

ANNUAL REPORT 2019



President's Report

The last twelve months has seen SECCCA confirm its strong vision for the region and establish new confidence in bringing together members to work at addressing the climate crisis.

The highlight of the year was launching our Strategic Plan. This plan sets the roadmap for SECCCA's actions and priorities over the next five years. It recognises that our previous financial model of relying on grant money to underpin staffing and operational costs was unsustainable and that we needed to change to a financial structure in which membership fees cover these costs.

Representatives from all member Councils contributed to developing this plan, which puts into place an ambitious work plan for SECCCA staff. The projects were rigorously interrogated for their ability to return maximum benefit to members and to drive a zero emissions economy. I would like to acknowledge the work of the Management Committee in developing the Strategic Plan, but particularly the Projects Sub Committee for their detailed and robust analysis of each of the projects. SECCCA is only as strong as its parts - I am so grateful for the passion and commitment of my fellow Council staff.

Another highlight has been our strong voice and continued positioning as a well-recognised authority on climate change. SECCCA made submissions to a number of key state and federal consultations including: Victorian Government's Inquiry into how Victorian Communities are Tackling Climate Change; the National Construction Code Scoping Study; the Essential Services Commission review of the Electricity Distribution Code and supporting a Greenhouse Alliances joint submission to the Victorian Government's Independent Expert Panel Advice on Emission Reduction Targets for Victoria.

Working in a boutique and agile organisation can be challenging. Our Project Coordinator Daniel Pleiter shows great patience and adaptability when charged with delivering projects across such diverse membership. The region is home to some of the fastest growing residential developments, with the current population growing by over a third to 1.5 million by 2030, thus our New Homes Energy Advisory service is helping new home buyers choose and design zero energy homes.

Dominique LaFontaine our Executive Officer has continued to lead our organisation with poise and resilience. Dominique helped to deliver some of our most successful events ever, the Leaders Breakfast saw the engaging Cr Arron Wood from City of Melbourne share reflections on the connectedness of water, greening, cooling, energy efficiency and renewable energy infrastructure. Our refreshed approach to the Regional Forum allowed stakeholders to dissect our Advocacy Plan and contribute tangible delivery ideas. I would also like to acknowledge the outstanding efforts Dominique made towards the Greenhouse Alliance Conference. The calibre of presenters and sponsors she was able to attract to the event was outstanding.

The following pages provide more details about some of the key deliverables I have highlighted. I am very proud of the achievements of SECCCA, which wouldn't have been possible without the passion and commitment of the Council staff and the leadership and drive of our amazing SECCCA staff.

Emily Boucher
President



Executive Officer's Report

It's been an exciting year for SECCCA. As councils have recommitted to membership for the 2019 -2024 period, we have been able to turn our attention to developing and delivering projects and advocacy that will add value to our member councils and help equip them to address the challenge of climate change.

Daniel Pleiter, SECCCA Project Coordinator has produced leading work in the residential energy efficiency space. His exposure to the mass build housing market through the New Homes Energy Advisory Service provided SECCCA with a strong evidence base for our National Construction Code (NCC) Scoping Study response. Daniel has also managed the transformation of the Ecological Sustainable Development (ESD) matrix into a pivotal tool for members.

Our efforts in the climate risk and governance space has brought this critical issue to the fore. Our relationship with Sarah Baker, one of the preeminent legal minds in this area, and our advocacy work, has initiated the conversation about the need for financial support for councils to address the existential risk of climate change.

What we do is truly a team effort. Each individual SECCCA management committee member commits their time and energy to help deliver SECCCA projects and advocacy. I acknowledge and thank SECCCA President Emily Boucher and the entire SECCCA management committee for their support throughout the year.

The release of the 2019 Victorian Climate Change Projections demonstrates the significant challenge that climate change presents. Maximum and minimum temperatures are increasing, the intensity of fire and flood events are worsening, and increasing extreme weather are some of the climate variables impacting councils and their communities.

Next year SECCCA will continue to focus on climate change risk. We will also explore how sustainable development goals can become more central to councils, commence working with the newly established Councillor Advisory Group and expand on our work in the ESD space.

Dominique La Fontaine Executive Officer



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PROJECTS



SECCCA has delivered some exciting projects and initiatives this year. Identified by member councils and designed to help councils achieve targets and priorities, these collaborative SECCCA projects assist our communities to live a zero emissions lifestyle.

New Homes Energy Advisory Service (NHEAS)

In its second year of operation, the NHEAS continued to help builders and new home buyers to construct high performing zero energy homes that are comfortable to live in without having to pay for power.

From our research and experience we recommend all new homes have:

1. All windows double glazed
2. An appropriately sized solar system
3. Increased insulation in walls by R0.5 and roofs by R1 above the NCC standard
4. Evaporative cooling and gas ducted heating phased out and replaced with refrigerated reverse cycle heating and cooling or similar efficient and effective appliances
5. A shading strategy completed for all windows to ensure sun blackout (e.g. eaves, awnings, planting, block out blinds etc)
6. Installation of an electric boosted solar hot water service or heat pump
7. Air tightness testing with a minimum level of 6ACH50 required
8. Victoria Residential Efficiency Scorecard Assessed and Rated

The average cost to install these features was \$10,000 - \$15,000 per house with an estimated 4-6 year payback; and if these costs are included in the original construction budget then paybacks are instant.

More information about the Service and case studies can be found at www.seccca.org.au/project/new-home-energy-advisory-service/





Environmental Sustainable Development (ESD) Matrix

SECCCA completed the development of the ESD Matrix, a tool designed to improve the environmental outcomes of Council buildings, as well as reducing operational and maintenance costs. The ESD Matrix enables architects and building designers to establish which sustainable design elements should be included in a variety of Council facilities including sports pavilions, community centres, libraries and arts centres. The ESD Matrix is now available for Councils across Victoria (with SECCCA members receiving discount access). More information at <http://www.seccca.org.au/project/esd-matrix/>

South East Melbourne Renewable Energy Project (SEMREP)

The SEMREP feasibility study investigated how councils could reduce the cost of energy, reduce emissions and drive regional socio-economic outcomes. An energy market specialist consultant was engaged to compare a 'business as usual' (BAU) electricity purchasing approach against proposed procurement options. The Power Purchase Agreement (PPA) approaches were projected to deliver electricity cost savings under the low and medium renewable energy uptake scenarios, and a slightly higher cost of energy in the event of high renewable energy uptake in the grid.

A subset of the SEMREP feasibility study considered models that would enable delivery of renewable energy products to residents, businesses and other smaller customers. This is the subject of the SEMREP for Business Options Paper.

In addition, the SEMREP project also engaged Ashurst Lawyers to examine the potential issues and project structures involved in council's jointly developing solar projects across multiple council-owned sites. The research did not reveal any 'fatal flaws' that would prevent such an approach.

ADVOCACY

Victorian Greenhouse Alliances Conference 2019

SPONSORED BY



9.45AM
CONFERENCE OPENING
CLARENDON AUDITORIUM
SPEAKER
Karen Gandham AMQSA

10.15AM
LOCAL GOVERNMENT: WORKING
CLIMATE CHANGE
CLARENDON AUDITORIUM
Chapman Executive Officer, G

10.15AM
DISASTERS, DUTIES AND DIVESTMENT:
CLIMATE CHANGE RISK THROUGH
A FINANCE & LIABILITY LENS
CLARENDON AUDITORIUM
SPEAKER
Sarah Barker Head of Climate Risk
Governance, MinterEllison

4.10PM
TAKING IT
FOR LOCAL
CLARENDON
SPEAKER
David Melkior

4.25PM
CONFERENCE CLOSURE
CLARENDON AUDITORIUM
SPEAKER
Rob Law Executive Officer

SECCCA's 2019 - 2024 Strategic Plan outlines an eight-point advocacy plan which articulates broadscale changes to institutional arrangements and structures which SECCCA believes would create the framework to support our community to thrive, live a zero emissions lifestyle and be resilient to the changing climate.

Federal Election 2019

In the lead up to the 2019 Federal election, SECCCA wrote to numerous local Federal Members of Parliament highlighting the important role local government plays in emissions reduction and climate change adaptation. The letter called for creation of a \$10 Billion fund to help deliver infrastructure improvements, increase capacity and put climate change at the centre of decision-making across all levels of government.

Independent Expert Panel Advice on Emissions Reduction Targets for Victoria

As part of implementing the Climate Change Act 2017, the Victorian Government sought independent expert advice on interim emissions reduction targets for 2025 and 2030, to set Victoria on a path to achieving net zero emissions by 2050. The Victorian Greenhouse Alliances developed a joint submission to the Victorian Government's Independent Expert Panel Advice on Emission Reduction Targets for Victoria, calling for a target of 67% below 2005 levels in 2030. The submission argued that a strong emissions reductions trajectory will ensure economic signals occur as early as possible to incentivise Victorian businesses and households to transition sooner rather than later.



National Construction Code (NCC) Scoping Study Response

The Australian Building Codes Board (ABCB) was directed by the Building Ministers' Forum (BMF) to investigate possible changes to the NCC's energy efficiency provisions, with a focus on residential buildings. The ABCB produced a scoping study for public comment and based on the preliminary findings from the NHEAS program and learnings from our involvement in the Residential Energy Efficiency Scorecard pilot, SECCCA developed a comprehensive submission that include key energy efficiency and renewable energy recommendations for all new homes.

How Victoria Communities are Tackling Climate Change

The Environment and Planning Committee of the Victorian Government is conducting an inquiry into what urban, rural and regional communities in Victoria are doing to tackle climate change and how the Victorian Government could support these communities. SECCCA's response detailed a range of SECCCA projects, as well as provided direct responses to what steps the Victorian Government can take to best support communities in their efforts. SECCCA was also invited to speak at a public hearing.

Electricity Distribution Code Review

SECCCA submission to the Essential Services Commission review of the Electricity Distribution Code (which sets out the requirements for the distribution of electricity in Victoria), noted several necessary initiatives be undertaken

- a. the need to implement dynamic support control to ensure that solar and home battery storage systems can be used by the network with permission from and payment to the householder, and provide energy during peak demands and manage voltage issues;
- b. enabling all customers to export up to 5kW at all times and
- c. prioritising grid planning that supports batteries and electric vehicles.

Demand Response

The Australian Energy Market Commission (AEMC) released a draft rule setting out a series of changes to the National Electricity Rules (NER) to facilitate wholesale demand response in the national electricity market (NEM), principally through implementing a wholesale demand response mechanism. SECCCA's joint submission, with other Victorian Greenhouse Alliance, supported the proposed rule change for the introduction of a demand response market mechanism.

Safety Beach Sailing Club

Keel Boat Champion

2002-03	P. RICHARDSON	APPROXIMATE
2003-04	G. BULLKA	THE DARK SIDE
2004-05	S. RICHARDSON	TARDIS
2005-06	B. TANNER	NORMA JEANE
2006-07	A. CLARK	ZESTING
2007-08	S. RICHARDSON	AFTER MIDNIGHT
2008-09	P. RUSSELL	

CLUB	
1975	P. ANDERSON
1977	B. SAHRES
1979	S. SPRINE
1980	M. SYRNETT
1981	A. WHITE
1982	M. WILD
1983	M. TELLESSON
1984	C. MARTIN

CHAMPION	
2001	M. SLATER
2002	M. SLATER G. BREAL
2003	R. ANDERSON
2004	A. MARTIN
2005	M. SLATER
2006	R. MARTIN
2007	R. MARTIN
2008	R. MARTIN

FORUMS



Part of SECCCA's Strategic Direction is to work with members to increase their capacity to respond to climate change; as well as enhancing members ability to undertake projects collaboratively. Providing opportunities for members to come together to discuss climate change and related issues is a critical service provision.

Climate Risk Governance

With significant assets to manage, services to provide and a community to protect, councils are at the front line of managing climate change and its impacts. SECCCA arranged for renowned climate risk expert Sarah Barker, Special Counsel with Minter Ellison to speak with member councils about how the corporate sector and governments around the world are grappling with this challenge.

Victorian Greenhouse Alliances Conference

The 4th Annual Victorian Greenhouse Alliances Conference, held on 19 July 2019 at the Melbourne Convention and Exhibition Centre, was a huge success. Over 300 local government people attended the event, which showcased an outstanding program of inspiring speakers. The conference is an opportunity for local government to learn, share and network - focusing on the latest programs and policies that address climate change for councils and their communities.

A Communique describing the challenge Australian local governments are facing at the front line of responding to climate change and the urgency of taking action was tabled. The Communique also discusses Australian local governments unified voice on climate change issues.

The SECCCA Annual Leaders breakfast

Held on 22 May 2019 at the Woodlands Golf Club in Mordialloc and hosted by the City of Kingston, the breakfast was attended by over 60 local government Councillors, CEOs and senior management from SECCCA's member councils, business leaders and government representatives.

City of Melbourne Deputy Lord Mayor Cr Arron Wood gave the keynote presentation. He described the actions being implemented by City of Melbourne to build climate resilience and reduce their carbon footprint. Cr Wood also commented on how important local government action is, and has always been, in addressing climate change.

SECCCA Regional Forum

Over thirty SECCCA member representatives, gathered on 29 August 2019 at the Safety Beach Sailing Club, hosted by Mornington Peninsula Shire Council, to document how climate change is impacting councils and their communities. Participants also discussed the most effective strategies for implementing SECCCA's advocacy plan.

Attendees talked about how the increasing incidence and severity of heat, drought, flooding, erosion and fire risk are impacting the financial viability of councils and the well-being of their communities. It was also noted that the back to back nature of these disaster events places additional pressure on council's capacity to respond.



FINANCIAL STATEMENTS



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Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	4	414,476	446,693
Expenses			
Program expenses		(114,315)	(223,447)
Employee benefits expense		(218,253)	(203,149)
Administration expenses		(23,938)	(31,708)
Training and development		-	(1,041)
Travel		(1,149)	(2,680)
Total expenses		<u>(357,655)</u>	<u>(462,025)</u>
Surplus/(deficit) before income tax expense		56,821	(15,332)
Income tax expense		-	-
Surplus/(deficit) after income tax expense for the year attributable to the members of South East Councils Climate Change Alliance Inc.	13	<u>56,821</u>	<u>(15,332)</u>
Total comprehensive income for the year attributable to the members of South East Councils Climate Change Alliance Inc.		<u>56,821</u>	<u>(15,332)</u>
Profit attributable to:			
Members of the parent entity		<u>56,821</u>	<u>(15,332)</u>
Total comprehensive income attributable to:			
Members of the parent entity		56,821	(15,332)

Statement of Assets and Liabilities

30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	391,411	237,196
Trade and other receivables	6	11,000	78,375
Other assets	7	5,131	10,549
TOTAL CURRENT ASSETS		407,542	326,120
NON-CURRENT ASSETS			
Plant and equipment	8	846	-
TOTAL NON-CURRENT ASSETS		846	-
TOTAL ASSETS		408,388	326,120
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	42,787	50,346
Employee benefits	10	13,267	30,688
Other liabilities	11	208,124	159,890
TOTAL CURRENT LIABILITIES		264,178	240,924
NON-CURRENT LIABILITIES			
Employee benefits	10	5,827	3,634
TOTAL NON-CURRENT LIABILITIES		5,827	3,634
TOTAL LIABILITIES		270,005	244,558
NET ASSETS		138,383	81,562
EQUITY			
Reserves	12	57,295	57,295
Retained earnings	13	81,088	24,267
TOTAL EQUITY		138,383	81,562

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

2019

	Retained Earnings	New Project Reserve	Total
	\$	\$	\$
Balance at 1 July 2018	24,267	57,295	81,562
Surplus / (deficit) after income tax expense for the year	56,821	-	56,821
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	81,088	57,295	138,383
Balance at 30 June 2019	81,088	57,295	138,383

2018

	Retained Earnings	New Project Reserve	Total
	\$	\$	\$
Balance at 1 July 2017	39,599	57,295	96,894
Surplus / (deficit) after income tax expense for the year	(15,332)	-	(15,332)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	24,267	57,295	81,562
Balance at 30 June 2018	24,267	57,295	81,562

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (inclusive of GST)	564,243	430,497
Payments to suppliers and employees (inclusive of GST)	(415,384)	(447,922)
Interest received	6,627	4,106
Net cash provided by/(used in) operating activities	155,486	(13,319)
	15	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,271)	-
Net cash used by investing activities	(1,271)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	154,215	(13,319)
Cash and cash equivalents at beginning of year	237,196	250,515
Cash and cash equivalents at end of financial year	391,411	237,196
	5	



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EAST COUNCILS CLIMATE CHANGE ALLIANCE INC

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of South East Councils Climate Change Alliance Inc (the association), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the members of the committee.

In our opinion, the financial report presents a true and fair view, in all material respects, of the financial position of South East Councils Climate Change Alliance Inc as at 30 June 2019 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements, and the *Associations Incorporation Reform Act 2012 Victoria*.

Basis for Opinion

We have conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the association in accordance with the ethical requirements of the *Australian and Not-for-profits Commission Act 2012* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist South East Councils Climate Change Alliance Inc to meet the requirements of *Associations Incorporation Reform Act 2012 Victoria*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Committee Members for the Financial Report

The Committee Members are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Reform Act 2012 Victoria* and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee members are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Joel Hernandez, CA
rdl.accountants

12 November 2019
Blackburn, Victoria

Members of Management Committee

Benita Russell
Bass Coast Shire Council

Darren Wilson
City of Greater Dandenong

Deidre Griepsma
Bass Coast Shire Council

Edward Cotter
City of Greater Dandenong

Carmel Ron
Bayside City Council

President - Emily Boucher
City of Kingston

Julian Donlan
Bayside City Council

Helen Scott
City of Kingston

Aruna Dias
Cardinia Shire Council

Chris Yorke
Mornington Peninsula Shire Council

Desiree Lovell
Cardinia Shire Council

Nicci Tsernjavski
Mornington Peninsula Shire Council

David Westlake
City of Casey

Brett Mc Donald
City of Port Phillip

Mark Akester
City of Casey

Renaë Walton
City of Port Phillip

Projects Subcommittee

Chaired by

Co Vice President - Chris Yorke
Mornington Peninsula Shire Council

Governance Risk Finance Subcommittee

Chaired by

Co Vice President - Desiree Lovell
Cardinia Shire Council

Members of Projects Subcommittee

Members of Governance Risk and Finance

Aruna Dias
Cardinia Shire Council

Treasurer - Julian Donlan
Bayside City Council

Mark Akester
City of Casey

President - Emily Boucher
City of Kingston

Helen Scott
City of Kingston

Secretary - Nicci Tsernjavski
Mornington Peninsula Shire Council

Renaë Walton
City of Port Phillip

Operations

Dominique La Fontaine
SECCCA Executive Officer

Daniel Pleiter
SECCCA Project Coordinator

