15 September 2025
Productivity Commission

Re: Submission to the inquiry into investing in cheaper, cleaner energy and the net zero transformation

On behalf of our member councils, the South East Councils Climate Change Alliance (SECCCA) is pleased to have this opportunity to contribute to the Productivity Commission's *inquiry into investing in cheaper, cleaner energy and the net zero transformation*.

About SECCCA

SECCCA represents seven local governments in South East Melbourne: Bass Coast Shire Council, Bayside City Council, Cardinia Shire Council, City of Casey, City of Kingston, Mornington Peninsula Shire Council and City of Port Phillip. These local governments collectively manage over $2.2 billion in annual revenue and $26.7 billion in assets. SECCCA's purpose is to accelerate the response to climate change across our region and ensure a vibrant future for South East Melbourne.

SECCCA's local government areas are home to more than 1 million Victorians, from a diverse mix of metropolitan, peri-urban, coastal and rural communities. SECCCA's councils span one-third of Victoria's coastline, account for more than 45% of our state's manufacturing activity and produce a combined $85 billion in Gross Regional Product each year.

SECCCA's seven member councils have all set net zero targets for municipal emissions, with five targeting 2030 or earlier. Four councils have community net zero targets of either 2030 or 2040, and all councils have implemented plans and strategies to drive decarbonisation consistent with their regulatory responsibilities under the *Local Government Act*.

Response to the draft recommendations

SECCCA strongly supports ambitious emissions reduction targets to meet Australia's commitment under the *Paris Agreement* to limit global warming to below 1.5-degrees.

We note that the Australian Government will shortly announce its 2035 emissions target, which is expected to chart an ambitious and evidence-based pathway towards net zero. The 2035 emissions target has direct relevance for this inquiry, as the final policy recommendations formed by the Productivity Commission must align with the speed and scale of the energy transition dictated by this target.

SECCCA has narrowed its response to recommendations we have direct experience with through project delivery and policy development in South East Melbourne. While we support the general principles of reducing the cost of meeting emissions targets and streamlining environmental approvals, our comments are confined to the recommendations below.

Reducing the cost of meeting emissions targets

Recommendation 1.3 – Introduce an emissions-reduction incentive for heavy vehicles and phase-out policy overlaps for light vehicles

SECCCA supports incentives for heavy vehicles but does not support phasing out incentives for light vehicles at this time.

Heavy vehicles

Local governments own and operate heavy vehicles such as garbage trucks, excavators and street sweepers to manage infrastructure and services. While our member councils have made progress transitioning light vehicle fleets, heavy vehicles remain a hard-to-abate sector. Incentives would support councils to decarbonise this component of their fleets.

Of the Productivity Commission's options, SECCCA favours including a carbon component in a future road user charging scheme. This approach fairly internalises emissions costs across the economy. Revenue raised could be hypothecated into research and development of low-emissions heavy vehicle technologies.

Light vehicles

Transport is Australia's third largest emitting sector, responsible for around 22% of national emissions. Passenger and light commercial vehicles alone contribute 60% of this.[1] In SECCCA's region, transport emissions are approximately 2.3 million tCO2-e per year.[2] And while electric vehicle (EV) sales are accelerating, they still account for only just over 10% of new car sales.[3]

SECCCA has a strong track record supporting EV uptake, including a 2011 trial with the Department of Transport and several member councils,[4] and a 2022 EV Charging Roadmap for the region.[5] These initiatives have helped accelerate adoption, but uptake must grow much faster to meet emissions targets.

Federal incentives such as the Electric Car Discount (Fringe Benefits Tax exemption) have proven effective, including in encouraging council staff EV uptake through novated leases. By contrast, while the New Vehicle Efficiency Standard improves supply and diversity, it does not directly reduce purchase costs. The upfront cost gap between EVs and internal combustion vehicles remains a key barrier, despite lower operating costs.

Phasing out the Electric Car Discount now would slow decarbonisation of Australia's light vehicle fleet. **SECCCA therefore does not support the recommendation to phase out light vehicle incentives until EV uptake is sufficiently mature.**

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[1] Australian Government (Department of Climate Change, Energy, the Environment and Water), [Reducing Transport Emissions]() (2025).

[2] Per data from Snapshot Climate, [Australian Emissions Profiles]() (2025).

[3] Electric Vehicle Council, [EV Sales Power Ahead in 2025]() (2025).

[4] SECCCA, The Electric Vehicle Trial (2011).

[5] Institute for Sensible Transport, *SECCCA Electric Vehicle Charging Roadmap* (2022).

Addressing barriers to private investment in adaptation

SECCCA supports the recommendations in this section, as outlined in our response below. However, we emphasise the critical role of the Australian Government in supporting local governments and communities to adapt to climate change.

We refer the Commission to the *Adapting Together: Local Government Leadership in a Changing Climate* report by the Australian Local Government Association (ALGA), which highlights escalating climate impacts and the urgent need for more funding.[6] SECCCA supports ALGA's recommendation to **increase Australian Government adaptation funding to local governments by $400 million per year**, which would conservatively double current local government expenditure on adaptation.

Adaptation funding delivers substantial economic, social and environmental benefits, reducing long-term disaster recovery costs and supporting resilience in every community. This funding should not be administered on a competitive basis, but rather targeted in areas of high risk and greatest need.

Recommendation 3.1 – Set up a climate risk information database covering all climate hazards

SECCCA strongly supports this recommendation.

A national climate risk database would strengthen community understanding of climate risks and enable all levels of government to plan effectively for adaptation.

SECCCA's projects illustrate the value of spatial data in building resilience:

- Enhancing Community Resilience (ECR): Developed spatial models to assess the vulnerability of at-risk populations to climate hazards and provided practical tools to improve preparedness.

- Asset Vulnerability Assessment (AVA): Supported councils to understand climate impacts on assets, services, and finances, enabling strategic adaptation planning.

These projects demonstrate that accessible, consistent data enables better decisions, builds resilience, and reduces long-term costs. A free, publicly accessible national database would address current gaps and ad hoc approaches.

The federal government should work closely with state and local governments in developing and implementing this database. The risk database should also extend to vulnerability ratings to give population groups and asset owners a greater understanding of their exposure to climate variables.

Recommendation 3.2 – Develop a nationally consistent climate resilience rating system for housing

SECCCA strongly supports this recommendation.

SECCCA has piloted combined household energy and bushfire resilience assessments, which showed strong benefits including reduced emissions, lower energy costs, improved thermal comfort, and enhanced bushfire preparedness. Many upgrades delivered co-benefits across climate mitigation and resilience.

[6] Australian Local Government Association, *Adapting Together: Local Government Leadership in a Changing Climate* (2025).

Tools such as the Resilient Building Council's multi-hazard assessment can empower households with clear, practical information. A national rating system would drive household investment, market recognition, and ultimately safer, more affordable homes.

The federal government is ideally placed to provide this leadership to avoid other jurisdictions filling the gap and given the federal government's responsibility for the National Construction Code.

Recommendation 3.3 – Governments should agree on a series of actions to improve housing resilience over time

SECCCA strongly supports this recommendation.

Improved housing resilience delivers dual benefits: reducing emissions while protecting communities from climate hazards such as heatwaves, bushfires, flooding and storms. We recommend the following actions:

- **Nationally consistent minimum standards:** Progressively strengthen the National Construction Code to require higher thermal performance, more energy efficient design, and resilience features. National consistency reduces costs for builders and ensures equity for households across jurisdictions.

- **Targeted federal investment in retrofits:** Most existing housing stock predates current standards. Federal programs should continue to reduce or eliminate upfront costs for energy and resilience upgrades (including insulation, glazing, rooftop solar, batteries, shading, resilience retrofits). Priority should be given to low-income households, renters, and social housing providers.

- **Finance and incentives:** Harmonise Environmental Upgrade Finance (EUF) across states and mobilise private investment at-scale. Refer to the Property Linked Finance Accelerator (PLFA) for more information on how to incentivize private sector investment in resilience and energy efficiency home upgrades.[7]

- **Information and disclosure:** Pair a resilience rating system with public awareness campaigns and mandatory disclosure of energy and resilience performance at point of sale or lease. This empowers consumers and creates a market-based incentive for energy efficient, climate resilient housing.

Taken together, these measures would ensure housing is both climate-ready and affordable, delivering durable benefits for households, governments and the national economy.

Contact

Should you desire further information about this submission please do not hesitate to contact SECCCA's CEO, Helen Steel [redacted]

[7] PLF Accelerator, *Understanding Property Linked Finance* (2025).