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## **Review of the Local Government Act 1989**

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Dear Minister Hutchins,

Thank you for the opportunity for the South East Councils Climate Change Alliance Inc. (SECCCA) to comment on the Review of the Local Government Act 1989.

SECCCA is a collaboration of 8 councils to Melbourne's south and east formed to develop and implement regional programs for climate change mitigation and adaptation. We work across many sectors within our councils, we conduct a range of innovative and successful projects and we are an effective and efficient vehicle for regional action. SECCCA is one of the ten regional alliances of councils that have recognised the benefits of aggregated action for delivering efficiencies in the climate change response.

These comments from SECCCA do not necessarily represent the views of any member council. Our council members are diverse, with perhaps those having a strong manufacturing base holding different views on some matters to those with a strength in the rural sector, for example. Our councils do come together in collaborative responses for reducing emissions of greenhouse gases and in planning effective adaptation actions.

SECCCA delivers mitigation and adaptation projects and advocates on issues that have a direct impact on the ability of our communities to take action on climate change.

Much of the content of this submission has been developed by colleagues at the Eastern Alliance for Greenhouse Action (EAGA). SECCCA is pleased to support their work. SECCCA is collaborating with EAGA and Victoria's other Greenhouse Alliances to develop a state wide program to assist vulnerable households to install solar PV to reduce electricity costs and stay cool in heatwaves. The program aims to achieve this by providing access to low cost finance through the application of additional property charges via the Special Charges Scheme (Sec 163) of the Act.

However, using the Special Charges mechanism to scale up such a program (across a region or state) presents a number of challenges and constraints on councils. Consequently, the scope of this submissions deals exclusively with chapter six of the DELWP discussion paper relating councils rates and charges and makes a number of recommendations for modernising the Act to enable councils and partners to deliver such a program at scale.

As part of their service delivery to the public, councils have the capacity to apply specific charges to individual rates to recover expenses or debt here there is a special benefit to the household. Schemes in New Zealand and California have been established to support regional scale residential programs with significant benefits.

In Australia, this innovative approach was pioneered in 2014, through the Darebin Solar Savers program where council applied the Special Charges mechanism to enable 300 pensioners to access solar PV and pay back the cost over 10 years. Participants paid an additional rate repayment of \$290 per year (on average) whilst saving approximately \$400 on utility bills and were cash flow positive from day one. The ability of the technology to provide low cost energy throughout the day means these householders can cool their homes during heatwaves without fear of 'price shock'.

Using a rates mechanism to facilitate such a program provides a number of key benefits:

- Any outstanding debt is tied to the property title and allows the council to recover debt with accrued interest when the property is sold
- The purchase and installation of the solar systems are not subject to GST, because the rates charge is GST exempt, translating to greater savings for householders
- The rates charge is a legislated charge through an Act of the Victorian Parliament with negligible defaults, providing security and decreasing risks for investment

However, the successes of these programs are often dependent upon the 'elegance' of the regulatory framework through which they operate. The recent amendment to the Local Government Act to enable Environmental Upgrade Agreements (EAUs) is an example of how the legislative frameworks can be improved to support rate based schemes. Whilst EAUs are only available to the commercial and industrial sectors, EAUs offer a number of advantages over the Special Charges mechanism, including that the charge is taken off the balance sheet of the council. This is particularly important for local government agencies often reluctant to take on debt or extend service provision under rate capping

Endorsement of the new charge is delegated to the CEO (rather than passed by a majority vote in council) and the requirement for the charges to be communicated through public notices are removed, meaning the scheme is less resource intensive for councils to administer.

Importantly, the Review of the Act provides an opportunity for the State Government to leverage the leanings and lessons from these initiatives. SECCCA supports EAGA in recommending that the Act's provisions relating to council rates and charges allow for the following:

- A simple and flexible charge should be able to be levied on any residential, commercial or industrial property (and not the owner or tenant) to achieve environmental or social outcomes
- The charge should be attached to a Section 32 of the property title
- The charge should be GST exempt
- The charge should be taken off the balance sheet of the administering council when finance is provided via a third party
- Administrative requirements are streamlined to increase efficiencies and reduce time and staffing costs for councils (as per an EUA)

SECCCA is willing to join EAGA and other alliances to work with the State Government and the DELWP team to ensure that consistent and robust approaches for assisting vulnerable households are adopted. This includes working collaboratively to implement programs that unlock investment and generate meaningful long term savings for Victorian households.

Yours sincerely



Executive Officer  
17 December 2105

# South East Councils Climate Change Alliance

## Local governments in the south east responding to climate change

The South East Councils Climate Change Alliance (SECCCA) supports its Council members and their communities, businesses and industries south east of Melbourne to respond and adapt to the impacts of climate change.

We are a network of eight councils committed to delivering high-quality, innovative projects and research programs at a regional level.

SECCCA is a peak industry body that collaborates with all levels of government to deliver regional climate change projects that benefit over 1 million residents in the south east of Melbourne.

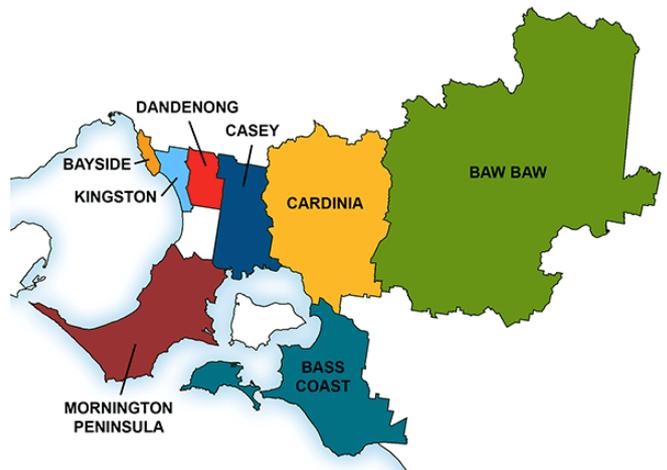
Our vision is for the communities of the south east of Melbourne to produce zero net emissions and have highly adaptive capacity to climate change.

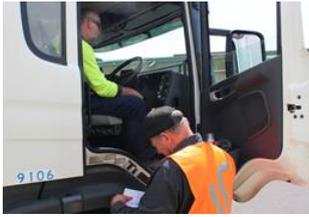
See reverse for highlights of past and current initiatives, or visit our website for a full project listing and detailed information  
[www.seccca.org.au](http://www.seccca.org.au).

Established in June 2004, SECCCA has secured \$9.1 million of investment to deliver over 20 innovative climate change related projects over the last decade.

We advocate, educate and deliver targeted projects in the areas of greenhouse gas abatement, sequestration and adaptation.

**Have an idea?** We are always on the lookout for innovative new project ideas and partnership opportunities, so please get in touch.





## Current projects

### EcoDriver Project

The EcoDriver Fleet Efficiency Program is a driver education and behaviour change program helping organisations improve the efficiency of their fleet. Drivers are taught techniques such as progressive gear shifting and braking, smooth operating, scanning ahead and optimum speeds. The program can reduce fuel consumption by an average of 15-20% with further savings expected on vehicle maintenance.

### Energy Saver Study

The Energy Saver Study is providing direct support to 320 households in the south east region to help improve their resilience to weather extremes while reducing their energy bills and consumption. With support from the CSIRO, the study will identify barriers to energy efficiency and the best interventions to overcome them, developing broader insights for future government programs.

### Save it for the Game

Backed by sporting champions Liz Ellis and Bill Brownless, this initiative helps cash-strapped local sports clubs save money, maintain low fees and keep sports accessible for the local community. The program helps sports clubs identify and implement energy saving actions so they can cut an average of 30% off their energy bills and invest the money saved in other aspects of the game.

### Financial Risk Adaptation Planning

The Financial Risk Adaptation Planning (FRAP) Initiative helps Councils evaluate climate-related risk and prepare financially for the less obvious impacts of climate adaptation. The project aims to strengthen councils' capacity to respond to severe weather events and cumulative effects of climate change in a more financially sustainable way, in turn supporting the ongoing liveability of the south east region.

## Completed projects include

**Western Port Human Settlements Impacts and Adaptations.** Councils were given projections for climate change impacts to inform planning to best help their community.

**Agricultural Emissions and Resource Efficiency.** Farms achieved reductions in energy (18%), water (35%) and waste to landfill (54%) while lifting productivity by 15%.

**Electric Vehicle Trial.** In conjunction with the Department of Transport, Councils trialled a plug-in electric vehicle to see how it could meet their needs.

**Sustainable Homes.** Through a series of workshops, participants learnt about energy and water efficiency in the home and how to reduce their environmental impact and save money.

**Heatwave strategies.** Councils developed strategies to help their communities manage heat stress caused by a rise in consecutive hot days.

**Carbon Sink.** Planting trees in regional carbon sinks to reduce carbon dioxide in the atmosphere.

Find more information about these and SECCCA's other innovative projects at [www.seccca.org.au](http://www.seccca.org.au)