

4.1 DECLARATION OF SPECIAL CHARGE SCHEME FOR SOLAR SAVERS PROGRAM

Responsible Director: Jarrod Doake

RECOMMENDATION

That Council:

1. having complied with the requirements of sections 163a, 163b and 223 of the local government act 1989 ("act"), and otherwise according to law, hereby declares a special charge ("special charge") under section 163 of the act as follows:
 - i. A special charge is declared for the period commencing on the day on which council issues a notice levying payment of the special rate and concluding on the eight year anniversary of that day.
 - ii. The special charge be declared for the purpose of defraying any expense incurred by council in relation to the provision of solar energy systems on residential properties participating in the solar savers scheme, which project:
 - a) council considers is or will be a special benefit to those persons required to pay the special charge (and who are described in succeeding parts of this resolution); and
 - b) arises out of council's functions of advocating and promoting proposals which are in the best interests of the community and ensuring the peace, order and good government of council's municipal district.
 - iii. The total
 - a) cost of performing the function described in paragraph 1, and
 - b) amount for the special charge to be levied be recorded as \$52,141.85 or, such other amount as is lawfully levied as a consequence of this resolution.
 - iv. The special charge be declared in relation to all rateable land described in the table included as attachment 3 to this report, in the amount specified in the table as applying to each piece of rateable land.
 - V. The following be specified as the criteria which form the basis of the special charge so declared:
 - ownership of any land described in paragraph 1(iv) of this resolution.
 - Vi. The following be specified as the manner in which the special charge so declared will be assessed and levied:
 - a) a special charge calculated by reference to the size of the solar energy system being installed and the particular costs of installation at each property participating in the solar savers scheme, in respect of which a householder agreement has been executed, totalling \$52,141.85, being the total cost of the scheme to Council;
 - b) to be levied each year for a period of 8 years.
 - Vii. Having regard to the preceding paragraphs of this resolution and subject to section 166(1) of the act, it be recorded that the owners of the land described in paragraph 1(iv) of this resolution will, subject to a further resolution of council, pay the special charge in the amount set out in paragraph 1(vi) of this resolution in the following manner:
 - a) payment annually by a lump sum on or before one month following the issue by council of a notice levying payment under section 163(4) of the act;or

b) payment annually by ten instalments to be paid by the dates which are fixed by council in a notice levying payment under section 163(4) of the act.

Considers that there will be a special benefit to the persons required to pay the special charge because there will be a benefit to those persons that is over and above, or greater than, the benefit that is available to persons who are not subject to the proposed special charge, as a result of the expenditure proposed by the special charge, in that the properties will have the benefit of a solar energy system being installed.

2. For the purposes of having determined the total amount of the special charge to be levied:
 - i. Considers and formally records that only those rateable properties included in the solar saver scheme as proposed will derive a special benefit from the imposition of the special charge, and there are no community benefits to be paid by council; and
 - ii. Formally determines for the purposes of section 163(2)(a), (2a) and (2b) of the act that the estimated proportion of the total benefits of the special charge to which the performance of the function or the exercise of the power relates (including all special benefits and community benefits) that will accrue as special benefits to the persons who are liable to pay the special charge is 100%.
3. Council directs that notice be given to all owners and occupiers of properties included in the scheme and all persons who have lodged a submission and/or an objection in writing of the decision of council to declare and levy the special charge, and the reasons for the decision. For the purposes of this paragraph, the reasons for the decision of council to declare the special rate are that –
 - i. There is no objection to the scheme, and it is otherwise considered that there is a broad level of support for the special charge from all property owners and occupiers;
 - ii. Council considers that it is acting in accordance with the functions and powers conferred on it under the Local Government Act 1989, having regard to its role, purposes and objectives under the act, particularly in relation to its functions of advocating and promoting proposals which are in the best interests of the community and ensuring the peace, order and good government of council's municipal district.
 - iii. All persons who are liable or required to pay the special charge and the properties respectively owned or occupied by them will receive a special benefit of a solar energy system being installed at the property.
4. Where a householder wishes to withdraw from the scheme, council agrees to such withdrawal where the householder has given written notice of their desire to withdraw from the scheme before council has incurred any expenditure in relation to the householder's solar PV system.

INTRODUCTION

This report recommends Council declare a Special Charge Scheme under Section 163 of the Local Government Act 1989 for the purposes of defraying expenses relating to the provision of solar energy systems on residential properties participating in the Solar Savers scheme.

BACKGROUND

Keeping Cool with Solar project was supported in the 2021-2022 budget process to provide interest free loans to eligible pensioners to install solar energy systems in Monash via the Solar Savers. Solar Savers can assist pensioners and eligible householders in Monash to generate their own power so that they can keep cool in summer and warm in winter. The Eastern Alliance for Greenhouse Action coordinates Solar Savers on behalf of member councils.

The total cost of the works is calculated at \$52,141.85 of which property owners will contribute the entirety over an 8-year period (payback period). Through an open tender process led by MAV Procurement, Eko Energy was appointed to provide quotes and supply and install the solar energy systems for the 2020/21 Solar Savers Program.

Under Section 163 (Part 8 Division 1) of the Local Government Act 1989 (Act), Council is empowered to declare a special charge for the purposes of defraying any expenses in relation to the performance of a function or the exercise of a power of Council, if Council considers that the performance of the function or the exercise of the power is, or will be, of special benefit to the persons required to pay the special rate or special charge. This provision has been saved as part of the Local Government Act 2020.

This Act requires Council to give public notice of its proposed declaration of the special charge and write to all people who will be liable to contribute. The proposed declaration of the special charge will be prepared in accordance with the Act. Owners (or occupiers who would pay the rate as a condition of their lease) may object to the proposal within 28 days. If objections are received from more than fifty per cent of persons liable, Council will be prevented from making the declaration and the scheme cannot proceed.

In this case, the installation of solar energy systems on properties as part of the Solar Saver Scheme arises out of Council's functions of advocating and promoting proposals which are in the best interests of the community and ensuring the peace, order and good government of Council's municipal district and promotes the social, economic and environmental viability and sustainability of the municipal district. Each participating property has signed a Householder Agreement with Council to participate in the Scheme, which includes the overall cost and rate repayments which would be paid by the property should the Scheme be approved (see Attachment 1 - Apportionment of costs).

DISCUSSION

Keeping Cool with Solar proposes to offer interest free loans to pensioner home owners in Monash to install solar PV on their roof to reduce household energy costs and provide access to renewable energy. The program will be delivered on behalf of council by Solar Savers and an interest-free loans will be as a special rates charge issued on the participating property as a debt

and to be repaid to council over an 8 year term. Eligible home owners are also able to access current State government solar rebates.

To ensure that participating households were aware of and agreed to the quoted system, price and the proposed special charge scheme, an agreement between Council and participants was developed. This agreement has been signed by the owner of each of the 12 households included in the proposed special charge scheme.

Through the process, the Solar Savers team conducted initial screening to ensure householder eligibility for the State Government's Solar Victoria solar panel rebate and assisting with rebate applications (currently \$1400). The rebate is factored into the total cost of the system for eligible households through the supplier quote process.

Solar systems have been sized to maximise the financial benefits to participating households with system sizes ranging from 3kW up to 6.7kW. It is estimated that the average participating household will save \$100 above their rate repayments in electricity bills over the first year based on current electricity pricing. After 8 years, households are expected to save in the order of \$400 - \$500 per year on electricity bills (although this will vary from household to household).

In summary, Council is making solar power more accessible to selected low income households through the Solar Savers Program. It is among the first programs in Australia enabling households to install solar PV systems and pay them off through a special charge scheme. Council has committed through its Sustainability Strategy, not only to reduce greenhouse gas emissions, but to support those most vulnerable to climate change impacts and energy costs.

The residential properties included in the proposed scheme have nominated to participate and have signed a Householder Agreement with Council based on the quoted cost of the provision of a solar energy system at their property. The Householder Agreement includes the overall cost and rate repayments that would be paid by the property should the scheme be approved.

On 31 May 2022, Council resolved to give notice of its intention to declare a special charge for the purpose of defraying any expense incurred by Council in relation to the provision of solar energy systems on residential properties participating in the Solar Saver Scheme.

Council resolved to advise of its intention to declare a Special Charge, to publish a public notice and to request and to hear submissions under Section 223 of the Act. Section 223 requires that Council publish a public notice specifying the date by which submissions are to be made, being a date, which is not less than 28 days after the date on which the public notice is published. Section 223 also entitles any person making a submission to request a hearing by Council of their submission.

Public notice was posted in on the 22 June 2022 edition of the Age Newspaper. The public notice advised of the proposed declaration and

invited submissions under Section 223 of the Act by 5.00PM on 23 June 2022 and closed 22 July. Copies of the proposed declaration were also sent to the participating households, available for public inspection at the Glen Waverley Civic Centre, and on Council's Shape Monash website.

Following closing of the public notice, Council received five submissions in response to the public notice:

- No formal objections were received.
- Two provided positive feedback on the initiative
- Two provide feedback on the program but not the special charge.
- One provide feedback on the 'Shape Monash' website.

We also received two positive phone calls on the Solar Savers program. No submitters expressed a desire to speak to their submission.

A Committee of Councillors met on 16 August to review submissions and resolved to proceed with the special rates charge.

POLICY IMPLICATIONS

The first key objective of the City of Monash Council Plan 2021-25 is to create a Sustainable City and do this by delivering on the commitments in the Zero Net Carbon Action Plan. This projects aligns with both of these commitments.

In February 2020, Council committed to be carbon neutral by 2025. This will be delivered in accordance with the Zero Net Carbon Action Plan (approved August 2020), and includes commitment to help the community reduce GHG emissions across the municipality.

Under the Environmental Sustainability Strategy 2016-26, Council has also committed to supporting our community to reduce impacts on the environment.

It also aligns with the Draft Health and Wellbeing Policy and the Age Friendly Monash plan by providing equity to the community to access solar and reduce utility costs.

SOCIAL IMPLICATIONS

Keeping Cool with Solar Savers will assist eligible residents including pensioners and vulnerable households in Monash to access financial support to access solar energy systems to generate their own power so that they can keep cool in summer and warm in winter. It reduces ongoing utility costs with minimal financial outlay and no ongoing burden in the event of the property is sold. This project was specifically aimed at low income households, who are more vulnerable to increasing energy costs.

SUSTAINABILITY IMPLICATIONS

The adopted project aims to:

- Assist low income households to save money, access renewable energy and reduce GHG emissions
- Build capability and capacity within Victorian councils to use special rates charges to alleviate upfront investment and provide a stable underpinning finance model for sustainability initiatives
- Capture economies of scale and implementation efficiencies through a shared service delivery model

GENDER EQUITY ASSESSMENT

A gender impact assessment will not be undertaken on this program of works at this time. When this program of works is up for review, Council will reconsider whether or not a gender impact assessment is required.

CONSULTATION

This project was raised as a councillor nomination and has been reviewed through the Budget approval process.

In the implementation of the Keeping Cool with Solar program, the community was invited to participate through promotion on Council's website, on social media channels and through a targeted mail out to 1600 households with pension concession cards who did not already have solar.

Forty homes received home visits to provide quotations for the Solar Savers program. Ten participating households have signed agreements to participate in the program based on quoted prices with installation scheduled to be completed by the end of June 2022.

The public notice period was from the 22 June to 22 July 2022. The public notice was published in the 22 June 2022 edition of The Age newspaper, copies of the proposed declaration were also sent to the participating households, available for public inspection at the Glen Waverley Civic Centre, and on Council's Shape Monash website.

FINANCIAL IMPLICATIONS

In the 2021-22 adopted budget, Keeping Cool with Solar was endorsed to deliver interest free loans against the participating residential property which are repaid to council through rates as a special charge raised as a debt against the property (similar to Environmental Upgrade Finance).

Payments to Council by property owners for works via special charge schemes are GST exempt and no administration charge will be applied to the eligible participant

The project budget of \$250,000 allowed for up to \$220,000 to be allocated to interest free loans for eligible participants, \$10,000 to project

development and \$20,000 to administration and project management over the two years.

Council will pay \$52,141.85 for the supply and installation of the solar PV systems on the properties listed which will be reimbursed over eight years, with council receiving \$6,517.73 per annum over 8-years. It should be noted that the special charge scheme is effectively an interest free loan to the households.

Payments to Council by property owners for works via special charge schemes are GST exempt.

Should the property be sold during the 8-year period in which the special charge scheme applies, the amount outstanding on the special charge scheme at the time of sale will be fully paid.

It is estimated that the average participating household could save at least \$100 per annum above their annual loan repayments in electricity bills based on current electricity pricing. This represents potential funds that can be spent within the Monash community rather than on utility bills.

CONCLUSION

Keeping Cool with Solar can reduce GHG emissions for the municipality of Monash and supports vulnerable householders by reducing their utility costs and increase access roof top solar, through the provision of interest free loans.

Based on the written agreement of all Solar Saver households and Committee of Councils resolution to declare a special charge following community feedback, it is recommended that Council declare a special charge scheme for the purposes of defraying expenses from the provision of solar energy systems on residential properties participating in the Solar Saver Scheme.

Attachment 1: Apportionment of costs for Solar Savers special charge updated Aug 2022.

Note: Total costs for current program has been reviewed down from \$52,993.52 in May 2022 to \$52,141.85 in August due to slight revision to quote for one of the participating properties.