

AITHER QUARTERLY LETTER | Q1 FY2021-22

Making better decisions in response to climate change

Dealing with climate change is central to Aither's purpose of addressing globally significant issues by helping governments and business make better decisions.

In this quarterly edition, and over this year, we will share the practical insights, frameworks and tools we're using to help our clients make better decisions in the face of climate change.

Before jumping into that though, we've an exciting announcement to share. Aither has expanded its executive team in response to the organisation's growth, appointing Christine Axton to the newly created role of chief operating officer. Achieving our purpose requires doing great work with great people, and we're delighted to have Ax on board.



With 25 years of research and consulting experience under her belt, Christine's recent experiences include leadership roles at both Deloitte Australia and Nous Group. She has specialist knowledge in growth strategy, organisational capability and digital transformation and a track record of success cultivating high performing professional service teams.

Our growing team has been busy and, related to the theme of improved decision making in response to climate change, in this edition we're pleased to share our [recent webinar on developing better business cases](#), our market leading annual [Aither Water Markets Report](#), and an [insight](#) and [upcoming webinar](#) on supporting governments incentivise private sector investment in natural capital.

Climate change is occurring – and the impacts are profound

The Intergovernmental Panel on Climate Change (IPCC) released its Sixth Assessment Report on 9 August 2021.

The hard-hitting report brings together the latest advances in climate science and multiple lines of scientific evidence. It shows that climate change has, and will continue to have, irreversible effects on our planet, its ecosystems, and people.

Notable findings include major increases in global surface temperatures, sea level rise and the chance of compound extreme events such as heatwaves, droughts and flooding.

However, the IPCC report highlights high levels of uncertainty about the timing, frequency and severity of climate change impacts. There is also uncertainty about how our social, economic, and

ecological systems will respond to climate change – and about the effectiveness of any actions we may take.

You can address climate change and uncertainty in decision making

Uncertainty does not mean climate change is not happening. And it isn't an excuse for doing nothing. But it does create legitimate challenges for governments, businesses, and individuals in deciding when and how to adapt, sequence and prioritise their actions.

Dealing with uncertainty has always been part of the management of natural resources, and we already know much about how to handle this. In our view, there are at least three ingredients for success:

1. Getting comfortable with uncertainty so you can focus on the right things

While the impacts of climate change could vary dramatically, in most cases we know the likely direction of change.

Whilst there is value in improving the precision of these estimates and gathering more data over time, we risk paralysis by analysis when dealing with issues on the ground.

Lots of time and effort can be wasted chasing false precision. The IPCC's report shows we don't have that time. We need to ramp up adaptation and mitigation efforts immediately.

That means accepting that we may not know exactly what's going to happen and dedicating effort and resources to building strategies and robust responses for a range of possible futures.

2. Maintaining analytical rigour

This doesn't mean throwing away rigorous decision making based on scientific evidence, economics, and good policy design and analysis.

It does mean we need to use tried and tested processes and tools for strategic planning, investment appraisal and policy decision and analysis that implicitly account for uncertainty.

Aither focuses on applying these tools to issues of [water supply and resource management](#), flood mitigation, [bushfire management](#), [coastal zone management](#) and [environmental protection](#).

3. Communicating effectively and bringing people along

The best planning and complex technical work can be undone quickly if it's not communicated well and doesn't involve all affected parties.

Analytical and strategic work needs to be embedded in communication that makes sense to stakeholders and reflects their needs and lived experience. As a team, we're continually looking for new ways to frame problems, present options, and communicate findings to help our clients make better decisions.

More broadly, the management of natural resources affected by climate change requires ongoing communication between governments and resource users, sometimes over decades. As we've seen in the debate about water management in the Murray–Darling Basin, building trust is difficult. And rebuilding trust once it's been eroded is even harder.

Continuing the conversation

We can apply many of these techniques when developing business cases for public investment in policies, programs, and infrastructure.

Associate Directors Rod Coulton and Martijn Gough's recent webinar 'A strategic approach to business case development' looked at common challenges in business cases, principles for a more strategic approach and complementary tools.



A strategic approach to business case development

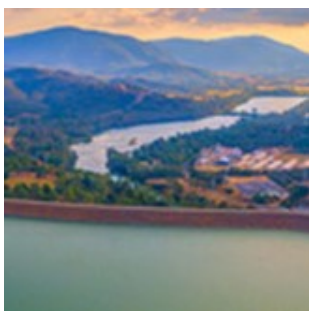
[READ THE FULL ARTICLE →](#)

[VIEW THE RECORDED WEBINAR →](#)

Information is a critical tool that can be used by governments and others to aid climate adaptation by individuals and businesses. Aither's team are believers in the power of individuals and businesses to adapt and make good decisions when provided with information that is useful and useable.

This view underpins our commitment to our [Aither Water Markets Report](#), the market leading annual report on trading activity, trends and drivers in the Murray Darling Basin.

The eighth annual report was released on 10 August and is on our [website](#) along with [relevant media coverage](#).



2021-22 Aither Water Markets Report

[READ THE FULL REPORT →](#)

[VIEW MEDIA COVERAGE →](#)

We urgently need appropriate and sustainable mechanisms to improve and accelerate how we maintain and restore natural capital. This is increasingly important in the context of a changing

climate. Governments are developing policies and regulatory and incentive mechanisms that can facilitate private investment in natural capital. However, identifying appropriate mechanisms is challenging.

Principal Consultant Justin Story presents key areas of focus to support government identify, develop and maintain mechanisms that achieve this objective.



Investment in natural capital - benefits, barriers and opportunities for government

[READ THE FULL ARTICLE →](#)

[REGISTER FOR THE WEBINAR →](#)

We look forward to sharing more insights around adaptation to climate change and the management of water and natural resources over the next year. We welcome your feedback and hope to see you at one of our upcoming webinars.

Yours sincerely

Will Fargher and Chris Olszak

Co-Founders and Directors, Aither