

6.4 Financial Reports

6.4.1 Mercury Vapour Street Lighting Replacement Project - Materials Procurement

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Recommendation(s)

That Council delegate authority to the CEO to enter into agreements to purchase an estimated \$1.6 million of materials for the mercury vapour street lighting replacement project through the MAV procurement process.

Attachments

None

Executive Summary

The Minamata Convention on Mercury, was ratified by Australia on 7 December 2021. The convention bans the import, export and manufacture of mercury vapour lights. Due to the convention, electricity network distribution businesses are finding it increasingly difficult to maintain existing mercury vapour street lighting and AusNet Services have initiated a project to support Councils to replace these lights with energy efficient LEDs.

There are 1900 of these lights requiring replacement in Cardinia Shire. To maximise the acquisition of available external funding support, some of which is not available in 2023, it is intended to deliver the replacement project in the 2022 calendar year. To ensure progress continues, delegated Council authority is sought for the CEO to purchase an estimated \$1.6 million of replacement lamps, through MAV procurement (contract SL3911). Obtaining delegated authority will assist to enable the materials to be available in time for their intended installation. Whilst the replacement of these lights is a mandatory requirement, it will also lead to energy cost and maintenance savings of approximately \$143,000 per annum.

Background

Mercury vapour lighting was one of the main technologies traditionally used for street lighting in Cardinia. In recent years energy efficient alternatives have seen the replacement of many of these lights to reduce energy costs and greenhouse gas emissions. Whilst in the past most of Cardinia's street lighting would have been mercury vapour, currently only 1900 of approximately 10,000 lights still use this technology. The lights that remain as mercury vapour are generally those lights that could not be easily retrofitted to alternative technology and are therefore more challenging to change over.

The use of mercury has negative impacts on human and environmental health, and the multilateral Minamata Convention prohibits the manufacture, import and export of new mercury vapour lighting products. Mercury vapour lighting parts are becoming harder to obtain and maintain due to this. AusNet services have advised they will not be servicing mercury vapour lights in the future and have developed a program to assist Councils replace mercury vapour lamps.

The cost of the replacements in Cardinia shire are estimated at \$2.25 million, including consultant fees, project management costs, installation and materials costs. The highest cost item is replacement materials, due to the cost of the decorative replacements required. Based on currently available information, the cost of replacement lamps is estimated at \$1.6 million. These lamps can be procured through MAV procurement who have run a tender process on behalf of local government for this.

It is intended to fund the upgrade from various sources including council and AusNet funding, Victorian Energy Efficiency Certificates (VEECs) and the Local Roads and Community Infrastructure (LRCI) funding program. To obtain all available funding, the project requires completion by early 2023. To ensure funding can be accessed it is intended for the project to be implemented in the 2022 calendar year. The lights will take many weeks to arrive once ordered, and some of the lamps will not be able to be ordered until they are approved for use on the AusNet network. To ensure the replacement lamps are ordered as soon as possible, to minimise the potential loss of external funding support, delegated authority for the purchase is being sought.

Policy Implications

The 2017 Cardinia Safer Communities Strategy outlines that Council has a key role in maintaining public lighting. The 2014 Aspirational Energy Transition Plan sets the direction for Council to continue to replace inefficient street lighting with efficient alternatives as replacement options become available. The replacement of the remaining mercury vapour lights is consistent with these policies.

Relevance to Council Plan

2.1 We support the creation of liveable spaces and places

2.1.5 Upgrade Council's road network to improve safety and connectivity while considering traffic demand and freight transport needs.

3.1 We value our natural assets and support our biodiversity to thrive

3.1.1 Partner with community, business and industry to take action on, and adapt to, climate change.

Climate Emergency Consideration

Street lighting electricity is shifting to a 100 percent renewable energy contract from 1 July 2022, so the energy used will not generate carbon emissions. Reducing this energy use however will free up renewable energy on the network providing an indirect environmental benefit.

Consultation/Communication

Discussions have taken place with communications and engagement officers and a communications plan is being developed. This will ensure the community is kept informed regarding the project, especially those residents that live in areas where lights will be upgraded.

Financial and Resource Implications

Identified internal and external funding sources have been identified to fund the estimated \$2.25 million project, based on all available external support being obtained. This includes the \$1.6 million cost of the materials proposed to be ordered through the MAV procurement process. The project will lead to ongoing maintenance and energy cost savings estimated at \$143,000 per annum.

Conclusion

Whilst the replacement of mercury vapour street lighting is mandatory, significant external funding support is available to assist with its implementation. The project will provide numerous benefits, and the external funding available also makes it financially attractive to Council. Providing the CEO delegated authority for the purchase of replacement materials will help to keep this project progressing towards a successful outcome.