



The Hon Natalie Hutchins MP
Minister for Local Government
Department of Environment, Land, Water and Planning (DELWP)
PO Box 500
East Melbourne 3002

By email: local.government@delwp.vic.gov.au

17th December 2015

Dear Minister Hutchins,

Re: Review of the Local Government Act 1989

The Eastern Alliance for Greenhouse Action (EAGA) welcomes the opportunity to respond to the Department of Environment, Land, Water and Planning (DELWP) consultation relating to the review of the Victorian Local Government Act (the Act) 1989.

EAGA is a formal Alliance of seven Councils in Melbourne's East, including:

- City of Boroondara
- Knox City Council
- Maroondah City Council
- City of Monash
- City of Stonnington
- City of Whitehorse
- Yarra Ranges Council

EAGA is committed to delivering mitigation and adaptation projects and advocating for initiatives that support sustainable, low carbon communities. Our project work is complimented by targeted advocacy on issues that have a direct impact on the ability of our communities to take action on climate change.

EAGA is currently working in partnership with Victoria's 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.

6. Councils rates and charges

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, these 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 EUA's are only available to the commercial and industrial sectors, EUA's offer a number of advantages over the Special Charges mechanism, including:

- 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. EAGA recommends 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 change 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)

EAGA is willing 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.

Kind regards,

Erin Davie

Cr Erin Davie
 Executive Chair
 Eastern Alliance for Greenhouse Action
 Councillor, City of Stonnington



This submission has been approved through EAGA's formal governance structure as described in the EAGA Memorandum of Understanding 2012-16. The submission may not have been formally considered by individual member councils.