sup>19</sup>. As stated above, sea level rise and storm surges will affect more than 80,000 Victorian properties.

**Beyond fire and flood, Victorians need to prepare for:**

- drought and crop failure,
- biodiversity loss and ecosystem changes,
- sea level rise and storm surges,
- heat and heatwaves, and
- severe storms and cyclones.

**People's food supply, health (mental and physical), source of income, cost of living, access to healthcare, housing, transportation, and recreational activities are all at risk of being impacted.**

Victorian communities are currently not climate resilient. They critically need support and resources to prepare for, and adapt to, the climate impacts threatening their lives, livelihoods, and the built environments in which these are situated. More frequent disasters and longer climate impact events are undermining the ability of individuals, communities and the environment to cope and recover.

**Investing in this fund will reduce costs to the Government and Victorians by keeping people, Country and infrastructure safe from the risks presented by the climate impacts that are unavoidable and here now.**

A good start has been made by the Australian Government's Disaster Ready Fund, which provided \$200 million to states and territories, in 2023-2024, with Victorian projects being awarded around 26 million<sup>20</sup>. Round Three of the DRF will provide up to \$200 million in 2025-26 Australia-wide. However, **this is well below the \$3.5 billion needed** each year to limit the damage from increasingly frequent climate impacts.

**This investment in climate adaptation needs to be larger and it needs to be continuous to enable the immediate and extensive adaptations needed to prepare.** And it needs to be community led to ensure these funds are going towards fulfilling their fundamental needs and keeping everyone in their community safe as we adapt to a changing climate.

Local adaptation initiatives that focus on building resilience to withstand local climate impacts need more funding and consistent funding. This is why we are calling on the Victorian Government to establish a permanent Victorian Community Climate Adaptation Fund in the budget.

Victorian communities are calling for support to implement the adaptation measures

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<sup>19</sup>

<https://www.climatechange.environment.nsw.gov.au/impacts-climate-change/weather-and-oceans/heatwaves>

<sup>20</sup><https://nema.gov.au/programs/disaster-ready-fund#whatisthedisasterfund>

their community needs - they want funding now to prepare, not after the climate disaster has already occurred. Victorians need funding to fulfil their plans to build resilient communities in a changing climate and to keep those most at risk safe.

The Victorian Government needs to adequately and continuously support strong climate adaptation according to individual communities' needs. It needs to provide communities with the knowledge to understand the risks facing them and who will be most impacted. This will afford communities the self-determination to decide how they will adapt. The Government then needs to equip communities with the resources necessary to implement their chosen adaptation solutions.

We need community-led climate adaptation that is continuously and adequately funded. **The Victorian Government needs to increase the amount invested in adaptation measures in the state, at least matching the Federal Government's Disaster Ready Fund contribution, and make this a feature of the budget every year to ensure Victorian communities are as prepared as possible.**

### Requested Budget Allocation:

Output (\$ millions)	2026/27	2027/28	2029/30
Establish a permanent Victorian Community Climate Adaptation Fund	\$25	\$30	\$35

### Examples of Initiatives & Outcomes This Funding Could Realise

The ALGA 2025 Adapting Together report<sup>21</sup> notes that **councils' climate-resilient investments are estimated to provide up to \$4.7 billion in avoided costs and benefits to communities by 2030**. Examples of these dollar benefits and public benefits are in the table image below and further examples of specific projects are in the table below.

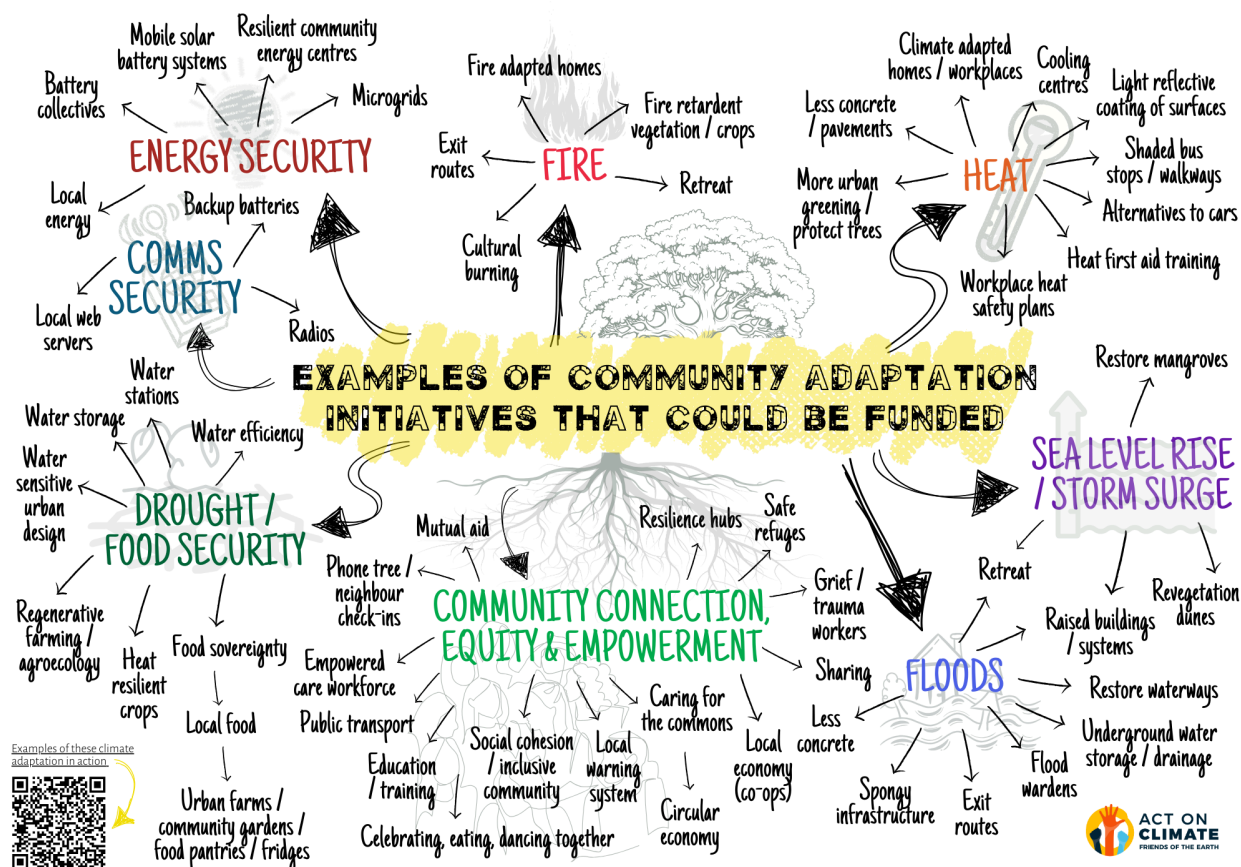
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<sup>21</sup> <https://alga.com.au/adapting-together-local-government-leadership-in-a-changing-climate-report/>

Table 19 Summary of findings from economic analysis of adaptation investments

Case study	Typology	Dollar benefits per dollar of cost	Key public benefits <sup>1</sup>
City of Darwin – Urban Cooling	Physical and technological measures	\$1.1 - \$3.1 benefit per \$1 cost	⊕ 🌿 🚶
Lockyer Valley Regional Council – Flood Management	Economic and financial measures	\$0.8 - \$1.3 benefit per \$1 cost	🏠 ⊕ 🔔
City of Hobart - Bushfire Resilience	Knowledge-based, behavioural and cultural change measures	\$1.3 - \$2.9 benefit per \$1 cost	⊕ 🏠 🔔 🌿
Moyne Shire Council – Coastal Hazard Management	Regulatory measures	\$1.2 - \$2.9 benefit per \$1 cost	⊕ 🏠 🔔
Buloke Shire Council – Urban Cooling	Physical and technological measures	\$1.0 - \$1.6 benefit per \$1 cost	⊕ 🌿

1. Notes: ⊕ health and wellbeing 🌿 ecosystem services 🚶 recreation and amenity 🏠 avoided property damage 🔔 avoided emergency response costs



Project / Organisation	Project Description	Outcome
<a href="#"><u>Geelong Sustainability - Climate Safe Rooms</u></a>	With funding from the Victorian Government's Climate Change Innovation Grant the project was able to retrofit one room in 16 vulnerable households in the Geelong region to reduce negative health impacts of climate extremes. The retrofitting included insulation, draught proofing windows, and doors, installing an efficient reverse-cycle air conditioner and a solar system to improve cost efficiency.	Participants reported an increase in their comfort, health and happiness and experienced 142% fewer days where they were cold and a 75% decrease on days they were uncomfortably hot. The average participant saved \$1,462 on health and energy costs <sup>22</sup> .
<a href="#"><u>Moonee Valley Sustainability - Renewing Dwell</u></a>	Retrofitting a Community building with solar panels, draught proofing, insulation, shading and 'coolscaping'.	The project aims to provide a cool safe space for community members to seek refuge in during heat waves. They are in the process of cooling down the space by planting more greenery outside and retrofitting the building.
<a href="#"><u>Totally Renewable Yackandandah - Energy Preparedness</u></a>	The project involved a comprehensive assessment of key buildings across Yackandandah, resulting in the strategic installation of generator plug-in points at four main locations, including the Public Hall and Senior Citizens Centre. Additionally, solar panels and batteries were installed at the hall and community centre, reducing emissions, saving money, and providing immediate backup power.	The initiative improves the ability of community facilities to continue operating despite minor outages, to ensure key services are available to the community.
<a href="#"><u>City of Melbourne Native Wildflower Meadow</u></a>	The project involved planting over 1 million seeds of 27 different species in Royal Park to combat the loss of biodiversity due to climate change.	26 species survived and have flourished, this project will improve the diversity of bats, birds and insects in the

<sup>22</sup> Geelong Sustainability. (2023). *Climate Safe Rooms Findings and Final Report*, p. 4-5.  
<https://www.geelong sustainability.org.au/wp-content/uploads/2023/11/Climate-Safe-Rooms-Final-Report-Sep-2023.pdf>

		area <sup>23</sup> helping to combat changing habitats and allow for species migration, as well as mitigate biodiversity loss.
<a href="#"><u>Resilient Kurilpa</u></a>	Community-led resilience network sharing local knowledge and resources for people to plan for future floods in Kurilpa. A Queensland-based project, but a good example of what community initiatives can achieve.	Ongoing information sessions, flood mitigation planning, home assessments and design solutions for adaptation-positive residences, and improved flood warnings and evacuation routes information.
<a href="#"><u>Smart Refuge Centres</u></a>	Voices of the Valley's Smart Refuge Centres concept would give communities the tools and resources to become resilient during disasters by upgrading central community hubs.	Concept stage, but they would ensure communities have a safe space to shelter during disasters, and that people can continue to access basic services like electricity and communications during disasters.
<a href="#"><u>Lake Tyers Aboriginal Trust Country Fire crew</u></a>	Lake Tyers Aboriginal Trust set up its own Country Fire crew <sup>24</sup> and has received funding for a culturally appropriate emergency relief centre <sup>25</sup> .	It is leading a dramatic shift in community attitudes towards fire and educating other crews in eastern Victoria about the importance of recognising cultural history and traditional sites <sup>26</sup> .
<a href="#"><u>Cardinia Hills Youth</u></a>	A behavioural change program	The program built the

<sup>23</sup>[https://besjournals.onlinelibrary.wiley.com/doi/full/10.1111/1365-2664.12876?utm\\_campaign=news&utm\\_medium=nationaltribune&utm\\_source=nationaltribune](https://besjournals.onlinelibrary.wiley.com/doi/full/10.1111/1365-2664.12876?utm_campaign=news&utm_medium=nationaltribune&utm_source=nationaltribune)

<sup>24</sup><https://aiatsis.gov.au/explore/keeping-lake-tyers-community-safe>

<sup>25</sup><https://www.abc.net.au/news/2022-09-08/indigenous-emergency-relief-centre-for-lake-tyers/101419064>

<sup>26</sup><https://www.abc.net.au/news/2018-07-08/victorias-only-all-aboriginal-fire-brigade-at-lake-tyers-trust/9934884>

<u>Fire Readiness Program</u>	designed to enable peer led cultural change in the attitudes and readiness of local youth towards fire safety.	resilience of students, enhanced youth relationships with emergency services, and had a positive impact on family fire prevention, as well as school staff fire prevention knowledge.
Multiple case study initiatives can be found here	<a href="https://www.monash.edu/muarc/research/research-areas/home-and-community/disaster-resilience/case-studies">https://www.monash.edu/muarc/research/research-areas/home-and-community/disaster-resilience/case-studies</a>	



## Proposal 2: Climate Impact Statement in the State Budget

The Government will need to modernise the budget process to align public spending with its obligations to the Climate Change Act (2017) — the implementation of the state climate strategy and adaptation action plans.

When it comes to the climate crisis, an ounce of prevention is worth a pound of cure. The Victorian Government needs an early intervention framework to ensure that it can account for the avoided costs that result from strong mitigation policies.

The Andrews Government set out interim Emission Reduction Targets and Climate Adaptation Plans for Victoria. The Government will need to modernise the budget process to align public spending with its obligations to the Climate Change Act (2017) — the implementation of the state climate strategy and adaptation action plans.

Each year, the Victorian Government allocates billions of public investment into infrastructure, government-supported programs, and services. While the government has a clear grasp of expenditure on education, health, and infrastructure, et cetera, there is currently limited understanding around climate-related expenditure and the ways in which climate impacts will affect the budget in coming decades.

The Victorian budget has evolved over the years to deal with changing context and issues. The Cain government modernised the Victorian budget in the 1980s. It brought greater transparency to the process by linking expenditure to a broader economic strategy and later including social justice thinking. Victoria became the first state to adopt accrual accounting under Premier Jeff Kennett.

In 2017, ratings agencies Standard & Poors and Moody's stated that **banks, cities, and states that fail to account for climate risk could face credit rating downgrades**. It is advantageous for governments to adopt climate-risk accounting measures to get out in front of the move. Failure to do so could see the government making contradictory decisions, such as allocating public funding towards forestry which undermines the state's greatest carbon sink, or major road projects that lock in existing dependency on private motor vehicles.



In 2024, communities are already battling escalating climate impacts such as bushfires, heatwaves, and floods. A growing body of research demonstrates that **climate impacts are hindering workers' abilities to do their jobs safely and optimally**. The impacts are wide-ranging and affect workers across geographic and industry boundaries.

'Climate impacts' are defined not only as environmental phenomena, but by their interaction with people. Friends of the Earth (FoE) and RMIT's 2022 Climate Impacts at Work report defines climate impacts as 'a collision between a given system (e.g. a household, organisation or infrastructure network) and particular weather and longer-term climate conditions'<sup>27</sup>.

This definition acknowledges that a person's day-to-day life is a significant factor in how strongly they will be affected by climate impacts. For example, a worker whose home is damaged in a flood or bushfire and needs to take time off will experience heightened stress if they are employed in insecure work, meaning 'insecure income, no leave and few workplace protections'.

Therefore, **Victoria's preparedness for climate disasters is affected by the social security of its people and the state of its workforce**, regarding factors such as job security and wellbeing. FoE's Climate Impacts at Work report highlights not only the seriousness of each individual impact, but the ways impacts have flow-on effects across industries and outside of people's work lives.

**FoE recommends that the government publish a Climate Impact Statement when the budget is released, effectively modernising the budget to align with state climate policy.**

**The statement would present:**

- **Baseline and categorised climate-related expenditure:**  
There is a clear need for the government, key stakeholders, and public to understand how expenditure contributes towards direct mitigation, indirect mitigation, adaptation, and disaster response. This analysis can form a baseline and allow governments, departments, and stakeholders to track trends.
- **Carbon accounting:** Adopt carbon emissions valuation, such as the 'social cost of carbon' model used in the United States, to account for the greenhouse gas emissions liabilities of state government activities. This would be incorporated into cost-benefit analysis of government programs and investments.

<sup>27</sup> Denham and Rickards 2022, 14